SAFWA ISLAMIC BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN-THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

TOGETHER WITH THE INDEPENDENT
AUDITOR'S REPORT

SAFWA ISLAMIC BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN-THE HASHEMITE KINGDOM OF JORDAN
31 DECEMBER 2021

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INDEPENDENT AUDITOR'S REPORT

AM/014589

To the Shareholders of
Safwa Islamic Bank
(A Public Shareholding Limited Company)
Amman – The Hashemite Kingdom of Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Safwa Islamic Bank and its subsidiary (referred to together as "The Group"), which comprise the consolidated statement of financial position as at December 31, 2021, and the related consolidated statements of income and comprehensive income, changes in shareholders' equity, cash flows, and changes in restricted Wakala investment accounts for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and the consolidated results of the operations, changes in shareholders' equity, its cash flows, and changes in restricted wakala investment accounts for the year then ended in accordance with the Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI") as adopted by the Central Bank of Jordan.

In our opinion, the Group has also complied with the Islamic Shariah Principles and Rules as determined by the Shariah Supervisory Board of the Bank during the year ended 31 December 2021.

Basis for Opinion

We conducted our audit in accordance with the Auditing Standards for Islamic Financial Institutions ("ASIFIs") issued by AAOIFI. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the AAOIFI's Code of Ethics for Accountants and Auditors of Islamic Financial Institutions ("the Code"), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Jordan, and we have fulfilled our other responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Other Matter
The accompanying consolidated financial statements are a translation of the original consolidated financial statements, which are in the Arabic language, to which reference should be made.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

1- Expected credit losses in the financing portfolio (Deferred sales receivables and other receivables , and Ijara Muntahia Bittamleek assets):
The disclosures related to the impairment loss in the financing portfolio (Deferred sales receivable and other receivables, and Ijara Muntahia Bittamleek assets) are detailed in Notes (8 and 12) to the consolidated financial statements.

Key Audit Matter	How the key audit matter was addressed
The Bank's net financing portfolio (Deferred sales receivables and other receivables, and Ijara Muntahia Bittamleek assets) amounted to JD 1.59 Billion as at December 31, 2021 after deducting an expected credit loss provision of JD 44.5 million, which includes a provision of JD 19.8 million against the exposures of Stage (1) and Stage (2), and JD 24.6 million against the exposures included in Stage (3). The Group's Management applies significant judgment in determining the assumptions used in determining the timing and amount to be recorded regarding the expected credit losses in the value of the financing portfolio (Deferred sales receivables and other receivables, and Ijara Muntahia Bittamleek assets) and estimating the amount of the related expected credit loss provision against it. The financing portfolio (Deferred sales receivables and other receivables, and Ijara Muntahia Bittamleek assets) constitutes a major part of the Group's assets. Due to the importance of the judgments used in the classification of financing portfolio at the various stages set forth in Financial Accounting Standard (30) and the Application Instructions issued by the Central Bank of Jordan and the related provision requirements, this matter has been considered as a key audit matter.	The audit procedures included evaluating the internal controls, by determining if they had been designed and implemented appropriately, and the monitoring system related to granting, recording and monitoring of the financing, as well as the procedures for determining the expected credit losses. We also took into consideration the Central Bank of Jordan's requirements to verify their effectiveness and evaluate the efficiency of their design and implementation. We have also evaluated the Group's expected credit loss allowance policy against the requirements of the Financial Accounting Standards issued by (AAOIFI) as adopted by the Central Bank of Jordan in this regard and the strictest between them, after taking into consideration some differences. Furthermore, we have obtained understanding of the methodology used by the Group in determining the provisions against exposures classified within Stages (1, 2 and 3). We have also assessed the underlying assumptions and adequacy of the data used by the Group to determine the reasonable. We also determined if the credit facilities portfolio included in the calculation of the expected credit loss was complete.

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Key Audit Matter	How the key audit matter was addressed
As disclosed in Note (58), the COVID-19 pandemic has significantly impacted management's determination of expected credit loss and required the application of heightened judgment. To address the uncertainties inherent in the current and future environment and to reflect all relevant risk factors not captured in the Bank's modelled results, management applied quantitative and qualitative adjustments for the impacts of the unprecedented macroeconomic scenarios arising from the pandemic, the temporary effects of the bank and government-led payment support programs, which may not completely mitigate future losses, and the impacts to particularly vulnerable sectors affected by COVID-19. The Bank made amendments to the expected credit loss calculation models (including management overlays) to take into consideration the potential impact of the COVID 19 pandemic to address the impact on certain sectors or specific customers based on relative cash flow forecasts.	We assessed the judgments applied by management relating to significant increases in expected credit losses, and the results from classifying the exposures into different stages. We tested a sample of the credit exposures to evaluate if the determination of exposure at default, the probability of default, and the loss given default used in the calculation of the expected credit losses were appropriate. We tested a sample of the financing portfolio exposures in which impairment in value has been identified on an individual basis, and which are classified in Stage (3). In addition, we assessed management's estimate of the future cash flows on a sample basis to determine if they are reasonable and reperformed calculations of the allowances. We also have used our internal specialists, where appropriate, to verify the validity of that data. We obtained an understanding of the amendments made by the Bank to the expected credit losses impacted by the COVID-19 pandemic. We assessed those amendments by evaluating the model adjustments in relation to macroeconomic factors and forward-looking scenarios, which were incorporated into the impairment calculations, by utilizing our internal specialists to challenge the chosen scenarios and weights applied to capture non-linear losses We have tested, utilizing our internal IT specialists, the IT application used in the credit impairment process and have verified the integrity of data used as input to the models, including the transfer of data between source systems and the impairment models. We have evaluated system-based and manual controls over the recognition and measurement of the allowance for expected credit loss, including the consideration of the economic disruptions caused by COVID 19. We assessed if the amount recorded as the allowance for expected credit losses was in accordance with the Financial Accounting Standards issued by (AAOIFI) as modified by the Central Bank of Jordan.

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2 - IT systems and controls related to the preparation of the consolidated financial statements

Key Audit Matter	How the key audit matter was addressed
We have identified IT systems and controls over the Group's financial reporting as an area of focus due to the extensive volume and variety of transactions that are processed daily by the Group, which rely on the effective operation of automated and IT dependent manual controls. There is a risk that automated accounting procedures and related internal controls are not accurately designed or are not operating effectively. In particular, the incorporated relevant controls are essential to limit the potential for fraud and error as a result of a changes to an application or underlying data.	Our audit approach relies on automated controls, and therefore the following procedures were designed to test access and control over IT systems: We have obtained an understanding of the applications relevant to financial reporting and the infrastructure supporting these applications. We have tested IT general controls relevant to automated controls and computer-generated information covering access security, program changes, data center and network operations. We have examined computer-generated information used in financial reports from relevant applications and key controls over their report logics. We have performed testing on the key automated controls on significant IT systems relevant to business processes.

Other Information included in the Group's Annual Report for the Year 2021
Other information consists of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. The Board of Directors is responsible for other information. We expect that the annual report will be made available to us after the date of our audit report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material mistatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and Those Charged with Governance for the Consolidated Financial Statements

These consolidated financial statements and the Group's undertaking to operate in accordance with the Islamic Shari'ah rules and Principles are the responsibility of the Group's Board of Directors.

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The Group's Board of Directors is also responsible for the preparation and fair presentation of the consolidated financial statements in accordance with FAS issued by the AAOIFI as adopted by the Central Bank of Jordan and for such internal control as the Group's Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient and appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group "Bank and its subsidiary" express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and implementation of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguard applied.

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

Report on Other Legal and Regulatory Requirements
The Group maintains proper books of accounts, which are in agreement with the consolidated financial statements. We recommend approving it.

Amman – The Hashemite Kingdom of Jordan

February 13, 2022

Deloitte & Touche (M.E.) - Jordan

Deloitte & Touche (M.E.)
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Statement "A"

Safwa Islamic Bank

(A Public Shareholding Limited Company)

Amman-The Hashemite Kingdom of Jordan

Consolidated Statement of Financial Position

	Note	31 December 2021	31 December 2020
		JD	JD
Assets			
Cash and balances at the Central Bank	4	358,653,364	351,694,499
Balances at banks and the financial institutions	5	8,293,931	9,669,834
International wakala investments-net	6	86,124,648	78,717,349
Financial assets at fair value through statement of income	7	1,565,294	1,513,175
Deferred sales receivables and other receivables-net	8	1,063,215,294	753,903,198
Financial assets at fair value through unrestricted investment accounts' holders equity-net	9	164,363,677	58,488,983
Financial assets at amortized cost -net	10	64,752,000	92,191,000
Investment in associate	11	343,708	349,507
Ijara Muntahia Bittamleek assets-net	12	533,805,256	422,067,496
Qard Hasan-Net	Statement "E"	1,619,321	1,721,260
Property and equipment-net	13	22,333,251	22,889,345
Intangible assets - net	14	1,919,527	2,024,886
Right of use assets	46/A	9,367,268	8,969,372
Deferred tax assets	20/C	6,734,092	5,313,875
Other assets	15	13,044,688	10,725,424
Total Assets		**2,336,135,319**	**1,820,239,203**
Liabilities, Unrestricted Investment Accounts Holders' and Shareholders' Equity			
Liabilities			
Banks and financial Institutions accounts	16	16,530,718	25,085,579
Customers' current accounts	17	290,066,768	228,380,089
Cash margins	18	56,124,802	26,856,968
Income tax provision	20/A	8,332,402	8,298,808
Other provisions	19	440,000	954,597
Lease liabilities	46/B	9,342,554	8,898,628
Other liabilities	21	51,211,325	40,422,039
Total Liabilities		**432,048,569**	**338,896,708**
Unrestricted Investment Accounts Holders' Equity			
Unrestricted investment accounts	22	1,741,326,610	1,326,573,194
Fair value reserve	23	82,413	151,894
Total Unrestricted Investment Accounts Holders' Equity		**1,741,409,023**	**1,326,725,088**
Shareholders' Equity			
Paid up capital	24	100,000,000	100,000,000
Statutory reserve	25	29,766,889	27,485,171
Retained earnings	26	32,910,838	27,132,236
Total Shareholders' Equity		**162,677,727**	**154,617,407**
Total Liabilities, Unrestricted Investment Accounts Holders' and Shareholders' Equity		**2,336,135,319**	**1,820,239,203**
Wakala Investments accounts	Statement "F"	**4,288,847**	**7,096,305**

The accompanying notes are part of these consolidated financial statements and should be read with them and with the accompanying audit report.

Statement "B"

Safwa Islamic Bank

(A Public Shareholding Limited Company)

Amman-The Hashemite Kingdom of Jordan

Consolidated Statement of Income and Comprehensive Income

	Note	For the year ended 31 December 2021	2020
		JD	JD
Deferred sales revenue	27	58,754,853	47,806,599
Ijara Muntahia Bittamleek assets revenue	28	33,606,273	31,653,197
Gains from International wakala investments	29	269,264	865,064
Gains from financial assets at fair value through unrestricted investment accounts' holders equity	30	1,933,740	1,810,043
Gains from financial assets at fair value through statement of income	31	118,407	122,759
Gains from financial assets at amortized cost	32	3,539,642	4,137,690
Share of joint funds from profits of associate company	11	451	5,485
(Losses) Gains from foreign currencies evaluation	33	(48,324)	62,892
Other revenue - jointly financed -net		85,909	32,201
Total unrestricted investment revenue		**98,260,215**	**86,495,930**
Deposit Insurance fees - jointly financed accounts		(1,928,999)	(1,580,571)
Share of unrestricted investment accounts holders'	34	(45,658,680)	(38,245,176)
Expected credit losses on jointly items	6 & 8 & 9 & 21	(9,499,586)	(9,960,274)
Bank's share of unrestricted investments revenue as a mudarib and rab - mal	35	**41,172,950**	**36,709,909**
Bank's self financed revenue	36	686,602	671,095
Banks share from the restricted investments revenue as agent (wakeel)	37	150,018	129,099
Gain from foreign currencies	38	1,491,988	922,916
Banking services revenue - Net	39	6,722,733	4,946,663
Other revenue	40	158,770	1,415
Deposit Insurance fees - self financed		(1,184,299)	(982,883)
Gross Income		**49,198,762**	**42,398,214**
Employees' expenses	41	(14,402,503)	(13,123,431)
Depreciation and amortization	13 & 14	(3,240,190)	(3,182,555)
Depreciation of Ijara muntahia bittamleek assets- self financed	28	(387,164)	(395,003)
Expected credit loss (expenses) on - self items	Statements "E" & 8 & 21	(21,767)	(84,596)
Depreciation of right of use assets	46	(1,445,208)	(1,513,964)
Finance costs / discount rate on lease liability	46	(299,732)	(322,467)
Rent expenses		(198,802)	(182,889)
Recovered from (expenses) miscellaneous provisions	19	514,597	(550,000)
Other expenses	42	(6,900,813)	(7,212,289)
Total expenses		**(26,381,582)**	**(26,567,194)**
Profit for the Year before tax		22,817,180	15,831,020
Income tax expense	20/B	(8,756,860)	(5,663,881)
Profit for the Year		**14,060,320**	**10,167,139**
		JD/Fils	JD/Fils
Basic and diluted earnings per share	43	0/141	0/102

The accompanying notes from are part of these consolidated financial statements and should be read with them and with the accompanying audit report.

Statement "C"

Safwa Islamic Bank

(A Public Shareholding Limited Company)

Amman-The Hashemite Kingdom of Jordan

Consolidated Statement of Changes in Shareholders' Equity

	Paid up capital	Statutory reserve	Retained Earnings *	Total
	JD	JD	JD	JD
For the year ended 31 December 2021				
Balance as at the beginning of the year	100,000,000	27,485,171	27,132,236	154,617,407
Total comprehensive income for the year - (Statement B)	-	-	14,060,320	14,060,320
Distributed dividends**	-	-	(6,000,000)	(6,000,000)
Transfer to reserves	-	2,281,718	(2,281,718)	-
Balance as at 31 December 2021	**100,000,000**	**29,766,889**	**32,910,838**	**162,677,727**
For the year ended 31 December 2020				
Balance as at the beginning of the year	100,000,000	25,902,069	18,548,199	144,450,268
Total comprehensive income for the year - (Statement B)	-	-	10,167,139	10,167,139
Transfer to reserves	-	1,583,102	(1,583,102)	-
Balance as at 31 December 2020	**100,000,000**	**27,485,171**	**27,132,236**	**154,617,407**

- Retained earnings balance as at 31 December 2021 includes an amount of JD 669,296 (JD 807,460 as at 31 December 2020) which represents the self financed deferred tax assets and it is restricted from use in accordance with the Central Bank of Jordan instructions.

* Based on CBJ instructions no.(13/2018) that were issued on 6 June 2018 . the general banking risks reserve which was transferred to retained earnings,amounted to JD 108,397 is restricted from use without prior approval of the Central Bank of Jordan.

** In its meeting held on 29 April 2021, the General Assembly approved the Board of Directors' recommendation to distribute cash dividends of (6) million dinars for the year 2020 at a rate of 6% of the capital.

The accompanying notes are part of these consolidated financial statements and should be read with them and with the accompanying audit report.

Statement "D"

Safwa Islamic Bank

(A Public Shareholding Limited Company)

Amman-The Hashemite Kingdom of Jordan

Consolidated Statement of Cash Flows

	Note	For the year ended 31 December 2021	2020
		JD	JD
Cash Flows from Operating Activities			
Profit for the year before tax - statement B		**22,817,180**	**15,831,020**
Adjustments for non-cash items:			
Depreciation and amortization	14&13	3,240,190	3,182,555
Depreciation of Ijara Muntahia Bittamleek assets(self & jointly financed)	28	41,855,727	39,851,640
Depreciation of right of use assets	46	1,445,208	1,513,964
Finance costs (discount lease liabilities)	46	299,732	322,467
Unrealized (gain) loss of financial assets at fair value through statement of income	31	(6,269)	(42,872)
Expected credit losses provision - joint	&9&8&6	9,499,586	9,960,274
Expected credit losses provision - self	21 & 8	21,767	84,596
Other provisions	19	(514,597)	550,000
Share of joint funds from (profits) associate company	11	(451)	(5,485)
(Gain) Loss from disposal of property and equipment	40	(11,102)	12,647
Loss (Gain) from sale of seized assets against debts		37,313	(29,821)
Cash Flows from Operating Activities before Changes in working capital		**78,684,284**	**71,230,985**
Changes in working capital:			
(Increase) in deferred sales receivables and other receivables		(318,626,975)	(122,462,378)
(Increase) in Ijara Muntahia Bittamleek assets		(153,593,487)	(79,058,845)
Decrease (Increase) in Qard Hasan		150,990	(472,222)
(Increase) in other assets		(2,703,577)	(1,198,260)
Increase in customers' current accounts		61,686,679	47,018,603
Increase (Decrease) in cash margin accounts		29,267,834	(9,018,385)
Increase (Decrease) in other liabilities		10,677,719	(1,384,961)
Net cash (used in) operating activities before income tax paid		**(294,456,533)**	**(95,345,463)**
Income tax paid	20	(10,143,483)	(8,635,951)
Paid from lawsuits provisions	19	-	(17,188)
Net cash flows (used in) operating activities		**(304,600,016)**	**(103,998,602)**
Cash Flows from Investing Activities			
Net (purchase) of financial assets at fair value through unrestricted investment accounts holders		(105,811,560)	(25,650,991)
Net (purchase) of financial assets at fair value through statement of income		(45,850)	2,065,835
Net sale of financial assets at fair value through shareholders' equity -self financed		27,439,000	-
Cash dividends from associate company	11	6,250	10,000
(Purchase) of intangibles assets	14	(616,659)	(709,117)
(Purchase) ofproperty and equipment	13	(803,688)	(284,249)
(Increase) in payments on purchase of property, equipment and projects	13	(1,197,692)	(1,187,624)
Proceeds from sale of property and equipment in progress		50,404	850
Proceeds from sale of assets seized by the bank		347,000	208,654
(Increase) in International Wakala Investments		(7,827,197)	(7,967,210)
Net cash (used in) investing activities		**(88,459,992)**	**(33,513,852)**
Cash Flows from Financing Activities			
Increase in unrestricted investment 'holders quity		414,753,416	191,556,851
Finance lease (payments)	46	(1,698,910)	(1,573,346)
(Dividends) distributed to shareholders		(5,856,675)	-
Net cash generated by financing activities		**407,197,831**	**189,983,505**
Net increase in cash and cash equivalents		**14,137,823**	**52,471,051**
Cash and cash equivalents at the beginning of the year		336,278,754	283,807,703
Cash and cash equivalents at the end of the year	44	**350,416,577**	**336,278,754**
Non-cash transactions:			
Transfer to property and equipment from installments to purchase property, equipment and projects in progress	13	**242,214**	**2,220,988**

The accompanying notes are part of these consolidated financial statements and should be read with them and with the accompanying audit report.

Statement "E"

Safwa Islamic Bank

(A Public Shareholding Limited Company)

Amman-The Hashemite Kingdom of Jordan

Statement Of Sources And Uses Of Al-Qard Al-Hasan Fund

	31 December	
	2021	2020
	JD	JD
Balance at the beginning of the year	**981,882**	**509,660**
Sources of the fund from :		
Shareholders' equity	(6,152,124)	(27,778)
Total Sources of the fund during the year	**(6,152,124)**	**(27,778)**
Uses of the fund on :		
Professional unions / salary payments	-	500,000
Companies	6,444,856	-
Employees	4,967	-
Total uses during the year	**6,449,823**	**500,000**
Balance at the end of the year	**1,279,581**	**981,882**
Add: exposed accounts	**540,001**	988,690
Less : Expected credit losses provisions	(200,261)	(249,312)
Balance at the end of the year - Net	**1,619,321**	**1,721,260**

Statement "F"

Safwa Islamic Bank
(A Public Shareholding Limited Company)
Amman-The Hashemite Kingdom of Jordan
Consolidated Statement of Changes in Restricted Wakala Accounts

	Note	Local Murabaha	Total
		JD	JD
For the Year ended 31 December 2021			
Beginning balance of the year		7,096,305	7,096,305
Add: Deposits		10,287,479	10,287,479
Less: Withdrawals		(13,094,937)	(13,094,937)
Add: Investments' gains	37	1,136,746	1,136,746
Less: Banks share as agent (wakeel)	37	(150,018)	(150,018)
Less: Muwakel's share	37	(986,728)	(986,728)
Investments at the end of year		**4,288,847**	**4,288,847**
Deferred revenue		**114,515**	**114,515**
Suspended revenue		-	-
Balance as at 31 December 2021		**114,515**	**114,515**
For the Year ended 31 December 2020			
Beginning balance of the year		7,815,807	7,815,807
Add: Deposits		4,979,853	4,979,853
Less: Withdrawals		(5,699,355)	(5,699,355)
Add: Investments' gains	37	904,889	904,889
Less: Banks share as agent (wakeel)	37	(129,099)	(129,099)
Less: Muwakel's share	37	(775,790)	(775,790)
Investments at the end of year		**7,096,305**	**7,096,305**
Deferred revenue		**225,964**	**225,964**
Suspended revenue		-	-
Balance as at 31 December 2020		**225,964**	**225,964**

(1) GENERAL

Safwa Islamic Bank (the "Bank") is a public shareholding company licensed by the Central Bank of Jordan to practice and provide Islamic business and banking services in accordance with the Banking Law and the Companies Law.

The Bank provides all financial banking and structured investment services on a non-Interest basis in accordance with Islamic shari'a through the Bank's head office and its forty branches within the Kingdom and its subsidiary, in accordance with the effective Banking Law.

The authorized and paid-up capital of the bank is 100 million dinars, per 100 million shares, with a nominal value of one dinar per share .

Etihad Islamic Investment Company owns 62.37% of the Bank's capital.

The consolidated financial statements were approved by the Bank's Board of Directors in their meeting No. (1/2022) held on 3 February 2022, are subject to the approval of the General Assembly of Shareholders.

The consolidated financial statements were read and reviewed by the Bank's Sharia Supervisory Board , in their meeting No. (1/2022) held on 3 February 2022, and the board issued its shari'a report thereon.

(2) SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Bank have been prepared according to the financial acconting standards issued by The Accounting and Auditing Organization for Islamic Financial Institutions as adopted by the Central Bank of Jordan.

The standards issued by the International Accounting Standards Board and The interpretations issued by the International Financial Reporting Interpretations Committee are applied in the absence of standards issued by The Accounting and Auditing Organization for Islamic Financial Institutions and will be replaced later by Standards when the new standards are issued.

The main differences between what should have been applied according to the financial accounting standards issued and what has been aproved by the Central Bank of Jordan consist of the following:

First: Provisions for expected credit losses are made in accordance with FAS (30) issued by the Organization for Islamic Financial Institutions and according to the instructions of the Central Bank of Jordan, whichever is stricter, the major differences are as follows:

Sukuk issued or guaranteed by the Jordanian government are excluded so that credit exposures on the Jordanian government and guaranteed by it are addressed without credit losses.

When calculating credit losses against credit exposures, the results are compared according to FAS (30) issued by Organization for Islamic Financial Institutions with the instructions of the Central Bank of Jordan No. (47/2009) dated 10 December 2009 for each stage separately. The strictest result is selected.

Revenue and commissions are suspended on non-performing credit financing granted to clients in accordance with the Central Bank of Jordan instructions.

Based on the Central Bank of Jordan circulars number 10/3/4515 issued on 15 March 2021 and previous circulars during the year 2020 to the banks operating in Jordan, the bank postponed the installments due or that would be due on some customers without considering this as a restructuring and without affecting the customer credit rating.

Second: Assets seized by the bank against debts are disclosed in the consolidated statement of financial positionin the other asset, and recorded using the acquisition value or fair value, whichever is lower, and they are reevaluated individually at the date of the consolidated financial statements, and any impairment in value is taken to the consolidated statement of profit or loss ; any increase is not recorded as revenue. Subsequent increase in fair value is recorded in the consolidated statement of income and comprehensive income to the extent that it does not exceed the value of the decrease that has been previously recorded. Also, a progressive provision was recorded for the assets seized against debts, according to the Circular of the Central Bank of Jordan No. 10/3/13246 dated on 2 September 2021 as (5%) of the total book values of these properties starting from the year 2022 so as to acheive the required percentage of (50%) for these properties by the end of the year 2030.

The consolidated financial statements are presented in Jordanian Dinar (JD) , which is the functional currency of the Bank.

The separation between what belongs to the Shareholders' equity and what belongs to the unrestricted investment accounts holders has been taken into consideration unrestricted investment accounts mean joint investment accounts wherever they are mentioned.

The consolidated financial statements are prepared on historical cost basis except for the financial assets at fair value through statement of income, financial assets at fair value through unrestricted investment accounts ' holders equity and financial assets at fair value through shareholders' equity that have been measured at fair value.

<u>BASIS OF CONSOLIDATION OF THE FINANCIAL STATEMENTS</u>

The Consolidated financial statements comprise of the financial statements of the Bank and its subsidiary which is financed by the Bank's Self Funds where the Bank has control to govern the operational and financial policies of the entity to obtain benefits from their activities. All intra-company balances, transactions, revenues , expenses and off balance sheet items between the Bank and its subsidiary are eliminated.

The financial statements of the subsidiary are prepared for the same reporting period as the group, using same accounting policies used by the group. If the subsidiary uses different accounting policies than those used by the group, the necessary adjustments are made to the financial statements of the subsidiary to comply to the accounting policies adopted by the group.

The subsidiary owned by the Bank as at 31 December 2021 is as follows:

Company name	**Paid up Capital**	**Source of Funding**	**Ownership %**	**Company Main Activity**	**Operation location**	**Acquisition Date**
	(JD)					
Misc for brokerage company	2,000,000	Self	100%	Brokerage	Amman	2011

The results of the operations of the subsidiary are consolidated in the consolidated statement of income and comprehensive income from the date of its acquisition, which is the date on which the bank’s control is effectively transferred to its subsidiary, and the results of the operations of the subsidiary that were disposed of are consolidated in the consolidated statement of income and comprehensive income until the date of disposal, which is the date in which the bank loses control of its subsidiary.

When preparing the separate financial statements for the Bank as an independent entity,investments in subsidiaries are shown at cost or net proceeds value in case of liquidation.

Control is achieved when the Bank:-

- Has the ability to control the investeep ;
- Is subject to variable returns or has the right to variable returns arising from its association with the investe ; and
- Has the ability to use its power to influence the returns of the investee.

The Bank re-assesses whether it controls the investee companies or whether the facts and circumstances indicate that there are changes to one or more control check points referred to above.

If the voting rights of the Bank are less than the majority of voting rights in any of the investee companies, it shall have the power to control when the voting rights suffice to grant the Bank the ability to direct the activities of the related subsidiary unilaterally. The Bank takes into consideration all the facts and circumstances when assessing whether the Bank has voting rights in the investee so as to grant it the ability to control or not. Among these facts and circumstances are the following:

- The volume of voting rights owned by the Bank in relation to the volume and distribution of other voting right;

- Potential voting rights held by the Bank and any other voting rights holders or third parties;
- Rights arising from other contractual arrangements;
- Any additional facts and circumstances indicating that the Bank has or does not have current responsibility for directing relevant activities at the time of making the required decisions, including how to vote at previous General Assembly meetings .

When the Bank loses control over any of its subsidiaries, the Bank:

- Derecognizes the assets of the subsidiary (including goodwill) and liabilities ;
- Derecognizes the carrying amount of any uncontrolled interest ;
- Derecognizes the cumulative transfer differences recognized in equity ;
- Derecognizes the fair value of the consideration received ;
- Derecognizes the fair value of any investment held ;
- Derecognizes the surplus or deficit in the statement of income ;
- Reclassifies the equity of the previously restricted bank in other comprehensive income to the statement of income or retained earnings, as appropriate ;

Non-controlling interests represent the portion not owned by the Bank in the equity of the subsidiaries.

CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the consolidated financial statments for the year ended 31 December 2020, Except for the impact of the New and revised standards and as follows :

STANDARDS THAT WERE APPLIED WITH NO MATERIAL EFFECTS ON THE CONSOLIDATED FINANCIAL STATEMENTS.

IAS No. (32) "Ijara and Ijara ending in ownership." This standard aims to improve the principles of recognition, classification, measurement and disclosure of Ijara and Ijara transactions ending with ownership, knowing that the mandatory application date for Standard No. 32 is on or after 1 January 2021, with early application permitted , The Bank has applied the Islamic Financial Accounting Standard No. (32) " Ijara " which defines the principles relating to of recognition, classification, measurement and About the different types of rent as a landlord and tenant and Ijara transactions ending with ownership , This standard has replaced Financial Accounting Standard No. (8) "Ijarah and Ijara ending in ownership ", The application of this new standard to the bank's consolidated financial statements as of 31 December 2021 has had no impact, since part of this standard has replaced IFRS 16, which was previously applied from 1 January 2019.

- IAS No. (35) "Risk Reserve." This standard describes the accounting treatment and financial reporting related to risk reserves that are put in place to mitigate the various risks faced by stakeholders, especially investors, noting that the mandatory application date of Standard No. (35) is the first of January 2021 with early application permitted.This standard has no impact on the interim condensed financial statements at 31 december 2021.

Segments information

A business is a group of assets and operations that jointly engage in the rendering of products or services subject to risks and rewards different from those of other business segments, and which are measured according to reports used by the chief executive officer and the main decision maker of the Bank .

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

The basis for the distribution of joint investment profits between shareholders' equity and holders of joint investment accounts

The combined return on investment of equity holders and holders of joint investment accounts for the year 2021 was distributed as follows:

	Percentage
Share of joint investment account holders	**56%**
Share of shareholders equity	**44%**

The Joint Investment Accounts shall participate in the results of the investment profits, and shall be distributed to the depositors each according to their participation rate, taking into consideration the weights of the concerned joint investment accounts and the terms of the account signed between the Bank and the depositor .

The weights of the joint investment accounts are as follows:

- From 20% to 34% of the lowest balance of savings accounts in Jordanian Dinars.
- From 14% to 33% of the lowest balance of savings accounts in foreign currencies.
- From 56% to 96% of the average balance of term accounts in Jordanian Dinars.
- From 18% to 51% of the average balance of foreign currency term accounts.
- 90% of average the balance of the accounts of the investment certificates of deposit in Jordanian Dinars .
- From 80% to 85% of the avarage balance of the certificates of deposit in foreign currencies .

The Bank shall bear all administrative expenses except for the advertising and marketing expenses of the products. The insurance expenses of the Ijarah Muntahia Bittamleek assets assets are incurred in the joint investment pool.

The Bank combines (mixes) its funds and any other funds (which were not received by the Bank on the basis of Mudaraba contract) in the Joint Investment Accounts.

<u>Priority Investment / Equal Investment Opportunities and Profit Sharing:</u>

The principle of equal investment opportunities is applied to the shareholders' funds and the funds of the investment account holders in the joint Mudaraba. The Bank's own investments are presented in separate accounts from investments through the rights of the Joint Investment Accounts holders equity.

Moreover, the joint investment accounts shall share in the results of the investment profits, which shall distributed to the holders of the joint investment accounts according to their participation rate, taking into account the weights of the respective investment accounts concerned and the terms of the account signed between the Bank and the depositor.

The weighting of the joint investment accounts proposed by the Bank's management is approved by the Bank's Shari'ah Supervisory Board.

<u>Zakat</u>

Zakat is the responsibility of the shareholders and unrestricted investment accounts holders. In this regard, the Bank is not directly and explicitly authorized to expend it, nor is there a law for its collection. In addition, the Bank's Articles of Association do not prescribe it, nor the General Assembly's decisions do not specify it. There is no related authorization by the shareholders either. Therefore, the shareholders and the unrestricted investment accounts holder shall pay zakat on their shares and funds if the Shari'ah conditions and rules are fulfilled.

<u>Revenue, gains, expenses and losses in violation of Islamic Shari'ah</u>

The sums devolved to the bank from sources or by means that are inconsistent with the provisions and principles of Islamic Sharia are set aside to the charity account within the other credit balances in the consolidated balance sheet, to be disbursed for charitable causes in accordance with what is decided by the Sharia supervisory board in the bank.

<u>Deferred sales receivable</u>

Murabaha contracts:
Murabaha is the sale of an item at the same price at which the seller bought it plus an agreed profit margin based on a certain percentage of the price or a lump sum, which is one of the sales of the trust on which the purchase price or cost is based.

<u>Murabaha to the purchase order</u>
It is the sale of an asset by the Bank to its client (the purchase order) with a specific increase in the asset's price or cost after determining the increase (Murabaha profit in the promise).

The Bank applies the principle of making the promise in Murabaha transactions to the buying manager in accordance with the standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions.

Deferred sales revenue is recognized when the transaction is executed (which paid in one installment after the current financial period or paid in installments over subsequent financial periods). Revenue is allocated to future financial periods for each period, irrespective of whether cash has been paid or not.

Deferred sales receivable are recognized when they occur at their nominal value and are measured at the end of the financial period on the basis of net realizable value.

At the end of the financial period, finance assets are carried at cost or at the expected recoverable cash value, whichever is lower.

Deferred sales revenue which was granted to non-performing customers is suspended in accordance with the instructions of the Central Bank of Jordan.

Deferred sales receivable and funds financed from the joint investment accounts are written off in case of the measures taken to collect them are ineffective which will be written off against the joint provisions and suspended profits (if any) ,the proceeds from the joint provisions (if any) previously written off are trasferred to the common pool profits (presented in the Consolidated Statement of Income and Comprehensive Income). On the other hand, deferred sales receivable and financing from the Bank's self funds for which there is an impairment provsion are written off in case the measures for their collection are ineffective. In this respect, they are deducted from the self provsions and suspended profits (if any), and any provision surplus is transferred to the consolidated statement of income and comprehensive income / Prior funding is written off to income.

Financial instruments

Initial recognition and measurement:
Financial assets and liabilities are recognized in the Bank's consolidated statement of financial position when the Bank becomes a party to the contractual provisions of the instrument. Moreover, funds are recognized to customers since they are credited to the customer's accounts.

Financial assets and financial liabilities are measured initially at fair value, transaction costs directly attributable to the acquisition or issuance of financial assets and liabilities, and are added to the fair value of the financial asset or financial liability or, where appropriate, deducted from the financial asset at initial recognition. Furthermore, transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through the statement of income are recognized directly in the comprehinsive statement of income.

Financial assets

Initial recognition and measurement:

All financial assets are recognized on the trade date when the purchase or sale of a financial asset under a contract that requires the delivery of the financial asset within a time frame determined by the relevant market and is initially measured at fair value plus transaction costs except for those financial assets designated at fair value through the Consolidated Statement of Income. Transaction costs directly attributable to the acquisition of financial assets designated at fair value through income are recognized in the Consolidated Statement of income.

Subsequent measurement:

The measurement of all recognized financial assets that fall within the scope of AAOIFI (33) is subsequently carried at amortized cost or fair value based on the entity's business model for managing financial assets and contractual cash flow characteristics of financial assets.

Specifically:

- Finance instruments held in a business model intended to collect contractual cash flows that have contractual cash flows and are subsequently measured at amortized cost; and
- All other financing instruments, such as:

    - Financial assets managed on a fair value basis through the unrestricted investment account holders are measured at fair value through the rights of the joint investment holders equity.
    - Financial assets at fair value through shareholders equity are subsequently measured at fair value through other statement of comprehensive income.
    - Financial assets at fair value through the statement of income are subsequently measured at fair value through the statement of income.

Evaluation of the business model

An assessment of the business model for managing the financial assets is essential for their classification. The Bank defines a business model at a level that reflects how the groups of financial assets are managed together to achieve a particular business objective. Moreover, the Bank's business model does not rely on management intentions in relation to an individual instrument, and therefore the business model is assessed at a group level and not on an instrument-by-instrument basis.

The Bank adopts a business model to manage its financial instruments that reflects how the Bank manages its financial assets in order to generate cash flows. In addition, the Bank's business model determines whether cash flows will result from the collection of contractual cash flows or the sale of financial assets or both.

The Bank also takes into considration all relevant information available when conducting an evaluation of the business model. However, this assessment is not made on the basis of scenarios that the Bank does not reasonably expect, such as the so-called "worst case" or "stress" scenarios. Furthermore, the Bank takes into account all relevant evidence available, such as:

- The stated policies and objectives of the portfolio and the application of those policies whether the management strategy focuses on obtaining contractual revenues, maintaining a specific profit rate, matching the period of financial assets with the period of financial liabilities that finance those assets. or achieving cash flows through the sale of assets;

- How to evaluate the performance of the business model and financial assets held in this business model and to report to key management personnel;

- Risks affecting the performance of the business model (and the financial assets of that model), in particular, the manner in which such risks are managed; and

- How to compensate business managers (for example, whether compensation is based on the fair value of the assets managed or on the contractual cash flows received).

Upon initial recognition of a financial instrument, the Bank determines whether the newly recognized financial asset is part of its existing business model or whether it reflects the beginning of a new business model. In this respect, the Bank evaluates its business model for each reporting period to determine whether the business model needs to be changed from the prior period.

When the instruments measured at fair value through shareholders equity-self are derecognised, the cumulative gain / loss previously recognized in other comprehensive income in shareholders equity is reclassified to the consolidated statement of income. On the other hand, for equity investments measured at fair value through shareholders' equity, the cumulative gain / loss previously recognized in other comprehensive income is not subsequently reclassified to the consolidated statement of income but transferred directly to shareholders' equity .

In respect of Sukuk and equity instruments within joint investments, when these financial assets are derecognized which are measured at fair value through the unrestricted investment account holders , the cumulative gain / loss previously recognized in the fair value reserve - joint in the unrestrieted investment account holders equity is reclassified to the consolidated statement of income and comprehensive income.

Sukuk subsequently measured at amortized cost or at fair value are subjected to the impairment test.

Reclassification

If the business model in which the Bank retains financial assets is reclassified, the financial assets that have been affected are reclassified. The classification and measurement requirements relating to the new class are effective from the first day of the first reporting period after the change in the business model resulting in the reclassification of the Bank's financial assets. Moreover, the changes in contractual cash flows are considered . The accounting policy framework for the adjustment and disposal of financial assets is described below:

Financial assets at fair value through the statement of income

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

- Assets with contractual cash flows that are not payments on assets and returns on the principal outstanding amount; and / or

- Assets held in a business model other than those held to collect contractual cash flows or held for collection and sale; or .

These assets are measured at fair value any gain/loss arising on remeasurement recognized in the consolodated statement of income and comprehensive income.

Financial assets at fair value through shareholders' equity-self financed.

These assets represent investments in equity instruments and sukuk instruments financed from the Bank's own funds for the purpose of maintaining them over the long term.

These assets are recognized at fair value, plus acquisition costs, and subsequently revalued at fair value. The change in fair value is included in the fair value reserve under shareholders' equity .

In case of sale of these assets or part thereof, the resulting gain or loss is recognized in retained earnings within shareholders' equity.

Gains and losses arising from foreign exchange differences on these assets, if any, are recognized in the fair value reserve in shareholders' equity.

Financial assets at fair value through unrestricted investment account holders equity

These assets represent investments in equity and (Sukuk) instruments financed from the joint investment accounts for the purpose of maintaining them over the long term.

These assets are recognized at fair value, plus acquisition costs, and are subsequently revaluated at fair value. The change in fair value under fair value reserve is shown in the unrestricted investment account holders equity .

The impairment loss previously recognized in the consolidated statement of income and comprehensive income can be reversed if it is objectively determined that the increase in fair value occurred in a subsequent period to record impairment losses through the fair value reserve that is reflected in the unrestricted investment accounts.

As the unrestricted investment accounts on a continuous joint Mudaraba basis are characterized by a discontinuity at the beginning and end of the deposits in the accounts, the profit of the deferred operations over subsequent periods is distributed over the entire term of maturity and proportionality with each period.

Gains and losses arising from the foreign currency translation differences of these assets, if any, are recognized in the fair value reserve within unrestricted investment accounts holders equity.

Financial assets for which fair value can not be reliably measured are stated at cost. Impairment test of these assets is carried out at the end of each financial period, and any impairment is recognized in the consolidated statement of income and comprehensive income. And the impairment loss can’t be retrieved on subsequent periods.

Financial assets at amortized cost

These are the financial assets that the Bank's management, in accordance with its business model, intends to maintain to collect contractual cash flows that represent fixed or determinable payments to the capital and profits of such assets.

These assets are recognized at cost, plus acquisition costs, and are revalued at the end of the current period using the effective profit rate method. Moreover, any gain or loss arising from amortization is recognized in the consolidated statement of income and comprehensive income. Additionally, any expected credit losses regarding self-finaced instruments are recognized in the consolidated statement of income and comprehensive income. As for joint investments, the calculated expected credit losses are are recognized in the consolidated statement of income and comprehensive income (joint investment pool).

The amount of impairment in value for these assets represents the difference between the carrying amount and the present value of the expected cash flows calculated on the basis of the original effective profit rate and any impairment provisions .

Gain and loss on sale, purchase and valuation of foreign currencies

Transactions in foreign currencies are recorded during the year at the rates prevailing at the transaction date (Trading) .

The balances of financial assets and financial liabilities are translated at the average foreign exchange rates prevailing at the consolidated statement of financial position date, as announced by the Central Bank of Jordan.

In order to present the consolidated financial statements, the assets and liabilities of the Bank's foreign operations are translated at the rates of exchange prevailing at the consolidated statement of financial position date. Income is also converted at the average exchange rates for the period, unless exchange rates change significantly during that period, in which case the exchange rates on the date of the transactions are used. The exchange differences arising therefrom, if any, are recognized in the consolidated statement of income and comprehensive income.

Non-monetary assets and non-monetary liabilities denominated in foreign currencies at fair value are translated on the date when the fair value is determined.

Foreign exchange gains and losses are recognized in the consolidated statement of income and comprehensive income.

Translation differences on non-monetary assets and liabilities in foreign currencies (such as equity) are recorded in the fair value reserve self within the shareholders equity of the financial assets financed by the Bank's own funds and within the fair value reserve – joint within the unrestrieted investment account holders equity.

Lease contracts

IAS No. (32) "Ijara and Ijara ending in ownership." This standard aims to improve the principles of recognition, classification, measurement and disclosure of Ijara and Ijara transactions ending with ownership, knowing that the mandatory application date for Standard No. 32 is on or after 1 January 2021, with early application permitted, The Bank has applied the Islamic Financial Accounting Standard No. (32) " Ijara " which defines the principles relating to of recognition, classification, measurement and About the different types of rent as a landlord and tenant and Ijara transactions ending with ownership , This standard has replaced Financial Accounting Standard No. (8) "Ijarah and Ijara ending in ownership ", The application of this new standard to the bank's consolidated financial statements as of 31 December 2021 has had no impact, since part of this standard has replaced IFRS 16, which was previously applied from 1 January 2019.

The Bank as a lessee

The Bank recognizes the right of use assets and the lease liabilities in relation to all lease arrangements in which the bank is a leasee,except for short-term lease contracts (defined as 12-month or less lease contracts) and low value asset leases contract, and for these contracts,the bank recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease,unless another regular basis is more representative of the time pattern in which the economic benefits from the leased assets are taken advantage of.

The lease obligation is initially measured at the present value of the lease payments that were not paid on the start date of the lease, deducted using the additional financing rate.

The lease payments included in the rental obligation measurement include:

- Fixed rental payments (includes fixed pay mentsin the contract), minus receivable rental incentives

- Variable rental payments that depend on an index or rate, initially measured using the indicator or the rate at the date the contract begins;

- The amount expected to be paid by the lessee under the residual value guarantees;

- The price of the exercise of purchase options, if the tenant is reasonably certain of the exercise of the options; and

- The price of the exercise of purchase options, if the tenant is reasonably certain of the exercise of the options; and

- Paying the contract termination fines, if the lease reflects the exercise of the lease termination option.

Lease obligations are presented as a separate line item in the consolidated statement of financial position.
Lease obligations are subsequently measured by increasing the carrying amount to reflect the costs of the additional financing over the lease obligations (using the incremental cost of financing method) and by reducing the carrying amount to reflect the paid rental payments.

The lease obligations (and a similar adjustment to the related right-to-use assets) are re-measured whenever:

- The lease term has changed or there is an important event or change in the conditions that lead to a change in the exercise of the purchase option assessment, in which case the lease obligations are re-measured by deducting the adjusted lease payment using the adjusted discount rate.
- Lease payments change due to changes in an index, rate, or change in expected payments under the guaranteed residual value. In these cases, the rental obligation is remeasured by deducting the modified rental payments using an unchanged discount rate.
- The lease contract is modified and the lease agreement is not accounted for as a separate lease, in which case the lease obligation is re-measured based on the duration of the modified lease contract by deducting the modified rental payments using the adjusted discount rate at the actual price at the date of the amendment.

The right of use assets are depreciated over the life of the lease or the useful life of the asset (whichever is shorter). If the lease transfers the ownership of the underlying asset or the cost of the right of use, which reflects that the bank expects to exercise the option to purchase, then the relevant value of the right to use is depreciated over the useful life of the asset. Depreciation begins from the start date of the lease.

Right of use assets are presented as a separate line item in the consolidated statement of financial position.

The Bank applies International Accounting Standard (36) to determine whether the value of the right to use has decreased its value and any impairment losses are calculated as described in the "property and equipment" policy.

Variable rents that are not dependent on an index or rate are not included in the measurement of lease obligations and right of use assets. The related payments are recognized as an expense in the period in which the event or condition that leads to these payments occurs and are included in the statement of income and the comprehensive statement of income.

The Bank as a lessor

The bank enters into leases as a lessor in relation to some of its investment properties.

Lease contracts in which the bank is leased are classified as finance or operating leases. In the event that the terms of the lease contract transfer all risks and benefits of ownership to the lessee, the contract is classified as a finance lease and all other leases are classified as operating leases.

When the Bank is an intermediary lease, it represents the main lease and sub-contract as two separate contracts. The sublease contract is classified as finance or operating lease by reference to the original right of use arising from the main lease.

Lease income from operating leases is recognized on a straight-line basis over the period of the relevant lease. The initial direct costs incurred in negotiating and arranging an operating lease are added to the book value of the leased asset and are recognized on a straight-line basis over the lease term.

The amounts due from the leasee under finance leases are recognized as receivables with the amount of the company's net investment in the lease contracts. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the bank’s existing net investment in relation to lease contracts.

When the contract includes lease components and components other than leasing, the bank applies IFRS 15 to distribute the amounts received or to be received under the contract for each component.

Investment in an associate

An associate is a company in which the Bank exercises effective influence over its financial and operating policy decisions, and which is not held for trading. In this respect, the investments in the associate are accounted for using the equity method.

Investments in the associate are included in the consolidated statement of financial position at cost, in addition to the Bank's share of changes in the net assets of the associate. Goodwill arising on investment in an associate is recognized as part of the investment account of the associate and is not amortized. The Bank's share of the associate's income is recognized in the consolidated statement of income and comprehensive income. If there is a change in the equity of the associate, such a change is recognized in the statement of changes in shareholders' equity. Gains and losses arising from transactions between the Bank and the associate are eliminated to the extent of the Bank's interest in the associate company.

In the separate financial statements of the Bank as an independent entity, investments in the associate are stated at cost.

Ijara and Ijara Muntahia Bittamleek

Ijara is ownership of the benefit of return and is divided into:

Operating Ijara: Ijara contracts that doesn’t end with translated ownership of the leased asset of the leasee.

Ijarah Muntahia Bittamleek: Ijarah which ends with the lessee owning the leased assets and taking several types as stated in the Ijara and Ijarah Muntahia Bittamleek standard No. (32) issued by the Accounting and Auditing Organization for Financial and Islamic Institutions.

Assets acquired for the purpose of leasing are measured at historical cost, including direct expenses, to make them usable. The leased assets are depreciated in accordance with the Bank's depreciation policy.

When the recoverable amount of any asset acquired for Ijara is less than its net carrying amount, the amount is reduced to the recoverable amount, and the impairment loss is recognized in the Consolidated Statement of Income and Comprehensive Income .

The income of Ijara shall be distributed in proportion to the financial periods covered by the lease contract.

Basic insurance and maintenance expenses of leased assets are recognized in the financial period in which they arise.

Transfer of assets

Any transfers of tangible and financial assets made between the assets financed from the joint investment accounts, shareholders' equity, restricted investment accounts, investment funds, conversion bases and accounting policies adopted for this purpose shall be disclosed. Disclosure shall also be made of the related financial effect, balances of any assets transferred to the beginning of the financial period, changes that occurred during the financial period, and the balance at the end of the period.

All transfers to related parties are disclosed, and description is made of the nature of the relationship, type of transactions carried out, and total value of the operations at the beginning and end of the financial period, indicating the financial implications.

The Bank's bases for asset valuation are disclosed when transfers are made.

Differences resulting from foreign currency transactions and financial implications are also disclosed.

The nature and terms of the transferred assets are disclosed as to whether they are separable, and any related provisions are disclosed as well.

The reasons and principles governing the transfer of assets between different investment accounts are disclosed.

Obligations and restrictions required by the contractual relationship between investment account holders and equity holders, if any, are disclosed.

Profit equalization reserve

This reserve is created / set up with a view to allocate appropriate and competitive rates of return to the Joint/Restricted Investment Account holders and to the shareholders in the event of exceptional circumstances and sharp fluctuations in the markets that actually make the actual profit rates less than what the holders of the Joint Investment Accounts expect. The same applies to the Bank's shareholders. This reserve is established based on the pre-approval of the Shari'a Supervisory Board and approval of the unrestricted investment accounts holders' equity.

This reserve shall be allocated to the share of the profits of the holders of the Joint Investment Accounts holders equity and the shareholders equity before the deduction of Mudarib's share. The balance available in the reserve account shall be invested in the aggregated joint money account. The profits from the investment shall be credited to the reserve account.

If the balance in the profit equalization reserve account is insufficient to meet the competition, the shareholders may give part of their share of profits to the holders of the joint investment accounts based on the Bank's Board of Directors' decision and approval of the Shari'a Supervisory Board.

The bank abides by what is stated in the Financial Accounting Standard No. (35) "Risk Reserve" issued by the Accounting and Auditing Organization for Islamic Financial Institutions when there is a need to create/compose a profit rate reserve.

The profit equalization reserve is transferred to the shareholders and unrestrected investment accounts holders equity each according to its share of the deduction.

Fair value of financial assets

Fair value is defined as the price at which an asset should be sold or paid to convert any of the liabilities in a structured transaction between the market participants on the measurement date, irrespective of whether the price can be realized directly or it is estimated using another valuation technique. When estimating the fair value of an asset or liability, the Bank takes into consideration, upon determining the price of any asset or liability, whether market participants are required to take these factors into account at the measurement date. The fair value for the purposes of measurement and / or disclosure is determined for these financial statements on the same basis.

In addition, fair value measurements are classified for the purposes of financial reporting to level (1), (2) or (3) based on the extent to which the inputs are clear regarding the fair value measurements and the importance of inputs to the full fair value measurements. The details are as follows:

Input Level (1) inputs are induced inputs derived from quoted (unadjusted) prices of identical assets or liabilities in active markets that an enterprise can obtain on the measurement date;

Input Level (2) inputs are induced inputs derived from data other than quoted prices used at level (1) and observable for assets or liabilities, either directly or indirectly;

Input Level (3) inputs are induced inputs to assets or liabilities that are not based on observable market prices.

Impairment of financial assets

The Bank applies the expected credit loss requirements and the amendments relating to the classification and measurement of financial instruments. The effect of the following instructions of the Central Bank of Jordan related to the application of AAOIFI (30) is recognized by recording the impact on the consolidated statement of income and comprehensive income in respect of assets and financing, in respect of assets and co-financing. The new expected credit losses and other provisions for finance and investments for the assets financed through unrestricted investment accounts holders' equity will be charged through statements of income and comprehensive income statements (common pool)

The expected credit losses provisions are calculated on the following financial instruments:

- Balances at banks and financial institutions.
- International wakala agencies
- Direct credit financing (self and joint).
- Qard Hasan (self)
- (Sukuk) within financial assets at amortized cost.
- (Sukuk) within financial assets at fair value through shareholders equity – self
- (Sukuk) within financial assets at fair value through investment account holders' equity – joint
- Off-balance sheet exposures subject to credit risk (self and joint).

No impairment loss is recognized in equity instruments.

The expected credit losses should be measured through an impairment provision equivelant of:

- The expected 12-month credit losses, or, the expected life of the expected credit losses resulting from those default events on financial instruments that can be achieved within (12) months after the reporting date, referred to as stage one , or
- Expected 12-month credit loss, ie, the expected life of expected credit losses arising from all possible default events over the life of the financial instrument referred to the stage two and stage three .

A provision for the expected credit loss over the life of a financial instrument is required if the credit risk on that instrument increases substantially since initial recognition.

For all other financial instruments, the ECL is measured at an amount equal to the expected credit loss for a period of (12) months.

The expected credit losses are a possible weighted estimate of the present value of the credit loss. This value is measured as the present value of the difference between the cash flows due to the Bank under the contract and the cash flows that the Bank is expected to receive arising from the weighting of several future economic scenarios, discounted at the effective yield rate of the asset.

For unutilized limits, the expected credit losses are the difference between the present value of the difference between the contractual cash flows payable to the Bank, if the borrower withdraws the financing, and cash flows that the Bank expects to receive, if the financing is utilized; and The Bank measures the expected credit losses on an individual basis or on a collective basis for funding that shares the characteristics of similar economic risks. The measurement of the provision for loss is based on the present value of the expected cash flows of the asset using the original effective rate of return of the asset, irrespective of whether it is measured on an individual or collective basis.

Credit-impaired financial assets

The financial asset is considered to be "credit- impaired" when one or more events have an adverse effect on the estimated future cash flows of the financial asset. Credit-impaired financial assets are referred to as third stage assets. Evidence of credit impairment includes observable data on the following events:

- Significant financial difficulties faced by the borrower or issuer ;

- Breach of contract, e.g. deficit or delay in payment ;
- The Bank gives the borrower, for economic or contractual reasons related to the borrower's financial difficulty, a concession ; or
- The disappearance of an active market for this financial asset due to financial difficulties; or
- Buying a financial asset at a significant discount that reflects the credit losses incurred.

If a single event can not be identified, instead, the combined effect of several events may cause the financial assets to turn into assets with a credit-impaired value. The Bank assesses whether there has been a decline in credit of financial instruments measured at amortized cost or fair value through comprehensive income at each reporting date. To assess whether there is credit impairement to corporate debt instruments. Futhermore, a combination of factors such as Sukuk proceeds, credit rating, and the borrower's ability to increase funding is considered.

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

To determinate the impairment provision of financial assets, the bank's management requires to issue important judgments to estimate the amounts of future cash flows and their timing, in addition to estimating any substantial increase in the credit risk of financial assets after their initial recognition, taking into consideration future measurement information for expected credit losses.

<u>Default</u>

The definition of default is very important in determining the expected credit loss. It is used to measure the expected credit loss and determine whether the expected credit less provision for loss is based on the expected 12-month or lifetime loss .

The Bank considers the following as an event of default:

- Failure to pay for more than 90 days for any important credit commitment to the Bank;or
- It is unlikely that the customer will pay his entire credit obligations to the Bank.

The definition of default is designed to reflect the different characteristics of different types of assets.

In assessing whether a customer is unlikely to pay his credit commitment, the Bank takes into account qualitative and quantitative indicators. The information is based on the type of asset, and the Bank uses various sources of information to assess defaults that are internally developed or obtained from external sources.

<u>Significant increase in credit risk</u>

The Bank monitors all financial assets, financial liabilities, and financial guarantee contracts that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there is a significant increase in credit risk, the Bank will measure the allowance for loss on a life-long basis rather than the expected (12)month credit loss.

The Bank does not consider financial assets with "low" credit risk at the reporting date if they have not been exposed to a significant increase in credit risk. As a result, the Bank monitors all financial assets and liabilities of financing issued and financial guarantees contracts that are subject to impairment for the significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased substantially since initial recognition, the Bank compares the risk of default of the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of default for the remaining maturity period at the date of the current report when the financial instrument is recognized for the first time. In the assessment process , the Bank considers both quantitative and qualitative information that is reasonable and reliable, including historical experience and future information available at no cost or undue effort, based on the Bank's historical experience and the assessment of the credit expert, including future information.

Multiple economic scenarios represent the basis for determining the probability of default on initial recognition and subsequent reporting dates. Various economic scenarios will result in a different probability of default. The weighting of the different scenarios is the basis of the weighted average probability of default that is used to determine whether the credit risk has increased significantly.

The qualitative factors that indicate a marked increase in credit risk are reflected in the probability of default models at the appropriate time. However, the Bank is still looking separately at some qualitative factors to assess whether the credit risk has increased significantly. With regard to corporate finance, there is a particular focus on the assets included in the "watch list" where exposure is included in the watch list when there are concerns about the deterioration of credit worthiness. With regard to individual financing, the Bank takes into account expectations of the non-payment periods and defaults, and signs of low credit.

Quantitative information is a key indicator of the significant increase in credit risk and is based on a change in the probability of default over a lifetime by comparing:

- The probability of remaining life-long defaults at the reporting date; and
- The probability of life-long defaults remaining at this point from the time estimated on the basis of facts and circumstances at initial recognition of exposure.

The Bank uses the same methodologies and data used to measure expected credit loss provisions.

Since the significant increase in credit risk since the initial recognition is a relative measure, a specific change, in absolute terms, in the probability of non-payment will be more important to a financial instrument with a lower initial non-payment probability compared to a financial instrument with a higher non-payment probability.

As a safety valve when an asset's maturity exceeds more than (40) days, the bank considers that a significant increase in credit risk has occurred, and the asset is in the second stage of the impairment model, meaning that the loss provision is measured as a credit loss for life expectancy.

Presentation of Provision for expected credit loss in the consolidated statement of financial position

The expected credit loss provisions are presented in the consolidated statement of financial position as follows:

For joint financial assets: as a deduction from the total value of the net assets.

Direct and indirect financing – Self : The provision for credit losses is recognized as a deduction from the balance of self-financing, and off-balance sheet items are presented in other liabilities.

Direct and indirect financing – Joint : The provision for credit losses is recognized as a deduction from the balance of joint financing, and off balance sheet items are presented in other liabilities.

Write-off

Financial assets are derecognized when there is no reasonable expectation of recovery, such as a clients failure to participate in a payment plan with the Bank. The Bank classifies funds or amounts due to be written off after all possible payment methods have been exhuasted. However, if the financing or receivables are written off, the Bank continues its enforcement activity to attempt to recover the receivable, which is recognized in the consolidated statement of income upon recovery .

Property, plant & equipment

Property , plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Property and equipment (excluding land) are depreciated when they are ready to be used on a straight-line basis over the estimated useful life using the following annual rates:

Item	Annual depreciation rate
Buildings	2%
Equipment, device and furniture	15%
Vehicles	15%
Computers	20%
Others	4% - 10%

Where the estimated recoverable amount of any property and equipment is less than its net carrying amount, the carrying amount of the asset and equipment is written down to its recoverable amount, and the amount of impairment is recognized in the consolidated statement of income and comprehensive income statement.

The useful life of property and equipment is reviewed at the end of each year. If the expected useful life is different from the previous estimates, the change in estimate for subsequent years is recorded as a change in estimates.

Property and equipment are derecognized upon disposal or when no future benefits are expected to arise from its use or disposal.

Intangible assets

Intangible assets are classified on the basis of their estimated useful lives for a specified period or unspecified period. Intangible assets with a finite useful life are amortized over a period of up to four years, and the amortization is recognized in the consolidated statement of income and comprehensive income . Intangible assets with an indefinite useful life are reviewed for impairment at the consolidated statement of financial position date, and any impairment loss is recognized in the consolidated statement of income and comprehensive income.

Intangible assets arising from the Bank's business are not capitalized, and are recognized in the consolidated statement of income and comprehensive income for the same period.

Any indications of impairment of intangible assets are reviewed at the date of consolidated statement of financial position date. The life of the asset is reviewed, and any adjustments are made in the subsequent periods.

The amortization rate for the groups intangible assets item is as follows:

Computers systems & Softwares	20%

Seized assets by the Bank against debts

Assets seized by the bank's ownership are shown in the consolidated statement of financial position under "other assets" at the value it devolved to the bank or the fair value whichever is lower. They are re-evaluated at the date of the consolidated financial statements at fair value individually, and any decrease in its value is recorded as a loss in the statement. Consolidated income and comprehensive income and the increase is not recorded as revenue, a progressive provision is calculated for real estate according to Central Bank Circular No. 10/3/13246 of 2 Septmber 2021, at a rate of (5%) of the total book values of those real estate as of the year 2022, so that the arrival To the required percentage (50%) of those real estate by the end of 2030.

Impairment in non-financial assets:

The carrying value of the Group's non-financial assets is reviewed at the end of each fiscal year, except for the deferred tax assets, to determine whether there is an indication of impairment. In the event of an indication of impairment, the amount recoverable from those assets is estimated.

If the carrying amount of the assets exceeds the recoverable amount from those assets, the impairment loss is recorded in those assets.

The recoverable amount is the fair value of the asset - less selling costs - or the value of its use, whichever is greater.

All impairment losses are recognized in the statement income and comprehensive income.

Provisions

Provisions are recognized when the Bank has obligations as of the date of the consolidated statement of financial position arising from past events, and the payment of the liability is probable and can be reliably measured.

Income tax

Tax expenses represent amounts of accrued taxes and deferred taxes.

Due taxes are calculated based on taxable profits, which differ from those declared in the financial statements. In this regard, declared profits include non-taxable income or expenses not deductible in the fiscal year but deductible in subsequent years,deductible accumulated tax losses, or items not subject to tax or tax deductible.

The Bank deducts taxes and establishes a provision for income tax in accordance with Income Tax Law No. (34) of 2014 and IAS (12), which recognizes deferred taxes arising from time differences in the fair value reserve.

Deferred taxes are the taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets or liabilities in the financial statements and the amount on which the taxable profit is calculated. Deferred taxes are calculated using the method that complies with the consolidated statement of financial position, and they are calculated according to the tax rates expected to be applied when the tax liability is settled or deferred tax assets are realized. A rate of 38% was used to calculate deferred taxes for this year (35% tax rate, 3% national contribution rate), effective from 1 January 2019, to calculate deferred taxes in accordance with the Income Tax Law No. 38 of 2018. As such deferred taxes should be calculated according to the prescribed rate or expected rates for future periods.

The balance of deferred tax assets is reviewed at the date of the consolidated financial statements, and is reduced in case that it is not probable that the tax asset will be fully or partially utilized.

Deposit guarantee

On April 1, 2019, a law amending the Deposit Insurance Corporation Law was issued, which included Islamic banks under the Deposit Insurance Corporation, noting that Islamic banks were not previously covered by the law, and the amended law stipulated that deposit accounts that fall within the bank’s trust (credit accounts or the like, The part that does not participate in the profits from the joint investment accounts) entails fees for guaranteeing deposits and the bank bears from its own funds. As for the joint investment accounts, the owners of the joint investment accounts bear the participation fees for these accounts.

Offsetting

Financial assets are offseted against financial liabilities, and the net amount is recognized in the consolidated statement of financial position only when the legally binding rights are available and settled on an offsetting basis, or the asset is realized and the liability settled simultaneously.

Wakala Investment accounts

The accounts managed by the Bank are represented by Wakala within a specific program with the Central Bank of Jordan. Funds invested in the Wakala are shown off-side the consolidated statement of financial position, and the Bank's share of the Wakala (gains) is included in the consolidated statement of income and comprehensive income.

Realization of revenues and recognition of expenses

Revenues and expenses are recognized on the accrual basis except for non-performing deferred sales revenue and financing which are recognized in the suspended revenue account.

Commission income and expenses

Commissions are recognized as income, when the related services are provided, in the consolidated statement of income and comprehensive income. Commissions are charged in respect of banking services and financing services when they are met.

Net trading income

Net trading income includes all gains and losses from changes in the fair value of financial assets and financial liabilities held for trading. The Bank has elected to present the full fair value movement of trading assets and liabilities, including any related income, expenses and dividends.

Dividend income

Dividend income is recognized when the right to receive payment is established, which is the earlier date of the earnings per share, and is usually the date on which the shareholders approve the dividend for unquoted equity.
Dividend distribution in the consolidated statement of income depends on the classification and measurement of equity investment, i.e.:

- With respect to equity instruments held for trading, dividend income is recognized in the consolidated statement of income and comprehensive income (loss) on financial assets at fair value through the statement of income;and

- For equity instruments classified at fair value through shareholders' equity, equity is recognized in the consolidated statement of income and comprehensive income under the Bank's self financed revenue;and

- For equity instruments that are not classified at fair value through share holders equity - self and not held for trading, equity gains are recognized in the consolidated statement of income and consolidated comprehensive income under other income - self; and

- With respect to equity instruments classified at fair value through the joint investment accounts holders’ equity, the income from equity is included in the consolidated statement of income and comprehensive income under profit from financial assets at fair value through unrestricted investment account holders equity.

Cash and cash equivalents

Cash and cash balances maturing within three months, including: cash and balances with the Central Bank, balances with banks and banking institutions, and deposits of banks and banking institutions with maturities of three months and restricted balances.

(3) Significant accounting estimated and key sources of estimation uncertainty

The preparation of the consolidated financial statements and the application of accounting policies require management to make estimates and judgments that affect the amounts of financial assets and liabilities and to disclose potential liabilities. These estimates and judgments also affect income, comprehensive income, equity and equity holders of joint investment accounts. In particular, the Bank's management is required to issue significant judgments to estimate the amounts and timing of future cash flows. These estimates are necessarily based on assumptions and multiple factors that have varying degrees of estimation and uncertainty and that the actual results may differ from the estimates as a result of changes resulting from the circumstances and circumstances of those estimates in the future.

Judgments, estimates, and assumptions are reviewed periodically. The effect of the change in estimates is recognized in the financial period in which the change occurs if the change affects only the financial period,and the effect of the change in estimates is recognized in the financial period in which the change occurs and in future periods In case the change affects the financial period and future financial periods.

We believe that our estimates in the consolidated financial statements are reasonable, and the estimates are summarized as follows:-

Significant Judgments in applying the bank's accounting policies

Evaluation of business model

The classification and measurement of financial assets depends on the test results of the principal amount and profit payment on the principal outstanding and the business model test. The Bank defines a business model at a level that reflects how the groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment that reflects all relevant evidence, including how to assess the performance of the asset, measure its performance and the risks that affect the performance of the asset and how it is managed, and how the asset managers are compensated. The Bank monitors financial assets measured at amortized cost or fair value through income - equity or fair value through the rights of the holders of the joint investment that have been derecognised before maturity to understand the reasons for derecognition and whether the reasons are consistent with the objective of the business being retained. The control is part of the Group's continuous assessment of whether the business model under which the remaining financial assets are retained is appropriate, and whether it is inappropriate if there is a change in the business model and therefore a future change is made in the classification of those assets.

Significant increase in credit risk

The expected credit loss is measured as an allowance equivalent to the expected credit loss of 12 months for the assets of stage (1) , or the credit loss over the life of the assets of the stage(2) and (3).The asset transfered to the stage (2) if credit risk increases significantly since initial recognition. FAS (30) issued by the Accounting and Auditing Organization for Financial and Islamic Institutions. does not specify what constitutes a significant increase in credit risk. In assessing whether the credit risk of any asset has increased significantly, the Bank takes into account reasonable and reliable quantitative and qualitative information.

The estimates and uses by the Bank's management of the significant change in credit risk that result in a change in classification within the three stages (1, 2 and 3) are explained in detail in Note (47).

Establishment of groups of assets with similar credit risk characteristics

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

Models and assumptions used

The Bank uses various models and assumptions in measuring the fair value of financial assets as well as in assessing the expected credit loss described in note (47). The judgment is applied when determining the best models for each type of asset, as well as for the assumptions used in those models, which include assumptions regarding the main drivers of credit risk.

Extension and termination options in lease contracts :

Extension and termination options are included in the number of leases , These conditions are used to increase operational flexibility in contract management. Most extension and termination options are exercisable by both the bank and the lessor when determining the duration of a lease, management takes into consideration all facts and circumstances that create an economic incentive to exercise the option of extension or not to exercise the option of termination. Extension options (or periods following termination options) are only included in the term of the lease if the lease contract is reasonably confirmed to be extended (or not terminated). An assessment is reviewed if an important event or a significant change occurs in the circumstances affecting the valuation that are under the control of the lessee.

Key sources of estimation uncertainty

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

Impairment in value of seized assets by the bank against debt

Any impairment in value of the seized assets is recorded as a loss in the consilidated statement of income and other comperhansive income however, the increase in value is not recorded as revenue. Subsequent increase is recorded in the consolidated statement of income and comprehensive income to the extent that it does not exceed the value of the decrease that has been previously recorded.
According to the circular Central Bank No. 10/2/13246 dated on 2 Septmber 2021 recognizing of the required allocations against the properties acquired as (5%) of the total book values of these properties starting from the year 2022 so that acheive the required percentage amount (50%) of these properties with the end of the year 2030.

The useful lives of tangible assets and intangible assets

The management periodically recalculates the useful lives of tangible assets and intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of these assets and estimated future useful lives. Moreover, impairment losses are recognized in the consolidated statement of income and comprehensive income for the year.

Income tax provision:
The income tax expense is charged to its financial year according to the accounting regulations, laws and standards. Deferred tax assets , liabilities, and required tax provison are recognized and calculated.

Legal Provisions :

A provision is taken to meet any potential legal obligations based on the legal study prepared by the Bank's legal counsel and by the Bank's legal department, which identifies the risks that may arise in the future and reviews the study periodically.

Assets that are stated at cost: The management periodically reviews financial assets stated at cost to assess any impairment in their value, which is taken to the consolidated statement of income and comprehenisve income.

Provision for expected credit losses :
Requires management to use significant judgments and estimates to estimate the amounts and timing of future cash flows and to estimate the risks of an increase in credit risk for financial assets after initial recognition and future measurement information for expected credit losses.

Provisions against assets financed by joint investment account holders (including provisions against sales receivables and joint financing) are charged to the profits of the joint investment pool.
Where provisions for expected credit losses were formed in accordance with FAS (30) in accordance with the instructions of the Central Bank of Jordan, whichever is stricter.

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

When measuring the expected credit loss, the Bank uses reasonable and supported future information based on the assumptions of the future movement of the various economic effects and how these affect each other.

The probability of default

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

Loss given default

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

Fair value measurement and valuation procedures

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

Discount of lease payments

Lease payments are discounted using the bank’s average finance cost, where the administration has applied judgments and estimates to determine the average financing costs when the lease contract begins.

(4) CASH AND BALANCES AT THE CENTRAL BANK

The details of this item are as follows:

	31 December	
	2021	2020
	JD	JD
Cash on hand	22,099,424	20,828,813
Balances at the Central Bank of Jordan:		
Current accounts	259,858,283	268,960,098
Statutory cash reserve	76,695,657	61,905,588
Total	**358,653,364**	**351,694,499**

- Except for the statutory cash reserve, there are no other restricted cash accounts as at 31 December 2021 and 31 December 2020 .
- No provision for expected credit losses has been calculated on the balances with the Central Bank, as they are exposures to the Jordanian government.

- The movement on balances at the Central Bank of Jordan is as follows:

	Stage 1 (individual)	Stage 1 (individual)
	for the year ended 31 December 2021	for the year ended 31 December 2020
	JD	JD
Balance at the beginning of the year	330,865,686	260,871,603
New balances during the year	430	-
Repaid balances	-	-
Changes resulting from modifications	5,687,824	69,994,083
Balance at the end of the year	**336,553,940**	**330,865,686**

(5) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

	Local banks and financial institutions		Foreign banks and financial institutions		Total	
	31 December		31 December		31 December	
	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD
Current and on -Demand accounts	713,698	417,588	7,580,233	9,252,246	8,293,931	9,669,834
Total	**713,698**	**417,588**	**7,580,233**	**9,252,246**	**8,293,931**	**9,669,834**

- There are no balances at banks and financial institutions on which the bank receives returns as at 31 December 2021 and 31 December 2020.
- There are no balances with banks and banking institutions for which the bank charges returns as on 31 December 2021 and as on 31 December 2020.
- All balances have current accounts that use the bank's operations, and there is no need for calculating financial provisions for them according to Islamic Financial Accounting Standard No. (30).

- The movement on balances at banks and banking institutions is as follows :

	Stage 1 (individual)	Stage 1 (individual)
	31 December	31 December
	2021	2020
	JD	JD
Balance at the beginning of the year	9,669,834	6,513,543
New balances during the year	186,595	779,248
Repaid balances	(26)	(489,752)
Changes resulting from modifications	(1,562,472)	2,866,794
Balance at the end of the year	**8,293,931**	**9,669,833**

(6) INTERNATIONAL WAKALA INVESTMENTS - NET

The details of this item are as follows:

	Jointly financed	
	31 December	
	2021	2020
Matures:	JD	JD
Within a month	66,701,844	52,466,000
From a month to three	17,209,456	24,940,971
From three to six months	2,771,936	1,449,068
Total International Wakala Investments	**86,683,236**	**78,856,039**
Less: Expected credit losses for international wakala investment	(558,588)	(138,690)
Net International Wakala Investments	**86,124,648**	**78,717,349**

The movement on the gross International Wakala Investments was as follows:

	For the year ended 31 December 2021				For the year ended 31 December 2020
Item	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	**78,856,039**	-	-	**78,856,039**	**70,888,829**
New balances and deposits	86,683,236	-	-	86,683,236	78,856,039
Repaid balances and	(78,856,039)	-	-	(78,856,039)	(70,888,829)
Total balance at the end of	**86,683,236**	-	-	**86,683,236**	**78,856,039**

- There are no transfers between the stages (First , second and third) or written off balances .

The movement on the gross International Wakala Investments was as follows:

	For the year ended 31 December 2021				For the year ended 31 December 2020
Item	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	**138,690**	-	-	**138,690**	**98,451**
Impairment loss of new balances during the year	558,588	-	-	558,588	138,690
Recoverable from impairment loss on repaid balance and deposits	(138,690)	-	-	(138,690)	(98,451)
Total balance at the end of the year	**558,588**	-	-	**558,588**	**138,690**

(7) FINACIAL ASSETS AT FAIR VALUE THROUGH THE STATEMENT OF INCOME

The details of this item are as follows:

	Jointly financed	
	31 December	
	2021	2020
	JD	JD
Shares corporate	69,813	49,851
Quated Islamic sukuk	1,495,481	1,463,324
Total	**1,565,294**	**1,513,175**

(8) DEFERRED SALES RECEIVABLES AND OTHER RECEIVABLES - NET

The details of this item are as follows:

	Jointly financed		Self financed		Total	
	31 December		31 December		31 December	
	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD
Individuals (retail)						
Murabaha to the purchase orderer	357,150,865	275,010,114	1,387,424	1,548,111	358,538,289	276,558,225
Ijara Muntahia Bittamleek - receivables	1,440,495	1,544,385	246	-	1,440,741	1,544,385
Other receivables	5,243,641	3,705,043	30,612	61,312	5,274,253	3,766,355
Real estate financing	23,922,928	23,261,507	-	-	23,922,928	23,261,507
Ijara Muntahia Bittamleek - receivables	431,709	1,471,114	-	-	431,709	1,471,114
Corporate						
International Murabaha	-	13,471,978	-	-	-	13,471,978
Murabaha to the purchase orderer	430,360,904	359,318,707	-		430,360,904	359,318,707
Ijara Muntahia Bittamleek - receivables	2,161,551	1,521,159	-	-	2,161,551	1,521,159
Other receivables	-	-	779,145	1,067,888	779,145	1,067,888
Small and medium enterprises						
Murabaha to the purchase orderer	44,951,938	39,318,766	-	-	44,951,938	39,318,766
Ijara Muntahia Bittamleek - receivables	20,110	-	-	-	20,110	-
Other receivables	-	-	1,922,767	2,889,524	1,922,767	2,889,524
Government and the public sector	384,465,171	150,587,406	-	-	384,465,171	150,587,406
Total	**1,250,149,312**	**869,210,179**	**4,120,194**	**5,566,835**	**1,254,269,506**	**874,777,014**
Less: Deferred revenue	144,157,955	83,622,777	174,257	210,477	144,332,212	83,833,254
Suspended revenue	2,149,584	1,783,025	7,112	7,112	2,156,696	1,790,137
Expected credit losses	44,532,900	35,185,881	32,404	64,544	44,565,304	35,250,425
Net deferred sales receivable and other receivables	**1,059,308,873**	**748,618,496**	**3,906,421**	**5,284,702**	**1,063,215,294**	**753,903,198**

- The non- performing deferred sales receivables , other receivables , facilities and Ijara Muntahia bittamleek receivables amounted to JD30,246,226 as at 31 December 2021, representing 2.41% of deferred sales receivables, other receivables, facilities and Ijara Muntahia Bittamleek receivables (JD 22,200,442as at 31 December 2020, representing 2.53% of deferred sales receivables, other receivables, facilities and Ijara Muntahia Bittamleek receivables).

- The non- performing deferred sales receivables , other receivables , facilities and Ijara Muntahia bittamleek receivables amounted to JD 28,089,530 as at 31 December 2021, representing 2.24% of deferred sales receivables, other receivables, facilities and Ijara Muntahia Bittamleek receivables (JD 20,410,305 as at 31 December 2020, representing 2.33% of deferred sales receivables, other receivables, facilities and Ijara Muntahia Bittamleek receivables).

- The provision for impairment of the jointly financed facilities portfolio, which is calculated based on the Central Bank of Jordan's Instructions No.(47/2009) and based on (watch list) amounted to JD 642,260 Moreover, the provision calculated based on the "individual customer"(non-performing) amounted to JD 24,646,935 as at 31 December 2021(JD 291,459 and JD 18,604,987 respectively as at 31 December 2020).

- The deferred sales receivables and other receivables and facilities granted to and guaranteed by the Government of the Hashemite Kingdom of Jordan amounted to JD 235,350,835 as at 31 December 2021, representing 18.76% of the balance of deferred sales receivables , other receivables and facilities (JD 213,356,360 as at 31 December 2020, representing 24.36% of the balance of deferred sales receivables , other receivables and facilities).

- **The movement on credit financing (after deducting suspended and deferred revenue) :**

A- Self-financed (Deferred sales receivables and other receivables and Alqard alhassn)

Item	For the year ended at 31 December 2021					
	Stage 1		Stage 2		Stage 3	Total
	individual	Collective	individual	Collective		
	JD	JD	JD	JD	JD	JD
Total balance at the beginning of the year	1,961,545	2,767,017	522,747	1,477,752	590,757	7,319,818
New facilities during the year	646,833	316,606	150,544	92,343	2,913	1,209,239
Repaid facilities	-	(135,320)	(452,364)	(334)	(51,538)	(639,556)
Transfer to Stage 1	-	117,537	-	(117,490)	(47)	-
Transfer to Stage 2	(103,833)	(146,905)	103,833	146,959	(54)	-
Transfer to Stage 3	-	(63)	-	-	63	-
Effect on the provision - as at the end of the year - as a result of the change in classification between the three stages during the year	-	(49,707)	(47,049)	(32,924)	-	(129,680)
Changes resulting from modifications	(690,129)	(722,695)	(34,901)	(550,752)	(2,937)	(2,001,414)
Total balance at the end of the year	**1,814,416**	**2,146,470**	**242,810**	**1,015,554**	**539,157**	**5,758,407**

- **The movement of the expected credit losses provision / self financed :**

Item	For the year ended at 31 December 2021					
	Corporate	**Small and medium enterprises**	**Retail (individual)**	**Real estate financing**	**Government and the public sector**	**Total**
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	50,606	58,974	204,276	-	-	313,856
Impairment loss on new facilities during the year	7,893	117	3,756	-	-	11,766
Recovered from impairment loss on repaid facilities	(16,707)	(3,294)	(47,571)	-	-	(67,572)
Transfer to Stage 1	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
Effect on the provision - as at the end of the year - as a result of the change in classification between the three stages during the year	(14)	-	(37)	-	-	(51)
Changes resulting from modifications	(17,472)	(400)	(7,462)	-	-	(25,334)
Total balance at the end of the year	**24,306**	**55,397**	**152,962**	**-**	**-**	**232,665**
Redistribution:						
Provisions on an individual basis	24,306	55,388	147,077	-	-	226,771
Provisions on a collective basis	-	9	5,885	-	-	5,894

- **The movement on credit facilities (after deducting deferred revenue and suspended revenue) :**

B- Jointly financed

Item	For the year ended at 31 December 2021					
	Stage 1		Stage 2		Stage 3	Total
	individual	Collective	individual	Collective		
	JD	JD	JD	JD	JD	JD
Total balance at the beginning of the year	446,860,560	253,621,074	47,536,533	15,320,387	20,465,823	783,804,377
New facilities during the year	356,672,298	132,285,731	17,400,244	8,332,594	173,065	514,863,932
Repaid facilities	(75,246,271)	(24,518,422)	(17,579,690)	(1,080,879)	(801,318)	(119,226,580)
Transfer to Stage 1	7,675,258	508,410	(7,675,258)	(508,410)	-	-
Transfer to Stage 2	(41,958,448)	(19,430,670)	41,958,448	19,903,805	(473,135)	-
Transfer to Stage 3	-	(4,130,148)	(3,440,876)	(925,558)	8,496,582	-
Effect on the provision as a result of the change in classification between the stages	(6,143,124)	(169,369)	(6,852,934)	(2,256,829)	(151,004)	(15,573,260)
Changes resulting from modifications	(21,133,181)	(35,952,642)	(1,566,535)	(1,174,305)	(200,033)	(60,026,696)
Total balance at the end of the year	**666,727,092**	**302,213,964**	**69,779,932**	**37,610,805**	**27,509,980**	**1,103,841,773**

- **-The movement on expected credit loss / jointly financed:**

Item	For the year ended at 31 December 2021					
	Corporate	Small and medium enterprises	Retail (individual)	Real estate financing	Government and the public sector	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	24,294,704	615,089	5,457,157	4,818,931	-	35,185,881
Impairment loss on new facilities during the year	4,110,202	55,738	935,200	1,686,358	-	6,787,498
Recovered from impairment loss on repaid facilities	(1,692,655)	(10,270)	(505,476)	(1,817,311)	-	(4,025,712)
Transfer to Stage 1	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
Effect on the provision - as at the end of the year - as a result of the change in classification between the three stages during the year	2,271,321	390,198	3,400,061	1,885	-	6,063,465
Changes resulting from modifications	466,485	523,839	191,158	(659,714)	-	521,768
Total balance at the end of the year	**29,450,057**	**1,574,594**	**9,478,100**	**4,030,149**	**-**	**44,532,900**
Redistribution:						
Provisions on an individual basis	29,450,057	897,564	-	4,029,976	-	34,377,597
Provisions at a collective basis	-	677,030	9,478,100	173	-	10,155,303

Suspended revenue :

The movement on suspended revenue is as follows:

	For the year ended 31 December 2021				For the year ended 31 December 2020			
	Retail (individual)	Corporate	Small and medium enterprises	Total	Retail (individual)	Corporate	Small and medium enterprises	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year (Self)	-	7,112	-	7,112	-	7,112	-	7,112
Add: suspended revenue during the year	-	-	-	-	-	-	-	-
Less: suspended revenue transferred to revenue	-	-	-	-	-	-	-	-
Balance at the end of the year (Self)	**-**	**7,112**	**-**	**7,112**	**-**	**7,112**	**-**	**7,112**
Balance at the beginning of the year (Joint)	815,512	932,660	34,853	1,783,025	455,873	896,626	16,535	1,369,034
Add: suspended revenue during the year	461,987	222,544	51,489	736,020	467,496	94,820	33,016	595,332
Less: suspended revenue transferred to revenue	292,788	73,508	3,165	369,461	107,857	58,786	14,698	181,341
Balance at the end of the year (Joint)	**984,711**	**1,081,696**	**83,177**	**2,149,584**	**815,512**	**932,660**	**34,853**	**1,783,025**

1) Impairment loss on Credit financing - corporates

(A) Self (Deferred sales receivables and other receivables and Qard Hassan)

- **The distribution of total finances according to the Bank's internal credit rating categories (After deducting deferred and suspended revenue):**

Item	31 December 2021				31 December 2020
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Almost risk free	14,442	-	-	14,442	-
Low risk	49,443	-	-	49,443	570,966
Normal risk	813,422	52,802	-	866,224	353,010
Acceptable risk	397,406	182,054	-	579,460	527,536
Acceptable with due care	30,043	7,431	-	37,474	78,532
Substandard	-	-	-	-	313,605
Doubtful	-	-	10	10	-
Loss	-	-	331,433	331,433	17,838
Unrated	-	523	2,287	2,810	448,137
Total	**1,304,756**	**242,810**	**333,730**	**1,881,296**	**2,309,624**

-The movement of financing:

Item	31 December 2021			
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the year*	1,451,885	522,747	334,992	2,309,624
New facilities during the year	646,833	150,544	49	797,426
settled facilities	-	(452,364)	(1,421)	(453,785)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(103,833)	103,833	-	-
Transfer to Stage 3	-	-	-	-
Effect on the provision as a result of the change in classification between the stages	-	(47,049)	-	(47,049)
Changes resulting from modifications	(690,129)	(34,901)	110	(724,920)
Total balance at the end of the year	**1,304,756**	**242,810**	**333,730**	**1,881,296**

- The movement of impairment provision:

Item	For the year ended 31 December 2021			
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the year	19,904	15,321	15,381	50,606
New facilities during the year	7,826	18	49	7,893
settled facilities	-	(15,286)	(1,421)	(16,707)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(28)	28	-	-
Transfer to Stage 3	-	-	-	-
Effect on the provision as a result of the change in classification between the stages	-	(14)	-	(14)
Changes resulting from modifications	(17,598)	(26)	152	(17,472)
Total balance at the end of the year	**10,104**	**41**	**14,161**	**24,306**

B-Jointly financed

- **The distribution of total finances according to the Bank's internal credit rating categories (After deducting deferred and suspensed revenue):**

Item	31 December 2021				31 December 2020
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Insignificant	5,432,849	-	-	5,432,849	-
Almost risk free	5,092,255	-	-	5,092,255	3,945,620
Low risk	13,815,612	311,496	-	14,127,108	13,907,735
Normal risk	141,537,473	19,290,377	-	160,827,850	126,525,787
Acceptable risk	139,534,151	28,557,720	-	168,091,871	130,254,071
Acceptable with due care	29,119,685	10,256,923	-	39,376,608	34,901,314
Watch list	-	2,832	-	2,832	16,462,100
Substandard	-	-	3,444,487	3,444,487	1,146,012
Doubtful	-	-	1,146,495	1,146,495	394,115
Loss	-	-	12,064,458	12,064,458	11,829,201
Unrated	724,719	1,000,373	-	1,725,092	15,215,906
Total	**335,256,744**	**59,419,721**	**16,655,440**	**411,331,905**	**354,581,861**

-The movement on financing:

Item	For the year ended 31 December 2021			
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the year	304,139,199	37,073,334	13,369,328	354,581,861
New facilities during the year	147,110,330	8,768,482	-	155,878,812
settled facilities	(74,994,302)	(8,791,551)	-	(83,785,853)
Transfer to Stage 1	7,675,258	(7,675,258)	-	-
Transfer to Stage 2	(41,661,007)	41,661,007	-	-
Transfer to Stage 3	-	(3,440,876)	3,440,876	-
Effect on the provision as a result of the change in classification between the stages	(6,143,124)	(6,767,618)	3,612	(12,907,130)
Changes resulting from modifications	(869,610)	(1,407,799)	(158,376)	(2,435,785)
Total balance at the end of the year	**335,256,744**	**59,419,721**	**16,655,440**	**411,331,905**

- The movement on impairment provision:

Item	For the year ended 31 December 2021			
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the year	3,191,535	7,955,456	13,147,713	24,294,704
Impairment loss on new financing during the year	1,997,793	2,112,036	373	4,110,202
Recoverable from the loss of impairment on reimbursements	(950,350)	(742,305)	-	(1,692,655)
Transfer to Stage 1	509,700	(509,700)	-	-
Transfer to Stage 2	(443,842)	443,842	-	-
Transfer to Stage 3	-	(2,819,638)	2,819,638	-
Effect on the provision as a result of the change in classification between the stages	(490,804)	2,137,276	624,849	2,271,321
Changes resulting from modifications	(64,005)	512,321	18,169	466,485
Total balance at the end of the year	**3,750,027**	**9,089,288**	**16,610,742**	**29,450,057**

2) Impairment Loss on Credit Financing - Small and Medium Enterprises:

A-Self financed

The distribution of total finances according to the Bank's internal credit rating categories (After deducting deferred and suspended revenue) :

Item	31 December 2021						31 December 2020
	Stage 1		Stage 2		Stage 3	Total	Total
	individual	Collective	individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Not rated	-	908,055	-	1,015,092	55,388	1,978,535	2,948,669
Total	**-**	**908,055**	**-**	**1,015,092**	**55,388**	**1,978,535**	**2,948,669**

-The movement on financing

Item	31 December 2021					
	Stage 1		Stage 2		Stage 3	Total
	individual	Collective	individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	-	1,412,544	-	1,477,158	58,967	2,948,669
New facilities during the year	-	3,489	-	92,312	109	95,910
settled facilities	-	(1,513)	-	(99)	(3,288)	(4,900)
Transfer to Stage 1	-	117,464	-	(117,464)	-	-
Transfer to Stage 2	-	(146,905)	-	146,905	-	-
Transfer to Stage 3	-	-	-	-	-	-
Effect on the provision as a result of the change in classification between the stages	-	(49,652)	-	(32,901)	-	(82,553)
Changes resulting from modifications	-	(427,372)	-	(550,819)	(400)	(978,591)
Total balance at the end of the year	**-**	**908,055**	**-**	**1,015,092**	**55,388**	**1,978,535**

- The movement on impairment provision:

Item	31 December 2021					
	Stage 1		Stage 2		Stage 3	Total
	individual	Collective	individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	-	3	-	4	58,967	58,974
Impairment loss on new financing during the year	-	2	-	6	109	117
Recoverable from the loss of impairment on reimbursements	-	-	-	(6)	(3,288)	(3,294)
Transfer to Stage 1	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
Effect on the provision as a result of the change in classification between the stages	-	-	-	-	-	-
Changes resulting from modifications	-	-	-	-	(400)	(400)
Total balance at the end of the year	**-**	**5**	**-**	**4**	**55,388**	**55,397**

B-Jointly financed

The distribution of total finances according to the Bank's internal credit rating categories (After deducting deferred and suspended revenue) :

Item	31 December 2021						31 December 2020
	Stage 1		Stage 2		Stage 3	Total	Total
	individual	Collective	individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
unrated	-	20,151,623	-	20,475,259	2,390,340	43,017,222	37,065,370
Total	-	**20,151,623**	-	**20,475,259**	**2,390,340**	**43,017,222**	**37,065,370**

-The movement on financing :

	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*	-	23,821,387	-	11,481,235	1,762,748	37,065,370
New facilities during the year	-	5,166,167	-	7,064,431	48,172	12,278,770
settled facilities	-	(3,146,691)	-	(764,230)	(2,910)	(3,913,831)
Transfer to Stage 1	-	464,591	-	(464,591)	-	-
Transfer to Stage 2	-	(4,625,257)	-	4,736,846	(111,589)	-
Transfer to Stage 3	-	(659,194)	-	(135,910)	795,104	-
Effect on the provision as a result of the change in classification between the stages	-	(142,174)	-	(580,756)	(52,802)	(775,732)
Changes resulting from modifications	-	(727,206)	-	(861,766)	(48,383)	(1,637,355)
Total balance at the end of the year	**-**	**20,151,623**	**-**	**20,475,259**	**2,390,340**	**43,017,222**

- The movement on impairment provision:

Item	31 December 2021					
	Stage 1		Stage 2		Stage 3	Total
	individual	Collective	individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance of beginning of the year	-	58,413	-	114,094	442,582	615,089
Impairment loss on new financing during the year	-	9,996	-	44,906	836	55,738
Recoverable from the loss of impairment on reimbursements	-	(9,260)	-	(829)	(181)	(10,270)
Transfer to Stage 1	-	314	-	(314)	-	-
Transfer to Stage 2	-	(9,827)	-	35,487	(25,660)	-
Transfer to Stage 3	-	(15,210)	-	(798)	16,008	-
Effect on the provision - as at the end of the year - as a result of the change in classification between the three stages during the year	-	(244)	-	221,607	168,835	390,198
Changes resulting from modifications	-	(6,451)	-	235,146	295,144	523,839
Total balance at the end of the year	**-**	**27,731**	**-**	**649,299**	**897,564**	**1,574,594**

3) Impairment loss on credit facilities - Individual portfolio (retail):

A-Self financed

- **The distribution of total finances according to the Bank's internal credit rating categories (After deducting deferred and suspended revenue) :**

	31 December 2021				31 December 2020
Item	Stage 1 (collective)	Stage 2 (collective)	Stage 3	Total	المجموع
	JD	JD	JD	JD	JD
Unrated	1,238,415	462	150,039	1,388,916	1,551,865
Total	**1,238,415**	**462**	**150,039**	**1,388,916**	**1,551,865**

-The movement on financing

	For the year ended 31 December 2021			
Item	Stage 1 (collective)	Stage 2 (collective)	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the year	1,354,473	594	196,798	1,551,865
New facilities during the year	313,117	31	2,755	315,903
settled facilities	(133,807)	(235)	(46,829)	(180,871)
Transfer to Stage 1	73	(26)	(47)	-
Transfer to Stage 2	-	54	(54)	-
Transfer to Stage 3	(63)	-	63	-
Effect on the provision as a result of the change in classification between the stages	(55)	(23)	-	(78)
Changes resulting from modifications	(295,323)	67	(2,647)	(297,903)
Total balance at the end of the year	**1,238,415**	**462**	**150,039**	**1,388,916**

- The movement on impairment provision:

	For the year ended 31 December 2021			
Item	Stage 1 (collective)	Stage 2 (collective)	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the year	7,472	21	196,783	204,276
Impairment loss on new financing during the year	999	2	2,755	3,756
Recoverable from the loss of impairment on reimbursements	(730)	(13)	(46,828)	(47,571)
Transfer to Stage 1	48	(2)	(46)	-
Transfer to Stage 2	-	54	(54)	-
Transfer to Stage 3	-	-	-	-
Effect on the provision - as at the end of the year - as a result of the change in classification between the three stages during the year	(48)	(52)	63	(37)
Changes resulting from modifications	(1,869)	3	(5,596)	(7,462)
Total balance at the end of the year	**5,872**	**13**	**147,077**	**152,962**

B-Jointly financed

- **The distribution of total finances according to the Bank's internal credit rating categories (After deducting deferred and suspensed revenue) :**

	For the year ended 31 December 2021				31 December 2020
Item	Stage 1 (collective)	Stage 2 (collective)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Unrated	276,706,634	16,676,113	8,269,772	301,652,519	233,268,588
Total	**276,706,634**	**16,676,113**	**8,269,772**	**301,652,519**	**233,268,588**

-The movement on financing:

	31 December 2021			
Item	Stage 1 (collective)	Stage 2 (collective)	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the year	224,929,828	3,601,481	4,737,279	233,268,588
New facilities during the year	124,990,884	1,268,163	103,938	126,362,985
settled facilities	(20,751,111)	(316,649)	(375,413)	(21,443,173)
Transfer to Stage 1	43,819	(43,819)	-	-
Transfer to Stage 2	(14,567,611)	14,929,157	(361,546)	-
Transfer to Stage 3	(3,470,954)	(789,648)	4,260,602	-
Effect on the provision as a result of the change in classification between the stages	(27,195)	(1,641,572)	(101,814)	(1,770,581)
Changes resulting from modifications	(34,441,026)	(331,000)	6,726	(34,765,300)
Total balance at the end of the year	**276,706,634**	**16,676,113**	**8,269,772**	**301,652,519**

- The movement on impairment provision:

	31 December 2021			
Item	Stage 1 (collective)	Stage 2 (collective)	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the year	825,929	40,004	4,591,224	5,457,157
Impairment loss on new financing during the year	626,256	215,519	93,425	935,200
Recoverable from the loss of impairment on reimbursements	(67,543)	(2,476)	(435,457)	(505,476)
Transfer to Stage 1	678	(678)	-	-
Transfer to Stage 2	(34,652)	381,425	(346,773)	-
Transfer to Stage 3	(12,367)	(9,607)	21,974	-
Effect on the provision - as at the end of the year - as a result of the change in classification between the three stages during the year	(570)	628,980	2,771,651	3,400,061
Changes resulting from modifications	(162,838)	41,938	312,058	191,158
Total balance at the end of the year	**1,174,893**	**1,295,105**	**7,008,102**	**9,478,100**

4) Impairment loss on credit facilities - Real estate financing:

A-Self financed

The distribution of total finances according to the Bank's internal credit rating categories (After deducting deferred and suspended revenue) :

Item	31 December 2021						31 December 2020
	Stage 1		Stage 2		Stage 3	Total	Total
	individual	Collective	individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Total	-	-	-	-	-	-	-

-The movement on financing:

Item	For the year ended 31 December 2021					
	Stage 1		Stage 2		Stage 3	Total
	individual	Collective	individual	Collective		
	JD	JD	JD	JD	JD	JD
Total balance at the beginning of the year	-	-	-	-	-	-
Total balance at the end of the year	-	-	-	-	-	-

- The movement on impairment provision:

Item	For the year ended 31 December 2021					
	Stage 1		Stage 2		Stage 3	Total
	individual	Collective	individual	Collective		
	JD	JD	JD	JD	JD	JD
Total balance at the end of the year	-	-	-	-	-	-

B-Jointly financed

- **The distribution of total finances according to the Bank's internal credit rating categories (After deducting deferred and suspended revenue) :**

Item	31 December 2021						31 December 2020
	Stage 1		Stage 2		Stage 3	Total	Total
	individual	Collective	individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Almost free risk	1,006,883	-	-	-	-	1,006,883	1,385,526
Normal Risk	9,588	-	77,269	-	-	86,857	86,899
Acceptable risk	2,455,288	-	1,701,175	-	-	4,156,463	4,895,735
Acceptable with due care	3,948	-	8,552,977	-	-	8,556,925	8,177,584
Watch list	-	-	20,769	-	-	20,769	-
Loss	-	-	-	-	-	-	422,996
Unrated	-	5,355,707	8,021	459,433	194,428	6,017,589	6,311,791
Total	**3,475,707**	**5,355,707**	**10,360,211**	**459,433**	**194,428**	**19,845,486**	**21,280,531**

-The movement on financing:

Item	For the year ended 31 December 2021					
	Stage 1		Stage 2		Stage 3	Total
	individual	Collective	individual	Collective		
	JD	JD	JD	JD	JD	JD
Total balance at the beginning of the year	5,113,334	4,869,859	10,463,199	237,671	596,468	21,280,531
New facilities during the year	127,509	2,128,680	8,631,762	-	20,955	10,908,906
Settled facilities	(251,969)	(620,620)	(8,788,139)	-	(422,995)	(10,083,723)
Transfer to Stage 1	-	-	-	-	-	-
Transfer to Stage 2	(297,441)	(237,802)	297,441	237,802	-	-
Transfer to Stage 3	-	-	-	-	-	-
Effect on the provision as a result of the change in classification between the stages	-	-	(85,316)	(34,501)	-	(119,817)
Changes resulting from modifications	(1,215,726)	(784,410)	(158,736)	18,461	-	(2,140,411)
Total balance at the end of the year	**3,475,707**	**5,355,707**	**10,360,211**	**459,433**	**194,428**	**19,845,486**

- The movement on impairment provision:

Item	For the year ended 31 December 2021					
	Stage 1		Stage 2		Stage 3	Total
	individual	Collective	individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	5,170	51	4,390,242	-	423,468	4,818,931
Impairment loss on new financing during the year	826	148	1,654,281	-	31,103	1,686,358
Recoverable from the loss of impairment on reimbursements	(1,132)	-	(1,456,959)	-	(359,220)	(1,817,311)
Transfer to Stage 1	-	-	-	-	-	-
Transfer to Stage 2	(3,984)	-	3,984	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
Effect on the provision as a result of the change in classification between the three stages during the year	-	-	1,885	-	-	1,885
Changes resulting from modifications	2,638	(26)	(697,502)	-	35,176	(659,714)
Total balance at the end of the year	**3,518**	**173**	**3,895,931**	**-**	**130,527**	**4,030,149**

5) Impairment loss on credit facilities - Government and public sector:

A- Self financed

-The distribution of total finances according to the Bank's internal credit rating categories (After deducting deferred and suspended revenue) :

Item	31 December 2021				31 December 2020
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Insignificant	509,660	-	-	509,660	509,660
Total	**509,660**	**-**	**-**	**509,660**	**509,660**

The movement on financing:-

Item	For the year ended 31 December 2021			
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total
	JD	JD	JD	JD
Total balance at the beginning of the year	509,660	-	-	509,660
Total balance at the end of the year	**509,660**	**-**	**-**	**509,660**

- The movement on impairment provision:

Item	For the year ended 31 December 2021			
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the year	-	-	-	-
Total balance at the end of the year	-	-	-	-

B-Jointly financed

- The distribution of total finances according to the Bank's internal credit rating categories (After deducting deferred and suspended revenue) :

Item	For the year ended 31 December 2021				31 December 2020
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk	327,994,641	-	-	327,994,641	137,608,027
Total	**327,994,641**	**-**	**-**	**327,994,641**	**137,608,027**

-The movement on financing:

Item	For the year ended 31 December 2021			
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total
	JD	JD	JD	JD
Total balance at the beginning of the year	137,608,027	-	-	137,608,027
New facilities during the year	209,434,459	-	-	209,434,459
settled facilities	-	-	-	-
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Effect on the provision as a result of the change in classification between the three stages during the year	-	-	-	-
Changes resulting from modifications	(19,047,845)	-	-	(19,047,845)
Total balance at the end of the year	**327,994,641**	**-**	**-**	**327,994,641**

-The movement on impairment provision:

Item	For the year ended 31 December 2021			
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the year	-	-	-	-
Total balance at the end of the year	**-**	**-**	**-**	**-**

1- The following are credit exposures in accordance to financial accounting standard (30) Issued by the Accounting and Auditing Organization for Islamic Financial Institutions as at 31 December 2021

A- Self-financed

	Stage 1				Stage 2				Stage 3				Total			
	Total	ECL	Suspended revenue	Deferred revenue	Total	ECL	Suspended revenue	Deferred revenue	Total	ECL	Suspended revenue	Deferred revenue	Total	ECL	Suspended revenue	Deferred revenue
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Corporates	1,304,756	10,104	-	-	242,810	41	-	-	340,842	14,161	7,112	-	1,888,408	24,306	7,112	-
Small and medium enterprises	908,055	5	-	-	1,015,092	4	-	-	55,388	55,388	-	-	1,978,535	55,397	-	-
Retail (Individual)	1,412,672	5,872	-	174,257	462	13	-	-	150,039	147,077	-	-	1,563,173	152,962	-	174,257
Real estate financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Government and public sector	509,660	-	-	-	-	-	-	-	-	-	-	-	509,660	-	-	-
Total	**4,135,143**	**15,981**	**-**	**174,257**	**1,258,364**	**58**	**-**	**-**	**546,269**	**216,626**	**7,112**	**-**	**5,939,776**	**232,665**	**7,112**	**174,257**

-The financing amount in according to financial accounting standard (30) Issued by the Accounting and Auditing Organization for Islamic Financial Institutions instructions does not include the amount of JD (5,457,190), representing Ijara Muntahia Bittamleek.

B - Jointly financed

	Stage 1				Stage 2				Stage 3				Total			
	Total	ECL	Suspended revenue	Deferred revenue	Total	ECL	Suspended revenue	Deferred revenue	Total	ECL	Suspended revenue	Deferred revenue	Total	ECL	Suspended revenue	Deferred revenue
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Corporates	352,068,357	3,750,027	-	16,811,613	62,266,523	9,089,288	-	2,846,802	18,187,575	16,610,742	1,081,696	450,439	432,522,455	29,450,057	1,081,696	20,108,854
Small and medium enterprises	21,031,716	27,731	-	880,093	21,364,938	649,299	-	889,679	2,575,394	897,564	83,177	101,877	44,972,048	1,574,594	83,177	1,871,649
Retail (Individual)	334,740,676	1,174,893	-	58,034,042	19,207,257	1,295,105	-	2,531,144	9,887,068	7,008,102	940,593	676,703	363,835,001	9,478,100	940,593	61,241,889
Real estate financing	10,088,171	3,691	-	1,256,757	14,014,751	3,895,931	-	3,195,107	251,715	130,527	44,118	13,169	24,354,637	4,030,149	44,118	4,465,033
Government and public sector	384,465,171	-	-	56,470,530	-	-	-	-	-	-	-	-	384,465,171	-	-	56,470,530
Total	**1,102,394,091**	**4,956,342**	**-**	**133,453,035**	**116,853,469**	**14,929,623**	**-**	**9,462,732**	**30,901,752**	**24,646,935**	**2,149,584**	**1,242,188**	**1,250,149,312**	**44,532,900**	**2,149,584**	**144,157,955**

- 'The financing amount in accordance with Financial accounting standard (30) Issued by the Accounting and Auditing Organization for Islamic Financial Institutions instructions does not include the amount of JD (528,348,066) representing Ijara Muntahia Bittamleek.

The following are credit exposures in accordance to financial accounting standard (30) Issued by the Accounting and Auditing Organization for Islamic Financial Institutions as at 31 December 2020

A- Self-financed

	Stage 1				Stage 2				Stage 3				Total			
	Total	**ECL**	**Suspended revenue**	**Deferred revenue**	**Total**	**ECL**	**Suspended revenue**	**Deferred revenue**	**Total**	**ECL**	**Suspended revenue**	**Deferred revenue**	**Total**	**ECL**	**Suspended revenue**	**Deferred revenue**
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Corporates	1,451,885	19,904	-	-	522,747	15,321	-	-	342,104	15,381	7,112	-	2,316,736	50,606	7,112	-
Small and medium enterprises	1,412,544	3	-	-	1,477,158	4	-	-	58,967	58,967	-	-	2,948,669	58,974	-	-
Retail (Individual)	1,564,950	7,472	-	210,477	594	21	-	-	196,798	196,783	-	-	1,762,342	204,276	-	210,477
Real estate financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Government and public sector	509,660	-	-	-	-	-	-	-	-	-	-	-	509,660	-	-	-
Total	**4,939,039**	**27,379**	**-**	**210,477**	**2,000,499**	**15,346**	**-**	**-**	**597,869**	**271,131**	**7,112**	**-**	**7,537,407**	**313,856**	**7,112**	**210,477**

-The financing amount in according to financial accounting standard (30) Issued by the Accounting and Auditing Organization for Islamic Financial Institutions instructions does not include the amount of JD (5,044,221) , representing Ijara Muntahia Bittamleek.

B - Jointly financed

	Stage 1				Stage 2				Stage 3				Total			
	Total	**ECL**	**Suspended revenue**	**Deferred revenue**	**Total**	**ECL**	**Suspended revenue**	**Deferred revenue**	**Total**	**ECL**	**Suspended revenue**	**Deferred revenue**	**Total**	**ECL**	**Suspended revenue**	**Deferred revenue**
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Corporates	320,685,542	3,191,535	-	16,546,343	39,375,438	7,955,456	-	2,302,104	14,250,864	13,147,713	868,885	12,651	374,311,844	24,294,704	868,885	18,861,098
Small and medium enterprises	25,189,246	58,413	-	1,367,859	12,199,513	114,094	-	718,278	1,930,007	442,582	34,853	132,406	39,318,766	615,089	34,853	2,218,543
Retail (Individual)	270,310,764	825,929	-	45,380,936	4,073,718	40,004	-	472,237	5,875,060	4,591,224	791,763	346,018	280,259,542	5,457,157	791,763	46,199,191
Real estate financing	11,435,201	5,221	-	1,452,008	12,588,980	4,390,242	-	1,888,110	708,440	423,468	87,524	24,448	24,732,621	4,818,931	87,524	3,364,566
Government and public sector	150,587,406	-	-	12,979,379	-	-	-	-	-	-	-	-	150,587,406	-	-	12,979,379
Total	**778,208,159**	**4,081,098**	**-**	**77,726,525**	**68,237,649**	**12,499,796**	**-**	**5,380,729**	**22,764,371**	**18,604,987**	**1,783,025**	**515,523**	**869,210,179**	**35,185,881**	**1,783,025**	**83,622,777**

The financing amount in accordance with Financial accounting standard (30) Issued by the Accounting and Auditing Organization for Islamic Financial Institutions instructions does not include the amount of JD   (417,023,275) representing Ijara Muntahia Bittamleek.

Disclosure of credit exposures according to the classification instructions No. 47/2009 and in comparison with Financial Accounting Standard No. (30) issued by the Accounting and Auditing Organization for Islamic Financial Institutions as of December 31, 2021

A- Self

	According to classification instructions No. (2009/47)					according to financial accounting standard (30)												Total			
						stage 1				stage 2				stage 3							
	Total	Deferred revenue	Suspended revenue	Net	ECL	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Performing loans	10,853,339	174,257	-	10,679,082	-	4,135,143	15,981	174,257	-	1,258,042	42	-	-	2,964	2,357	-	-	5,396,149	18,380	174,257	-
Debt under Watch	322	-	-	322	42	-	-	-	-	322	16	-	-	-	-	-	-	322	16	-	-
Non-performing debt of watch	543,305	-	7,112	536,193	216,626	-	-	-	-	-	-	-	-	543,305	178,789	-	7,112	543,305	178,789	-	7,112
				-																	
Substandard	62	-	-	62	61	-	-	-	-	-	-	-	-	62	47	-	-	62	47	-	-
Bad debts	3,064	-	-	3,064	3,064	-	-	-	-	-	-	-	-	3,064	2,436	-	-	3,064	2,436	-	-
Loss	540,179	-	7,112	533,067	213,501	-	-	-	-	-	-	-	-	540,179	176,306	-	7,112	540,179	176,306	-	7,112
Total	**11,396,966**	**174,257**	**7,112**	**11,215,597**	**216,668**	**4,135,143**	**15,981**	**174,257**	**-**	**1,258,364**	**58**	**-**	**-**	**546,269**	**181,146**	**-**	**7,112**	**5,939,776**	**197,185**	**174,257**	**7,112**

The finances that are covered according to Instructions No. 47/2009 were linked to the results of their calculation according to the instructions of the Central Bank of Jordan.

B-joint

	According to classification instructions No. (2009/47)					according to financial accounting standard (30)												Total			
						stage 1				stage 2				stage 3							
	Total	Deferred revenue	Suspended revenue	Net	ECL	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Performing loans	1,742,352,738	142,283,374	-	1,600,069,364	-	1,102,380,976	4,956,296	133,452,276	-	110,578,445	13,966,197	8,831,098	-	1,045,251	2,376	-	-	1,214,004,672	18,924,869	142,283,374	-
Debt under Watch	6,441,719	636,310	-	5,805,409	642,260	13,115	46	759	-	6,275,024	963,426	631,634	-	153,580	-	3,917	-	6,441,719	963,472	636,310	-
Non-performing debt of watch	29,702,921	1,238,271	2,149,584	26,315,066	24,646,935	-	-	-	-	-	-	-	-	29,702,921	19,868,416	1,238,271	2,149,584	29,702,921	19,868,416	1,238,271	2,149,584
Substandard	2,377,119	226,452	11,677	2,138,990	778,655	-	-	-	-	-	-	-	-	2,377,119	782,057	226,452	11,677	2,377,119	782,057	226,452	11,677
Bad debts	2,909,108	293,729	87,685	2,527,694	2,069,877	-	-	-	-	-	-	-	-	2,909,108	1,321,415	293,729	87,685	2,909,108	1,321,415	293,729	87,685
Loss	24,416,694	718,090	2,050,222	21,648,382	21,798,403	-	-	-	-	-	-	-	-	24,416,694	17,764,944	718,090	2,050,222	24,416,694	17,764,944	718,090	2,050,222
Total	**1,778,497,378**	**144,157,955**	**2,149,584**	**1,632,189,839**	**25,289,195**	**1,102,394,091**	**4,956,342**	**133,453,035**	**-**	**116,853,469**	**14,929,623**	**9,462,732**	**-**	**30,901,752**	**19,870,792**	**1,242,188**	**2,149,584**	**1,250,149,312**	**39,756,757**	**144,157,955**	**2,149,584**

The finances that are covered according to Instructions No. 47/2009 were linked to the results of their calculation according to the instructions of the Central Bank of Jordan.

Disclosure of credit exposures according to the classification instructions No. 47/2009 and in comparison with Financial Accounting Standard No. (30) issued by the Accounting and Auditing Organization for Islamic Financial Institutions as of December 31, 2020

A- Self

	According to classification instructions No. (2009/47)					according to financial accounting standard (30)												Total			
						stage 1				stage 2				stage 3							
	Total	Deferred revenue	Suspended revenue	Net	ECL	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Performing loans	6,939,136	210,477	-	6,728,659	-	4,939,039	27,379	210,477	-	2,000,081	15,322	-	-	16	12	-	-	6,939,136	42,713	210,477	-
Debt under Watch	428	-	-	428	34	-	-	-	-	418	24	-	-	10	7	-	-	428	31	-	-
Non-performing debt	597,843	-	7,112	590,731	271,130	-	-	-	-	-	-	-	-	597,843	221,996	-	7,112	597,843	221,996	-	7,112
Of watch				-																	
Substandard	1,044	-	-	1,044	1,044	-	-	-	-	-	-	-	-	1,044	820	-	-	1,044	820	-	-
Bad debts	340,096	-	-	340,096	26,501	-	-	-	-	-	-	-	-	340,096	20,992	-	-	340,096	20,992	-	-
Loss	256,703	-	7,112	249,591	243,585	-	-	-	-	-	-	-	-	256,703	200,184	-	7,112	256,703	200,184	-	7,112
Total	**7,537,407**	**210,477**	**7,112**	**7,319,818**	**271,164**	**4,939,039**	**27,379**	**210,477**	**-**	**2,000,499**	**15,346**	**-**	**-**	**597,869**	**222,015**	**-**	**7,112**	**7,537,407**	**264,740**	**210,477**	**7,112**

The finances that are covered according to Instructions No. 47/2009 were linked to the results of their calculation according to the instructions of the Central Bank of Jordan.

B-joint

	According to classification instructions No. (2009/47)					according to financial accounting standard (30)												Total			
						stage 1				stage 2				stage 3							
	Total	Deferred revenue	Suspended revenue	Net	ECL	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Performing loans	829,043,307	82,337,633	-	746,705,674	-	777,690,542	4,078,985	77,713,705	-	50,232,227	9,416,034	4,616,089	-	1,120,538	14,118	7,839	-	829,043,307	13,509,137	82,337,633	-
Debt under Watch	18,564,273	781,215	-	17,783,058	291,459	517,617	2,113	12,820	-	18,005,422	3,083,762	764,640	-	41,234	17,137	3,755	-	18,564,273	3,103,012	781,215	-
Non-performing debt	21,602,599	503,929	1,783,025	19,315,645	18,604,987	-	-	-	-	-	-	-	-	21,602,599	15,984,789	503,929	1,783,025	21,602,599	15,984,789	503,929	1,783,025
Of which:																					
Substandard	1,520,440	207,682	10,444	1,302,314	313,243	-	-	-	-	-	-	-	-	1,520,440	323,368	207,682	10,444	1,520,440	323,368	207,682	10,444
Bad debts	1,113,786	31,964	8,863	1,072,959	548,978	-	-	-	-	-	-	-	-	1,113,786	687,327	31,964	8,863	1,113,786	687,327	31,964	8,863
Loss	18,968,373	264,283	1,763,718	16,940,372	17,742,766	-	-	-	-	-	-	-	-	18,968,373	14,974,094	264,283	1,763,718	18,968,373	14,974,094	264,283	1,763,718
Total	**869,210,179**	**83,622,777**	**1,783,025**	**783,804,377**	**18,896,446**	**778,208,159**	**4,081,098**	**77,726,525**	**-**	**68,237,649**	**12,499,796**	**5,380,729**	**-**	**22,764,371**	**16,016,044**	**515,523**	**1,783,025**	**869,210,179**	**32,596,938**	**83,622,777**	**1,783,025**

The finances that are covered according to Instructions No. 47/2009 were linked to the results of their calculation according to the instructions of the Central Bank of Jordan.

(9) FINANCIAL ASSETS AT FAIR VALUE THROUGH UNRESTRICTED INVESTMENT ACCOUNTS HOLDERS' EQUITY - NET

The details of this item are as follows:

	Jointly financed	
	31 December	
	2021	2020
	JD	JD
Quoted Financial Assets :		
Corporate Shares	478,651	273,603
Islamic Sukuk	71,457,019	54,337,021
Total quoted Financial Assets	**71,935,670**	**54,610,624**
Unquoted Financial Assets		
Corporate Shares	2,564,807	2,179,574
Islamic Sukuk	90,096,000	2,064,200
Total unquoted financial assets	**92,660,807**	**4,243,774**
Total Financial Assets At Fair Value through Unrestricted Investment Accounts Holders' Equity-Net	**164,596,477**	**58,854,398**
Less: Expected Credit Losses provision of financial assets	**(232,800)**	**(365,415)**
Net Financial Assets At Fair Value through Unrestricted Investment	**164,363,677**	**58,488,983**

- Unquoted financial assets were presented at cost or in accordance with latest financial statements.

- The movement of the total financial assets at fair value through unrestricted investment accounts holders' equity for the year ended 31 December 2021:

Item	Stage1 (Individual)	Stage2 (Individual)	Stage3	Total
	JD	JD	JD	JD
Fair value as at the beginning of the year	57,425,054	1,429,344	-	58,854,398
New investments during the year	98,331,865	-	-	98,331,865
Matured and sold investments	(10,983,356)	(1,429,344)	-	(12,412,700)
Change in Fair value	-	-	-	-
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Effect on the provision as a result of the change in classification between the stages	-	-	-	-
Changes resulting from modifications	19,822,914	-	-	19,822,914
Total balance at the end of year	**164,596,477**	**-**	**-**	**164,596,477**

- **Movement on the Expected Credit Losses provision for the financial assets at fair value through unrestricted investment accounts holders' equity for the year ended 31 December 2021:**

Item	Stage1 (Individual)	Stage2 (Individual)	Stage3	Total
	JD	JD	JD	JD
Fair value as at the beginning of the year	323,501	41,914	-	365,415
New investments during the year	23,896	-	-	23,896
Matured and sold investments	(111,883)	(41,914)	-	(153,797)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Effect on the provision as a result of the change in classification between the stages	-	-	-	-
Changes resulting from modifications	(2,714)	-	-	(2,714)
Total balance at the end of year	**232,800**	**-**	**-**	**232,800**

(10) FINANCIAL ASSETS AT AMORTIZED COST

The details of this item are as follows:

	Jointly financed	
	31 December	
	2021	2020
	JD	JD
Unquoted Financial Assets:		
Islamic Sukuk	64,752,000	92,191,000
Total unquoted Financial Assets	**64,752,000**	**92,191,000**
Total Financial Assets at Amortized Cost- Net	**64,752,000**	**92,191,000**

-The assets mentioned above mature during the years 2022 and 2023.

-No need to record expected credit losses provision against financial assets at amortized cost since these sukuk are guaranteed by The Jordanian Government in accordance with CBJ instructions.

(11) INVESTMENT IN ASSOCIATE

Investment in associated company (jointly financed)

	Percentage of ownership	Country	Principal activity	31 December 2021	31 December 2020
				JD	JD
Jordan Blending and Packing of Fertilizers Company	%25	Jordan	Manufacturing	343,708	349,507

- Cash dividend for the bank from the associate amounted to JD 6,250 during the year 2021 (JD 10,000 during the year 2020).

The movement on the investment in associate was as follows:

	Jointly financed	
	31 December	
	2021	2020
	JD	JD
Beginning balance	349,507	354,022
Share of profit	12,951	17,985
The share of joint funds from the loss of decline in the affiliate's investment	(12,500)	(12,500)
Dividends received	(6,250)	(10,000)
Ending balance for the year*	**343,708**	**349,507**

* The latest audited and approved financial statements of the associate have been used for the purpose of valuation.

(12) IJARA MUNTAHIA BITTAMLEEK ASSETS - NET

31 December 2021	Jointly financed			Self financed			Total		
	Cost	Accumulated Depreciation	Net Value	Cost	Accumulated Depreciation	Net Value	Cost	Accumulated Depreciation	Net Value
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Ijara Muntahia Bittamleek assets-Real Estate	580,679,266	(91,816,833)	488,862,433	6,879,147	(1,421,957)	5,457,190	587,558,413	(93,238,790)	494,319,623
Ijara Muntahia Bittamleek assets-Machines	51,976,724	(12,579,226)	39,397,498	-	-	-	51,976,724	(12,579,226)	39,397,498
Ijara Muntahia Bittamleek assets-vehicles	117,976	(29,841)	88,135	-	-	-	117,976	(29,841)	88,135
Total	**632,773,966**	**(104,425,900)**	**528,348,066**	**6,879,147**	**(1,421,957)**	**5,457,190**	**639,653,113**	**(105,847,857)**	**533,805,256**

31 December 2020	Jointly financed			Self financed			Total		
	Cost	Accumulated Depreciation	Net Value	Cost	Accumulated Depreciation	Net Value	Cost	Accumulated Depreciation	Net Value
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Ijara Muntahia Bittamleek assets-Real Estate	448,845,023	(81,882,130)	366,962,893	6,281,714	(1,237,493)	5,044,221	455,126,737	(83,119,623)	372,007,114
Ijara Muntahia Bittamleek assets-Machines	66,702,026	(16,641,644)	50,060,382	-	-	-	66,702,026	(16,641,644)	50,060,382
Total	**515,547,049**	**(98,523,774)**	**417,023,275**	**6,281,714**	**(1,237,493)**	**5,044,221**	**521,828,763**	**(99,761,267)**	**422,067,496**

-The accrued Ijara installments amounted to JD 4,054,111 as at 31 December 2021 (JD 4,536,658 as at 31 December 2020). Moreover the due Ijara installments were presented under deferred sales receivables and other receivables-Net (Note 8).

-The non-performing Ijara Muntahia Bittamleek amounted to JD 5,320,249 as at 31 December 2021 representing 1.00% of the balance of Ijara Muntahia Bittamleek assets (JD 5,512,567as at 31 December 2020, representing 1.31% of the balance of Ijara Muntahia Bittamleek assets).

(13) PROPERTY AND EQUIPMENT - NET

For the year ended 31 December 2021	Lands	Buildings	Equipment, Devices and	Vehicles	Computers	Others	Total
	JD	JD	JD	JD	JD	JD	JD
Cost:							
Beginning balance for the year	2,747,021	12,882,553	17,013,040	279,530	5,132,919	1,139,949	39,195,012
Additions / capitalization	-	-	745,717	63,501	236,684	-	1,045,902
Disposals	-	-	119,735	60,900	33,586	-	214,221
Ending balance for the year	**2,747,021**	**12,882,553**	**17,639,022**	**282,131**	**5,336,017**	**1,139,949**	**40,026,693**
Accumulated depreciation							
Beginning balance for the year	-	1,929,875	10,896,811	158,824	3,539,449	235,984	16,760,943
Depreciation for the year	-	257,591	1,667,381	28,526	497,960	66,714	2,518,172
Disposals	-	-	84,076	60,896	29,947	-	174,919
Ending balance for the year	-	2,187,466	12,480,116	126,454	4,007,462	302,698	19,104,196
Net book value for property and equipment	**2,747,021**	**10,695,087**	**5,158,906**	**155,677**	**1,328,555**	**837,251**	**20,922,497**
Advance payments on purchasing property and equipment	-	-	60,062	-	339,503	634,061	1,033,626
Projects in progress	-	-	377,128	-	-	-	377,128
Net property and equipment at the end of year	**2,747,021**	**10,695,087**	**5,596,096**	**155,677**	**1,668,058**	**1,471,312**	**22,333,251**

For the year ended 31 December 2020	Lands	Buildings	Equipment, Devices and	Vehicles	Computers	Others	Total
Cost:							
Beginning balance for the year	2,747,021	12,882,553	15,848,487	279,530	4,593,044	1,139,949	37,490,584
Additions / capitalization*	-	-	1,964,080	-	541,157	-	2,505,237
Disposals	-	-	799,527	-	1,282	-	800,809
Ending balance for the year	**2,747,021**	**12,882,553**	**17,013,040**	**279,530**	**5,132,919**	**1,139,949**	**39,195,012**
Accumulated depreciation							
Beginning balance for the year	-	1,671,521	10,111,008	128,053	3,013,591	169,037	15,093,210
Depreciation for the year	-	258,354	1,571,842	30,771	527,131	66,947	2,455,045
Disposals	-	-	786,039	-	1,273	-	787,312
Ending balance for the year	-	1,929,875	10,896,811	158,824	3,539,449	235,984	16,760,943
Net book value for property and equipment	**2,747,021**	**10,952,678**	**6,116,229**	**120,706**	**1,593,470**	**903,965**	**22,434,069**
Advance payments on purchasing property and equipment	-	-	-	-	33,640	339,518	373,158
Projects in progress	-	-	82,118	-	-	-	82,118
Net property and equipment at the end of year	**2,747,021**	**10,952,678**	**6,198,347**	**120,706**	**1,627,110**	**1,243,483**	**22,889,345**
Annual depreciation rate	-	%2	%15	%15	%20	%10-%4	

Fully depreciated property and equipment amounted to JD 10,358,001 as at 31 December 2021 (JD 8,211,976 as at 31 December 2020).

The total estimated cost to complete projects in progress amounted to JD 225,831 as at 31 December 2021.

*An amount of JD 242,214 was capitalized from payments on the purchase of property, equipment and projects under implementation in 2021 (JD 2,220,988 during the year 2020).

(14) INTANGIBLE ASSETS-NET

The details of this item are as follows:

	Computer Systems & Software	
	31 December	
	2021	2020
	JD	JD
Beginning balance for the year	2,024,886	2,043,279
Additions	616,659	709,117
Amortization for the year	(722,018)	(727,510)
Ending balance for the year	**1,919,527**	**2,024,886**
Annual amortization rate	%20	%20

(15) OTHER ASSETS

The details of this item are as follows:

	31 December	
	2021	2020
	JD	JD
Seized assets by the Bank against debts-Net*	7,941,658	6,500,513
Prepaid expenses	1,120,008	1,210,840
Accrued revenue	1,580,066	1,666,749
Stationery and printing inventory	228,399	219,043
Withholding income tax	31,180	24,769
Petty cash	134,170	27,387
Other accounts receivable	648,306	617,341
Others	1,360,901	458,782
Total	**13,044,688**	**10,725,424**

The movement of the seized assets by the Bank against debts was as follows:

	For the year ended 31 December 2021			For the year ended 31 December 2020
	Seized real estates -self financed	Seized real estates- jointly financed	Total	Total
	JD	JD	JD	JD
Net balance at the beginning of the year	629,841	6,315,804	6,945,645	6,442,297
Additions	-	2,468,822	2,468,822	682,182
Amortization and disposal	(220,008)	(164,305)	(384,313)	(178,834)
Total	**409,833**	**8,620,321**	**9,030,154**	**6,945,645**
Provision for impairment of real estate - Jordan Central Bank instructions	(343,441)	(745,055)	(1,088,496)	(445,132)
Net balance at the end of the year	**66,392**	**7,875,266**	**7,941,658**	**6,500,513**

-The Central Bank of Jordan's regulations require disposal of seized assets during a maximum period of 2 years from the date of repossession, and in some cases the Central Bank of Jordan can extend the period for an additional 2 years at max.

- The recorded provision for seized assets against debts that violate Article (48) of the Banking Law No.(28) for the year 2000 and its amendments amounted to JD 225,754 as at 31 December 2021 (JD 214, 390 as at 31 December 2020) .

	31 December 2021			31 December 2020
	Seized real estates - self financed	Seized real estates- jointly financed	Total	Total
	JD	JD	JD	JD
Provision balance at the beginning of the year	(343,441)	(101,691)	(445,132)	(445,132)
Additions to the provision for impairment in real estate	(833)	(661,407)	(662,240)	-
Additions to the real estate provision (instructions of the Central Bank of Jordan)	(7,424)	(4,773)	(12,197)	(966)
Exclusions from the provision for impairment of real estate	7,424	22,816	30,240	966
Exclusions from the real estate provision (Central Bank of Jordan instructions)	833	-	833	-
Balance at the end of the year	**(343,441)**	**(745,055)**	**(1,088,496)**	**(445,132)**

(16) BANKS AND FINANCIAL INSTITUTIONS ACCOUNTS

The details of this item are as follows:

	31 December 2021			31 December 2020
	Inside the Kingdom	Outside the Kingdom	Total	Total
	JD	JD	JD	JD
Current accounts	13,214,296	3,316,422	16,530,718	25,085,579
Total	**13,214,296**	**3,316,422**	**16,530,718**	**25,085,579**

(17) CUSTOMERS' CURRENT ACCOUNTS

The details of this item are as follows:

	31 December 2021				
	Retail	Corporate	Small and medium companies	Governmental and Public sector	Total
	JD	JD	JD	JD	JD
Current accounts	175,393,369	31,782,908	80,641,325	2,249,166	290,066,768
Total	**175,393,369**	**31,782,908**	**80,641,325**	**2,249,166**	**290,066,768**

	31 December 2020				
	Retail	Corporate	Small and medium companies	Governmental and Public sector	Total
	JD	JD	JD	JD	JD
Current accounts	153,874,091	33,216,390	38,213,597	3,076,011	228,380,089
Total	**153,874,091**	**33,216,390**	**38,213,597**	**3,076,011**	**228,380,089**

- Government and public sector deposits inside the Kingdom as at 31 December 2021 amounted to JD 2,249,166 representing 0.78 % of the total customers' current accounts (As at 31 December 2020 amounted to JD 3,076,011 representing 1.35 % of the total customers' current accounts) .

- The restricted accounts as at 31 December 2021 amounted to JD 1,465,904 representing 0.51% of the total customers' current accounts (As at31 December 2020 amounted to JD 580,372 representing 0.25% of the total customers' current accounts) .

- The dormant accounts as at 31 December 2021 amounted to JD 9,820,599 (As at 31 December 2020 amounted to JD 15,886,076) .

(18) CASH MARGIN ACCOUNTS

The details of this item are as follows:

	31 December	
	2021	2020
	JD	JD
Margins against direct facilities	39,702,662	18,695,386
Margins against indirect facilities	15,501,135	7,557,696
Other margins	921,005	603,886
Total	**56,124,802**	**26,856,968**

(19) OTHER PROVISIONS

The details of this item are as follows:

	31 December 2021				
	Beginning balance	Provided during the year	Used during the year	Reversed to income	Ending balance
	JD	JD	JD	JD	JD
Provision of lawsuits against the bank	193,597	146,403	-	-	340,000
Provision for contingent liabilities	761,000	-	-	661,000	100,000
Total	**954,597**	**146,403**	**-**	**661,000**	**440,000**

	31 December 2020				
	Beginning balance	Provided during the year	Used during the year	Reversed to income	Ending balance
	JD	JD	JD	JD	JD
Provision of lawsuits against the bank	60,785	150,000	17,188	-	193,597
Provision for contingent liabilities	361,000	400,000	-	-	761,000
Total	**421,785**	**550,000**	**17,188**	**-**	**954,597**

(20) INCOME TAX PROVISION

A- Income tax provision

The movement of the income tax provision is as follows :

	For the year ended 31 December	
	2021	2020
	JD	JD
Beginning balance for the year	8,298,808	6,936,284
Income tax expense	10,177,077	9,719,111
Previous years settelement	-	(105,240)
Less : Income tax paid for the year*	(10,143,483)	(8,251,347)
Ending balance for the year	**8,332,402**	**8,298,808**

* Of which, an amount of 1,891,615 JD paid in advance for the income tax for the year 2021 (1,597,068 JD paid in advance for the incom tax for the year 2020).

B- The income tax expense presented in the Consolidated Statement of Income and Comprehensive Income consists of the following:

	For the year ended 31 December	
	2021	2020
	JD	JD
Income tax due	(10,177,077)	(9,719,111)
Add : Released deferred tax assets/self financed	(296,780)	(6,531)
Less : Deferred tax assets / self financed	158,616	377,615
Less : Deferred tax assets / jointly financed	1,558,381	3,281,601
Settlement of prior year tax provision	-	402,545
Total	**(8,756,860)**	**(5,663,881)**

* 35% was used to calculate the income tax provision for the year 2019, according to the Income and Sales Tax Law No. 38 of 2018, which was implemented from 1 January 2019, in addition to the percentage of 3% as national contributions.

Tax Status:

The Bank :

Tax clearance was obtained for end the year 2018 from The Income and Sales Tax Department.

The tax returns for the year is 2019 , 2020 were submitted within the statutory period and were still not reviewed by the Income and Sales Tax Department until the date of preparing the consolidated financial statements .

The Subsidiary :

Misk Financial Brokerage Company:

- A tax clearance was obtained for the year 2014. The tax return for the years 2015-2018, and 2020 were accepted within the sampling system issued by the Income and Sales Tax Department.

- The tax return for the year 2019 has been submitted and still pending review by the Income and Sales Tax Department.

- During the year 2021, the company objected to the imposed taxes by the Income and Sales Tax Department for the years 2011- 2013, and it is currently under consideration by the court. In light of the bank’s lawyer’s letter regarding this case, the income tax provision as of December 31, 2021 is considered sufficient.

In the opinion of the Bank’s management, and the bank's tax consultant the provisions booked in the consolidated financial statements are sufficient for all tax liabilities.

C- Deferred tax assets

The details of this item are as follows:

	For the year ended 31 December					For the year ended 31 December
	2021					2020
	Beginning Balance for the year	Released Amounts	Additional Amounts	Ending Balance for the year	Deferred tax	Deferred tax
	JD	JD	JD	JD	JD	JD
Deferred tax assets						
Deferred tax assets - self financed						
Provision of lawsuits against the bank	193,597	-	146,403	340,000	129,200	73,567
Provision for impairment of assets seized by the bank aginst debts	343,441	-	-	343,441	130,508	130,508
Provision for credit losses for the first and second stages - self	207,558	-	76,272	283,830	107,855	78,872
Difference in the application of FAS (32) - Leases	499,298	-	137,464	636,762	241,970	189,733
Provision for contingent liabilities	761,000	661,000	-	100,000	38,000	289,180
Unpaid employee bounses	120,000	120,000	57,272	57,272	21,763	45,600
Total Deferred tax assets - self financed	**2,124,894**	**781,000**	**417,411**	**1,761,305**	**669,296**	**807,460**
Deferred tax assets - jointly financed						
Provision for impairment of expropriated real estate - joint	-	-	643,364	643,364	244,478	-
Provision for credit losses for the first and second stages - jointly financed	11,858,986	-	3,457,639	15,316,625	5,820,318	4,506,415
Total Deferred tax assets - jointly financed	**11,858,986**	**-**	**4,101,003**	**15,959,989**	**6,064,796**	**4,506,415**
Total	**13,983,880**	**781,000**	**4,518,414**	**17,721,294**	**6,734,092**	**5,313,875**

-The movement on self-financed deferred tax assets is as follows:

	For the year ended 31 December	
	2021	2020
	JD	JD
Balance at the beginning of the year	807,460	436,376
Additions during the year	158,616	377,615
Amortized during the year	(296,780)	(6,531)
Balance at the End of the year	**669,296**	**807,460**

- **The movement on Jointly-financed deferred tax assets is as follows:**

	For the year ended 31 December	
	2021	2020
	JD	JD
Balance at the beginning of the year	4,506,415	1,224,814
Additions during the year	1,558,381	3,281,601
Balance at the End of the year	**6,064,796**	**4,506,415**

D - Reconciliation summary between taxable income and accounting income were as follow:

	For the year ended 31 December	
	2021	2020
	JD	JD
Accounting profit for the Bank	22,817,180	15,831,020
Less: Non-taxable income	(842,955)	(158,096)
Add: Non-deductible expenses	5,041,180	10,030,347
Tax income for the Bank	27,015,405	25,703,271
Attributable to :		
Taxable income for the Bank (separated)	26,109,462	25,212,014
Subsidiary's taxable profit	905,943	491,257
Statutory tax rate- bank	٪38	٪38
Statutory tax rate- subsidiary	٪28	٪28
Effective tax rate (for the current year)	٪38.4	٪38.3

(21) OTHER LIABILITIES

The details of this item are as follows:

	31 December	
	2021	2020
	JD	JD
Accrued expenses and not paid	410,517	849,779
Certified cheques	5,925,643	5,930,248
Expected credit losses on off - balance sheet items-self financed(Note 53)**	341,537	238,578
Expected credit losses on off balance sheet items - Jointly financed(Note 53)***	841,925	976,641
Shareholders and customers deposits	10,702,612	6,046,447
Customers' share of profits from unrestricted investment	17,867,612	13,686,993
Temporary deposits*	12,591,008	10,427,849
Visa Claims	2,099,032	1,493,618
Others	431,439	771,886
Total	**51,211,325**	**40,422,039**

* It includes intermediate accounts for an amount of JD 10,993,035 as at 31 December 2021 (JD 8,914,081 as at 31 December 2020), which is the value of credits and deferred policies, and the value will be paid when due.

• Expected credit losses

****Expected credit loss of indirect facilities**

A-Self-financed

- Movement on indirect facilities for the year ended 31 December 2021:

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Total balance at the beginning of the year	54,315,483	-	2,805,926	-	301,372	57,422,781
New exposures during the year	43,310,430	-	7,367,730	-	-	50,678,160
Accrued exposures	(8,827,799)	-	(1,346,838)	-	-	(10,174,637)
Transfer to Stage 1	176,986	-	(176,986)	-	-	-
Transfer to Stage 2	(338,562)	-	338,562	-	-	-
Transfer to Stage 3	(10,500)	-	-	-	10,500	-
Effect on the provision as a result of the change in classification between the stages	195,748	-	(90,972)	-	-	104,776
Changes resulting from modifications	1,919,291	-	162,524	-	(186,563)	1,895,252
Total balance at the end of the year	**90,741,077**	**-**	**9,059,946**	**-**	**125,309**	**99,926,332**

- **Movement on the provision for expected credit losses (indirect facilities /self financed) for the year ended 31 December 2021:**

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	215,397	-	23,181	-	-	238,578
Impairment loss on new exposures during the year	98,265	-	42,881	-	-	141,146
Impairment loss of matured / derecognized exposures	(21,234)	-	(5,260)	-	-	(26,494)
Transfer to Stage 1	663	-	(663)	-	-	-
Transfer to Stage 2	(1,714)	-	1,714	-	-	-
Transfer to Stage 3	(1)	-	-	-	1	-
Effect on the provision - as at the end of the Year - as a result of the change in classification between the three stages during the year	1,037	-	(493)	-	(1)	543
Changes resulting from modifications	(16,382)	-	4,146	-	-	(12,236)
Total balance at the end of the year	**276,031**	**-**	**65,506**	**-**	**-**	**341,537**

**** Expected credit loss of indirect facilities / guarantees**

Distribution of total indirect facilities / guarantees

Item	31 December 2021						31 December 2020
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Almost risk free	17,105,132	-	-	-	-	17,105,132	16,638,695
Low risk	1,177,110	-	19,856	-	-	1,196,966	1,569,430
Normal Risk	2,121,200	-	179,463	-	-	2,300,663	1,407,013
Acceptable risk	11,411,930	-	100,000	-	-	11,511,930	13,606,163
Acceptable with due care	1,683,363	-	3,500	-	-	1,686,863	606,430
Substandard	-	-	-	-	-	-	251,372
Doubtful	-	-	-	-	54,809	54,809	-
Loss	-	-	-	-	60,000	60,000	50,000
Not rated	1,783,444	-	3,293,255	-	10,500	5,087,199	4,238,298
Total	**35,282,179**	**-**	**3,596,074**	**-**	**125,309**	**39,003,562**	**38,367,401**

- Movement on indirect facilities / guarantees for the year ended 31 December 2021 :

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	35,283,126	-	2,782,903	-	301,372	38,367,401
New exposures during the year	4,113,878	-	1,903,858	-	-	6,017,736
Matured exposures	(1,964,856)	-	(1,323,815)	-	-	(3,288,671)
Transfer to Stage 1	176,986	-	(176,986)	-	-	-
Transfer to Stage 2	(338,562)	-	338,562	-	-	-
Transfer to Stage 3	(10,500)	-	-	-	10,500	-
Effect on the provision as a result of the change in classification between the stages	195,748		(90,972)		-	104,776
Changes resulting from modifications	(2,173,641)	-	162,524	-	(186,563)	(2,197,680)
Total balance at the end of the year	**35,282,179**	**-**	**3,596,074**	**-**	**125,309**	**39,003,562**

- Movement on the provision for expected credit loss (indirect facilities / guarantees) for the year ended 31 December 2021:

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	174,348	-	23,181	-	-	**197,529**
Impairment loss on new exposures during the year	23,554	-	27,683	-	-	51,237
Impairment loss of matured / derecognized exposures	(15,941)	-	(5,260)	-	-	(21,201)
Transfer to Stage 1	663	-	(663)	-	-	-
Transfer to Stage 2	(1,714)	-	1,714	-	-	-
Transfer to Stage 3	(1)	-	-	-	1	-
Effect on the provision - as at the end of the Year - as a result of the change in classification between the three stages during the year	1,037	-	(493)	-	(1)	543
Changes resulting from modifications	(24,840)	-	4,146	-	-	(20,694)
Total balance at the end of the year	**157,106**	**-**	**50,308**	**-**	**-**	**207,414**

****Expected credit loss of indirect facilities / Acceptance**

Distribution of total on indirect facilities /Acceptance

Item	31 December 2021						31 December 2020
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Low risk	1,176,762	-	-	-	-	1,176,762	1,401,027
Normal risk	317,076	-	-	-	-	317,076	353,722
Acceptable risk	163,539	-	-	-	-	163,539	1,140,411
Not rated	8,205,116	-	-	-	-	8,205,116	4,971,679
Total	**9,862,493**	**-**	**-**	**-**	**-**	**9,862,493**	**7,866,839**

_ **Movement on the provision for expected credit loss(indirect facilities / acceptance) for the year ended 31 December 2021:**

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	7,866,839	-	-	-	-	7,866,839
New exposures during the year	375,719	-	-	-	-	375,719
repaid exposures	(1,140,411)	-	-	-	-	(1,140,411)
Transfer to Stage 1	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
Effect on the provision as a result of the change in classification between the stages	-	-	-	-	-	-
Changes resulting from modifications	2,760,346	-	-	-	-	2,760,346
Total balance at the end of the year	**9,862,493**	**-**	**-**	**-**	**-**	**9,862,493**

_ **Movement on the provision for expected credit loss(indirect facilities / Acceptance) for the year ended 31 December 2021:**

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	24,055	-	-	-	-	24,055
New exposures during the year	614	-	-	-	-	614
Impairment loss on accrued exposures	(741)	-	-	-	-	(741)
Transfer to Stage 1	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
Effect on the provision as a result of the change in classification between the stages	-	-	-	-	-	-
Changes resulting from modifications	10,165	-	-	-	-	10,165
Total balance at the end of the year	**34,093**	**-**	**-**	**-**	**-**	**34,093**

****Expected credit loss of indirect facilities / Credits**

Distribution of total on indirect facilities / credits

Item	31 December 2021						31 December 2020
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Low risk	7,356,403	-	-	-	-	7,356,403	-
Normal risk	11,128,280	-	-	-	-	11,128,280	1,989,906
Acceptable risk	14,755,213	-	4,833,253	-	-	19,588,466	6,669,519
Acceptable with due care	1,308,247	-	-	-	-	1,308,247	-
Not rated	11,048,262	-	630,619	-	-	11,678,881	2,529,116
Total	**45,596,405**	**-**	**5,463,872**	**-**	**-**	**51,060,277**	**11,188,541**

_ **Movement on the provision for expected credit loss(indirect facilities / credits) for the year ended 31 December 2021:**

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	11,165,518	-	23,023	-	-	11,188,541
New exposures during the year	38,820,833	-	5,463,872	-	-	44,284,705
repaid exposures	(5,722,532)	-	(23,023)	-	-	(5,745,555)
Transfer to Stage 1	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
Effect on the provision as a result of the change in classification between the stages	-	-	-	-	-	-
Changes resulting from modifications	1,332,586	-	-	-	-	1,332,586
Total balance at the end of the year	**45,596,405**	**-**	**5,463,872**	**-**	**-**	**51,060,277**

_ **Movement on the provision for expected credit loss(indirect facilities / credits) for the year ended 31 December 2021:**

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	16,994	-	-	-	-	16,994
Impairment loss on new exposures during the year	74,097	-	15,198	-	-	89,295
Impairment loss of matured / derecognized exposures	(4,552)	-	-	-	-	(4,552)
Transfer to Stage 1	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
Effect on the provision - as at the end of the Year - as a result of the change in classification between the three stages during the year	-	-	-	-	-	-
Changes resulting from modifications	(1,707)	-	-	-	-	(1,707)
bad debts	-	-	-	-	-	-
Adjustments as a result of changing exchange	-	-	-	-	-	-
Total balance at the end of the year	**84,832**	**-**	**15,198**	**-**	**-**	**100,030**

*****Expected credit loss of indirect facilities**

B- jointly financed

- **Movement on indirect facilities for the year ended 31 December 2021 :**

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	128,357,497	-	3,646,393	-	-	132,003,890
New exposures during the year	48,034,868	-	2,558,448	-	-	50,593,316
Accrued exposures	(47,853,792)	-	(457,534)	-	-	(48,311,326)
Transferred to Stage 1	2,665,920	-	(2,665,920)	-	-	-
Transfered to Stage 2	(1,613,608)	-	1,613,608	-	-	-
Transfered to Stage 3	-	-	-	-	-	-
Effect on the provision as a result of the change in classification between the stages	7,204,923	-	(581,021)	-	-	6,623,902
Changes resulting from modifications	(21,653,215)	-	49,484	-	-	(21,603,731)
Total balance at the end of the year	**115,142,593**	-	**4,163,458**	-	-	**119,306,051**

- **Movement on the provision for expected credit losses (indirect facilities /jointly financed) for the year ended 31 December 2021:**

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	887,772	-	88,869	-	-	976,641
Impairment loss on new exposures during the year	245,830	-	43,037	-	-	288,867
Impairment loss of matured / derecognized exposures	(286,665)	-	(6,917)	-	-	(293,582)
Transferred to Stage 1	72,898	-	(72,898)	-	-	-
Transfered to Stage 2	(10,700)	-	10,700	-	-	-
Transfered to Stage 3	-	-	-	-	-	-
Effect on the provision - as at the end of the Year - as a result of the change in classification between the three stages during the year	46,789	-	3,609	-	-	50,398
Changes resulting from modifications	(181,250)	-	851	-	-	(180,399)
Total balance at the end of the year	**774,674**	**-**	**67,251**	**-**	**-**	**841,925**

***** Expected credit loss of indirect facilities - unutilized credit limits**

Distribution of total on indirect facilities - unutilized credit limits

Item	31 December 2021						31 December 2020
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Low risk	719,301	-	-	-	-	719,301	477,710
Semi free risk	2,285,402	-	-	-	-	2,285,402	2,672,583
Low risk	20,805,416	-	-	-	-	20,805,416	9,711,342
Normal risk	20,763,684	-	-	-	-	20,763,684	66,594,652
Acceptable risk	30,356,018	-	-	-	-	30,356,018	34,007,229
Acceptable with due care	14,267,169	-	1,013,976	-	-	15,281,145	304,714
Watch list	-	-	18,611	-	-	18,611	1,505,126
Not rated	25,945,603	-	3,130,871	-	-	29,076,474	16,730,534
Total	**115,142,593**	**-**	**4,163,458**	**-**	**-**	**119,306,051**	**132,003,890**

- **Movement on the indirect facilities/credit unutilized credit limits for the year ended 31 December 2021:**

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	128,357,497	-	3,646,393	-	-	132,003,890
New exposures during the year	48,034,868	-	2,558,448	-	-	50,593,316
Repaid exposures	(47,853,792)	-	(457,534)	-	-	(48,311,326)
Transfered to Stage 1	2,665,920	-	(2,665,920)	-	-	-
Transferred to Stage 2	(1,613,608)	-	1,613,608	-	-	-
Transferred to Stage 3	-	-	-	-	-	-
Effect on the provision as a result of the change in classification between the stages	7,204,923		(581,021)			6,623,902
Changes resulting from modifications	(21,653,215)	-	49,484	-	-	(21,603,731)
Total balance at the end of the year	**115,142,593**	**-**	**4,163,458**	**-**	**-**	**119,306,051**

- **Movement on the provision for expected credit loss (indirect facilities) /unutilized credit limits for the year ended 31 December 2021:**

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	887,772	-	88,869	-	-	976,641
Impairment loss on new exposures during the year	245,830	-	43,037	-	-	288,867
Impairment loss of matured / derecognized exposures	(286,665)	-	(6,917)	-	-	(293,582)
Transfered to Stage 1	72,898	-	(72,898)	-	-	-
Transferred to Stage 2	(10,700)	-	10,700	-	-	-
Transferred to Stage 3	-	-	-	-	-	-
Effect on the provision - as at the end of the period - as a result of the change in classification between the three stages during the year	46,789	-	3,609	-	-	50,398
Changes resulting from modifications	(181,250)	-	851	-	-	(180,399)
Total balance at the end of the year	**774,674**	**-**	**67,251**	**-**	**-**	**841,925**

(22) UNRESTRICTED INVESTMENT ACCOUNTS

The details of this item are as follows:

	31 December 2021					
	Individuals	Corporate	Small and Medium enterprises	Governmental and Public sector	Banks and Financial Institutions	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	153,230,289	37,799,497	21,999,806	2,219,758	28,071,380	243,320,730
Term accounts/ Investing deposits	845,988,575	142,699,456	105,834,239	163,084,662	7,894,984	1,265,501,916
Certificates of investing deposit	114,130,375	5,080,952	10,693,672	18,388,208	38,552,077	186,845,284
Total	**1,113,349,239**	**185,579,905**	**138,527,717**	**183,692,628**	**74,518,441**	**1,695,667,930**
Depositors' share from investments' revenue	30,363,437	4,735,740	3,699,343	5,537,513	1,322,647	45,658,680
Total unrestricted investment accounts	**1,143,712,676**	**190,315,645**	**142,227,060**	**189,230,141**	**75,841,088**	**1,741,326,610**

	31 December 2020					
	Individuals	Corporate	Small and Medium enterprises	Governmental and Public sector	Banks and Financial Institutions	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	118,692,103	20,407,809	8,658,438	2,821,333	18,869,614	169,449,297
Term accounts/ Investing deposits	691,891,552	135,479,620	79,746,869	84,536,907	5,398,762	997,053,710
Certificates of investing deposit	76,307,081	5,460,786	9,487,892	15,400,009	15,169,243	121,825,011
Total	**886,890,736**	**161,348,215**	**97,893,199**	**102,758,249**	**39,437,619**	**1,288,328,018**
Depositors' share from investments' revenue	26,050,379	4,649,397	3,013,330	3,374,200	1,157,870	38,245,176
Total unrestricted investment accounts	**912,941,115**	**165,997,612**	**100,906,529**	**106,132,449**	**40,595,489**	**1,326,573,194**

- Unrestricted investment accounts share of profit is calculated as follows:
- 20% to 34% of the minimum balance of saving accounts in Jordanian Dinar.
- 14% to 33% of the minimum balance of saving accounts in foreign currencies.
- 56% to 96% of the average term accounts in Jordanian Dinar.
- 18% to 51% of the average term accounts in foreign currencies.
- 90% of the average balances of investing certificates of deposit in Jordanian Dinar.
- 80% to 85% of average balances of certificates of investing deposit in foreign currencies .
- The percentage of the profit on the Jordanian Dinar for the Year ended 31 December 2021 is (3.27%) (for the Year ended 31 December 2020 was (3.30%)).
- The percentage of the profit on USD for the Year ended 31 December 2021 is (1.13%) (for the Year ended 31 December 2020 was(1.45%)).
- The unrestricted investment accounts for the Government and Public sector amounted to JD 189,230,141 as at 31 December 2021, which represents 10.87% of the total unrestricted investment accounts (As at 31 December 2020 amounted to JD 106,132,449 which represents 8.00% of the total unrestricted investment accounts).
- The restricted accounts amounted to JD 437,006 as at 31 December 2021, which represents 0.03% of the total unrestricted investment (As at 31 December 2020 amounted to JD 129,093 which represent 0.01% f the total unrestricted investment).
- The dormant accounts as at 31 December 2021 amounted to JD 18,797,250 (As at 31 December 2020 amounted to JD 14,909,477).

(23) FAIR VALUE RESERVE

The details of this item are as follows:

Jointly financed

Financial assets at fair value through unrestricted investment accounts reserves - jointly financed	For the year ended 31 December	
	2021	2020
	JD	JD
Beginning balance	151,894	48,157
Unrealized (losses) gains on debt instruments / sukuk	(38,076)	67,702
Unrealized (losses) gains on shares	(31,405)	36,035
Ending balance	**82,413**	**151,894**

(24) PAID IN CAPITAL

The authorized and paid-in capital amounted to JD 100,000,000, consisting of 100,000,000 shares, at a par value of JD 1 per share as at 31 December 2021 and 31 December 2020.

(25) RESERVES

- **Statutory reserve :**

The accumulated amounts in this account represent the transferred (10%) of annual profits before taxes during the years, according to the Banks and Companies Laws. This reserve is not available for distribution to shareholders.

The following reserves are:	For the year ended 31 December		
	2021	2020	
Reserve name	JD	JD	Nature of recordly
Statutory reserve	29,766,889	27,485,171	Law's requirement (Banking and companies)

(26) RETAINED EARNINGS

	31 December	
	2021	2020
	JD	JD
Beginning balance of the year	27,132,236	18,548,199
Transferred statutary reserve	(2,281,718)	(1,583,102)
Dividends	(6,000,000)	-
Profit for the year	14,060,320	10,167,139
Ending balance of the year	**32,910,838**	**27,132,236**

The retained earnings balance as at 31 December 2021 includes an amount to JD 669,296 (2020 amounted to JD 807,460) which represent deferred tax assets-self financed and it is restricted from use in accordance with the Central Bank of Jordan regulations.

It is prohibited to dispose of the surplus from the balance of the general banking risk reserve, which is transferred to the retained earnings, amounting to JD108,397 , except with the prior approval of the Central Bank of Jordan, where the accumulated balance of the general banking risk reserve has been transferred to the retained earnings based on the instructions of the Central Bank of Jordan No. (13/2018) issued On 6 June 2018.

Proposed dividend to shareholders

The Board of Director proposed, in their meeting held on 3 Febraury 2022 , recomended to distribute cash dividends of JD 6,000,000 to shareholders for the year 2021 , representing 6% of paid-up and authorized capital from distributable retained earnings. This proposed percentage is subject to the approval of the General Assembly of Shareholders .

(27) DEFERRED SALES REVENUE

The details of this item are as follows:

	For the year ended 31 December			
	2021		2020	
	Jointly financed	Self financed	Jointly financed	Self financed
	JD	JD	JD	JD
Individuals (Retail)				
Murabaha to the purchase orderer	21,926,610	94,854	19,017,709	102,824
Real estate facilities	1,990,177	-	1,628,136	-
Corporate				
International Murabaha	4,814	-	288,845	-
Murabaha to the purchase orderer	20,993,858	-	20,513,754	-
Small and medium enterprises				
Murabaha to the purchase orderer	2,119,075	-	1,653,507	-
Government and the public sector	11,720,319	-	4,704,648	-
Total	**58,754,853**	**94,854**	**47,806,599**	**102,824**

(28) IJARA MUNTAHIA BELTAMLEEK REVENUE

The details of this item are as follows:

	For the year ended 31 December			
	2021		2020	
	Jointly financed	Self financed	Jointly financed	Self financed
	JD	JD	JD	JD
Ijara Muntahia Beltamleek – real state	71,430,304	588,122	66,926,124	568,271
Ijara Muntahia Beltamleek – machines	3,644,532	-	4,183,710	-
Depreciation for Ijara Muntahia Beltamleek assets	(41,468,563)	(387,164)	(39,456,637)	(395,003)
Total	**33,606,273**	**200,958**	**31,653,197**	**173,268**

(29)GAINS FROM INTERNATIONAL WAKALA INVESTMENT

The details of this item are as follows:

	Jointly financed	
	For the year ended 31 December	
	2021	2020
	JD	JD
Gains from International Wakala investment	269,264	865,064
Total	**269,264**	**865,064**

(30) GAINS FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH UNRESTRICTED INVESTMENT ACCOUNTS' HOLDERS EQUITY

The details of this item are as follows:

	Jointly financed	
	For the year ended 31 December	
	2021	2020
	JD	JD
Shares dividends	19,941	19,969
(Loss) gains on sale of financial assets	214,925	(62,205)
Islamic Sukuk profits	1,698,874	1,852,279
Total	**1,933,740**	**1,810,043**

(31) GAINS FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH STATEMENT OF INCOME

The details of this item are as follows:

	Jointly financed							
	For the year ended 31 December							
	2021				2020			
	Realized gains	Unrealized (gains)	Dividends	Total	Realized gains	Unrealized (Losses)	Dividends	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Corporate Shares	26,717	(312)	781	**27,186**	**2,077**	(254)	**-**	**1,823**
Sukuk	87,462	6,581	-	**94,043**	78,265	43,126	-	**121,391**
Total	**114,179**	**6,269**	**781**	**121,229**	**80,342**	**42,872**	**-**	**123,214**
Less:								
Contract commission	2,822	**-**	**-**	**2,822**	**455**	**-**	-	**455**
Total	**111,357**	**6,269**	**781**	**118,407**	**79,887**	**42,872**	**-**	**122,759**

(32) GAINS FROM FINANCIAL ASSETS AT AMORTIZED COST

The details of this item are as follows:

	Jointly financed	
	For the year ended 31 December	
	2021	2020
	JD	JD
Sukuk	3,539,642	4,137,690
Total	**3,539,642**	**4,137,690**

(33) (LOSSES) GAINS FROM FOREIGN CURRENCIES VALUATION

The details of this item are as follows:

	Jointly financed	
	For the year ended 31 December	
	2021	2020
	JD	JD
(Losses) Gains foreign currencies valuation	(48,324)	62,892
Total	**(48,324)**	**62,892**

(34) SHARE OF UNRESTRICTED INVESTMENT ACCOUNTS HOLDERS'

The details of this item are as follows:

	Jointly financed	
	For the year ended 31 December	
	2021	2020
	JD	JD
Customers		
Saving accounts	1,540,645	1,094,476
Term accounts	37,860,999	31,114,063
Certificates of deposit	4,934,389	4,878,767
Total Revenue From Customers	**44,336,033**	**37,087,306**
Banks		
Banks and financial Institutions accounts	1,322,647	1,157,870
Total Revenue From Banks	**1,322,647**	**1,157,870**
Total	**45,658,680**	**38,245,176**

(35) BANK'S SHARE OF REVENUE FROM UNRESTRICTED INVESTMENT ACCOUNTS AS MUDARIB AND RAB MAL

The details of this item are as follows:

	Jointly financed	
	For the year ended 31 December	
	2021	2020
	JD	JD
Bank's share as Mudarib*	35,438,981	34,481,661
Bank's share as Rab Mal	5,733,969	2,228,248
Total	**41,172,950**	**36,709,909**

*The bank's share of the revenues of joint investment accounts in its capacity as mudarib amounted to JD 38,219,175 , and JD 2,780,194 were donated with the approval of Sharia supervision for the benefit of joint investment account holders.

(36) BANK'S SELF FINANCED REVENUE

The details of this item are as follows:

	Note	Self financed For the year ended 31 December 2021	2020
		JD	JD
Ijara Muntahia Bittamleek revenue	28	588,122	568,271
Deferred sales revenue	27	94,854	102,824
Cash dividends - financial assets at fair value through shareholders' equity- self financed		3,626	-
Total		**686,602**	**671,095**

(37) BANKS SHARE FROM THE RESTRICTED INVESTMENT REVENUE AS AGENT (WAKEEL)

The details of this item are as follows:

	For the year ended 31 December 2021	2020
	JD	JD
Deferred sales revenue	1,136,746	904,889
Less: Muwakel's share	(986,728)	(775,790)
Banks share as an agent (wakeel) statement "E"	**150,018**	**129,099**

This item represents revenue from Murabaha to purchase order within the Restricted Wakala Investment agreement signed with the Central Bank of Jordan.

(38) GAIN FROM FOREIGN CURRENCIES

The details of this item are as follows:

	For the year ended 31 December 2021	2020
	JD	JD
As a result of trading / dealing foreign currencies	1,491,988	922,916
Total	**1,491,988**	**922,916**

(39) BANKING SERVICES REVENUE - NET

The details of this item are as follows:

	For the year ended 31 December 2021	2020
	JD	JD
Indirect facilities commissions	1,415,625	1,010,746
Direct facilities commissions	2,222,238	2,318,170
Other commissions	5,267,299	3,286,535
Less : debit commission	(2,182,429)	(1,668,788)
Total	**6,722,733**	**4,946,663**

(40) OTHER REVENUE

The details of this item are as follows:

	For the year ended 31 December	
	2021	2020
	JD	JD
Gain (losses) from sale of fixed assets	11,102	(12,647)
(Losses) Gain from sale of seized assets*	(11,008)	142
Membership in the Board of Directors of Jordan Fertilizer Processing Company	4,941	4,148
Revenue from Reconciling accounts	147,650	-
Other revenue	6,085	9,772
Total	**158,770**	**1,415**

* Relates to self-revenue only, as there are sales profits for the joint part amounted to JD26,305 for the year ended 31 December 2021 (29,678 for the year ended 31 December 2020).

(41) EMPLOYEES' EXPENSES

The details of this item are as follows:

	For the year ended 31 December	
	2021	2020
	JD	JD
Salaries, benefits, allowances and bonuses for employees	11,126,175	10,472,357
Bank's contribution for social security	1,147,113	1,078,433
Medical expenses	620,116	570,274
Employees training	54,657	96,190
Insurance expenses	35,538	35,906
Other employees 'expenses	1,418,904	870,271
Total	**14,402,503**	**13,123,431**

(42) OTHER EXPENSES

The details of this item are as follows:

	For the year ended 31 December	
	2021	2020
	JD	JD
Stationery and printing materials	252,666	239,299
Postal telecommunications	509,608	618,576
Utilities	369,389	712,688
Travel and transportation	121,979	89,079
Marketing and advertising	951,154	967,362
Subscription and fees	487,255	477,377
Maintenance and Cleaning	466,983	493,672
Licences and fees	552,488	425,895
Board of Directors' meetings expenses	562,005	523,798
Information technology expenses	1,200,639	1,287,139
Security and insurance expenses	478,532	394,142
Donations	47,500	126,310
Management and consulting fees	211,411	128,796
Professional fees	130,200	146,785
Board of Directors' remunerations	55,000	55,000
Hospitality expenses	65,391	60,894
Money transportation expenses	207,790	137,649
Legal expenses - Self financed	68,786	75,264
Others	162,037	252,564
Total	**6,900,813**	**7,212,289**

(43) EARNINGS PER SHARE

The details of this item are as follows:

	For the year ended 31 December	
	2021	2020
	JD	JD
Profit for the year	14,060,320	10,167,139
	Share	Share
Weighted average number of shares	100,000,000	100,000,000
	JD/Fils	JD/Fils
Basic and diluted earnings per share for the year	**0/141**	**0/102**

(44) CASH AND CASH EQUIVALENTS

The details of this item are as follows:

	For the year ended 31 December	
	2021	2020
	JD	JD
Cash balances with CBJ maturing within three months	358,653,364	351,694,499
Add: cash at banks and banking institutions maturing within three months	8,293,931	9,669,834
Less: banks and financial banking accounts maturing within three months	(16,530,718)	(25,085,579)
Total	**350,416,577**	**336,278,754**

(45) RELATED PARTY TRANSACTIONS

The Bank entered into transactions with shareholders, board members, and senior management within its normal operations using normal rates of Murabaha and trade commissions , All deferred sales receivables and facilities granted to related parties are performing, and no provisions were taken for these balances. The related parties' transactions are as follows :

	Main shareholders	Senior management	Board of Directors members	Al-Etihad Islamic company for investment*	Sharia directors members	Total 31 December 2021	Total 31 December 2020
	JD	JD	JD	JD	JD	JD	JD
Consolidated statements of financial position items							
Balances at banks and banking institutions	-	-	-	270,824	-	270,824	204,472
Unrestricted investments accounts and current accounts	370,044	886,093	20,560,091	21,718,823	81,760	43,616,811	35,660,888
Deferred sales receivables and facilities	-	256,561	99	-	-	256,660	358,067
Ijara Muntahia Bittamleek assets	-	1,420,652	488,293	-	-	1,908,945	2,108,143

Consolidated statement of Income and Comprehensive Income items						For the year ended 31 December 2021	For the year ended 31 December 2020
Dividends	88	8,431	465,032	424,789	564	898,904	1,131,098
Salaries and bonuses	-	2,548,031	55,000	-	50,033	2,653,064	2,428,488
Transportation	-	-	557,700	-	27,500	585,200	536,800

*Al Etihad Islamic For Investment Company which owns 62.37% of Safwa Islamic Bank .

- The lowest and highest received Murabaha rate were 3.92% and 6.39% respectively.
- The lowest and highest rate of Ijara Muntahia Bittamleek received by the Bank were 3.81 % and 7.50% respectively.
- The lowest and highest distributed profit rate were 0.81% and 4.30% respectively.
- Executive management salaries and benefits for the year ended 31 December 2021 amounted to JD 2,548,031(JD 2,325,766 as at 31 December 2020).
- All facilities granted to related parties are performing and no provisions were recorded for it .

(46) Right of use assets / lease liabilities

The details of this item are as follows:

A- Right of use assets

The bank rents real estate and stores for periods ranging from one to 15 years, the average lease term is 7 years, the following is the movement on the right of use assets during the year:

	For the year ended 31 December 2021	For the year ended 31 December 2020
	JD	JD
Balance at the beginning of the year	8,969,372	9,702,044
Add : Additions during the year	1,989,830	1,092,173
Less : Disposals during the year	(146,726)	(310,881)
Less : depreciation for the year	(1,445,208)	(1,513,964)
Balance at the end of year	**9,367,268**	**8,969,372**

The amounts recorded in the consolidated statement of income and comprehensive income :

	For the year ended 31 December 2021	For the year ended 31 December 2020
	JD	JD
Depreciation of the right of use assets for the year	(1,445,208)	(1,513,964)
Finance costs (discounting of rental obligations) during the year	(299,732)	(322,467)

B- Lease liabilities

	For the year ended 31 December 2021	For the year ended 31 December 2020
	JD	JD
Balance at the beginning of the year	8,898,628	9,368,215
Add : Additions during the year	1,989,830	1,092,173
Less : Disposals during the year	(146,726)	(310,881)
Finance costs (discounting of rental obligations) during the year	299,732	322,467
Less : paid during the year	(1,698,910)	(1,573,346)
Balance at the end of year	**9,342,554**	**8,898,628**

Analysis of lease tenancy contract liability maturity :	31 December 2021	31 December 2020
	JD	JD
In less than a year	85,839	152,726
From 1 to 5 years	2,287,215	1,562,598
More than 5 years	6,969,500	7,183,304
	9,342,554	**8,898,628**

The value of undiscounted rental contract obligations amounted to JD 10,578,786, as at 31 December 2021, and the following is the maturity analysis:

Maturity of undiscounted lease obligations:	For the year ended 31 December 2021	For the year ended 31 December 2020
	JD	JD
In less than a year	86,427	155,891
From 1 to 5 years	2,400,532	1,658,181
More than 5 years	8,091,827	8,349,174
	10,578,786	**10,163,246**

(48) Risk Management

Safwa Islamic Bank applies a risk management system that adopts the concept of Enterprise Risk Management to manage the risks that the bank is exposed to according to the concept of prevention before treatment, where the bank adopts a Risk Management framework which is documented and approved by the Board of Directors as the basis for other policies related to the Risk Appetite and other risk policies and a basis of preparing an Internal Capital Adequacy Assessment Plan (ICAAP) and Stress Testing.

Risk Management is a prime responsibility of the bank's Board of Directors through the Board Risk Committee that endorsing to the board of directors to approve the Risk Framework. The Risk Management Department role is to facilitate the management process of different types of risks that the bank is exposed to and evaluating, measuring and developing an appropriate measurement methods to mitigate these risks that's affecting the Bank's profitability and Capital Adequacy in line with the approved Risk framework. The Risk Management Department prepares periodic reports to the Board of Directors through the Risk Management Committee to inform them with the latest developments related to risk management for their evaluation and recommendations.

The Internal Audit Department also reports to the Board of Directors through Board Audit Committee on the compliance level of all departments with risk management policies and procedures; as well as auditing the Risk Management Department activities and reporting the findings to the concerned parties.

The bank applies the Central Bank of Jordan instructions related to Risk Management through developing an Internal Capital Adequacy Assessment Plan (ICAAP) and Stress Testing on an annual and regular basis.

Risk Management Department adopts an integrated Risk Management methodology through identifying all risk factor that the bank exposed to and then managing each type of risk within an integrated cycle that includes the following:

A. Define each type of risk.
B. Determine the strategic objectives for managing this type of risk.
C. Defining the risk appetite.
D. Assess and measure these risks.
E. Managing the risks.
F. Monitoring and reporting of exposure.

The bank is exposed to the following risks:

1- Credit risk:
The bank defines credit risk as the risk arising from the clients inability or unwillingness to fulfill their obligations (principal amount and / or profits) according to the agreed terms and maturities which is causing the bank to incur financial losses.

The Risk Management Department manages credit risk by applying the Credit Manual that organizes and governs the credit process for corporate clients, in addition to the credit Policy for retail and small business clients, as well as the policy of financial institutions credit limits, in line with the Central Bank of Jordan policies and the Basel requirements.

- **Bank's exposure to credit risk in the bank arises from its financing and investment operations, including:**

- Risks related to the client and the nature of business.
- Risks related to the granting and implementing of financing.
- Concentration risk.
- Risks related to Islamic financing instruments.

- **In this field, the bank monitors and controls credit risks through**:

- Managing and controlling portfolio risks through a number of committees such as Board Risk Management committee approved by the Bank Board at director.
- Reviewing and approving credit applications through Credit Committees according to specific authorities that is documented and approved by the Board of Directors, where small amounts are approved by individual authorities.
- Applying credit rating methodologies in line with best practices.
- Monitor credit limits and issuing the needed reports to avoid breach of that limits and monitoring the quality of portfolio.
- Diversifying between financing and investment to avoid the Concentration Risk within individuals, groups or clients of specific geographical regions, specific economic sectors, or specific financing instruments or in the term of financing period.
- Managing nonperforming loans to reduce the expected credit losses.
- Segregation of duties between marketing and credit decision tasks.
- Segregation of duties between implementation and credit control role.
- Setting and updating credit policy, which is responsible of the credit process and decisions.

- **Credit risk measurement:**

The bank applies the Standardized Approach for measuring credit risk by measuring the weighted assets of credit risks mentioned in the consolidated Balance sheet as per the Regulatory Capital Instruction in accordance with the Amended Standard No. 15 (issued by the Islamic Financial Services Board (IFSB)).The bank is taking the necessary steps to apply the Foundation Internal Risk Basis (FIRB), where a corporate credit rating system is periodically applied in addition to a specialized credit rating system for small companies and for individual clients to determine the credit quality for each client when granting the credit and monitoring this quality throughout the financing period to specify any deterioration that may occur and to specify the quality of the whole credit portfolio on a regular basis which will be reflected on credit policy and pricing.

- **Credit Risk mitigation:**

The bank uses various credit risk mitigation tools (such as real estate guarantees, financial, etc.) accordance to the approved credit risk mitigation policy in order to mitigate the exposure credit risks and the related impact on the bank ,where the volume and value of the required collateral is determined based on approved credit risk mitigation policy.

The systems used by the bank to manage Credit Risk:

The bank is currently using advanced technological programs to improve the quality of risk management. Perhaps the most important systems currently used are:

1. **Expected Credit Losses System (ECL):**
   Risk management department with the related bank's departments has accomplished setting the Accounting and Auditing Organization for Islamic Financial Institutions AAOIFI (30) through an integrated and automated system to calculate the expected credit loss that is linked with the core banking system.
2. **Internal Credit Scoring system and how it works:**
   Scoring system is a tool that is used to evaluate and improve the quality of the credit decision, in addition to be considered as a primary base to improve and develop the credit risk in line with the Basel requirements and FAS (30) Accounting and Auditing Organization for Islamic Financial Institutions instructions.
   Safwa Islamic Bank implements the best international practices related to the internal credit rating on the Corporate Banking clients (CreditLens: Moody's System),where the classification process is based on qualitative and quantitative credit criteria. Where the credit rating includes two ratings, one at the customer level (Obligor Risk Rating "ORR") and the other at the level of financing (Facility Risk Rating "FRR"). Whereas, the credit rating system is the main focus of calculating the Probability of Default "PD" in addition to calculating losses upon default and within the concept of losses assuming default (Loss Given Default "LGD").

The credit rating system (ORR) is determined by ten degrees and divided as follows:

- From one to six degrees for operating financing, where the first degree is considered the best.
- The seventh degree for operating under supervision
- Degrees eight to ten are for non-performing financing.

The customer is classified on the credit rating system at least once a year in case that no credit event occurs during the year (Credit Events).

In addition, a special system for internal credit rating has been implemented for small business customers, where the classification process is based on qualitative and quantitative criteria. Credit Decisions are made relying mainly on the system output.

Risk Scoring System has been implemented, noting that it is considered an essential part of an integrated project to automate individual financing requests through a Work Flow System that includes all stages of submitting applications and approvals in the relevant departments.

The Bank continuously seeks to review and develop the credit rating systems applied for the various bank's portfolios in accordance with the best international practices that complies with the international and local legislative requirements.

3. **Management Information System (MIS)**

The management information system is considered a base for the development of credit risk management system in accordance with the requirements of the Basel decisions and the instructions for the application of the Accounting and Auditing Organization for Islamic Financial Institutions FAS (30). Where the system contributes to control risk management related to granted credit by providing periodic oversight reports. Which in turn contributes to control risk within acceptable levels.

Governance of implementation of Accounting and Auditing Organization for Islamic Financial Institutions AAOIFI (30):

The bank applies an integrated corporate governance for the implementation of Accounting and Auditing Organization for Islamic Financial Institutions AAOIFI (30) where the board of directors responsibility is to ensure compliance with the AAOIFI (30),through adopting methodology and policies for the standard, which include defining the roles of relevant committees, departments, and business units also it includes the adopting of system for Accounting and Auditing Organization for Islamic Financial Institutions AAOIFI (30),implementation and providing the necessary infrastructure.

Also -through the Board committees- the Board of Directors' responsibility is to approve the periodic results of expected credit loss in line with AAOIFI (30) instructions.

Definition of Default Implementation and the Mechanism of Handling the Default

The bank applied the Central Bank of Jordan instructions regarding the default where the facilities is considered as defaulted (Non-performing) if its maturity or the maturity of one of the installments is equal or more than 90 days or there are indicators that the facilities may be defaulted. The possibility of non-payment of financial Sukuk, International Murabaha and International Wakala with the banking institutions also included into Bank's default concept.

Payment of due installments are monitored through the related departments within approved framework and policies.

The Mechanism of Calculating the Expected Credit Losses (ECL)

The mathematical model for calculating the Expected Credit Loss according to Accounting and Auditing Organization for Islamic Financial Institutions AAOIFI (30) instructions is as follows:

Expected Credit Loss = Probability of Default (PD) * Exposure at Default (EAD) * Loss Given Default (LGD)

The calculation of Expected Credit Loss (ECL) depended on the calculation of the following variables:

A. **Probability of Default (PD)**
   Definition of Probability of Default and the Mechanism of Calculation and Controlling (PD):
   It is the probability of irregularity in repayment where it is measured for the purpose of calculating the expected credit loss for each stage of Expected Credit Losses based on historical data that reflecting historical default rates as well as macroeconomic factors stress testing, Where the bank has developed appropriate perceptions according to levels of risk for each economic sector and made several perceptions for sectors with high levels of risk and calculated the impact of this on expected credit losses. Moreover, the bank also reflected the economic effects of

the Corona pandemic on the possibility of default (Macroeconomic Adjusted PD) And adopting it as a basis in the process of calculating expected credit losses, with the aim of precaution.

The probability of default for a period of 12 months is calculated for the funds included in the first phase and the probability of default for the entire life of the financing for the funds included in the second and third stages. Whereas, the bank adopts a default rate on the level of corporate portfolio clients and investment portfolio clients on an individual basis, while a general ratio for each individual product is based on a collective basis.

B. Exposure at Default (EAD)

Definition of Exposure at Default and Mechanism of Calculating and Controlling (EAD) :

It is the amount of potential exposure that is subject to risk - uncovered balance by acceptable collateral - for exposures that fall within the scope of Accounting and Auditing Organization for Islamic Financial Institutions AAOIFI (30) through a forward-looking for the period, which the default may occur. Where the exposure at default is measured for the purposes of calculating Expected Credit Loss for each stage of AAOIFI (30) instruction. An EAD Haircut is used to determine the on-balance exposure that subjected to risk where the off-balance statistical exposure utilization (DDF) is used to determine the potential utilization for that exposures (LGs, LCs and Unutilized Limits). Exposure at Default (EAD) is calculated by the total facilities for the first and second stage and net facilities for the third stage.

C. Loss Given Default (LGD)

Definition of Loss Given Default and Mechanism of Calculating and Controlling (LGD):

It is the amount of loss that arises as a result of defaulted facilities and that is calculated through a statistical model which analyzes the historical collections for each portfolio, where it measured for the purpose of calculating the expected credit loss for each stage of Expected Credit Losses according to the instructions for the implementation of AAOIFI (30) by calculating the recoverable amount of the different collateral (Cars, Real Estate, Cash, Land, Machinery, Equipment and Vehicles) provided to the Bank against the facilities that granted and legally documented into contracts through a conversion factor for each type of collateral taking into consideration the timing of reaching each type of collateral and turn them into cash (expected cash flow and timing).

In light of the new Corona pandemic (Covid-19), the bank has developed a methodology for calculating loss on default (LGD), according to the following:

1. The loss ratio was taken under the assumption of default for the first and second stage customers, based on updated historical data for the amounts recovered from the dealers.
2. The loss on default ratio was considered for the third stage dealers based on the default period, so that the relationship between the loss on default and the default period is positive.
3. The bank has updated the data related to the loss on default ratio (LGD) and increased it based on studies of previous financial crises

<u>The Bank's policy in Determining the Elements of calculating Credit Risk and Expected Credit Loss on a Collective Basis</u>

The expected Credit Loss (ECL) methodology is classified into individual or collective basis where the collective basis was adopted for retail portfolio through a general PD ratio for each product and then calculating the expected credit loss for each retail portfolio product. While the individual basis was adopted for corporate portfolio as well as for each investment in the Bank's investment portfolios that are subjected to AAOIFI (30) instructions through a PD ratio for corporate and investment portfolio then calculating the Expected Credit Loss for corporate and investment portfolio.

<u>Key indicators of credit risk on which the Bank has relied in distributing its credit exposures among the three stages</u>

Bank classified exposures on the Expected Credit Loss automated system in line with Accounting and Auditing Organization for Islamic Financial Institutions AAOIFI (30) instructions into three stages depending on a set of determinants such as: corporate client internal credit rating, external credit rating, number of dues installments, restructuring and rescheduling, negative changes in the client behavior, increase credit risk, classifying the client under watching-list stage adjusting the credit terms, negative changes on the guarantees value, negative changes in the customer’s economic sector, the bank’s legal follow-up with the client, In addition to the classification criteria mentioned in the CBJ instructions No. (47/2009) 10/12/2009.

<u>The Main Economic Factors Used by the Bank in Calculating the Expected Credit Loss (CECL)</u>

The main economic factors (macroeconomic factors) were included in the automated system for calculating the expected credit loss with the variables for calculating the expected credit loss, and in light of the spread of the new Corona virus (Covid-19) globally and locally, as the bank has adopted several foundations to contain the pandemic and mitigate its impact as follows:

<u>Bank management trends (management overlay)</u>

Taking into account the bank’s management directions (management overlay) in assessing the impact on certain sectors or specific customers based on the study of each sector and / or dealer separately.

<u>Impact on the weights of future scenarios (scenarios)</u>

In accordance with the instructions of the Central Bank of Jordan regarding the implementation of Financial Accounting Standard No. (30) Issued by the Accounting and Auditing Organization for Islamic Financial Institutions, several scenarios were applied to calculate expected credit losses so that the final outcome of the results representing the “weighted expected credit losses for these scenarios”, in this aspect the bank adopts three scenarios: Base Scenario which is the perception of improvement and transformation to the best, Upturn Scenario, and Downturn Scenario.

The Bank continued to adopt the conservative model of the economic situation that is expected for the next five years, as it adopted an increase percentage of the decline and deflation (Downturn Scenario) and reducing the percentage of improvement and transformation for better (Upturn Scenario) in accordance with the data of the Corona pandemic.

2- Market Risk:

The bank defines market risk as the potential losses that the bank may be exposed to as a result of the decrease in the prices of the various financial instruments in which it invests, including equity instruments, Sukuk, currency exchange and commodities. The Bank also adopts a conservative policy that aims to identify, assess, measure and manage all types of market risks that may be exposed, which ensures that the Bank's risk factors are reduced and kept within the minimum limits.

3- Operational Risk:

The risk of losses resulting from inadequate or failure of internal processes and/or the human resources and/or systems and/or from external events.

Operational risk factors are managed according to a framework approved by the Board of Directors. This framework includes policies and procedures that clarify the mechanism of identifying and evaluating risk factors and assessing the current controls to determine the adequacy of these controls in mitigating the risk factors and reducing the likelihood of occurrence.

The Bank adopted and applied the Risk & Control Self-Assessment methodology through workshops to define and measure all the Operational Risk factors of operations, activities, products and services of the bank, and to assess the effectiveness of current controls in mitigating these risks and to develop corrective plans to handle such gaps. As this methodology promotes and enhance the principles of direct responsibility of the business units for managing risk factors of their areas. also it achieves the principle of continuous monitoring risk factors. risk profiles were developed for all departments which are monthly examined and providing the results to the Risk Management Department.

Operational risk department reviews the internal audit reports of bank’s business units and includes new operational risks factors within the unit’s risk profile in addition to the internal control unit findings.

The bank applies Loss Data Collection methodology that arise as a result of operational events and the Board of Directors has adopted a detailed policy. The data for these events are currently collected, analyzed, linked with risk factors.

All policies and procedures related to departments and business units are reviewed by Risk Management Department - within the process of approved policies and procedures – for the purpose of assessing the adequacy of controls to mitigate risk factors.

With regard to the bank wide awareness of risk culture, Risk Department conducted many workshops for Bank employees on an annual basis.

As for capital adequacy purposes, the Operational Risks are measured using the Basic Indicator Approach according to the instructions of the Central Bank of Jordan, and the bank is working to develop a methodology for transferring to the Standardized Approach in calculating Capital Adequacy against Operational Risks.

Information security and cybersecurity

Policies and strategies were developed based on the best practice of Information Security and Cybersecurity in order to maintain the Confidentiality and Availability of client information and provide banking services within the highest levels of safety and to maintain a safety and secured work environment in which the goals related to information protection, confidentiality, integrity and availability are achieved.

A long-term strategy and an integrated annual plan were developed to include the implementation of strategies, policies, standards and systems in the area of Information Security and Cybersecurity to reach a more secure environment and enhance the cybersecurity capabilities of the Bank.

Several projects related to Information Security and Cyber Security were implemented for the purpose of implementing the best solutions and programs to protect and monitor the information systems in the bank as well as ensuring the bank adherence to the International Standards (such as the Payment Card Security Standard PCI DSS) and the instructions of the central bank of Jordan.

In the field of security breaches, several tests were conducted on networks and systems, and also tests covered of banking applications (Internet Banking and Mobile Banking).

The risk factors related to Information Technology are also managed through a continuous updating of Risk Matrix for Information Technology, Information Security and Cyber Security. also controls are tested Periodically and making sure all control gaps are handled in a proper manner.

With regard to Awareness of Information Security, Cyber Security and Business Continuity, training workshops are held for bank staff on an annual basis, also, many Awareness Messages (including SMS) were sent to our staff and customers.

Business continuity

An amendment has been made to the Business Continuity Plan in light of the Covid-19 Pandemic, as remote access mechanism was applied and staff were relocated between the bank's sites to ensure social distancing.

Bank's alternative site was redesigned and reactivated to provide a safe and healthy work environment while achieving the terms of social distancing, and work continued in this alternative site until the pandemic's situation became acceptable and safer.

In addition, the bank conducts periodic checks of Alternative Sites and Business Continuity Plan to ensure they are ready in emergency situations.

The bank conducted an emergency plan for sensitive and critical financial systems with participation of several departments. This test was coordinated with the Central Bank Of Jordan. The findings of the tests were followed up directly after the test.

The bank conducted an examination for the emergency plan in accordance with sensitive and critical financial systems, several departments participated in it, as well as these examinations were coordinated with the Central Bank. The results of the examinations were followed up and the observation was processed after the examination process.

4- Reputational risk

The bank considering reputation risks as the negative effects on the bank's reputation and brand which is resulted from bank failure to fulfill its responsibility towards all clients and / or its failure to manage its affairs efficiently and effectively and / or the failure to comply with the Sharia requirements and / or the failure to manage All other types of risks which leads to several negative effects, including a loss of client confidence and thus a decline in the client base and an increase of costs or a decrease of profits.

5- Non-compliance risks

The risks of non-compliance are the risks of legal or regulatory penalties, material losses or reputation risks to which the bank may be exposed due to non-compliance with laws, regulations, instructions, codes of conduct and banking standards.

The bank evaluates and monitors compliance with the instructions issued by the Central Bank and other official bodies. In addition to reviewing all policies, procedures, agreements, announcements, and any new services or products to ensure the availability of the necessary controls to avoid risks arising from non-compliance.

The bank educates employees on compliance issues and prepares written instructions in this regard. The Compliance Department provides advice and guidance to the executive management on applicable laws, regulations and standards and any amendments to them.

The bank conducts a comprehensive assessment of the risks of money laundering and terrorist financing at least annually, or in the event that a need arises to conduct this assessment as a result of a fundamental change in the nature of the risks to which the bank is exposed. Geographical regions, products, services, processes and service delivery channels, according to a methodology approved by the Board of Directors.

The bank's commitment to the anti-money laundering and terrorist financing policy works to build a business relationship with customers based on ethical standers and best practices, especially with regard to (Know Your Customer) and taking the necessary measures to determine the true beneficiary of all transactions.

6- Legal risks related to operational activities

Risks of exposure to legal procedures, follow-ups and fines as a result of the occurrence of operational risks and events, and the disputes arising as a result of non-compliance with applicable regulations and instructions, also the financial fines and claims that can be resulted from a third party. The insufficiency of documents and the lack of legal capacity and / or the invalidity of contracts and / or their lack of enforceability resulting from lack of proper documentation are among the most important causes of legal risks.

The responsibility for managing these risks lies with the legal department, as it reviews all contracts and documents related to the bank's transactions, in addition to legal follow-up to the bank's debtors – in coordination with the Credit Department- , and careful follow-up of the lawsuits to which the bank is a party.

7- Risks of non-compliance Sharia Laws

These are the risks that Islamic banks exposed to, which lead to non-recognition of income. Also it includes the losses resulting from their operations in addition to the reputational risks resulting from non-compliance with Sharia laws. Where these risks are managed through an integrated system of Sharia controls for both the Sharia Supervision Department supervised by the Sharia Supervisory Board and the regulatory control of the Sharia Compliance Department and the Risk Management Department.

The culture of the bank risk management and the role of risk management policies and strategies in supporting and spreading the bank's risk culture

Risk Management Culture is considered as one of the main pillars of the risk management framework, as it enhances the understanding and communication process among all bank's employees in a way that enables them to perform their daily work and make decisions on a basis of the risk management methodology.

Risk management framework includes a main component related to strengthening the concept of Risk Management Culture through the support of the Board of Directors and Executive Management and the necessity to raise awareness of all managerial levels with a culture of risk management in addition to create an integrated training system for all the bank employees to develop Risk Management Culture.

Bank Risk Appetite in line with the Approved business models

The bank adopts a documented and integrated policy of Risk Appetite, which is approved by the bank’s Board of Directors. Approved risk appetite aims to link the bank’s strategic objectives with the bank risk management system as well as with the business models.

The concept of integration of Risk Appetite into Risk Management Culture and the involvement of the various managerial levels will lead to the linkage of the strategic plan and the methodology of risk management at different managerial levels.

Risk Appetite have been specified for each type of risk in a manner consistent with the bank’s strategic directions and CBJ requirements in addition to analyze historical data for each type of risk.

An integrated system of control has been adopted for the Risk Appetite in terms of following up all these levels according to the periodicity specified in the approved document and issuing reports on Risk Appetite to management and to related committees with specifying the responsibility to follow up on any breach.

Stress testing

Stress testing is considered as one of the most important tools that the bank uses to measure its ability to withstand against shocks and high risks, as these tests aim to assess the financial position and the capital adequacy ratio for the bank within different scenarios.

The bank adopts a comprehensive methodology for conducting stress testing. These tests include the following:

Sensitivity Analysis Tests: These tests aim to measure the impact of different economic factors and internal risk factors on the financial position and the adequacy ratio of the bank's capital. These tests cover credit, market, operational, liquidity and any other risks the bank believes is necessary to stress tested.

Scenarios tests: These tests aim to assess the bank's tolerance of crises and shocks related to the overall economy of the country, such as changes in the rate of economic growth, unemployment rates, high interest rates, and their impact on the financial position and capital adequacy ratio of the bank.

A policy for stress tests was prepared and approved by the bank's board of directors to cover all the requirements for stress tests and to define the methodology adopted for applying these tests and their periodicity, as the instructions of the Central Bank of Jordan were based on.

This is in light of the spread of the new Corona virus (Covid-19) and its impact on the Jordanian economy, the bank has added special scenarios to measure the bank's ability to withstand shocks resulting from the economic changes due to the pandemic.
The bank seeks to consider the results of stressful situations as a basic reference for developing future plans and appropriate strategies. The concept of stress tests is being incorporated into the department's monthly reports to create a comprehensive culture of the modern risk management concept.

The bank adopts an integrated system for the governance of stress tests whereby the risk management periodically conducts stress tests and then submits them to the Risk Management Committee and then submits them to take the appropriate recommendation from the Board of Directors Committee for Risk Management and then approves it by the Board of Directors, where it simulates the best practical practices in involving the bank's board of directors and senior executive management in the methodology of stress tests and the impact of their results on the bank's strategic decisions.

(48/ A) CREDIT RISK

1)Credit risk exposure (After impairment provision and before collateral and other risk reducers):

	31 December 2021		
	Jointly financed	Self financed	Total
	JD	JD	JD
Balances with Central Bank	-	336,553,940	336,553,940
Balances at banks and financial institutions	-	8,293,931	8,293,931
International Wakala investments	86,124,648	-	86,124,648
Deferred sales receivables and other receivables			
Retail (individual)	292,174,419	1,216,379	293,390,798
Real estate financing	15,815,337	-	15,815,337
Corporate	381,881,848	767,277	382,649,125
Small and medium companies	41,442,628	1,922,765	43,365,393
Public and governmental sectors	327,994,641	-	327,994,641
Sukuk			
Within financial assets at fair value through statement of income	1,495,481	-	1,495,481
Financial assets at fair value through unrestricted investments accounts	161,320,219	-	161,320,219
Financial Assets at Amortized Cost	64,752,000	-	64,752,000
Qard hasan	-	1,619,321	1,619,321
Other assets	1,552,641	780,808	2,333,449
Total consolidated statement of financial position items	**1,374,553,862**	**351,154,421**	**1,725,708,283**
:Off-consolidated statement of financial position items			
Letters of guarantees	-	38,796,148	38,796,148
Letters of credit	-	50,960,247	50,960,247
Acceptances	-	9,828,400	9,828,400
Unutilized limits	118,464,126	-	118,464,126
Total	**1,493,017,988**	**450,739,216**	**1,943,757,204**

	31 December 2020		
	Jointly financed	Self financed	Total
	JD	JD	JD
Balances with Central Bank	-	330,865,686	330,865,686
Balances at banks and financial institutions	-	9,669,834	9,669,834
International Wakala investments	78,717,349	-	78,717,349
Deferred sales receivables and other receivables			
Retail (individual)	227,811,431	1,339,244	229,150,675
Real estate financing	16,461,600	-	16,461,600
Corporate	330,287,157	1,055,935	331,343,092
Small and medium companies	36,450,281	2,889,523	39,339,804
Public and governmental sectors	137,608,027	-	137,608,027
Sukuk			
Within financial assets at fair value through statement of income	1,463,324	-	1,463,324
Financial assets at fair value through unrestricted investments accounts	56,035,806	-	56,035,806
Financial Assets at Amortized Cost	92,191,000	-	92,191,000
Qard hasan	-	1,721,260	1,721,260
Other assets	1,647,394	824,185	2,471,579
Total consolidated statement of financial position items	**978,673,369**	**348,365,667**	**1,327,039,036**
Off-consolidated statement of financial position items:			
Letters of guarantees	-	38,169,872	38,169,872
Letters of credit	-	11,165,642	11,165,642
Acceptances	-	7,848,689	7,848,689
Unutilized limits	131,027,249	-	131,027,249
Total	**1,109,700,618**	**405,549,870**	**1,515,250,488**

Distribution of credit exposures

A. Distribution of credit exposures - self (After deducting the deferred and suspended revenues):

31 December 2021							
Internal rating of the Bank	Category Classification by (2009/47) Instructions	Total exposure value	Expected credit loss	The probability of default (PD)	Classification according to external classification institutions	Exposure at default (EAD) per million dinars	Average loss at default (LGD)%
		JD	JD			JD	
Little risk	Performing exposure	509,660	-	0%	-	-	0%
Semi free risk	Performing exposure	17,119,574	29,339	0.7%	-	7.081	66%
Low risk	Performing exposure	9,779,574	10,756	2%	-	1.556	67%
Normal risk	Performing exposure	14,612,243	23,321	2%	-	3.009	67%
Acceptable risk	Performing exposure	31,843,395	130,245	3%	-	7.382	67%
Acceptable with due care	Performing exposure	3,032,584	24,669	5%	-	0.856	67%
Not rated	Performing exposure	28,123,243	139,246	2%	-	352.304	72%
Total		**105,020,273**	**357,576**		**-**	**372.188**	
Substandard	Non - performing exposure	54,819	10	100%	-	0.055	66%
Doubtful collection	Non - performing exposure	391,433	56,490	100%	-	0.436	89%
Loss	Non - performing exposure	218,214	160,126	100%	-	0.174	78%
Not rated	Non - performing exposure						
Sub Total		**105,684,739**	**574,202**		**-**	**372.852**	

B. Distribution of credit exposures - Jointly financed (After deducting the deferred and suspended revenues):

31 December 2021							
Internal rating of the Bank	Category Classification by (2009/47) Instructions	Total exposure value	Expected credit loss	The probability of default (PD)	Classification according to external classification institutions	Exposure at default (EAD) per million dinars	Average loss at default (LGD)%
		JD	JD			JD	
Little risk	Performing exposure	334,146,791	16,340	0%	-	292.347	7%
Semi free risk	Performing exposure	8,384,540	12,109	0.7%	-	6.774	66%
Low risk	Performing exposure	34,932,524	184,096	2%	-	22.106	68%
Normal risk	Performing exposure	181,678,391	4,721,449	3%	-	155.430	67%
Acceptable risk	Performing exposure	202,604,352	4,940,636	3%	-	170.814	66%
Acceptable with due care	Performing exposure	63,214,678	4,941,452	6%	-	50.528	67%
Watch list	Performing exposure	42,212	2,589,654	23%	-	0.062	66%
Not rated	Performing exposure	370,634,356	4,113,543	2%	-	696.899	73%
Total		**1,195,637,844**	**21,519,279**		**-**	**1,394.959**	
Substandard	Non - performing exposure	3,444,487	3,444,487	100%	-	3.444	66%
Doubtful collection	Non - performing exposure	1,146,495	1,002,154	100%	-	1.146	79%
loss	Non - performing exposure	12,064,458	12,163,730	100%	-	12.064	97%
Not rated	Non - performing exposure	10,854,540	8,036,564	100%	-	10.855	82%
Sub Total		**1,223,147,824**	**46,166,214**		**-**	**1,422.469**	

2. Classification of deferred sales and other receivables according to the degree of risk In accordance with the Financial Accounting Standard (30) issued by the Accounting and Auditing Organization for Islamic Financial Institutions :

A) Distribution of the fair value of collateral against credit exposures - for total credit exposure - common according to the following table:

The bank maintains collateral or other credit enhancements to mitigate credit risk associated with financial assets. The Group maintains cash, investments and (joint) financing balances amounting to JD 1,419,878,150 as of 31 December 2021 (compared to JD 1,014,363,355 as of 31 December 2020). The estimated value of the joint collateral held is JD 267,332,949 as on 31 December 2021 (compared to JD 245,467,282 as on 31 December 2020 The value of collateral is only considered to the extent that it mitigates credit risk. There has been no change in The bank's guarantees policy during the current year.

The table below shows each type of exposure and the associated collateral :

Item	31 December 2021									
		Fair value of collateral								
	Total exposure value	Cash margin	Traded shares	Bank guarantees	Real estate financing	Cars and mechanics	Other	Total value of collateral	Net exposure after collateral	Expected credit loss
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances with Central Bank	-	-	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-
International Wakala investments	86,683,236	-	-	-	-	-	-	-	86,683,236	558,588
Direct credit financing - NET										
Retail	301,652,519	6,157,441	-	-	2,927,600	119,091,539	65,957	128,242,537	173,409,982	9,478,100
Real estate financing	19,845,486	438,740	-	-	10,985,848	35,119	-	11,459,708	8,385,778	4,030,149
For corporate	411,331,905	3,676,884	-	-	85,280,073	8,081,512	3,825,437	100,863,905	310,468,000	29,450,057
Large Corporate	-	-	-	-	-	-	-	-	-	-
Small and medium enterprises	43,017,222	1,154,023	-	-	20,199,135	4,112,570	1,301,071	26,766,799	16,250,423	1,574,594
Public and governmental sectors	327,994,641	-	-	-	-	-	-	-	327,994,641	-
Sukuk										
Within financial assets at fair value through statement of income	1,495,481	-	-	-	-	-	-	-	1,495,481	-
Financial assets at fair value through unrestricted investments accounts	161,553,019	-	-	-	-	-	-	-	161,553,019	232,800
Financial Assets at Amortized Cost-net	64,752,000	-	-	-	-	-	-	-	64,752,000	-
Other assets	1,552,641	-	-	-	-	-	-	-	1,552,641	-
Subtotal	**1,419,878,150**	**11,427,088**	**-**	**-**	**119,392,656**	**131,320,740**	**5,192,465**	**267,332,949**	**1,152,545,201**	**45,324,288**
Unutilized credit limits	119,306,051	-	-	-	-	-	-	-	119,306,051	841,925
Total	**1,539,184,201**	**11,427,088**	**-**	**-**	**119,392,656**	**131,320,740**	**5,192,465**	**267,332,949**	**1,271,851,252**	**46,166,213**

B. Distribution of the fair value of collateral against credit exposure - for total credit exposures - self according to the following table:

The bank maintains collateral or other credit enhancements to mitigate credit risk associated with financial assets The Bank maintains cash, investments and (self-financing) balances amounting to JD 351,387,086 as of 31 December 2021 (compared to JD 348,679,523 as of 31 December 2021). The estimated value of the joint guarantees held is JD 3,237,420 as on 31 December 2021 (compared to JD 4,487,976 as on December 2020). The value of collateral is only considered to the extent that it mitigates .credit risk. There was no change in the bank's guarantees policy during the current year

	31 December 2020									
		Fair value of collateral								
Item	Total exposure value	Cash margin	Traded shares	Bank guarantees	Real estate financing	Cars and mechanics	Other	Total value of collateral	Net exposure after collateral	Expected credit loss
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances with Central Bank	336,553,940	-	-	-	-	-	-	-	336,553,940	-
Balances at banks and financial institutions	8,293,931	-	-	-	-	-	-	-	8,293,931	-
Direct credit financing - net										
Retail	1,388,916	-	-	-	246	542,373	-	542,620	846,296	152,962
Real estate financing	-	-	-	-	-	-	-	-	-	-
For corporate	1,881,296	5,972	-	-	1,626,037	6,654	202,389	1,841,053	40,243	24,306
Large Corporate	-	-	-	-	-	-	-	-	-	-
Small and medium enterprises	1,978,535	-	-	-	743,063	22,648	88,037	853,748	1,124,787	55,397
Public and governmental sectors	509,660	-	-	-	-	-		-	509,660	-
Other assets	780,808	-	-	-	-	-	-	-	780,808	-
Subtotal	**351,387,086**	**5,972**	**-**	**-**	**2,369,346**	**571,675**	**290,426**	**3,237,420**	**348,149,666**	**232,665**
Bank guarantees	39,003,562	4,669,192	-	-	-	-	-	4,669,192	34,334,370	207,414
Credits	51,060,277	10,831,943	-	-	-	-	-	10,831,943	40,228,334	100,030
acceptance	9,862,493	-	-	-	-	-	-	-	9,862,493	34,093
Total	**451,313,418**	**15,507,107**	**-**	**-**	**2,369,346**	**571,675**	**290,426**	**18,738,555**	**432,574,863**	**574,202**

C. Distribution of the fair value of collateral against credit exposures included in the third stage - joint according to the following table:

Item	31 December 2021									
		Fair value of collateral								
	Total exposure value	Cash Insurance	Shares traded	Bank guarantees are acceptable	Real estate	Cars and Mechanics	Other	Total value of collateral	Net exposure after collateral	Expected Credit Loss (ECL)
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances with Central Bank	-	-	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Investment by an international agency - net	-	-	-	-	-	-	-	-	-	-
Direct credit facilities -net										
Retail	8,269,772	3,802	-	-	642,613	3,855,151	-	4,501,565	3,768,207	7,008,102
Real estate financing	194,428	-	-	-	186,092	-	-	186,092	8,336	130,527
For corporate	16,655,440	25,325	-	-	689,927	25,950	-	741,202	15,914,238	16,610,742
Large Corporate	-	-	-	-	-	-	-	-	-	-
Small and medium enterprises	2,390,340	544,586	-	-	1,067,924	248,581	-	1,861,091	529,249	897,564
Public and governmental sectors	-	-	-	-	-	-		-	-	-
Sukuk:										
Within financial assets at fair value through statement of income	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through the holders of the joint investment accounts - net	-	-	-	-	-	-	-	-	-	-
Within financial assets at amortized cost-net	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Subtotal	**27,509,980**	**573,712**	**-**	**-**	**2,586,556**	**4,129,682**	**-**	**7,289,950**	**20,220,030**	**24,646,935**
Unutilized credit limits	-	-	-	-	-	-	-	-	-	-
Total	**27,509,980**	**573,712**	**-**	**-**	**2,586,556**	**4,129,682**	**-**	**7,289,950**	**20,220,030**	**24,646,935**

D. Distribution of the fair value of collateral against credit exposures included in the third stage - Self according to the following table:

Item	31 December 2021									
		Fair value of collateral								
	Total exposure value	Cash Insurance	Shares traded	Bank guarantees are acceptable	Real estate	Cars and Mechanics	Other	Total value of collateral	Net exposure after collateral	Expected Credit Loss (ECL)
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances with Central Bank	-	-	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Direct credit facilities -net										
Retail	150,039	-	-	-	-	-	-	-	150,039	147,077
Real estate financing	-	-	-	-	-	-	-	-	-	-
For corporate	333,730	5,972	-	-	4,757	-	-	10,729	323,001	14,161
Large Corporate	-	-	-	-	-	-	-	-	-	-
Small and medium enterprises	55,388	-	-	-	-	-	-	-	55,388	55,388
Public and governmental sectors	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Subtotal	**539,157**	**5,972**	**-**	**-**	**4,757**	**-**	**-**	**10,729**	**528,428**	**216,626**
Bank guarantees	125,309	-	-	-	-	-	-	-	125,309	-
Credits and acceptance	-	-	-	-	-	-	-	-	-	-
Unutilized credit limits	-	-	-	-	-	-	-	-	-	-
Total	**664,466**	**5,972**	**-**	**-**	**4,757**	**-**	**-**	**10,729**	**653,737**	**216,626**

Deferred sales and other receivables and scheduled financing:

Are those that have previously been classified as non-performing financing and are eliminated from the balance of non-performing loans and borrowings under a fundamental schedule whether they are still under control or transferred to a transaction. Moreover, they are classified as cash and cash equivalents. Deferred sales and other receivables amounted to JD 1,290,534 as at 31 December 2021 (JD 2,585,910 as at 31 December 2020).

Deferred sales and other receivables and restructured financing:

Restructuring means a rearrangement of the status of the receivables / financing in terms of instalment adjustment, extension of the life of the receivables / financing, postponement of certain instalments, or extension of the grace period. They were classified as receivables / financing under control. Deferred sales and restructured receivables amounted to JD 174,968,149 as at 31 December 2021 (JD 129,396,497 as at 31 December 2020).

3) Sukuk

The following table illustrates sukuk grading under financial assets at fair value through unrestricted investment accounts holders in accordance with foreign grading institutions.

A- Financial assets at fair value through unrestricted investment accounts

Classification grade	Grading institution	31 December 2021	31 December 2020
		JD	JD
A1	Moody's	4,084,677	2,181,826
B	Fitch	-	1,262,477
B2	Moody's	658,702	1,387,430
A2	Moody's	5,473,834	5,457,145
Ba3	Moody's	934,549	2,236,441
Aa3	Moody's	3,644,959	-
A+	Fitch	2,074,029	2,934,039
A	Fitch	39,926,595	21,011,985
CCC+	S&P's	-	321,927
N/R	-	14,426,874	17,178,337
Government	-	90,096,000	2,064,200
		161,320,219	**56,035,807**
B- Financial assets at amortized cost			
On Government guarantee	-	64,752,000	92,191,000
		64,752,000	**92,191,000**
C- Financial assets at fair value through income statement			
B1	Moody's	-	154,114
N/R	-	1,495,481	1,309,210
		1,495,481	**1,463,324**
Total		**227,567,700**	**149,690,131**

- All the above instruments are classified within the first stage for the year 2021 .

4 -Concentration in credit exposures by geographical distribution .

1. The total distribution of exposures by geographical region-self financed (after impairment provision) :

Item	31 December 2021								31 December 2020
	Within the Kingdom	Other Middle Eastern countries	Europe	Asia *	Africa	America	Other countries	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cash and balances with central banks	336,553,940	-	-	-	-	-	-	**336,553,940**	**330,865,686**
Balances at banks and financial institutions	713,698	2,380,701	1,470,174	353,955	-	3,356,341	19,062	**8,293,931**	**9,669,834**
Deposits with banks and financial institutions	-	-	-	-	-	-	-	**-**	**-**
Direct credit facilities -net	5,525,742	-	-	-	-	-	-	**5,525,742**	**7,005,962**
Sukuk:									
Within financial assets at fair value through statement of income	-	-	-	-	-	-	-	**-**	**-**
Within financial assets at fair value through unrestricted investment accounts holders' equity -net	-	-	-	-	-	-	-	**-**	**-**
Within financial assets at amortized cost -net	-	-	-	-	-	-	-	**-**	**-**
Other assets	780,808	-	-	-	-	-	-	**780,808**	**824,185**
Total / current period	**343,574,188**	**2,380,701**	**1,470,174**	**353,955**	**-**	**3,356,341**	**19,062**	**351,154,421**	**348,365,667**
Letter of guarantees	38,786,176	9,972	-	-	-	-	-	**38,796,148**	**38,169,872**
Letters of credit	41,568,875	9,391,372	-	-	-	-	-	**50,960,247**	**11,171,547**
Acceptances	1,623,285	8,205,115	-	-	-	-	-	**9,828,400**	**7,842,784**
Sub Total	**425,552,524**	**19,987,160**	**1,470,174**	**353,955**	**-**	**3,356,341**	**19,062**	**450,739,216**	**405,549,870**

***Except for Middle Eastern countries**

2. Distributions according to classification according to classification according to the FAS No. (30) - Self :

Item	31 December 2021					
	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Within the Kingdom	412,711,345	2,140,593	9,237,209	1,015,537	447,840	**425,552,524**
Other Middle Eastern countries	19,987,160	-	-	-	-	**19,987,160**
Europe	1,470,174	-	-	-	-	**1,470,174**
Asia	353,955	-	-	-	-	**353,955**
Africa	-	-	-	-	-	**-**
America	3,356,341	-	-	-	-	**3,356,341**
Other countries	19,062	-	-	-	-	**19,062**
Total	**437,898,037**	**2,140,593**	**9,237,209**	**1,015,537**	**447,840**	**450,739,216**

3. Total distribution of exposures by geographical region-jointly financed (after impairment provision) :

Item	31 December 2021								31 December 2020
	Within the Kingdom	Other Middle Eastern countries	Europe	Asia	Africa	America	Other countries	Total	Total
	JD	JD	JD	JD		JD	JD	JD	JD
Cash and balances with central banks	-	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-	-
Deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-
International wakala investments -net	-	65,186,674	20,937,974	-	-	-	-	**86,124,648**	**78,717,349**
Direct credit facilities -net	1,059,308,873	-	-	-	-	-	-	**1,059,308,873**	**748,618,496**
Sukuk:									
Within financial assets at fair value through statement of income	-	1,495,481	-	-	-	-	-	**1,495,481**	**1,463,324**
Within financial assets at fair value through unrestricted investment accounts holders' equity -net	90,096,000	70,565,517	658,702	-	-	-	-	**161,320,219**	**56,035,806**
Within financial assets at amortized cost -net	64,752,000	-	-	-	-	-	-	**64,752,000**	**92,191,000**
Other assets	1,552,641	-	-	-	-	-	-	**1,552,641**	**1,647,394**
Total / current period	**1,215,709,514**	**137,247,672**	**21,596,676**	-	-	-	-	**1,374,553,862**	**978,673,369**
Unutilized credit limits	118,464,126	-	-	-	-	-	-	**118,464,126**	**131,027,249**
Sub Total	**1,334,173,640**	**137,247,672**	**21,596,676**	-	-	-	-	**1,493,017,988**	**1,109,700,618**

* except for middle eastern contries

4.Distribution of exposures according to the classification stages according to the FAS 30 - joint :

Item	31 December 2021					
	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Within the Kingdom	933,742,107	301,011,167	60,890,920	35,666,401	2,863,045	**1,334,173,640**
Other Middle Eastern countries	137,247,672	-	-	-	-	**137,247,672**
Europe	21,596,676	-	-	-	-	**21,596,676**
Asia	-	-	-	-	-	-
Africa	-	-	-	-	-	-
America	-	-	-	-	-	-
Other countries	-	-	-	-	-	-
Total	**1,092,586,455**	**301,011,167**	**60,890,920**	**35,666,401**	**2,863,045**	**1,493,017,988**

5- Distribution of exposures by economic sectors:

1. Total distribution of exposures by financial instrument - self financed (after impairment provision) :

Item	31 December 2021										31 December 2020
	Financial	**Industry**	**Trade**	**Real estates**	**Agriculture**	**Shares**	**Retail**	**Government and public sector**	**Other**	**Total**	**Total**
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cash and balances with central banks	336,553,940	-	-	-	-	-	-	-	-	**336,553,940**	**330,865,686**
Balances at banks and financial institutions	8,293,931	-	-	-	-	-	-	-	-	**8,293,931**	**9,669,834**
Deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-	-
Direct credit facilities -net	-	205,521	2,278,097	-	-	767,469	469,620	509,660	1,295,375	**5,525,742**	**7,005,962**
sukuk :											
Included in financial assets at fair value through income statement	-	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through unrestricted investment accounts holders' equity - net	-	-	-	-	-	-	-	-	-	-	-
Within financial assets at amortized cost - net	-	-	-	-	-	-	-	-	-	-	-
Other assets	780,808	-	-	-	-	-	-	-	-	**780,808**	**824,185**
Total / current year	**345,628,679**	**205,521**	**2,278,097**	**-**	**-**	**767,469**	**469,620**	**509,660**	**1,295,375**	**351,154,421**	**348,365,667**
Financial letter of guarantees	1,136,932	1,287,841	7,600,577	4,625,735	-	1,725,146	742,789	-	21,677,128	**38,796,148**	**38,169,872**
Letters of credit	9,355,111	16,935,731	21,857,256	-	-	249,335	1,184,576	-	1,378,238	**50,960,247**	**11,171,547**
Acceptances	8,173,434	461,638	1,053,295	-	-	-	-	-	140,033	9,828,400	7,842,784
Sub Total	**364,294,156**	**18,890,731**	**32,789,225**	**4,625,735**	**-**	**2,741,950**	**2,396,985**	**509,660**	**24,490,774**	**450,739,216**	**405,549,870**

2.Distribution of divisions according to classification according to the classification of the FAS (30):

Item	31 December 2021					
	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Financial	363,467,870	-	826,286	-	-	**364,294,156**
Industry	13,407,863	49,904	5,353,354	73,137	6,473	**18,890,731**
Trade	29,769,887	432,276	1,630,736	632,731	323,595	**32,789,225**
Real estates	4,621,202	-	4,533	-	-	**4,625,735**
Agriculture	-	-	-	-	-	**-**
Share's	1,909,672	767,469	-	-	64,809	**2,741,950**
Retail	1,916,545	469,620	10,820	-	-	**2,396,985**
Government and public sector	509,660	-	-	-	-	**509,660**
Other	22,295,338	421,324	1,411,480	309,669	52,963	**24,490,774**
Total	**437,898,037**	**2,140,593**	**9,237,209**	**1,015,537**	**447,840**	**450,739,216**

3. Total distribution of exposures by economic sector-jointly financed (after impairment provision) :

International wakala investments -net

Item	Financial	Industry	trade	real estates	Agriculture	Shares	Retail	Government and public sector	Other	Total	Total
	31 December 2021										31 December 2020
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
International wakala investments -net	86,124,648	-	-	-	-	-	-	-	-	86,124,648	78,717,349
Cash and balances with central banks	5,510,530	159,522,998	163,536,840	15,815,337	-	179,656,980	135,214,411	327,994,642	72,057,135	1,059,308,873	748,618,496
Sukuk:											
Within financial assets at fair value through statement of income	1,495,481	-	-	-	-	-	-	-	-	1,495,481	1,463,324
Within financial assets at fair value through unrestricted investment accounts holders' equity net-	71,224,219	-	-	-	-	-	-	90,096,000	-	161,320,219	56,035,806
Within financial assets at amortized cost -net	-	-	-	-	-	-	-	64,752,000	-	64,752,000	92,191,000
Other assets	1,552,641	-	-	-	-	-	-	-	-	1,552,641	1,647,394
Total / current period	**165,907,519**	**159,522,998**	**163,536,840**	**15,815,337**	**-**	**179,656,980**	**135,214,411**	**482,842,642**	**72,057,135**	**1,374,553,862**	**978,673,369**
Unutilized credit limits	1,397,478	28,743,167	55,376,730	-	5,469,761	5,510,117	19,086,797	-	2,880,076	118,464,126	131,027,249
Total	**167,304,997**	**188,266,165**	**218,913,570**	**15,815,337**	**5,469,761**	**185,167,097**	**154,301,208**	**482,842,642**	**74,937,211**	**1,493,017,988**	**1,109,700,618**

4.Distribution of exposures according to the classification stages according to theFAS (30) - joint

Item	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	Total
	31 December 2021					
	JD	JD	JD	JD	JD	JD
Financial	167,288,049	-	16,948	-	-	**167,304,997**
Industry	167,030,046	3,460,619	16,486,062	1,936,383	(646,945)	**188,266,165**
Trade	176,061,745	11,136,616	19,674,682	11,052,037	988,490	**218,913,570**
Real estates	3,469,176	5,356,642	6,480,767	459,433	49,319	**15,815,337**
Agriculture	5,469,761	-	-	-	-	**5,469,761**
Shares	21,561,485	154,236,660	5,038,511	3,573,400	757,041	**185,167,097**
Retail	19,217,839	122,386,672	18,513	12,278,047	400,137	**154,301,208**
Government and public sector	482,842,642	-	-	-	-	**482,842,642**
Other	49,645,712	4,433,958	13,175,437	6,367,101	1,315,003	**74,937,211**
Total	**1,092,586,455**	**301,011,167**	**60,890,920**	**35,666,401**	**2,863,045**	**1,493,017,988**

6- Credit exposures that have been reclassified

1. Total credit exposures classified:

A. Self financed

Item	31 December 2021					
	Stage 2		Stage 3		Total exposures that have been reclassified	Percentage of rated exposures
	Total exposure value	The exposures that have been reclassified	Total exposure value	The exposures that have been reclassified		
	JD	JD	JD	JD	JD	
Direct credit facilities-net	1,258,364	133,302	539,157	(38)	133,264	7.41%
Letters of guarantee	3,596,074	161,576	125,309	10,500	172,076	4.62%
Acceptances	5,463,872	-	-	-	-	-
Sub Total	**4,854,438**	**294,878**	**664,466**	**10,462**	**305,340**	**5.53%**

B. Jointly financed

Item	31 December 2021					
	Stage 2		Stage 3		Total exposures that have been reclassified	Percentage of rated exposures
	Total exposure value	The exposures that have been reclassified	Total exposure value	The exposures that have been reclassified		
	JD	JD	JD	JD	JD	
Direct credit facilities-net	107,390,737	49,312,151	27,509,980	8,023,447	57,335,598	42.50%
Unutilized credit limits	4,163,458	(1,052,312)	-	-	(1,052,312)	(25.27%)
Sub Total	**111,554,195**	**48,259,839**	**27,509,980**	**8,023,447**	**56,283,286**	**40.47%**

2.Credit losses expected for exposures that have been reclassified:

Item	The exposures that have been reclassified			Expected credit loss on exposures that have been reclassified				Total
	31 December 2021							
	Total exposures that have been reclassified rated from Stage 2	Total exposures that have been reclassified rated from Stage 3	Total exposures that have been reclassified	Stage 2 - Individual	Stage 2 - Collective	Stage 3 - Individual	Stage 3 - Collective	Total
A. Self financed	JD	JD	JD	JD	JD	JD	JD	JD
Direct credit facilities	133,302	(38)	133,264	28	52	-	(100)	(20)
Letters of guarantee	161,576	10,500	172,076	1,051	-	1	-	1,052
Letters of credit	-	-	-	-	-	-	-	-
Acceptances	-	-	-	-	-	-	-	-
Sub Total	**294,878**	**10,462**	**305,340**	**1,079**	**52**	**1**	**(100)**	**1,032**

Item	The exposures that have been reclassified			Expected credit loss on exposures that have been reclassified				Total
	31 December 2021							
	Total exposures that have been reclassified rated from Stage 2	Total exposures that have been reclassified rated from Stage 3	Total exposures that have been reclassified	Stage 2 Individual	Stage 2 Collective	Stage 3 Individual	Stage 3 Collective	Total
B. Jointly financed	JD	JD	JD	JD	JD	JD	JD	JD
Direct credit facilities	49,312,151	8,023,447	57,335,598	(2,881,512)	405,515	2,819,638	(334,451)	9,190
Other Liabilities	(1,052,312)	-	(1,052,312)	(62,198)	-	-	-	(62,198)
Sub Total	**48,259,839**	**8,023,447**	**56,283,286**	**(2,943,710)**	**405,515**	**2,819,638**	**(334,451)**	**(53,008)**

(48/B) MARKET RISKS

The Bank follows certain financial policies to manage different risks within a specific strategy. There is also a committee concerned with managing assets and liabilities in the Bank. This committee is charged with monitoring and controlling risks, and conducting the best strategic distribution of assets and liabilities whether on- or off -the statement of financial position. Its responsibilities include:

- Updating the investment policy followed by the Bank, submitting it to the Board of Directors to be approved on a regular basis, reviewing the implemented investment policy, and assessing its results against the banking market and competitive indicators.
- Forming investment decision-making committees and related authorities, according to the Bank's investment policy.
- Preparing the annual investment plan, in line with the Assets and Liabilities Committee's expectations of revenues and changes in market rates, including low-risk investment instruments available in the market.
- Preparing a report including market prices and presenting it to the Asset and Liabilities Committee to monitor any sudden change in prices of financial instruments and avoid changes in market prices.

1- Rate of Return Risks

- Risks of rate of return arise from the unexpected changes in the market rates. Necessary procedures must be taken to ensure the existence of administrative procedures related to reviewing, measuring, and monitoring of rate of return risks.

- The Bank is exposed to rate of return risks as a result of the gap between assets and liabilities according to their terms and re-pricing the rate on subsequent transactions.

- The Bank manages these risks by determining the rates of future profits according to the expectations of market conditions and developing new instruments that comply with the Islamic rules and regulations through the Bank's risk management strategy:

1. Attaining the best returns available in the market based on market indicators as a standard and Benchmarks for both the portfolios an investments managed by the Bank.
2. Taking into account the risks resulting from these investments, depending on the diversification option based on countries and institutions to ensure mitigation of the impact of risks.
3. The Bank is committed to manage investments based on matching the Bank's liabilities (represented by deposits term accounts) and assets in foreign currencies (represented by investments in foreign currencies).

2)Currency Risks

Foreign currency centers are managed by Treasury and Investment Department on a daily basis in accordance with the principles of Islamic shari'a . The bank's policy of managing foreign currency centers is a conservative policy based on clearing the centers first and covering the required positions according to customers needs.

The maximum positions in foreign currencies shall not exceed 5% of shareholders' equity for each currency except for the US Dollar at no more than 15% of total shareholders' equity. The total foreign currencies position shall not exceed 15% of total equity

Below is the effect of foreign currency exchange against JD with other variables being constant:

2021	Change in the indicator	Impact on consolidated income statement	Impact on equity
currency	(%5)	JD	JD
USD	-	-	-
Euro	19,499	19,499	19,499
GBP	4,084	4,084	4,084
Japanese Yen	13,400	13,400	13,400
Other currencies	35,604	35,604	35,604

2020	Increase in the indicator	Impact on consolidated income statement	Impact on equity
currency	(%5)	JD	JD
USD	-	-	-
Euro	614	614	614
GBP	712	712	712
Japanese Yen	12,349	12,349	12,349
Other currencies	19,921	19,921	19,921

The impact of the decrease in the exchange rate by 5% has the same impact of the opposite sign.

Concentration in foreign currencies risks :

	31 December 2021					
	US Dollars	Euro	GBP	Japanese Yen	Others	Total
Assets :						
Cash and balances with Central Banks	15,904,507	6,053,036	496,131	-	313,482	22,767,156
Balances at banks and financial institutions	4,608,909	1,105,937	184,438	267,992	2,126,483	8,293,759
Deferred sale receivables	130,284,732	-	-	-	-	130,284,732
International Wakala Investment	65,228,000	17,345,124	4,110,112	-	-	86,683,236
Financial assets at fair value through unrestricted investment accounts	71,457,019	-	-	-	-	71,457,019
Financial assets at low value through income statement	1,565,294	-	-	-	-	1,565,294
Other assets	(242,446)	806,370	3,050	-	-	566,974
Total assets	**288,806,015**	**25,310,467**	**4,793,731**	**267,992**	**2,439,965**	**321,618,170**
liabilities :						
Banks and financial institutions' accounts	1,813,581	92,953	-	-	9,767	1,916,301
(current, saving, term)Customers' accounts	251,718,244	18,404,074	4,702,493	-	1,678,616	276,503,427
Cash margins accounts	8,153,672	3,391,741	-	-	39,472	11,584,885
Other liabilities	10,866,912	3,031,713	9,568	-	30	13,908,223
Total liabilities	**272,552,409**	**24,920,481**	**4,712,061**	**-**	**1,727,885**	**303,912,836**
Net concentration in current year's financial position	**16,253,606**	**389,986**	**81,670**	**267,992**	**712,080**	**17,705,334**
Contingent liabilities outside current year's financial position	81,239,492	11,869,225	-	-	16,484,273	109,592,990

	31 December 2020					
	US Dollars	Euro	GBP	Japanese Yen	Others	Total
Total Assets	238,323,903	20,823,121	6,145,394	175,683	2,539,279	268,007,380
Total Liabilities	218,748,161	20,810,841	6,131,156	(71,295)	2,140,859	247,759,722
Net concentration in current year's financial position	**19,575,742**	**12,280**	**14,238**	**246,978**	**398,420**	**20,247,658**
Contingent liabilities outside current year's financial position	**36,328,007**	**5,727,613**	**-**	**56,087**	**19,622,451**	**61,734,158**

3- Stocks price risk:

Financial assets price risk is related to the supply and demand in the financial markets which causes a change in the fair value of the investments portfolio. The Treasury Department uses scientific and advanced financial bases to mitigate the risk of price change and to ensure that the Bank and the Bank's customers get better rates of return on their investments. The Department uses segmental and geographical distribution methodology and the credit ratings of the best credit rating agencies (Moody's, Standard & Poor, etc...). Moreover, the department analyses the financial indicators of these prices and evaluates them with a fair estimate of the weighted weight for the total investment portfolios managed by the bank to manage them accurately to ensure the risk of price fluctuations .

Below is the effect of market index movement by 5% with the other variables being constant:

2021	Increase in the indicator (5%)	Impact on consolidated statements of income	Impact on equity	Impact on unrestricted investment accounts holders
Indicator		JD	JD	JD
Amman Stock Market	23,933	-	-	23,933
Foreign markets	3,491	3,491	-	-

2020	Increase in the indicator (5%)	Impact on consolidated statements of income	Impact on equity	Impact on unrestricted investment accounts holders
Indicator		JD	JD	JD
Amman Stock Market	13,680	-	-	13,680
Foreign markets	2,493	2,493	-	-

The impact of the decrease in the exchange rate by 5% has the same impact of the opposite sign.

4- COMMODITIES RISKS

Commodities risks are caused by any fluctuations in the prices of tradable or leasable assets, and relate to the current and future fluctuations in the market values of specific assets. The Bank is exposed to fluctuations in prices of fully-paid commodities after concluding the sale contracts during the year of possession, in addition to being exposed to the fluctuation in the residual value of leased asset at the end of the lease term.

(48/C) LIQUIDITY RISKS

The Cash Liquidity management ensures the Bank's ability to meet short and long-term cash obligations. The Bank's cash liquidity is reviewed and managed regularly. The cash obligations and available funds are assessed daily by the finance department and treasury department. Moreover, review and analysis of cash liquidity of the Bank's assets and liabilities are performed on a monthly basis. Moreover, the maturity of assets and liabilities is analysed. This also includes analysis of the sources of funds according to the nature of the sources and their uses.

First: below is a summary of the maturities of the Bank's undiscounted liabilities and unrestricted investment accounts holders' , based on the contractual payment date as of the date of the consolidated financial statements :

	Less than one month	1-3 months	3-6 months	6 months to 1 year	1-3 year	More than 3 years	Without maturity	Total
31 December 2021 :	JD	JD	JD	JD	JD	JD	JD	JD
Bank and financial institutions' accounts	16,530,718	-	-	-	-	-	-	16,530,718
Customers' current accounts	290,066,768	-	-	-	-	-	-	290,066,768
Cash margins accounts	45,399,354	2,398,481	2,182,612	6,314,897	-	-	-	56,295,344
Income tax provisions	8,332,402	-	-	-	-	-	-	8,332,402
Other provisions	440,000	-	-	-	-	-	-	440,000
Lease obligations - long term	-	80,427	-	6,000	2,400,532	8,091,827	-	10,578,786
Other liabilities	29,511,362	15,631,927	5,862,777	205,259	-	-	-	51,211,325
Unrestricted investment accounts	295,094,472	312,941,778	331,392,892	692,787,270	126,807,268	-	-	1,759,023,680
Total	**685,375,076**	**331,052,613**	**339,438,281**	**699,313,426**	**129,207,800**	**8,091,827**	**-**	**2,192,479,023**
Total assets maturities as expected due dates	**491,283,058**	**185,992,568**	**130,532,585**	**157,276,555**	**503,610,464**	**828,760,437**	**38,679,652**	**2,336,135,319**
31 December 2020 :								
Bank and financial institutions' accounts	25,085,579	-	-	-	-	-	-	25,085,579
Customers' current accounts	228,380,089	-	-	-	-	-	-	228,380,089
Cash margins accounts	18,807,969	5,424,833	1,733,339	1,005,022	-	-	-	26,971,163
Income tax provisions	8,298,808	-	-	-	-	-	-	8,298,808
Other provisions	954,597	-	-	-	-	-	-	954,597
Lease liabilites - long term	-	-	90,321	65,570	404,131	9,603,224	-	10,163,246
Other liabilities	24,614,850	8,880,185	6,440,634	486,370	-	-	-	40,422,039
Unrestricted investment accounts	228,823,688	280,223,225	286,310,731	489,660,270	55,128,078	-	-	1,340,145,992
Total	**534,965,580**	**294,528,243**	**294,575,025**	**491,217,232**	**55,532,209**	**9,603,224**	**-**	**1,680,421,513**
Total assets maturities as expected due dates	**474,801,652**	**123,335,876**	**143,156,998**	**140,151,706**	**419,382,970**	**494,495,770**	**24,914,231**	**1,820,239,203**

Second: Off statement of financial position items

	Up to 1 year	
	2021	2020
	JD	JD
Letters of credit	51,060,277	11,188,541
Acceptances	9,862,493	7,866,839
Letters of guarantee	39,003,562	38,367,401
Unutilized limits	119,306,051	132,003,890
Total	**219,232,383**	**189,426,671**

(49) SEGMENT INFORMATION

a. Information on the Bank's Activities

The Bank is structured for administrative purposes whereby sectors are measured according to the reports used by the executive director and main decision maker at the Bank through three major business sectors :

Retail Accounts:

This sector follows up on the unrestricted investment accounts, deferred sales receivables, financings, and other services related to retail.

Corporate Accounts:

This sector handles unrestricted investment accounts, deferred sales receivables, financings, and other banking services related to corporate customers.

Treasury:

This sector handles the services of brokerage, treasury and management of the Bank's funds.

Information on the Bank's segments according to activities is shown as follows:

	Retail	Corporate	Treasury	Other	2021 Total	2020 Total
	JD	JD	JD	JD	JD	JD
Total revenues (joint and self financed)	25,335,975	20,975,643	12,040,076	346,654	**58,698,348**	**52,358,488**
Expected credit losses (joint and self financed)	(3,969,629)	(5,279,598)	(272,126)	-	**(9,521,353)**	**(10,044,870)**
Results of segment's operations	21,366,346	15,696,045	11,767,950	346,654	**49,176,995**	**42,313,618**
Distributed expenses	(2,028,135)	(760,004)	(420,348)	-	**(3,208,487)**	**(4,148,420)**
Undistributed expenses	-	-	-	(23,151,328)	**(23,151,328)**	**(22,334,178)**
Profit for the year before tax	**19,338,211**	**14,936,041**	**11,347,602**	**(22,804,674)**	**22,817,180**	**15,831,020**
Income tax expense	-	-	-	(8,756,860)	**(8,756,860)**	**(5,663,881)**
Profit for the year	**19,338,211**	**14,936,041**	**11,347,602**	**(31,561,534)**	**14,060,320**	**10,167,139**

	Retail	Corporate	Treasury	Other	2021	2020
					JD	JD
Segments' assets	680,576,447	764,964,564	466,341,185	-	**1,911,882,196**	**1,408,632,562**
Undistributed assets	-	-	-	424,253,123	**424,253,123**	**411,606,641**
Total assets	**680,576,447**	**764,964,564**	**466,341,185**	**424,253,123**	**2,336,135,319**	**1,820,239,203**
Segments' liabilities and total equity of unrestricted investment accounts holders	1,581,887,745	428,219,430	93,363,036	-	**2,103,470,211**	**1,609,935,226**
Undistributed liabilities	-	-	-	69,987,381	**69,987,381**	**55,686,570**
Total liabilities and Total equity of unrestricted investment accounts holders	**1,581,887,745**	**428,219,430**	**93,363,036**	**69,987,381**	**2,173,457,592**	**1,665,621,796**

	2021	2020
	JD	JD
Capital expenditure	**2,618,039**	**2,180,990**
Depreciation and amortization	**3,240,190**	**3,182,555**

Geographical Distribution Information

The following disclosure represents the geographical distribution. The Bank performs its operations mainly inside the Kingdom.

Distribution of the Bank's revenue, assets and capital expenditure according to geographical area is as follows:

	31 December 2021			31 December 2020		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
Total assets	2,169,640,925	166,494,394	**2,336,135,319**	1,662,808,744	157,430,459	**1,820,239,203**
Total revenue	56,422,880	2,275,468	**58,698,348**	49,383,907	2,974,581	**52,358,488**
Capital expenditure	2,618,039	-	**2,618,039**	2,180,990	-	**2,180,990**

(50) CAPITAL MANAGEMENT

The Bank's management takes into consideration the Central Bank of Jordan's requirements which require the Bank to have sufficient self-financed resources to cover a certain percentage of its risk-weighted assets based on the nature of the finance granted and direct investment made. Accordingly, the capital considered as per the Central Bank of Jordan's requirements is the regulatory capital (both basic and additional capital) .

Capital management aims to invest the Bank's fund in various risk-weighted investments (low and high risk) to ensure that the Bank obtains a better rate of return and to maintain a capital adequacy of 12% as required by the Central Bank of Jordan.

The capital adequacy ratio is calculated as on 31 December 2021 according to the instructions of the regulatory capital No. (2018/72) issued by the Central Bank of Jordan in accordance with the revised standard No. (15) issued by the Islamic Financial Services Council (IFSB) in support of the provisions of Article (99) / B) from the Banking Law. The following is the capital adequacy ratio in thousands of dinars:

	31 December	
	2021	2020
	JD"000	JD"000
Basic capital items	**151,339**	**142,516**
Authorised and Paid in capital	100,000	100,000
Retained earnings	32,911	27,132
Statutory reserve	29,767	27,485
Proposed dividends	(6,000)	(6,000)
The bank's share of the fair value reserve in full if the fund's are mixed	35	65
Intangible assets	(1,920)	(2,025)
Deferred tax assets (self financed)	(669)	(807)
The Bank's share of the deferred tax assets (jointly financed)	(2,614)	(1,925)
The bank's share in the capital of banks and financial Institutions	(171)	(1,409)
Additional capital	-	-
Supporting capital	**2,133**	**2,541**
Self financed general banking risks reserve and the bank's share from the General banking risks reserve (joint) (not to exceed 1.25% of the weighted of financial assets weighted by credit risks)	2,152	2,563
Investment in financial banks and takaful companies that is less than 10%	(19)	(22)
Investments in non-consolidated subsidiaries' capital accounts with bank accounts	-	-
Total regulatory capital	**153,472**	**145,057**
Total risk weighted assets	**846,971**	**738,104**
Capital adequacy ratio (%)	%18.12	%19.65
Basic capital ratio (%)	%17.87	%19.31
First slide ratio Tier 1 (٪)	%17.87	%19.31
Second slide ratio Tier 2 (٪)	%0.25	%0.34
Leverage ratio	%14.04	%16.11

(51) Liquidity Coverage Ratio

- The liquidity coverage ratio in total amounted to 324.3% as on 31 December 2021 with an average rate of 427.0% during the period (376.9% as on 31 December 2020 and an average rate of 466.9% during the year).
- The liquidity coverage ratio in Jordanian Dinars reached 269.9% as on 31 December 2021 with an average rate of 252.9% during the period (232.7% as on 31 December 2020 and an average rate of 223.1% during the year).

(52) ASSETS AND LIABILITIES MATURITY ANALYSIS:

Information on the Bank's segments according to activities is as follows:

31 December 2021	Within one year	More than one year	Total
	JD	JD	JD
Assets			
Cash and balances with Central Bank	358,653,364	-	358,653,364
Balances at Banks and financial institutions	8,293,931	-	8,293,931
International Wakala investments	86,124,648	-	86,124,648
Financial assets at fair value through statement of income	1,565,294	-	1,565,294
Deferred sale receivables and other receivables, net	405,461,658	657,753,636	1,063,215,294
Financial assets at fair value through unrestricted investment accounts	3,043,458	161,320,219	164,363,677
Financial Assets at Amortized Cost- Net	27,439,000	37,313,000	64,752,000
Investment in associate	343,708	-	343,708
Ijara Muntahia Beltamleek assets, Net	53,199,183	480,606,073	533,805,256
Qard hasan-Net	1,109,661	509,660	1,619,321
Property and equipment-Net	-	22,333,251	22,333,251
Intangible assets-Net	-	1,919,527	1,919,527
Right to use assets	72,081	9,295,187	9,367,268
Deferred tax assets	6,734,092	-	6,734,092
Other assets	13,044,688	-	13,044,688
Total assets	**965,084,766**	**1,371,050,553**	**2,336,135,319**
'Liabilities and equity of unrestricted investment accounts holders			
Banks and financial institutions' accounts	16,530,718	-	16,530,718
Customers' current accounts	290,066,768	-	290,066,768
Cash margins accounts	56,124,802	-	56,124,802
Income tax provision	8,332,402	-	8,332,402
Other provisions	440,000	-	440,000
Lease liabilities-long term	85,839	9,256,715	9,342,554
Other liabilities	51,211,325	-	51,211,325
Fair value reserve – net	82,413	-	82,413
Unrestricted investment accounts	1,614,519,342	126,807,268	1,741,326,610
Total liabilities and equity of unrestricted investment accounts holders	**2,037,393,609**	**136,063,983**	**2,173,457,592**
Net	**(1,072,308,843)**	**1,234,986,570**	**162,677,727**

31 December 2020	Within one year	More than one year	Total
	JD	JD	JD
Assets			
Cash and balances with Central Bank	351,694,499	-	351,694,499
Balances at Banks and financial institutions	9,669,834	-	9,669,834
International Wakala investments	78,717,349	-	78,717,349
Financial assets at fair value through statement of income	1,513,175	-	1,513,175
Deferred sale receivables and other receivables, net	337,679,029	416,983,367	754,662,396
Financial assets at fair value through unrestricted investment accounts	7,808,395	50,680,588	58,488,983
Financial Assets at Amortized Cost- Net	27,439,000	64,752,000	92,191,000
Investment in associate	349,507	-	349,507
Ijara Muntahia Beltamleek assets, net	50,210,620	371,856,876	422,067,496
Qard hasan	313,516	648,546	962,062
Property and equipment-Net	-	22,889,345	22,889,345
Intangible assets-Net	-	2,024,886	2,024,886
Right to use assets	12,009	8,957,363	8,969,372
Deferred tax assets	5,313,875	-	5,313,875
Other assets	10,725,424	-	10,725,424
Total assets	**881,446,232**	**938,792,971**	**1,820,239,203**
Liabilities and equity of unrestricted investment accounts' holders			
Banks and financial institutions' accounts	25,085,579	-	25,085,579
Customers' current accounts	228,380,089	-	228,380,089
Cash margins accounts	26,856,968	-	26,856,968
Income tax provision	8,298,808	-	8,298,808
Other provisions	954,597	-	954,597
Lease liabilities-long term	152,726	8,745,902	8,898,628
Other liabilities	40,422,039	-	40,422,039
Fair value reserve – net	151,894	-	151,894
Unrestricted investment accounts	1,271,445,116	55,128,078	1,326,573,194
Total liabilities and equity of unrestricted investment accounts holders	**1,601,747,816**	**63,873,980**	**1,665,621,796**
Net	**(720,301,584)**	**874,918,991**	**154,617,407**

(53) COMMITMENTS & CONTINGENT LIABILITIES :

A.Credit commitments and commitments/Self: *

	31 December 2021	31 December 2020
	JD	JD
Letters of credit	51,060,277	11,188,541
Acceptances	9,862,493	7,866,839
Letters of guarantees:		
Payment	9,091,293	8,178,256
Performance	12,988,791	12,311,636
Others	16,923,478	17,877,509
Total	**99,926,332**	**57,422,781**
B. Contingent credit and commitments/jointly financed		
Direct unutilized credit limits	119,306,051	132,003,890
Total	**119,306,051**	**132,003,890**

*Indirect unutilized credit limits / self financed amounted to JD (24,212,165) as of 31 December 2021.

The expected credit losses recorded against contingent credit commitments/self financed amounted under the implementation instructions of FAS (30) issued by Organization for Islamic Financial Institutions to JD 341,536 as at 31 December 2021 (JD 238,578 31 as at December 2020) and recorded in the other liabilities (note21).

The expected credit losses recorded against contingent credit commitments/jointly financed amounted under the implementation instructions of FAS (30) issued by Organization for Islamic Financial Institutions to JD 841,925 as at 31 December 2021 (JD 976,641 31 as at December 2020) and recorded in other liabilities (note 21).

(54) LAWSUITS AGAINST THE BANK

The Bank is a defendant in a number of lawsuits, which amounted to JD720,885 as at 31 December 2021 (JD 624,553 31 as at December 2020) and that is within the bank's normal activity. In the opinion of the Bank's Management and its legal advisor, the related provision of JD 340,000 is adequate should any liabilities arise therefrom.

(55) FAIR VALUE HIERARCHY

IFRS 13 requires the identification and disclosure of a level in the fair value hierarchy in which fair value measurements are categorized in full, and the fair value measurements are classified according to the levels specified in IFRS. The difference between level (2) and level (3) for fair value measurements means assessing whether information or inputs are observable and the importance of information that is not observable. This requires careful judgment and analysis of the inputs used to measure fair value including consideration of all factors affecting the asset or liability.

A.Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis:

Some of the financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table provides information about how the fair value of these financial assets and financial liabilities is determined(valuation techniques and key inputs).

Financial Assets/Financial Liabilities	Fair value as at 31 December 2021	Fair value as at 31 December 2020	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable	Relationship of unobservable inputs to fair value
	JD	JD				
- Financial assets at fair value through shareholders' equity self financed	1,565,294	1,513,175	Level 1	Quoted rates in financial markets	Not applicable	Not applicable
Financial assets at fair value through unrestricted investment accounts' holders equity						
Quoted shares	478,651	273,603	Level 1	Quoted rates in financial markets	Not applicable	Not applicable
Quoted sukuk	71,224,219	53,971,606	Level 1	Quoted rates in financial markets	Not applicable	Not applicable
Unquoted shares	2,564,807	2,179,574	Level 3	The latest financial prices available	Not applicable	Not applicable
Unquoted sukuk	90,096,000	2,064,200	Level 2	A similar financial instrument	Not applicable	Not applicable
Total Financial assets at fair value through unrestricted investments accounts	**164,363,677**	**58,488,983**				
Total	**165,928,971**	**60,002,158**				

There were no transfer between level 1 and 2 during the year ended 31 December 2021 and the year 2020.

B. Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis:

Except for what is detailed in the following table, we believe that the carrying amounts of financial assets and financial liabilities recognized in the Bank's financial statements approximate their fair values .

	31 December 2021		31 December 2020		
	Book value	**Fair value**	**Book value**	**Fair value**	**Fair value hierarchy**
	JD	JD	JD	JD	
Financial assets not calculated at fair value					
Cash and bank balances	366,947,295	366,947,295	361,364,333	361,364,333	Level 2
Qard hasan - Net	1,619,321	1,619,321	1,721,260	1,721,260	Level 2
Deferred sales receivables and other receivables	1,063,215,294	1,207,547,506	753,903,198	837,736,452	Level 2
Financial assets at amortized cost	64,752,000	65,774,037	92,191,000	93,315,652	Level 2
Ijara muntahia Bittamleek assets - Net	533,805,256	533,805,256	422,067,496	422,067,496	Level 2
Total financial assets not calculated at fair value	**2,030,339,166**	**2,175,693,415**	**1,631,247,287**	**1,716,205,193**	
Financial liabilities not calculated at fair value					
accounts	2,031,393,378	2,049,090,448	1,554,953,283	1,568,526,081	Level 2
Cash margin accounts	56,124,802	56,295,344	26,856,968	26,971,163	Level 2
Total financial liabilities not calculated at fair value	**2,087,518,180**	**2,105,385,792**	**1,581,810,251**	**1,595,497,244**	

(56) COMPARATIVE FIGURES

The comparative figures for the year 2020 balances in the consolidated financial statements were reclassified to correspond with 31 December 2021 presentation. The reclassifications did not have any effect on profit and equity for the year 2020.

List of consolidated Income and consolidated comprehensive income:

	After reclassification 31 December 2020	Befour reclassification 31 December 2020	The Difference
	JD	JD	JD
Deferred sales receivables and other receivables-net	753,903,198	754,662,396	(759,198)
Expected credit losses	35,250,425	35,479,917	(229,492)
Qard Hasan-Net	1,721,260	962,062	759,198
Expected credit losses (Qard Hasan)	249,312	19,820	229,492

Property and equipment :

	After reclassification 31 December 2020	Befour reclassification 31 December 2020	The Difference
	JD	JD	JD
Miscellaneous allowance expenses	(550,000)	-	(550,000)
Other expenses	(7,212,289)	(7,762,289)	550,000

(57) Accounts managed in favor of clients

Accounts managed in favor of clients amounted to JD 16,899,673 as on 31 December 2021 (JD 5,968,686 as on 31 December 2020). These accounts are not shown among the bank's assets and liabilities in the financial statements. Fees and commissions for managing these accounts are shown in the consolidated statement of income and comprehensive income, fees and commissions for managing these accounts amounted to JD7,144 for the year 2021 (JD 3,505 for the year 2020).

(58) Impact of Covid 19

The new Corona epidemic ("Covid-19") has spread across different geographical regions worldwide, causing disruption to commercial and economic activities. The Coronavirus ("Covid-19") has created a state of uncertainty in the global economic environment.

The Bank is closely monitoring the situation and has activated its Business Continuity Plan and other risk management practices to manage the potential disruptions that the outbreak of the Coronavirus ("Covid-19") may cause to the Bank's business, operations and financial performance.

The Bank conducted an assessment of the impact of the Corona Virus Pandemic ("Covid-19") which led to the following changes in the expected credit loss methodology and assessment estimates and judgments for the year ended 31 December 2020, noting that there were no changes to policies, estimates and judgments during the period ended 30 December 2020.

A. Expected credit losses

The uncertainties caused by COVID – 19, have required the Bank to update the inputs and assumptions used for the determination of ECLs during the years 2020 and 2021. ECLs were estimated based on a range of forecast economic conditions as at that date and considering that the situation is fast evolving, the Bank has considered the impact of higher volatility in the forward-looking macro-economic factors, when determining the severity and likelihood of economic scenarios for ECL determination.

This volatility has been reflected through adjustment in the methods of scenario construction and the underlying weightages assigned to these scenarios. The forward-looking factor (Credit Index or CI) used is determined from the observed historical credit index. The credit index is used to forecast expected probability of defaults for the credit portfolio of the Bank.

In addition to the assumptions outlined above, the Bank has given specific consideration to the relevant impact of COVID – 19 on the qualitative and quantitative factors when determining the significant increase in credit risk and assessing the indicators of impairment for the exposures in potentially affected sectors and reflecting the Bank's management estimates (Management Overlay) in evaluating the impact on certain sectors or specific customers based on studying each sector or customers separately.

B. Valuation estimates and judgements

The Bank has also considered potential impacts of the current economic volatility in determination of the reported amounts of the Bank's financial and non-financial assets and these are considered to represent management's best assessment based on available or observable information.

C. Deferred installments and customer credit ratings

Based on the Central Bank of Jordan Circulars number 10/3/4515 issued on 15 March 2021 And previous circulars during the year 2020 to the banks operating in Jordan, the bank postponed the installments due or that would be due on some customers without considering this as a restructuring and without affecting the customer credit rating, the postponed installments amounted to around JD 103.6 million during the nine months period ended 31 December 2021 (JD 91 million during the year ended 31 December 2020).

(59) Standards issued but not yet effective

Financial Accounting Standard 1 - Amended 2021 (Public Presentation and Disclosure in Financial Statements)

This Standard defines and improves the comprehensive presentation and disclosure requirements stipulated in line with international best practices and replaces the accounting standard Finance No.1.

The standard applies to all Islamic financial institutions and other institutions that follow the financial accounting standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). Financial Accounting Standard No. 1 - Amended 2021 is aligned with the amendments to the "Conceptual Framework for Financial Reporting of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)" (Amendment 2020) (Conceptual Framework). Amended Financial Accounting Standard No. 1 – 2021 will help prepare clear, transparent, and understandable financial statements, and in turn, will help users of financial statements to make better economic decisions.

Financial Accounting Standard No. 37 "Financial Reporting for Endowment Establishments

This standard sets out the comprehensive accounting and financial reporting requirements for endowment institutions and similar institutions, including requirements for public presentation and disclosure and special presentation requirements such as yield requirements and basic accounting treatments related to some aspects of endowment institutions.

The principles contained in this standard are consistent with the principles and provisions of Sharia, and this helps to reach a better understanding of the information contained in the general-purpose financial statements and enhances the confidence of stakeholders in endowment institutions.

This standard will be applied as of 1 January 2022, with early application permitted. The newly established endowment foundation must apply this standard since its establishment

Financial Accounting Standard No. 38 "(Promise), (Option), (Hedging)

This standard describes the accounting and reporting principles and requirements for (promise), (option), and (hedging) arrangements for Islamic financial institutions. Many products such as Murabaha and Ijara offered by institutions incorporate the implementation of a promise or option in one way or another. An additional promise or option that aligns with this Standard is a promise or option associated with a Shariah-compliant arrangement concerning its structure that does not generate any asset or liability unless it turns into an impaired contract or liability.

On the other hand, a promise product or option is a stand-alone arrangement that is Shariah- compliant and is used either as a regular product or, sometimes, for hedging. It may take the form of a single transaction, series, or group of transactions and may transform into a future transaction or series of transactions, in line with Islamic Sharia principles and rules, such transactions emergence to an asset or liability for the parties, for the terms specified in this Standard.

Financial Accounting Standard No. 39 "Financial Reporting on Zakat

This standard improves and replaces the previously issued Financial Accounting Standard 9 "Zakat". This standard aims to specify the accounting treatment of Zakat in the records of Islamic financial institutions, including presentation and disclosure in their financial statements.

The standard describes the applicable financial reporting principles based on the obligation of Islamic financial institutions to pay zakat. Additionally, if an Islamic financial institution is not required by law or its founding charter to pay zakat, it must still determine and disclose the amount of zakat due for the benefit of the various stakeholders.

This standard will be applied as of 1 January 2023, with early application permitted

Financial Accounting Standard No. 40 "Financial Reporting for Islamic Finance Windows

This standard improves and replaces FAS 18 "Islamic financial services provided by conventional financial institutions" and specifies financial reporting requirements applicable to conventional financial institutions that provide Islamic financial services.

This standard requires traditional financial institutions that provide Islamic financial services through Islamic financing windows to prepare and submit financial statements for Islamic financing windows aligned with the requirements of this standard and other financial accounting standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). This standard provides principles of financial reporting including presentation and disclosure requirements applicable to Islamic finance windows.

This standard will be applied as of 1 January 2024, on the financial statements of Islamic financing windows for conventional financial institutions, allowing the early application, taking into account the simultaneous application of Financial Accounting Standard No. 1 "Public Presentation and Disclosure in Financial Statements".