



بورصة عمان  
الدائرة الإدارية والمالية  
الديوان  
٦ . آب ٢٠٢٠  
الرقم التسلسلي ٥٩٥٢  
رقم الملف ٦٠٠  
الجهة المختصة ٦٠٠  
المدير

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
FOR THE SIX MONTHS ENDED 30 JUNE 2020  
TOGETHER WITH THE INDEPENDENT  
AUDITOR'S REVIEW REPORT

SAFWA ISLAMIC BANK  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN-THE HASHEMITE KINGDOM OF JORDAN  
30 JUNE 2020

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In the Name of Allah, the Beneficent, the Merciful

Review Report

AM/ 014589

To the chairman and the Board of Directors of  
Safwa Islamic Bank  
(A Public Shareholding Limited Company)  
Amman – The Hashemite Kingdom of Jordan

**Introduction**

We have reviewed the condensed consolidated interim statement of financial position of Safwa Islamic Bank (a Public Shareholding limited Company) as of June 30, 2020 and the related condensed consolidated interim statements of profit or loss and comprehensive income, changes in shareholders' equity and cash flows for the six month ended in that date, and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial Information's in accordance with the Financial Accounting Standards issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as adopted by the Central Bank of Jordan. Our responsibility is to express a conclusion on these condensed consolidated interim financial Information's based on our review.

**Scope of Review**

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

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial Information's are not prepared, in all material respects, in accordance with the Financial accounting standards issued by accounting and auditing organisation for Islamic financial institutions (AAOIFI) as adopted by the Central Bank of Jordan.

**Other Matters**

The accompanying condensed consolidated interim financial Information's are a translation of the statutory condensed consolidated interim financial Information's in the Arabic language to which reference is to be made.

Amman – The Hashemite Kingdom of Jordan  
July 27, 2020

  
Deloitte & Touche (M.E.) - Jordan

**Safwa Islamic Bank**  
**(Public Shareholding Limited Company)**  
**Amman-The Hashemite Kingdom of Jordan**  
**Condensed Consolidated Interim Statement of Financial Position**

	Note	30 June 2020 (Reviewed) JD	31 December 2019 (Audited) JD
<b><u>Assets</u></b>			
Cash and balances with the Central Bank	4	333,203,946	278,816,552
Balances at banks and the financial institutions	5	5,246,889	6,513,543
International wakala investments-net	6	84,983,976	70,790,378
Financial assets at fair value through statement of profit or loss	7	-	3,536,138
Deferred sales receivables and other receivables-net	8	676,306,220	641,388,269
Financial assets at fair value through unrestricted investment accounts' holders equity-net	9	44,415,161	32,856,966
Financial assets at amortized cost -net		92,191,000	92,191,000
Investment in associate		349,507	354,022
Ijara Muntahia Bittamleek assets-net	10	396,086,907	382,860,291
Qard Hasan		992,540	509,660
Property and equipment-net		23,525,811	23,886,014
Intangible assets - net	29/A	1,943,043	2,043,279
Right to use assets		9,381,989	9,702,044
Deferred tax assets	13/C	2,252,730	1,661,190
Other assets	11	14,073,763	9,811,237
<b>Total Assets</b>		<b>1,684,953,482</b>	<b>1,556,920,583</b>
<b><u>Liabilities</u></b>			
Banks and financial Institutions accounts		9,802,301	1,522,392
Customers' current accounts	12	192,046,433	181,361,486
Cash margin		20,898,537	35,875,353
Income tax provision	13/A	4,238,442	6,936,284
Other provisions		821,785	421,785
Lease liabilities	29/B	8,902,935	9,368,215
Other liabilities	14	39,152,208	41,133,151
<b>Total Liabilities</b>		<b>275,862,641</b>	<b>276,618,666</b>
<b><u>Unrestricted Investment Accounts Holders' Equity</u></b>			
Unrestricted investment accounts	15	1,260,425,618	1,135,016,343
Fair value reserve - jointly financed	17	(836,727)	48,157
<b>Total Unrestricted Investment Accounts Holders' Equity</b>		<b>1,259,588,891</b>	<b>1,135,064,500</b>
<b><u>Investment Risk Fund</u></b>			
Income Tax provision for investment risk fund	16	-	787,149
<b><u>Shareholders' Equity</u></b>			
Paid up capital	18	100,000,000	100,000,000
Statutory reserve	18	25,902,069	25,902,069
Retained earnings	19	18,548,199	18,548,199
Profit for the period		5,051,682	-
<b>Total Shareholders' Equity</b>		<b>149,501,950</b>	<b>144,450,268</b>
<b>Total Liabilities, Unrestricted Investment Accounts Holders' and Shareholders' Equity</b>		<b>1,684,953,482</b>	<b>1,556,920,583</b>
<b>Wakala Investments accounts</b>		<b>7,951,145</b>	<b>7,815,807</b>

The accompanying notes are an integral part of these condensed consolidated interim financial information and read with it and with the attached review report.

**Safwa Islamic Bank**  
**(Public Shareholding Limited Company)**  
**Amman-The Hashemite Kingdom of Jordan**  
**Condensed Consolidated Interim Statement of Profit or Loss and Comprehensive Income**  
**For the three and six month period ended 30 June 2020**

	Note	For The Three Month Period Ended 30 June		For The Six Month Period Ended 30 June	
		(Reviewed)2020	(Reviewed)2019	(Reviewed)2020	(Reviewed)2019
		JD	JD	JD	JD
Deferred sales revenue	20	10,886,427	8,929,419	22,698,268	17,818,273
Ijara Muntahia Bittamleek assets revenue		8,455,227	7,407,496	16,486,150	14,554,688
Gains from International wakala investments		219,483	529,377	549,919	1,037,975
Gains from financial assets at fair value through unrestricted investment accounts' holders equity	21	490,429	322,568	891,807	562,681
Gains from financial assets at fair value through statement of profit or loss	22	-	71,655	38,803	83,870
Gains from financial assets at amortized cost		1,023,178	1,028,770	2,051,948	2,046,235
Share of Joint Funds from Profits (losses) of associate company		5,485	(12,596)	5,485	(12,596)
Gains from Foreign currencies evaluation		22,653	6,496	11,030	8,731
Other revenue - jointly financed - net		(205,798)	175,236	390,572	335,756
<b>Total revenue from unrestricted investment</b>		<b>20,897,084</b>	<b>18,458,421</b>	<b>43,123,982</b>	<b>36,435,613</b>
Profit equalization reserve		-	500,000	-	-
Deposit guarantee fees joint investment accounts		(395,142)	(211,835)	(790,285)	(211,835)
Share of unrestricted investment accounts holders'	15 & 23	(8,970,736)	(8,697,817)	(20,162,013)	(16,345,361)
Expense for credit losses expected for the joint items	8 & 6 & 9 & 14	(1,527,948)	(679,794)	(3,027,948)	(679,794)
Share of Investment risk fund		-	(619,183)	-	(2,416,902)
<b>Bank's share of revenue from unrestricted investments as a mudarib and rab mal</b>	24	<b>10,003,258</b>	<b>8,749,792</b>	<b>19,143,736</b>	<b>16,781,721</b>
Bank's self financed revenue	25	140,737	233,197	348,622	476,271
Banks share from the restricted investments revenue as agent (wakeel)		3,783	63,164	51,066	135,699
Gain from foreign currencies		169,036	260,123	406,228	451,505
Banking services revenue		779,051	1,600,871	2,012,564	2,802,529
Other revenue		2,945	81,717	11,997	105,950
Deposit guarantee fees - Self financed		(245,721)	(163,245)	(491,441)	(163,245)
<b>Gross Income</b>		<b>10,853,089</b>	<b>10,825,619</b>	<b>21,482,772</b>	<b>20,590,430</b>
Employees' expenses		(2,941,514)	(3,312,696)	(6,164,096)	(6,479,409)
Depreciation and amortization		(788,226)	(745,252)	(1,583,979)	(1,459,937)
Depreciation of Ijara muntahia bitamleek assets- self financed		(69,934)	(133,097)	(211,120)	(312,185)
(Provision) from expected credit loss on facilities - self financed	8 & 14	(149,414)	(36,455)	(207,142)	(73,599)
Recovered from (Provision) expected credit losses on off - balance sheet items-self financed		(400,000)	-	(400,000)	320,000
Amortization of right of use assets	29/A	(377,493)	(330,153)	(754,986)	(654,090)
Finance costs / discount rate on lease liability	29/A	(78,685)	(71,739)	(162,875)	(146,300)
Rent expenses	29/A	(49,093)	(58,183)	(106,356)	(115,012)
Other expenses		(1,772,988)	(1,868,572)	(3,741,941)	(3,314,523)
<b>Total expenses</b>		<b>(6,627,347)</b>	<b>(6,556,147)</b>	<b>(13,332,495)</b>	<b>(12,235,055)</b>
<b>Profit for the period before tax</b>		<b>4,225,742</b>	<b>4,269,472</b>	<b>8,150,277</b>	<b>8,355,375</b>
Income tax expense	13/B	(1,643,464)	(1,745,349)	(3,098,595)	(3,936,607)
<b>Profit for the period</b>		<b>2,582,278</b>	<b>2,524,123</b>	<b>5,051,682</b>	<b>4,418,768</b>
<b>Comprehensive income items</b>					
<b>Add: Other comprehensive Income items after tax that will not be reclassified subsequently to the condensed consolidated interim statement of profit or loss :</b>					
Net change in fair value reserve for financial assets		-	82,500	-	127,500
<b>Total comprehensive Income for the period</b>		<b>2,582,278</b>	<b>2,606,623</b>	<b>5,051,682</b>	<b>4,546,268</b>
		Fils/JD		Fils/JD	
Basic and diluted earnings per share for the period	26	0/026	0/025	0/051	0/044

The accompanying notes are an integral part of these condensed consolidated interim financial information and read with it and with the attached review report.

**Safwa Islamic Bank**  
**(Public Shareholding Limited Company)**  
**Amman-The Hashemite Kingdom of Jordan**  
**Condensed Consolidated Interim Statement of Changes in Shareholders' Equity**

	<b>Paid up capital</b>	<b>Statutory reserve</b>	<b>Fair value reserve – self financed</b>	<b>Retained Earnings *</b>	<b>Profit for the period</b>	<b>Total Shareholders' Equity</b>
	JD	JD	JD	JD	JD	JD
<b><u>For the six month period ended 30 June 2020</u></b>						
Balance as at the beginning of the year (Audited)	100,000,000	25,902,069	-	18,548,199	-	144,450,268
Total comprehensive Income for the period	-	-	-	-	5,051,682	5,051,682
<b>Balance as at the end of the period (Reviewed)</b>	<b>100,000,000</b>	<b>25,902,069</b>	<b>-</b>	<b>18,548,199</b>	<b>5,051,682</b>	<b>149,501,950</b>
<b><u>For the six month period ended 30 June 2019</u></b>						
Balance as at the beginning of the year (Audited)	100,000,000	24,181,881	(24,510)	17,137,611	-	141,294,982
Total comprehensive Income for the Period	-	-	127,500	-	4,418,768	4,546,268
Distributed Dividends	-	-	-	(7,000,000)	-	(7,000,000)
<b>Balance as at the end of the period (Reviewed)</b>	<b>100,000,000</b>	<b>24,181,881</b>	<b>102,990</b>	<b>10,137,611</b>	<b>4,418,768</b>	<b>138,841,250</b>

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

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**Safwa Islamic Bank**  
**(A Public Shareholding Limited Company)**  
**Amman-The Hashemite Kingdom of Jordan**  
**Condensed Consolidated Interim Statement of Cash Flows**

	Note	For the six month period 30 June	
		2020	2019
		(Reviewed)	(Reviewed)
		JD	JD
<b>Cash Flows from Operating Activities</b>			
Profit for the period before tax		8,150,277	8,355,375
<b>Adjustments for non monetary items:</b>			
Depreciation and amortization	30	1,583,979	1,459,937
Depreciation of Ijara Muntahia Bittamleek assets( self & jointly financed)		18,312,302	22,924,647
Amortization of right of use assets	29	754,986	654,090
Finance costs (discount lease liabilities)	29	162,875	146,300
Share of joint funds from losses (profits) of associate company		(5,485)	12,596
Investment risk fund		-	2,416,902
Unrealized (gain) for financial assets at fair value through statement of profit or loss	22	-	(17,601)
Expected credit losses provision for jointly items	6&8&9&14	3,027,948	679,794
Expected credit losses provision for facilities - self financed	8&14	207,142	73,599
Loss (gain) from disposal of property of property and equipment		339	(24,364)
(Gain) from sale of seized assets against debts		(16,276)	(4,974)
<b>Cash Flows from Operating Activities before Changes in working capital</b>		<b>32,178,087</b>	<b>36,676,301</b>
<b>Changes in operating working capital</b>			
(Increase) in deferred sales receivables and other receivables		(37,471,207)	(62,124,379)
(Increase) in Ijara Muntahia Bittamleek assets		(31,538,918)	(45,059,392)
(Increase) in Qard Hasan		(500,000)	-
(Increase) in other assets		(4,410,750)	(2,256,889)
Increase in customers' current accounts		10,684,947	18,188,021
(Decrease) increase in cash margin accounts		(14,976,816)	8,807,135
Increase (decrease) in other provisions		400,000	(320,000)
(Decrease) increase in other liabilities		(2,319,524)	2,548,410
<b>Net cash (used in) operating activities before income tax paid</b>		<b>(47,954,181)</b>	<b>(43,540,793)</b>
Income tax paid	13/A & 16	(7,175,126)	(6,229,781)
<b>Net cash (used in) operating activities</b>		<b>(55,129,307)</b>	<b>(49,770,574)</b>
<b>Cash Flows from Investing Activities</b>			
Net (purchase) maturity and sale of financial assets at fair value through unrestricted investment accounts holders		(12,614,590)	(9,006,351)
Sale (purchase) of financial assets at fair value through statement of profit or loss		3,536,138	(1,157,717)
Share of joint funds from the cash dividend of the associate		10,000	10,000
Net investment in a liquidated subsidiary		-	79,717
(Purchase) of intangible assets		(270,351)	(687,276)
(Purchase) of property and equipment		(853,527)	(699,168)
Proceeds from sale of property and equipment		-	636
Proceeds from sale of seized assets against debts		164,500	66,598
(Increase) in International Wakala Investments		(14,348,221)	(31,402,427)
<b>Net cash ( used in) investing activities</b>		<b>(24,376,051)</b>	<b>(42,795,988)</b>
<b>Cash Flows from Financing Activities</b>			
Increase in unrestricted investment account holders equity		125,409,275	171,429,461
Finance Lease ( payments )	29/B	(1,063,086)	(985,926)
(Repayment) of discount portion of the lease liability		-	(15,651)
(Dividends) distributed to shareholders		-	(7,000,000)
<b>Net cash flows from financing activities</b>		<b>124,346,189</b>	<b>163,427,884</b>
<b>Net increase in cash and cash equivalents</b>		<b>44,840,831</b>	<b>70,861,322</b>
Cash and cash equivalents at beginning of the year		283,807,703	131,595,998
<b>Cash and cash equivalents at end of the period</b>	27	<b>328,648,534</b>	<b>202,457,320</b>

The accompanying notes are an integral part of these condensed consolidated interim financial information and read with it and with the attached review report.



SAFWA ISLAMIC BANK  
(PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN-THE HASHEMITE KINGDOM OF JORDAN  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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**(1) INCORPORATION AND ACTIVITIES**

Safwa Islamic Bank ("the Bank or group") is a Jordanian public shareholding limited company, licensed by the Central Bank of Jordan to practice and provide Islamic banking and services according to the law of banks and corporate law.

The Bank's General Assembly at its extraordinary meeting held on 17 May 2017, decided to change the name of the Bank from "Jordan Dubai Islamic Bank" to "Safwa Islamic Bank".

The authorized and paid up capital is 100 million dinars distributed over 100 million shares , at a nominal value of one dinar per share.

The Bank provide all financial banking and structured invesment services on a non-Intrest basis in accordance with Islamic shari'a through the Bank's head office and its thirty seven branches and its subisidiary within the Kingdom, in accordance with the effective Banking Law.

Etihad Islamic Investment Company owns 62.37% of Safwa Islamic Bank.

The condensed consolidated financial information for the six months ended 30 June 2020 has been approved by the Bank's Board of Directors at its meeting No. (4/2020) on 26 July 2020.

The semi – annual report for the six months period ended on 30 June 2020 of Sharia Supervisory Board was issued at its meeting No. (3/2020) on 26 July 2020.

**(2) BASIS OF PREPARATION**

**A-BASIS OF PREPARATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

- The accompanying condensed consolidated interim financial information for the Bank have been prepared according to the financial accounting standards issued by The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) 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 condensed consolidated interim financial information have been presented in Jordanian Dinars (JD) which is the functional currency of the Bank.

The seperation between what belongs to the Shareholders' equity and what belongs to the unrestricted investment accounts holders has been taken into consideration.

Unrestricted investment accounts means joint investment accounts wherever it is mentioned.

The condensed consolidated interim financial information do not contain all information and disclosures required for annual consolidated financial statements prepared in accordance with the financial accounting standards for Islamic Financial Institutions issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and should be read with the Bank's annual report as at 31 December 2019. In addition, the results for the six month period ended 30 June 2020 do not necessarily indicate the results that may be expected for the financial year ending 31 December 2020. The Bank's profit for the six month period ended 30 June 2020, have not been appropriated; as such appropriations will be made at the end of the fiscal year.

The main differences between the Islamic Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions as it should be applied and what has been adopted by the Central Bank of Jordan are the following:

**First:** Provisions for expected credit losses are made in accordance with the International Financial Reporting Standard (9) and according to the instructions of the Central Bank of Jordan, whichever is greater, that the essential differences are as follows:

1. Sukuk issued or guaranteed by the Jordanian government are excluded so that credit exposures on the Jordanian government are addressed and guaranteed without credit losses.
2. When calculating credit losses against credit exposures, the calculation results are compared in accordance with the International Financial Reporting Standard No. (9) with the instructions of the Central Bank of Jordan No. (47/2009) issued on December 10, 2009 for each stage separately and the most severe results are taken.
3. Profits and commissions are suspended on non-performing credit financing granted to clients in accordance with the instructions of the Central Bank of Jordan.

**Second:** Assets seized by the bank in against debts are shown in the condensed consolidated interim statement of financial position within other assets by the value of the transfer ownership to the bank or the fair value, whichever is less, and they are reevaluated on the date of the consolidated financial information individually, and any impairment in their value is recorded as a loss in the condensed consolidated interim statement of profit or loss and comprehensive income and the increase in value is not recorded as revenue, Subsequent increase in value is taken to the condensed consolidated interim statement of profit or loss and comprehensive income to the extent that it does not exceed the previously recorded impairment value. A progressive provision to be booked for the assets seized by the bank based on Central Bank of Jordan circulations No. 10/1/16239 dated to 21 November 2019 by (5%) of the total book values of these assets as of the year 2021 to reach the required percentage of (50%) of these assets by the end of the year 2029.

## **B- Significant Accounting Judgments , Key Sources of Uncertainty Estimates and Risks Management:**

Preparation of the condensed consolidated interim financial information and application of the accounting policies require from the bank management to make judgments, estimates, and assumptions that affect the amounts of financial assets and financial liabilities and to disclose potential liabilities. Moreover, these estimates and judgments

affect revenues, expenses and provisions in general as well as expected credit losses. In particular, the Bank's management requires important judgments to be made to estimate the amounts and timing of future cash flows. These estimates are necessarily based on multiple hypotheses and factors with varying degrees of estimation and uncertainty. Meanwhile, the actual results may differ from estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

The estimates used in the preparation of these condensed consolidated interim financial information are reasonable and consistent with those used in the preparation of the Bank's annual consolidated financial statements for the year ended 31 December 2019, except for the changes highlighted below:

The outbreak incident of Coronavirus (Covid-19) in early 2020 and its spread in many geographical regions around the world has caused widespread disruptions to business, with a consequential negative impact on economic and business activity. Also, this event is witnessing continuous and rapid developments, which required the Bank's management to conduct an evaluation of the expected effects on the Bank's business, and to conduct a study to review and evaluate potential risks in addition to providing additional disclosures in the condensed consolidated interim financial information as at 30 June 2020, based on the above the Bank has taken the following measures to contain the crisis, as follows:

#### **First - The Bank's Plan to Address the Outbreak of the New Corona Virus (COVID19)**

Before announcing any case of infection in Jordan, the management has taken all necessary measures to ensure business continuity and customer service in the event of any emergency, and that is through the formation of a plan to manage the crisis and in accordance with the coordination with various sector heads and executives to ensure implementing a set of procedures, the most important of which are:

- Providing alternative locations for staff distribution to ensure continuity of work and to maintain social separation among employees.
- Activate the remote work feature for sensitive jobs in order to ensure the continuity of providing service to customers through electronic channels and ATM.
- Maintaining the safety of both employees and clients by taking all procedures related to sterilizing branches and workplace.

#### **Second - The impact of the outbreak of the new coronavirus (COVID-19) on the results of the Bank's business.**

In order to reach the expected impact of the crisis on the results of calculating the expected credit losses, a set of assumptions was used that were used to assess the impact, which were based on the following:

- Global practices for calculating credit losses based on the International Financial Reporting Standard No. (9) to taking into account the impact of (COVID-19) event , and reaching reasonable expectations for the expected outputs of the impact.
- In addition to reflecting the Management Overlay in assessing the impact on specific sectors or specific clients based on the study of each sector or customer separately.
- The implementation of recalibration project for updating the variables related to International Financial Reporting Standard 9 , whereby the country's macroeconomic

forecasts for the coming years have been updated based on the expectations of Oxford Economic Outlooks and then changing the weights of expected economic perceptions.

The affected sectors were divided into three main levels:

- Unaffected (low risk) sectors
- Medium affected sectors (medium risk)
- Highly affected sectors (high risk)

The risk level for the economic sectors has been determined based on a set of local reports issued by research centers affiliated with accredited associations such as the Association of Banks in Jordan, in addition to the reports issued by international economic institutions such as Moody's corporation, the World Bank (IMF), and the economic forecasts of Oxford Economic Outlooks, accordingly the following were put in place:

### **Impact On The Weights Of Future Scenarios**

According to the instructions of the Central Bank of Jordan and aspect of applying the International Accounting Standard for Financial Reports No. (9), banks must conduct several scenarios when calculating the expected credit losses so that the final outcome of the results represents the "expected weighted credit losses for the scenarios", where the Bank adopts in this respect three scenarios. These are : The Base Scenario, Upturn Scenario and Downturn Scenario.

Noting that the three scenarios have been updated and are consistent with the current and expected economic situation for the next five years, where the Downturn Scenario increased, Upturn Scenario decreased significantly with corona virus outcomes.

### **PD Ratios scenarios**

The bank has set suitable scenarios according to the risk levels for each economic sector. Furthermore, the Bank has developed scenarios for clients in high level risk sectors and calculated the impact on the expected credit losses. Moreover the Bank implemented the Corona virus pandemic on macroeconomic adjusted PD and depending on it as a base for expected credit losses calculated with the aim of hedging.

### **Loss given default (LGD)**

The Bank from the beginning of the year has developed the methodology of calculating the Loss given default (LGD) according to the following :

- 1- The loss given default (LGD) percentage for stage 1 and 2 customers is measured based on the updated historical data for the amounts that has been recovered from customers.
- 2- The loss given default (LGD) percentage for stage 3 is measured in a direct correlation between loss on default and the timing of the default.
- 3- The loss given default (LGD) percentage has been adjusted for a number of customers based on their expected cashflows.
- 4- The bank has updated the data related to the loss given default (LGD) and increased it based on studies of previous financial crises.

### **Management Overlay**

The Bank's management has reached logical expectations for the outputs of this event, in addition to reflecting the bank's direction in assessing the impact on specific sectors or specific clients based on the study of each sector or customer separately.

### **Third - The Impact of the Outbreak of the New Coronavirus (COVID-19) on the Bank's liquidity levels**

The Bank has prepared all scenarios related to stressful situations, knowing that the Bank has comfortable levels that enable it to respond to market conditions, and that the procedures followed by the Central Bank of Jordan have had a significant impact in enhancing the liquidity of the Jordanian banking system.

### **C-BASIS OF CONSOLIDATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

The Condensed interim financial information comprise of the condensed consolidated interim financial information of the Bank and its subsidiary which are financed by the self funds of the Bank where the Bank has the control to govern the operational and financial policies of the entities 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 condensed consolidated interim financial information of the subsidiary are prepared for the same reporting period as the Bank, using same accounting policies used by the Bank.

The subsidiary of the Bank as at 30 June 2020 is as follows:

<b>Subsidiary name</b>	<b>Paid in Capital</b>	<b>Source of Funding</b>	<b>Ownership %</b>	<b>Company Main Activity</b>	<b>Operation location</b>	<b>Acquisition Date</b>
	(JD)					
Misc for brokerage company	2,000,000	Self	100%	Brokerage	Amman	2011

Subsidiary operations results are consolidated in the condensed consolidated interim statement of profit or loss and comprehensive income from the acquisition date which is the date the Bank actually obtains control on the subsidiary. The subsidiary ceased operations result are consolidated in the condensed consolidated interim statement of profit or loss and comprehensive income, and continue to be consolidated until the date that such control ceases.

Non-controlling interests represent the portion of owners' equity not owned by the Bank in the subsidiary.

### **3- CHANGES IN ACCOUNTING POLICIES**

The accounting policies used in preparing the interim condensed consolidated financial information for the period ending on June 30, 2020 are consistent with those followed in preparing the consolidated financial statements for the year ended December 31, 2019, knowing that there are new accounting and auditing standards for Islamic financial institutions mentioned in Note (37), The Central Bank of Jordan issued its instructions regarding the application of Islamic Accounting Standards No. (30, 33 and 35) on July 5, 2020, These instructions were not applied to the interim condensed consolidated financial information as of 30 June 2020 and will be applied later.

#### (4) CASH AND BALANCES AT THE CENTRAL BANK

The details of this item are as follows:

	30 June 2020 (Reviewed)	31 December 2019 (Audited)
	JD	JD
Cash in vaults and ATMs	21,196,055	17,944,949
<b>Balances at the Central Bank of Jordan:</b>		
Current accounts	242,333,696	175,027,268
Statutory cash reserve*	69,674,195	85,844,335
<b>Total</b>	<b>333,203,946</b>	<b>278,816,552</b>

- Except for the statutory cash reserve, there are no other restricted cash accounts as at 30 June 2020 and 31 December 2019.
- All balances at the Central Bank are classified as stage(1) in accordance with the IFRS (9). There are no transfers between the (first, second and third) stages or written-off balances during the six months ended 30 June 2020. There is no need to record a provision for the expected credit losses for balances at the Central Bank of Jordan.

\* The Central Bank of Jordan changed the procedure of statutory cash reserve calculation under a circular no.10/5/4373 on 15 March 2020 starting from April 2020 information

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

	Stage 1 (individual)	Stage 1 (individual)
	For the period ended 30 June	For the period ended 31 December
	2020(Reviewed)	2019(Audited)
	JD	JD
Balance at the beginning of the period/ year	260,871,603	102,772,456
New balances during the period/ year	71,417,869	173,104,301
Settled balances	(20,281,581)	(15,005,154)
Balance at the end of the period/ year	312,007,891	260,871,603

#### (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	
	30 June 2020 (Reviewed)	31 December 2019 (Audited)	30 June 2020 (Reviewed)	31 December 2019 (Audited)	30 June 2020 (Reviewed)	31 December 2019 (Audited)
	JD	JD	JD	JD	JD	JD
Current and on -Demand accounts	548,147	390,348	4,698,742	6,123,195	5,246,889	6,513,543
<b>Total</b>	<b>548,147</b>	<b>390,348</b>	<b>4,698,742</b>	<b>6,123,195</b>	<b>5,246,889</b>	<b>6,513,543</b>

- There are no restricted balances as of 30 June 2020 and 31 December 2019.
- There are no balances at banks and financial institutions on which the bank receives returns as of 30 June 2020 and 31 December 2019.
- All balances at banks and banking institutions are classified as stage(1) in accordance with the IFRS(9). There are also no transfers between the( first, second and third) stages or written -off balances during the year ended 30 June 2020. Moreover , there is no need to record a-provision for expected credit losses for balances at banks and banking institutions.

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

	Stage 1 (individual)	Stage 1 (individual)
	for the Period ended 30 June	for the Year ended 31 December
	2020	2019
	JD	JD
Balance at the beginning of the period/ year	6,513,543	13,264,923
New balances during the period/ year	2,145,742	2,569,890
Settled balances	(3,412,396)	(9,321,270)
Balance at the end of the period/ year	5,246,889	6,513,543

## (6) INTERNATIONAL WAKALA INVESTMENTS - NET

The details of this item are as follows:

	Jointly financed	
	30 June 2020	31 December 2019
	(Reviewed)	(Audited)
	JD	JD
<b>Matures:</b>		
Within a month	67,638,600	67,355,000
From a month to three months	15,367,284	3,533,829
From three to six months	2,231,166	-
<b>Total International Wakala Investments</b>	<b>85,237,050</b>	<b>70,888,829</b>
Less: Expected credit losses for international wakala investment	(253,074)	(98,451)
<b>Net International Wakala Investments</b>	<b>84,983,976</b>	<b>70,790,378</b>

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

Item	For the period ended 30 June 2020			
	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the period	70,888,829	-	-	70,888,829
New balances during the period	85,237,050	-	-	85,237,050
Settled balance and deposits	(70,888,829)	-	-	(70,888,829)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
<b>Total balance at the end of the period</b>	<b>85,237,050</b>	<b>-</b>	<b>-</b>	<b>85,237,050</b>

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

The movement on the Expected Credit Losses provisions for the international Wakala investments was as follows:

Item	For the period ended 30 June 2020			
	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the period	98,451	-	-	98,451
Impairment loss of new balances during the period	253,074	-	-	253,074
Recoverable from impairment loss on settled balance and deposits	(98,451)	-	-	(98,451)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
<b>Total balance at the end of the period</b>	<b>253,074</b>	<b>-</b>	<b>-</b>	<b>253,074</b>

## (7) FINANCIAL ASSETS AT FAIR VALUE THROUGH THE STATEMENT OF PROFIT OR LOSS

The details of this item are as follows:

	Jointly financed	
	30 June 2020	31 December 2019
	JD	JD
Quated Islamic sukuk	-	3,536,138
<b>Total</b>	<b>-</b>	<b>3,536,138</b>

## **(8) DEFERRED SALES RECEIVABLES AND OTHER RECEIVABLES- NET**

The details of this item are as follows:

	<b>Jointly financed</b>		<b>Self financed</b>		<b>Total</b>	
	30 June 2020 (Reviewed)	31 December 2019 (Audited)	30 June 2020 (Reviewed)	31 December 2019 (Audited)	30 June 2020 (Reviewed)	31 December 2019 (Audited)
	JD	JD	JD	JD	JD	JD
<b>Individuals (retail)</b>						
Murabaha to the purchase orderer	230,377,090	213,917,125	1,521,880	1,646,011	231,898,970	215,563,136
Ijara Muntahia Bittamleek - receivables	671,356	1,210,619	141	-	671,497	1,210,619
Other receivables	2,107,488	1,812,928	274,108	552,010	2,381,596	2,364,938
<b>Real estate facilities</b>	25,446,582	25,086,645	-	-	25,446,582	25,086,645
<b>Corporate</b>						
International Murabaha	24,468,934	57,398,162	-	-	24,468,934	57,398,162
Murabaha to the purchase orderer	348,556,822	355,026,771	-	-	348,556,822	355,026,771
Ijara Muntahia Bittamleek - receivables	2,053,633	2,172,973	-	-	2,053,633	2,172,973
Other receivables	-	-	1,239,871	213,687	1,239,871	213,687
<b>Small and medium enterprises</b>						
Murabaha to the purchase orderer	33,472,990	23,325,983	-	-	33,472,990	23,325,983
Ijara Muntahia Bittamleek - receivables	78,301	25,149	-	-	78,301	25,149
Other receivables	-	-	1,166,014	99,088	1,166,014	99,088
<b>Government and the public sector</b>	113,228,747	61,966,203	-	-	113,228,747	61,966,203
<b>Total</b>	<b>780,461,943</b>	<b>741,942,558</b>	<b>4,202,014</b>	<b>2,510,796</b>	<b>784,663,957</b>	<b>744,453,354</b>
<b>Less:</b> deferred revenue	77,698,548	75,153,663	207,319	243,610	77,905,867	75,397,273
Suspended revenue	1,599,836	1,369,034	7,112	-	1,606,948	1,376,146
Provision for expected credit losses	28,366,479	26,018,123	478,443	273,543	28,844,922	26,291,666
<b>Net deferred sales receivable and other receivables</b>	<b>672,797,080</b>	<b>639,401,738</b>	<b>3,509,140</b>	<b>1,993,643</b>	<b>676,306,220</b>	<b>641,388,269</b>

- The non- performing deferred sales receivables , other receivables , facilities and Ijara Muntahia bittamleek receivables amounted to JD 23,799,521 as of 30 June 2020, representing 2.84% of deferred sales receivables, other receivables, facilities and Ijara Muntahia Bittamleek receivables ( JD 21,310,579 as of 31 December 2019, representing 2.68% 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 after deducting the suspended revenue amounted to JD 22,192,573 as at 30 June 2020, representing 2.64% of deferred sales receivable , other receivables ,facilities and Ijara Muntahia Bittamleek ( JD 19,934,433 as at 31 December 2019, representing 2.51% of deferred sales receivable , other receivables ,facilities and Ijara Muntahia bittamleek).
- The impairment provision for the jointly financed facilities , which is calculated based on the Central Bank of Jordan's Instructions No.(47/2009) in the (watch list) portfolio amounted to JD 297,666 Moreover, the provision calculated based on the "individual customer"(non-performing) amounted to JD19,154,454 as of 30 June 2020 ( JD 565,302 and JD 17,280,505 respectively as of 31 December 2019).
- 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 113,228,747 as of 30 June 2020 representing 14.46% of the balance of deferred sales receivables , other receivables and facilities ( JD 61,966,203 as of 31 December 2019, representing 8.32% 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)

Item	For the period ended 30 June 2020					
	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
<b>Total balance at the beginning of the period</b>	509,669	1,846,387	110,205	16,609	286,864	2,769,734
New facilities during the period	1,169,373	1,042,759	81,525	156,698	467,043	2,917,398
Settled facilities	(9)	(587,095)	(4,547)	(8,425)	(89,813)	(689,889)
Transfer to Stage 1	-	-	-	-	-	-
Transfer to Stage 2	-	(1,877)	-	1,877	-	-
Transfer to Stage 3	-	(10,734)	(105,659)	(7,444)	123,837	-
Changes resulting from modifications	-	-	-	-	-	-
Written off	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-
<b>Total balance at the end of the period</b>	<b>1,679,033</b>	<b>2,289,440</b>	<b>81,524</b>	<b>159,315</b>	<b>787,931</b>	<b>4,997,243</b>

- The movement on provision for expected credit losses on credit facilities - self financed :

Item	For the period ended 30 June 2020					
	Corporate's	Small and medium enterprises	Individual (Retail)	Real estate loans	Government and the public sector	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period	92,826	9,469	171,248	-	-	273,543
Impairment loss on new financing during the period	169,584	93,373	50,132	-	-	313,089
Recovered from impairment loss on settled facilities	(79,573)	(3,634)	(7,862)	-	-	(91,069)
Transfer to Stage 1	-	(24)	(195)	-	-	(219)
Transfer to Stage 2	(2,370)	15	(108)	-	-	(2,463)
Transfer to Stage 3	2,370	9	303	-	-	2,682
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 period	-	-	-	-	-	-
Changes resulting from modifications	-	-	-	-	-	-
Written off	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-
<b>Total balance at the end of the period</b>	<b>182,837</b>	<b>99,208</b>	<b>213,518</b>	<b>-</b>	<b>-</b>	<b>495,563</b>
<b>Redistribution:</b>						
<b>Provisions on individual basis</b>	182,837	98,080	206,421	-	-	487,338
<b>Provisions on collective basis</b>	-	1,128	7,097	-	-	8,225

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

**B- Jointly financed**

Item	For the period ended 30 June 2020					
	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
<b>Total balance at the beginning of the period</b>	<b>425,309,148</b>	<b>184,310,010</b>	<b>24,524,984</b>	<b>12,904,529</b>	<b>18,371,190</b>	<b>665,419,861</b>
New facilities during the period	149,970,122	43,642,631	11,160,397	2,578,452	494,944	207,846,546
Settled facilities	(150,289,536)	(18,649,510)	(2,004,227)	(970,003)	(189,572)	(172,102,848)
Transfer to Stage 1	6,443,064	5,958,927	(6,443,064)	(5,930,646)	(28,281)	-
Transfer to Stage 2	(19,448,678)	(2,213,510)	19,448,678	2,748,818	(535,308)	-
Transfer to Stage 3	-	(303,108)	(886,702)	(697,267)	1,887,077	-
Changes resulting from modifications	-	-	-	-	-	-
Written off	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-
<b>Total balance at the end of the period</b>	<b>411,984,120</b>	<b>212,745,440</b>	<b>45,800,066</b>	<b>10,633,883</b>	<b>20,000,050</b>	<b>701,163,559</b>

- The movement on provision for expected credit losses on credit facilities / jointly financed :

Item	For the period ended 30 June 2020					
	Corporate's	Small and medium enterprises	Individual (Retail)	Real estate loans	Government and the public sector	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period	18,687,778	360,866	3,886,482	3,082,997	-	26,018,123
Loss on new financing during the period	2,784,110	151,002	2,098,160	56,855	-	5,090,127
Recovered from impairment loss on settled facilities	(1,319,930)	(45,104)	(546,708)	(830,029)	-	(2,741,771)
Transfer to Stage 1	10,554	19,037	134,525	454	-	164,570
Transfer to Stage 2	(749,666)	1,073	90,546	(454)	-	(658,501)
Transfer to Stage 3	739,112	(20,110)	(225,071)	-	-	493,931
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 period	-	-	-	-	-	-
Changes resulting from modifications	-	-	-	-	-	-
Written off	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-
<b>Total balance at the end of the period</b>	<b>20,151,958</b>	<b>466,764</b>	<b>5,437,934</b>	<b>2,309,823</b>	<b>-</b>	<b>28,366,479</b>

**Redistribution:**

Provisions on individual basis	20,151,958	392,523	4,986,080	2,309,799	-	27,840,360
Provisions on collective basis	-	74,241	451,854	24	-	526,119

**The following are credit exposures in accordance with IFRS (9) as of 30 June 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
<b>Corporates</b>	1,169,339	19,235	-	-	81,524	41	-	-	489,008	163,561	7,112	-	1,739,871	182,837	7,112	-
<b>Small and medium enterprises</b>	918,133	137	-	-	149,801	991	-	-	98,080	98,080	-	-	1,166,014	99,208	-	-
<b>Retail (Individual)</b>	1,578,660	6,732	-	207,319	9,514	364	-	-	207,955	206,422	-	-	1,796,129	213,518	-	207,319
<b>Real estate financing</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Government and public sector</b>	509,660	-	-	-	-	-	-	-	-	-	-	-	509,660	-	-	-
<b>Total</b>	4,175,792	26,104	-	207,319	240,839	1,396	-	-	795,043	468,063	7,112	-	5,211,674	495,563	7,112	207,319

- The financing amount in accordance with IFRS 9 instructions does not include the amount of JD (4,172,057), 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
<b>Corporates</b>	321,868,599	1,787,685	-	18,011,597	38,562,625	4,980,336	-	2,977,715	14,648,165	13,383,937	831,435	6,775	375,079,389	20,151,958	831,435	20,996,087
<b>Small and medium enterprises</b>	24,800,606	40,401	-	1,475,732	7,413,960	33,840	-	643,659	1,336,725	392,523	24,158	19,192	33,551,291	466,764	24,158	2,138,583
<b>Retail (Individual)</b>	223,595,636	417,544	-	39,327,592	4,196,672	34,310	-	567,754	5,363,626	4,986,080	663,998	371,192	233,155,934	5,437,934	663,998	40,266,538
<b>Real estate financing</b>	11,739,737	5,552	-	1,714,441	13,027,035	1,912,357	-	2,577,215	679,810	391,914	80,245	31,281	25,446,582	2,309,823	80,245	4,322,937
<b>Government and public sector</b>	113,228,747	-	-	9,974,403	-	-	-	-	-	-	-	-	113,228,747	-	-	9,974,403
<b>Total</b>	695,233,325	2,251,182	-	70,503,765	63,200,292	6,960,843	-	6,766,343	22,028,326	19,154,454	1,599,836	428,440	780,461,943	28,366,479	1,599,836	77,698,548

- The financing amount in accordance with IFRS 9 instructions does not include the amount of JD (391,914,850), representing Ijara Muntahia Bittamleek.

**The following are credit exposures in accordance with IFRS (9) as of 31 December 2019**

**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
<b>Corporates</b>	9	-	-	-	110,205	2,473	-	-	103,473	90,353	7,112	-	213,687	92,826	7,112	-
<b>Small and medium enterprises</b>	85,212	445	-	-	4,993	141	-	-	8,883	8,883	-	-	99,088	9,469	-	-
<b>Retail (Individual)</b>	2,004,785	6,658	-	243,610	11,616	220	-	-	181,620	164,370	-	-	2,198,021	171,248	-	243,610
<b>Real estate financing</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Government and public sector</b>	509,660	-	-	-	-	-	-	-	-	-	-	-	509,660	-	-	-
<b>Total</b>	<b>2,599,666</b>	<b>7,103</b>	<b>-</b>	<b>243,610</b>	<b>126,814</b>	<b>2,834</b>	<b>-</b>	<b>-</b>	<b>293,976</b>	<b>263,606</b>	<b>7,112</b>	<b>-</b>	<b>3,020,456</b>	<b>273,543</b>	<b>7,112</b>	<b>243,610</b>

- The financing amount in accordance with IFRS 9 instructions does not include the amount of JD (4,193,746), representing Ijara Muntahia Bittamleek.

**B - Jointly financed**

	Stage 1								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	382,883,999	1,617,344	-	21,751,302	17,334,727	3,896,972	-	2,477,846	13,503,815	13,173,462	804,971	8,952	413,722,541	18,687,778	804,971	24,238,100
Small and medium enterprises	15,762,742	27,049	-	1,364,753	6,368,134	32,165	-	799,100	1,185,640	301,652	16,535	21,571	23,316,516	360,866	16,535	2,185,424
Retail (Individual)	204,060,207	254,142	-	39,487,864	8,076,524	278,796	-	1,198,959	4,803,154	3,353,544	446,368	411,701	216,939,885	3,886,482	446,368	41,098,524
Real estate financing	12,632,560	5,131	-	2,163,612	12,636,323	2,626,019	-	2,510,290	728,530	451,847	101,160	38,691	25,997,413	3,082,997	101,160	4,712,593
Government and public sector	61,966,203	-	-	2,919,022	-	-	-	-	-	-	-	-	61,966,203	-	-	2,919,022
Total	677,305,711	1,903,666	-	67,686,553	44,415,708	6,833,952	-	6,986,195	20,221,139	17,280,505	1,369,034	480,915	741,942,558	26,018,123	1,369,034	75,153,663

- The financing amount in accordance with IFRS 9 instructions does not include the amount of JD (378,666,545), representing Ijara Muntahia Bittamleek.

#### Suspended revenue :

The movement on suspended revenue is as follows:

	Jointly financed							
	For the period ended 30 June 2020 (Reviewed)				For the year ended 31 December 2019 (Audited)			
	(Individual) Retail	Corporate	Small and medium enterprises	Total	(Individual) Retail	Corporate	Small and medium enterprises	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period / year	455,873	896,626	16,535	1,369,034	229,935	828,440	3,545	1,061,920
Add: suspended revenue during the period / year	243,806	49,188	12,122	305,116	329,077	181,324	16,581	526,982
Less: suspended revenue transferred to revenue	35,681	34,134	4,499	74,314	103,139	113,138	3,591	219,868
<b>Balance at the end of the period / year</b>	<b>663,998</b>	<b>911,680</b>	<b>24,158</b>	<b>1,599,836</b>	<b>455,873</b>	<b>896,626</b>	<b>16,535</b>	<b>1,369,034</b>

	Self financed	
	for the Period ended 30 June 2020 (Reviewed)	for the Year ended 31 December 2019 (Audited)
	Corporate	
	JD	JD
Balance at the beginning of the period / year	7,112	7,112
Balance at the end of the year	7,112	7,112

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

The details of this item are as follows:

	Jointly financed	
	30 June (Reviewed) 2020	31 December (Audited) 2019
	JD	JD
<b>Quoted Financial Assets :</b>		
Corporate Shares	256,599	276,524
Islamic Sukuk	39,804,637	27,022,906
<b>Total Quoted Financial Assets</b>	<b>40,061,236</b>	<b>27,299,430</b>
<b>Unquoted Financial Assets</b>		
Corporate Shares	1,671,840	1,671,840
Islamic Sukuk	3,096,300	4,128,400
<b>Total Unquoted Financial Assets</b>	<b>4,768,140</b>	<b>5,800,240</b>
<b>Total Financial Assets At Fair Value through Unrestricted Investment Accounts Holders' Equity</b>	<b>44,829,376</b>	<b>33,099,670</b>
<b>Less: Expected Credit Losses provision of financial assets</b>	<b>(414,215)</b>	<b>(242,704)</b>
<b>Net Financial Assets At Fair Value through Unrestricted Investment Accounts Holders' Equity</b>	<b>44,415,161</b>	<b>32,856,966</b>

The movement of the total financial assets at fair value through unrestricted investment accounts holders' equity for the period ended 30 June 2020::

Item	Stage1 (Individual)	Stage2 (Individual)	Stage3	Total
	JD	JD	JD	JD
Fair value as at the beginning of the period	33,099,670	-	-	33,099,670
New investments during the period	14,994,153	-	-	14,994,153
Matured and sold investments	(3,264,447)	-	-	(3,264,447)
Change in Fair value	-	-	-	-
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
<b>Total balance at the end of period</b>	<b>44,829,376</b>	<b>-</b>	<b>-</b>	<b>44,829,376</b>

Movement on the Expected Credit Losses provision for the financial assets at fair value through unrestricted investment accounts holders' equity for the period ended 30 June 2020:

Item	Stage1 (Individual)	Stage2 (Individual)	Stage3	Total
	JD	JD	JD	JD
Balance at the beginning of the period	242,704	-	-	242,704
Impairment loss on new investments during the period	173,193	-	-	173,193
Recovered from loss of Matured and sold investments	(1,682)	-	-	(1,682)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
<b>Total balance at the end of period</b>	<b>414,215</b>	<b>-</b>	<b>-</b>	<b>414,215</b>

**(10) IJARA MUNTAHIA BITTAMLEEK ASSETS - NET**

The details of this item are as follows:

**30 June 2020(Reviewed)**

	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	422,716,448	(78,058,961)	344,657,487	5,849,817	(1,677,760)	4,172,057	428,566,265	(79,736,721)	348,829,544
Ijara Muntahia Bittamleek assets-Machines	61,371,312	(14,113,949)	47,257,363	-	-	-	61,371,312	(14,113,949)	47,257,363
<b>Total</b>	<b>484,087,760</b>	<b>(92,172,910)</b>	<b>391,914,850</b>	<b>5,849,817</b>	<b>(1,677,760)</b>	<b>4,172,057</b>	<b>489,937,577</b>	<b>(93,850,670)</b>	<b>396,086,907</b>

	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	403,436,655	(75,113,613)	328,323,042	5,812,053	(1,618,307)	4,193,746	409,248,708	(76,731,920)	332,516,788
Ijara Muntahia Bittamleek assets-Machines	60,449,756	(10,106,253)	50,343,503	-	-	-	60,449,756	(10,106,253)	50,343,503
<b>Total</b>	<b>463,886,411</b>	<b>(85,219,866)</b>	<b>378,666,545</b>	<b>5,812,053</b>	<b>(1,618,307)</b>	<b>4,193,746</b>	<b>469,698,464</b>	<b>(86,838,173)</b>	<b>382,860,291</b>

-The accrued Ijara installments amounted to JD 4,006,194 as at 30 June 2020 (JD 3,408,741 as at 31 December 2019 ). Moreover, the accrued Ijara installments were presented under deferred sales receivables and other receivables-Net (Note8).

-The non-performing Ijara Muntahia Bittamleek amounted to JD 5,939,017 as at 30 June 2020, representing 1.50% of the balance of Ijara Muntahia Bittamleek assets ( JD 6,532,498 as at 31 December 2019, representing 1.71% of the balance of Ijara Muntahia Bittamleek assets).

## (11) OTHER ASSETS

The details of this item are as follows:

	30 June 2020 (Reviewed)	31 December 2019 (Audited)
	JD	JD
Checks under collection	1,208,240	45,689
Seized assets by the Bank against debts-Net*	6,283,314	5,997,165
Prepaid expenses	1,151,812	820,054
Deposit fund institution fees /Prepaid	1,281,728	-
Accrued revenue	1,585,963	1,463,656
Stationery and printing inventory	228,095	242,765
Withholding income tax	127,233	123,643
Transactions in transit	63,079	-
Petty cash	199,294	68,716
Other account receivables	597,689	653,405
Others	1,347,316	396,144
<b>Total</b>	<b>14,073,763</b>	<b>9,811,237</b>

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

	For the Period ended 30 June 2020 (Reviewed)		For the year ended 31 December 2019 (Audited)	
	Seized real estates -self financed	Seized real estates- jointly financed	Total	Total
	JD	JD	JD	JD
Net balance at the beginning of the period / year	644,199	5,798,098	6,442,297	5,325,605
Additions	-	434,373	434,373	1,719,192
Deductions	(14,358)	(133,866)	(148,224)	(602,500)
<b>Total</b>	<b>629,841</b>	<b>6,098,605</b>	<b>6,728,446</b>	<b>6,442,297</b>
Provision of seized assets( CBJ Instructions) /impairment of real estate	(343,441)	(101,691)	(445,132)	(445,132)
<b>Net balance at the end of the period / year</b>	<b>286,400</b>	<b>5,996,914</b>	<b>6,283,314</b>	<b>5,997,165</b>

- 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 exceptional cases the Central Bank of Jordan
- The recorded provision for seized assets against debts that violate Article (48) of the Banks Law No.(28) for the year 2000 and its amendments. Moreover, the provision for seized assets against debts amounts to JD 213,424 as of 30 June 2020 ( JD 213,424 as 31 December 2019)

## (12) CUSTOMERS' CURRENT ACCOUNTS

The details of this item are as follows:

Details of this item are as follows:

30 June 2020 (Reviewed)					
Individual	Corporate	Small and medium enterprises	Government and the public sector	Total	
JD	JD	JD	JD	JD	
Current accounts	134,192,781	25,061,111	30,861,061	1,931,480	192,046,433
<b>Total</b>	<b>134,192,781</b>	<b>25,061,111</b>	<b>30,861,061</b>	<b>1,931,480</b>	<b>192,046,433</b>

  

31 December 2019(Audited)					
Individual	Corporate	Small and medium enterprises	Government and the public sector	Total	
JD	JD	JD	JD	JD	
Current accounts	127,750,976	29,181,355	23,548,338	880,817	181,361,486
<b>Total</b>	<b>127,750,976</b>	<b>29,181,355</b>	<b>23,548,338</b>	<b>880,817</b>	<b>181,361,486</b>

- Public sector deposits inside the Kingdom as of 30 June 2020 amounted to JD 1,931,480 representing 1.01 % of the total customers' current accounts (As of 31 December 2019 amounted to JD 880,817 representing 0.49% of the total customers' current accounts).

- The restricted accounts as of 30 June 2020 amounted to JD931,492 representing 0.49% of the total customers' current accounts (As of 31 December 2019 amounted to JD 2,091,906 representing 1.15% of the total customers' current accounts).

- The dormant accounts as of 30 June 2020 amounted to JD 11,854,049 (As of 31 December 2019 amounted to JD 11,782,922 ).

## (13) INCOME TAX

### A- Income tax provision

	For the period ended 30 June 2020 (Reviewed)	For the year ended 31 December 2019 (Audited)
	JD	JD
Beginning balance for the period/year	6,936,284	4,031,024
Accrued income tax	3,690,135	8,123,241
<u>Add:</u> Previous years reconciliations	-	(288,834)
<u>Less:</u> Income tax paid for previous years	(6,790,522)	(3,602,326)
<u>Less:</u> Income tax paid for the period/year	-	(1,326,821)
Transferring the surplus from the investment risk fund surplus	402,545	-
<b>Ending balance for the period/year</b>	<b>4,238,442</b>	<b>6,936,284</b>

B- The income tax expense presented in the Condensed Consolidated Interim Statement of Profit or Loss and Comprehensive Income consists of the following:

	For the period ended 30 June	
	2020 (Reviewed)	2019 (Reviewed)
	JD	JD
Income tax expense for the period	(3,690,135)	(3,366,607)
Release deferred tax / self financed	153,021	(570,000)
Deferred tax assets / jointly financed	438,519	-
<b>Total</b>	<b>(3,098,595)</b>	<b>(3,936,607)</b>

\* 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 January 1, 2019, in addition to the percentage of 3% as national contributions.

### The Bank :

A final clearance was obtained from the Income and Sales Tax Department until the end of 2015, and the year 2018 was accepted within the system of samples issued by the Income and Sales Tax Department, but it was recommended to reopen the file for the purposes of auditing the statement for the year 2018.

The Bank submitted its tax declarations for the years 2016 and 2017 and 2018 and were not audited by the Income and Sales Tax Department yet up to the date preparing of the condensed consolidated interim financial information.

Tax statements for the year 2019 were submitted within the legal time limit and were not reviewed by the Income and Sales Tax Department until the date of the condensed consolidated financial information.



**The Subsidiary :**

Misk Financial Brokerage Company: The annual income statement for the years 2015 to 2018 was accepted within the sampling system issued by the Income and Sales Tax Department, and a tax clearance was obtained for the year 2014, and tax statements were submitted for the years from 2011 to 2013 as they were audited by The Income and Sales Tax Department was pending by the court to demand the recycling of losses without any financial impact. The court's decision was issued in the interest of the company.

Tax statements for the year 2019 were submitted within the legal time limit and have not been reviewed by the Income and Sales Tax Department to date.

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

**C- Deferred tax assets**

The details of this item are as follows:

	For the period ended 30 June 2020 (Reviewed)				31 December 2019 (Audited)	
	Beginning Balance for the period	Released Amounts	Additional Amounts	Ending Balance for the period	Deferred tax	Deferred tax
	JD	JD	JD	JD	JD	JD
<b><u>Deferred tax assets - self financed</u></b>						
Provision of lawsuits against the bank	60,785	-	-	60,785	23,098	23,098
Provision for impairment of assets seized assets against debts (CBJ instructions/Real estate impairment)	343,441	-	-	343,441	130,508	130,508
Provision for credit losses for the first and second stages - self	130,486	-	2,687	133,173	50,606	49,585
Difference in the application of Standard 16 - Leases	252,645	-	-	252,645	96,005	96,005
Provision for contingent liabilities	361,000	-	400,000	761,000	289,180	137,180
<b>Total self deferred tax assets</b>	<b>1,148,357</b>	<b>-</b>	<b>402,687</b>	<b>1,551,044</b>	<b>589,397</b>	<b>436,376</b>
<b><u>Deferred tax assets - jointly financed</u></b>						
Provision for credit losses for the first and second stages - jointly financed	3,223,195	-	1,153,998	4,377,193	1,663,333	1,224,814
<b>Total jointly deferred tax assets</b>		<b>-</b>	<b>1,153,998</b>	<b>4,377,193</b>	<b>1,663,333</b>	<b>1,224,814</b>
<b>Total</b>	<b>1,148,357</b>	<b>-</b>	<b>1,556,685</b>	<b>5,928,237</b>	<b>2,252,730</b>	<b>1,661,190</b>

38% was used to calculate deferred taxes for the year, according to the Income Tax Law 38 of 2018, whereby deferred taxes are calculated according to the rates approved or expected for future periods.

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

	For the period ended 30 June 2020 (Reviewed)	For the year ended 31 December 2019 (Audited)
	JD	JD
Balance at the beginning of the period/year	436,376	723,606
Additions during the period/year	153,021	282,770
Amortized during the period/year	-	(570,000)
<b>Balance at the End of the period/year</b>	<b>589,397</b>	<b>436,376</b>

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

	For the period ended 30 June 2020 (Reviewed)	For the year ended 31 December 2019 (Audited)
	JD	JD
Balance at the beginning of the period/year	1,224,814	-
Additions during the period/year	438,519	1,224,814
<b>Balance at the End of the period/year</b>	<b>1,663,333</b>	<b>1,224,814</b>

**(14) OTHER LIABILITIES**

The details of this item are as follows:

	30 June 2020 (Reviewed)	31 December 2019 (Audited)
	JD	JD
Accrued expenses and not paid	1,177,606	338,578
Certified cheques	3,346,602	2,608,186
Expected credit losses on Off - balance sheet items-self financed*	179,418	194,295
Expected credit losses on off balance sheet items - Jointly financed**	700,533	347,075
Shareholders and customers deposits	6,044,794	6,404,845
Customers' share of profits from unrestricted investment	13,488,226	14,733,505
Temporary deposits	12,581,391	15,189,860
Visa Claims	1,424,829	998,183
Others	208,809	318,624
<b>Total</b>	<b>39,152,208</b>	<b>41,133,151</b>

\* Expected credit loss on off-balance sheet items-Self financed.

**Movement on the provision for expected credit losses ( indirect facilities /self financed) for the period ended 30 June 2020**

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
<b>Total balance at the beginning of the period</b>	76,140,579	-	4,406,672	-	50,000	80,597,251
New exposures during the period	18,986,671	-	426,825	-	-	19,413,496
Accrued exposures	(37,963,903)	-	(2,645,747)	-	(1,350,987)	(41,960,637)
Transfer to Stage 1	130,500	-	(130,500)	-	-	-
Transfer to Stage 2	(2,248,180)	-	2,248,180	-	-	-
Transfer to Stage 3	-	-	(1,659,796)	-	1,659,796	-
Written off	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-
<b>Total balance at the end of the period</b>	<b>55,045,667</b>	<b>-</b>	<b>2,645,634</b>	<b>-</b>	<b>358,809</b>	<b>58,050,110</b>

**Movement on the provision for expected credit losses ( indirect facilities /self financed) for the period ended 30 June 2020**

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period	141,664	-	52,631	-	-	194,295
Impairment loss on new exposures during the period	75,650	-	12,138	-	-	87,788
Recovered from impairment loss on accrued exposure	(60,493)	-	(6,067)	-	(36,105)	(102,665)
Transfer to Stage 1	1,011	-	(1,011)	-	-	-
Transfer to Stage 2	(3,028)	-	3,028	-	-	-
Transfer to Stage 3	-	-	(36,105)	-	36,105	-
Written off	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-
<b>Total balance at the end of the period</b>	<b>154,804</b>	<b>-</b>	<b>24,614</b>	<b>-</b>	<b>-</b>	<b>179,418</b>

• **Expected credit losses on off balance sheet items - jointly financed**

- Movement on indirect facilities for the period ended 30 June 2020 :

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period	91,779,315	-	2,264,561	-	-	94,043,876
New exposures during the period	76,728,131	-	2,555	-	-	76,730,686
Accrued exposures	(34,762,669)	-	(2,243,786)	-	-	(37,006,455)
Transfer to Stage 1	-	-	-	-	-	-
Transfer to Stage 2	(96,606)	-	96,606	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
Changes resulting from modifications	-	-	-	-	-	-
Written off	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-
<b>Total balance at the end of the period</b>	<b>133,648,171</b>	<b>-</b>	<b>119,936</b>	<b>-</b>	<b>-</b>	<b>133,768,107</b>

- Movement on the provision for expected credit losses ( indirect facilities /jointly financed) for the period ended 30 June 2020:

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period	293,610	-	53,465	-	-	347,075
Impairment loss on new exposures during the period	502,134	-	216	-	-	502,350
Recovered from impairment loss on accrued exposure	(96,605)	-	(52,287)	-	-	(148,892)
Transfer to Stage 1	-	-	-	-	-	-
Transfer to Stage 2	(425)	-	425	-	-	-
Transfer 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	-	-	-	-	-	-
Changes resulting from modifications	-	-	-	-	-	-
Bad facilities	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-
<b>Total balance at the end of the period</b>	<b>698,714</b>	<b>-</b>	<b>1,819</b>	<b>-</b>	<b>-</b>	<b>700,533</b>

# **(15) UNRESTRICTED INVESTMENT ACCOUNTS**

The details of this item are as follows:

30 June 2020(Reviewed)						
	Individual	Corporates	Small and medium enterprises	Governmental and Public sector	Banks and Financial Institutions	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	100,286,168	14,452,983	7,626,746	3,221,674	16,516,903	142,104,474
Term accounts/ Investing deposits	665,125,905	146,584,507	81,874,523	72,203,358	5,720,405	971,508,698
Certificates of investing deposit	76,462,267	6,355,674	9,700,336	15,699,040	18,433,116	126,650,433
<b>Total</b>	<b>841,874,340</b>	<b>167,393,164</b>	<b>99,201,605</b>	<b>91,124,072</b>	<b>40,670,424</b>	<b>1,240,263,605</b>
Depositors' share from investments' revenue	13,487,968	2,666,828	1,635,954	1,615,410	755,853	20,162,013
<b>Total unrestricted investment accounts</b>	<b>855,362,308</b>	<b>170,059,992</b>	<b>100,837,559</b>	<b>92,739,482</b>	<b>41,426,277</b>	<b>1,260,425,618</b>

  

31 December 2019 (Audited)						
	Individual	Corporates	Small and medium enterprises	Governmental and Public sector	Banks and Financial Institutions	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	90,241,581	12,514,914	6,868,544	2,024,827	11,865,679	123,515,545
Term accounts/ Investing deposits	584,246,881	133,560,457	72,142,964	49,897,079	21,767,298	861,614,679
Certificates of investing deposit	66,269,266	7,031,340	6,869,161	13,547,675	19,745,256	113,462,698
<b>Total</b>	<b>740,757,728</b>	<b>153,106,711</b>	<b>85,880,669</b>	<b>65,469,581</b>	<b>53,378,233</b>	<b>1,098,592,922</b>
Depositors' share from investments' revenue	24,671,221	5,241,956	2,961,115	2,381,700	1,167,429	36,423,421
<b>Total unrestricted investment accounts</b>	<b>765,428,949</b>	<b>158,348,667</b>	<b>88,841,784</b>	<b>67,851,281</b>	<b>54,545,662</b>	<b>1,135,016,343</b>

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 90% of the average term accounts in Jordanian Dinar.
- 18% to 47% 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 period ended 30 June 2020 is 3.66% (for the same period prior year a percentage of 3.79%).
- The percentage of the profit on USD for the period ended 30 June 2020 is 1.75% (for the same period prior year a percentage of 2.35%).
- The unrestricted investment accounts for the Government and Public sector amounted to JD 92,739,482 as of 30 June 2020 , which represents 7.36% of the total unrestricted investment accounts (As of 31 December 2019 amounted to JD 67,851,281 which represents 5.98% of the total unrestricted investment accounts ).
- The restricted accounts amounted to JD 117,753 as of 30 June 2020, which represents 0.009% of the total unrestricted investment (As of 31 December 2019 amounted to JD 632,148 which represent 0.06% of the total unrestricted investment ).
- The dormant accounts as of 30 June 2020 amounted to JD 14,343,773 (As of 31 December 2019 amounted to JD 11,028,352)

# **(16) Income tax provision for investment risk fund :**

	For the period ended 30 June 2020 (Reviewed)	For the year ended 31 December 2019 (Audited)
	JD	JD
Balance at the beginning of the period/year	787,149	2,052,566
Income tax on transferred revenue from investment accounts	-	641,007
Less: Income tax paid	(384,604)	(1,906,424)
Accrued income tax on revenue transferred from investment accounts	(402,545)	-
<b>Balance at the end of the period/ year</b>	<b>-</b>	<b>787,149</b>

#### **(17) FAIR VALUE RESERVE**

The movement on fair value reserve - self financed is as follows:

	For the period ended 30 June 2020 (Reviewed)	For the year ended 31 December 2019 (Audited)
<b>Financial assets at fair value through shareholders' equity - self finance</b>		
<b>Beginning balance of the period/year</b>	-	(24,510)
Gains on sale of financial assets	-	139,067
Losses of equity instrument at fair value through stockholders equity - self financed are transferred to the retained earnings as a result of sale	-	(114,557)
<b>Ending balance of the period/year</b>	-	-

B - The movement on fair value reserve - jointly financed is as follows:

	For the period ended 30 June 2020 (Reviewed)	For the year ended 31 December 2019 (Audited)
<b>Fair value reserve of financial assets at fair value through unrestricted investment accounts</b>		
<b>Beginning balance of the period/year</b>	48,157	(552,665)
Unrealized gains (losses) on debt instruments	(876,556)	492,470
Losses on equity instruments at fair value through unrestricted investment account holders' equity transferred to the investment risk fund as a result of the sale	-	309,816
Unrealized (losses) on shares	(8,328)	(201,464)
<b>Ending balance of the period/year</b>	<b>(836,727)</b>	<b>48,157</b>

#### **(18) Paid In Capital And Statutory Reserves**

##### **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 of 30 June 2020 and 31 December 2019

##### **Statutory reserve :**

The bank has not deducted the legal reserves according to the Jordanian Companies Law, as this consolidated financial information is brief interim financial information and is deducted at the end of each year

#### **(19) RETAINED EARNINGS**

The movement on retained earnings is as follows :

Item	30 June 2020	31 December 2020
	JD	JD
Beginning balance of the period/year	18,548,199	17,137,611
(Transferred) to statutory reserves	-	(1,720,188)
Dividends distributed	-	(7,000,000)
Gain on sale of financial assets through shareholders' equity - self financed	-	114,557
Profit for the year	-	10,016,219
<b>Ending balance of the period/year</b>	<b>18,548,199</b>	<b>18,548,199</b>

The retained earnings balance as at 30 June 2020 includes an amount to JD 589,397 (31 December 2019 amounted to JD 436,376) which represent deferred tax assets-self financed and it is restricted from use in accordance with the Central Bank of Jordan regulations

On April 9, 2020, a circular was issued by the Central Bank of Jordan to banks operating in the Kingdom requiring the banks to postpone the distribution of profits to shareholders for the year 2019 to be distributed with the final data for the year 2020, in order to be aware of the subsequent events of the financial statements for the year 2019 related to the possible negative impacts of the Corona pandemic.

**(20) DEFERRED SALES REVENUE**

The details of this item are as follows:

	For the six months ended 30 June			
	2020 (Reviewed)		2019 (Audited)	
	Jointly financed	Self financed	Jointly financed	Self financed
	JD	JD	JD	JD
<b>Individuals(Retail)</b>				
Murabaha to the purchase orderer	8,870,407	50,590	6,645,567	42,258
<b>Real estate facilities</b>	776,769	-	992,013	-
<b>Corporate</b>				
International Murabaha	255,361	-	315,378	-
Murabaha to the purchase orderer	11,977,382	-	9,150,042	-
<b>Small and medium enterprises</b>				
Murabaha to the purchase orderer	818,349	-	715,273	-
<b>Total</b>	<b>22,698,268</b>	<b>50,590</b>	<b>17,818,273</b>	<b>42,258</b>

**(21) 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 six months ended 30 June	
	2020 (Reviewed)	2019 (Reviewed)
	JD	JD
Shares dividends	840	3,967
Gains (losses) on sale of financial assets	3,581	(8,066)
Islamic Sukuk profits	887,386	566,780
<b>Total</b>	<b>891,807</b>	<b>562,681</b>

**(22) GAINS FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH STATEMENT OF PROFIT OR LOSS**

The details of this item are as follows:

	Jointly financed					
	For the six months ended 30 June					
	2020 (Reviewed)			2019 (Reviewed)		
	Realized gains	Unrealized gains	Total	Realized gains	Unrealized gains	Total
	JD	JD	JD	JD	JD	JD
Sukuk	38,803	-	38,803	66,269	17,601	83,870
<b>Total</b>	<b>38,803</b>	<b>-</b>	<b>38,803</b>	<b>66,269</b>	<b>17,601</b>	<b>83,870</b>

**(23) SHARE OF UNRESTRICTED INVESTMENT ACCOUNTS HOLDERS**

The details of this item are as follows:

	<b>For The Six Month Period Ended 30 June</b>	
	<b>2020 (Reviewed)</b>	<b>2019 (Reviewed)</b>
	<b>JD</b>	<b>JD</b>
<b>Customers</b>		
Revenue on saving accounts	618,549	390,701
Revenue on term accounts	16,021,786	13,954,262
Revenue on certificates of deposit	2,765,825	1,556,859
<b>Total Customers Revenue</b>	<b>19,406,160</b>	<b>15,901,822</b>
<b>Banks</b>		
Banks and financial Institutions accounts	755,853	443,539
<b>Total Banks revenue</b>	<b>755,853</b>	<b>443,539</b>
<b>Total</b>	<b>20,162,013</b>	<b>16,345,361</b>

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

The details of this item are as follows:

	<b>For The Six Month Period Ended 30 June</b>	
	<b>2020 (Reviewed)</b>	<b>2019 (Reviewed)</b>
	<b>JD</b>	<b>JD</b>
Bank's share as Mudarib	19,021,163	11,783,161
Bank's share as Rab Mal	122,573	4,998,560
<b>Total</b>	<b>19,143,736</b>	<b>16,781,721</b>

**(25) BANK'S SELF FINANCED REVENUE**

The details of this item are as follows:

Note	For The Six Month Period Ended 30 June	
	2020 (Reviewed)	2019 (Reviewed)
	JD	JD
Ijara Muntahia Bittamleek revenue	298,032	396,513
Deferred sales revenue	50,590	42,258
Cash dividends - financial assets at fair value through shareholders' equity-self financed	-	37,500
<b>Total</b>	<b>348,622</b>	<b>476,271</b>

**(26) EARNINGS PER SHARE**

The details of this item are as follows:

	For The Six Month Period Ended 30 June	
	2020 (Reviewed)	2019 (Reviewed)
	JD	JD
Profit for the period	5,051,682	4,418,768
Weighted average number of shares	100,000,000	100,000,000
	JD/Fils	JD/Fils
<b>Basic and diluted earnings per share for the period</b>	<b>0/051</b>	<b>0/044</b>

**(27) CASH AND CASH EQUIVALENTS**

The details of this item are as follows:

	For The Six Month Period Ended 30 June	
	2020 (Reviewed)	2019 (Reviewed)
	JD	JD
Cash balances with CBJ maturing within three months	333,203,946	196,939,351
Add: cash at banks and banking institutions maturing within three months	5,246,889	7,890,646
Less: banks and financial banking accounts maturing within three months	(9,802,301)	(2,372,677)
<b>Total</b>	<b>328,648,534</b>	<b>202,457,320</b>



## **(28) 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*	Shari'a Supervisory Board members	30 June 2020 (Reviewed)	31 December 2019 (Audited)
	JD	JD	JD	JD	JD	JD	JD
<b><u>Condensed Consolidated interim statements of financial position items</u></b>							
Balances at banks and banking institutions	-	-	-	446,916	-	446,916	239,076
Unrestricted investments accounts and current accounts	15,087	286,744	17,813,664	19,507,919	45,421	37,668,835	39,342,046
Deferred sales receivables and facilities	-	415,350	27,761	-	-	443,111	513,461
Ijara Muntahia Bittamleek assets	-	1,249,560	505,599	-	-	1,755,159	1,854,090
Banks and banking institutions accounts	-	-	-	-	-	-	-
<b><u>Condensed Consolidated interim statements of profit or loss</u></b>						<b>For The Six Month Period Ended 30 June</b>	
						2020 (Reviewed)	2019 (Audited)
Dividends	55	2,936	372,852	266,144	82	642,069	495,944
Salaries and bonuses	-	824,883	27,502	-	26,182	878,567	872,679
Transportation	-	-	217,600	-	4,400	222,000	239,700

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

-The lowest and highest received Murabaha rate were 3.76% and 6.39% respectively.

-The lowest and highest rate of Ijara Muntahia Bittamleek received by the Bank were 3.66% and 8% respectively.

.The lowest and highest distributed profit rate were .91% and 4.25% respectively.

.Executive management salaries and benefits for the year ended 30 June 2020 amounted to JD 824,883 ( JD 818,797 as at 30 June 2019).

**(29) Right of use assets / lease liabilities long-term**

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 period ended 30 June 2020	For the year ended 31 December 2019
	JD	JD
Balance at the beginning of the Period/year	9,702,044	8,728,457
Added: Additions during the Period/ year	434,931	2,306,931
Deduct : depreciation for the Period/year	(754,986)	(1,333,344)
Ending balance of the period/year	9,381,989	9,702,044

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

	For the period ended 30 June 2020	For the period ended 30 June 2019
	JD	JD
Depreciation of the right of use assets for the Period	(754,986)	(654,090)
Finance costs (deduction of rental obligations) during the Period	(162,875)	(146,300)
Rental expense during the Period*	(106,356)	(115,012)

\* Rental expense represents contracts excluded from IFRS16 implementation

**B- Lease obligations**

	For the period ended 30 June 2020	For the year ended 31 December 2019
	-	
Balance at the beginning of the Period/year	9,368,215	8,356,071
Added: Additions during the Period/year	434,931	2,306,931
Finance costs (deduction of rental obligations) during the Period/year	162,875	295,305
Deduct : paid during the Period/year	(1,063,086)	(1,590,092)
Ending balance of the period/year	8,902,935	9,368,215

**(30) 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

**Individuals Accounts:**

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

**Corporate Accounts:**

This sector handles unrestricted investment accounts, deferred sales receivables, facilities, and other banking services

**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:

	Individuals	Corporates	Treasury	Other	For The Six Month Period Ended 30 June	
					2020 (Reviewed)	2019 (Audited)
	JD	JD	JD	JD	JD	JD
Total revenues (joint and self financed)	10,467,818	10,262,461	3,642,413	138,028	24,510,720	23,170,577
Investment risks fund share of unrestricted investment accounts' holders	-	-	-	-	-	(2,416,902)
Expected credit losses (joint and self financed)	(820,548)	(2,106,380)	(308,162)	-	(3,235,090)	-
<b>Results of segment's operations</b>	<b>9,647,270</b>	<b>8,156,081</b>	<b>3,334,251</b>	<b>138,028</b>	<b>21,275,630</b>	<b>20,753,675</b>
distributed expenses	(1,261,305)	(452,966)	(297,333)	-	(2,011,604)	(1,016,601)
Undistributed expenses	-	-	-	(11,113,749)	(11,113,749)	(11,381,699)
Profit for the year before tax	<b>8,385,966</b>	<b>7,703,115</b>	<b>3,036,918</b>	<b>(10,975,721)</b>	<b>8,150,277</b>	<b>8,355,375</b>
Income tax expense for the period	-	-	-	(3,098,595)	(3,098,595)	(3,936,607)
<b>Profit for the period</b>	<b>8,385,966</b>	<b>7,703,115</b>	<b>3,036,918</b>	<b>(14,074,316)</b>	<b>5,051,682</b>	<b>4,418,768</b>
					30 June 2020 (Reviewed)	31 December 2019 (Audited)
					JD	JD
Segments' assets	526,547,060	519,561,714	249,921,864	-	1,296,030,638	1,223,210,158
Undistributed assets	-	-	-	388,922,844	388,922,844	333,710,425
<b>Total assets</b>	<b>526,547,060</b>	<b>519,561,714</b>	<b>249,921,864</b>	<b>388,922,844</b>	<b>1,684,953,482</b>	<b>1,556,920,583</b>
Segments' liabilities and total equity of unrestricted investment accounts holders	1,096,892,343	193,498,621	185,443,317		1,475,834,281	1,355,115,788
Undistributed liabilities	-	-	-	59,617,251	59,617,251	57,354,527
<b>Total liabilities and Total equity of unrestricted investment accounts holders</b>	<b>1,096,892,343</b>	<b>193,498,621</b>	<b>185,443,317</b>	<b>59,617,251</b>	<b>1,535,451,532</b>	<b>1,412,470,315</b>
					For The Six Month Period Ended 30 June	
					2020 (Reviewed)	2019 (Audited)
					JD	JD
Capital expenditure					1,123,878	1,386,444
Depreciation and amortization					1,583,979	1,459,937

## 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:

	30 June 2020 (Reviewed)			31 December 2019 (Audited)		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
<b>Total assets</b>	<b>1,530,744,119</b>	<b>154,209,363</b>	<b>1,684,953,482</b>	<b>1,396,956,121</b>	<b>159,964,462</b>	<b>1,556,920,583</b>
	For The Six Month Period Ended 30 June 2020 (Reviewed)			For The Six Month Period Ended 30 June 2019 (Audited)		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
Capital expenditure	1,123,878	-	1,123,878	1,386,444	-	1,386,444
Total revenue	22,830,177	1,680,543	24,510,720	21,260,857	1,909,720	23,170,577

## (31) 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 June 30, 2020 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:

	30 June 2020 (Reviewed)	31 December 2019 (Audited)
	JD'000	JD'000
<b>Basic capital items</b>	<b>144,628</b>	<b>139,687</b>
Authorized and Paid in capital	100,000	100,000
Retained earnings	18,548	18,548
Statutory reserve	25,902	25,902
Banks share from full fair value reserve in mixed funds	(340)	22
The interim profits after tax and the projected cash dividends	5,052	-
Intangible assets	(1,943)	(2,043)
Deferred tax assets	(589)	(436)
The Bank's share of the deferred tax assets in mixed funds	(675)	(564)
Investments in capital accounts of financial companies, banks, takaful companies below 10%	(1,327)	(1,742)
<b>Additional capital</b>	<b>-</b>	<b>-</b>
<b>Supporting capital</b>	<b>1,628</b>	<b>1,281</b>
Self financed general banking risks reserve and the bank's share from the General banking risks reserve (joint) (not to exceed 1.25%) of financial assets weighted by credit risks	1,649	1,318
Investments in capital accounts of financial companies, banks, takaful companies below 10%	(21)	(37)
<b>Total regulatory capital</b>	<b>146,256</b>	<b>140,968</b>
<b>Total risk weighted assets</b>	<b>697,657</b>	<b>701,418</b>
Capital adequacy ratio (%)	20.96%	20.10%
Basic capital ratio (%)	20.73%	19.91%
First slide ratio Tier 1 (%)	20.73%	19.91%
Second slide ratio Tier 2 (%)	0.23%	0.18%
Leverage ratio	17.38%	17.79%

**(32) CONTINGENT LIABILITIES (OFF BALANCE SHEET)****A- Contingent credit and commitments/self financed\***

	30 June 2020 (Reviewed)	31 December 2019 (Audited)
	JD	JD
Letters of credit	20,914,297	37,195,214
Acceptances	947,347	7,873,755
Letters of guarantees:		
Payment	6,640,461	7,763,186
Performance	11,696,771	10,847,499
Others	17,851,234	16,917,597
<b>Total</b>	<b>58,050,110</b>	<b>80,597,251</b>

**B- Contingent credit and commitments/jointly financed**

Direct unutilized credit limits	133,768,107	94,043,876
<b>Total</b>	<b>191,818,217</b>	<b>174,641,127</b>

\*Indirect unutilized credit limits / self financed amounted to JD (16,059,370) as of 30 June 2020 .

- The expected credit losses calculated on contingencies and liabilities / according to the instructions for applying the International Financial Reporting Standard (9) 179,418 as of June 30, 2020 and appeared under other liabilities (Note 14).
- The expected credit losses recorded against contingent credit commitments/self financed amounted under the implementation instructions of IFRS9 to JD 700,533 as at 30 June 2020 and recorded in the other liabilities (Note 14).

**(33) LAWSUITS AGAINST THE BANK**

The Bank is a defendant in a number of lawsuits, which amounted to JD 429,079 as at 30 June 2020 ( JD 410,635 as at 31 December 2019) 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 60,785 is adequate .should any liabilities arise therefrom

**(34) COMPARATIVE FIGURES**

Some of the consolidated financial statements numbers for the year 2019 have been reclassified to fit with the summary interim condensed consolidated financial information numbers for the period ending 30 June 2020. The reclassification did not result in any impact on profit and shareholders' rights for the year 2019 as follows:

**List of consolidated profit or loss and consolidated comprehensive income:**

	After reclassification 30 June 2019 (Reviewed)	Before reclassification 30 June 2019 (Reviewed)
	JD	JD
Joint investment account guarantee fees	(211,835)	-
Share of joint investment account holders	(16,345,361)	(16,557,196)
Deposit guarantee fees - self	(163,245)	-
Other expenses	(3,314,523)	(3,477,768)

**\*Capital Management :**

	After reclassification 31 December 2019 (Audited)	Before reclassification 31 December 2019 (Audited)
	JD"000	JD"000
Total regulatory capital	<b>140,968</b>	<b>135,737</b>
Capital adequacy ratio %	<b>20.10%</b>	<b>19.36%</b>

- \* On April 9, 2020, a circular was issued by the Central Bank of Jordan to banks operating in the Kingdom requiring that the bank postpone the distribution of profits to shareholders for the year 2019 and as a result the restricted amount has been released.

### (35) FAIR VALUE HIERARCHY

The standard 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		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable	Relationship of unobservable inputs to fair value
	30 June 2020 (Reviewed)	31 December 2019 (Audited)				
	JD	JD				
<b>'Financial assets at fair value through shareholders equity -self financed</b>	-	3,536,138	Level 1	Quoted rates in financial markets	Not applicable	Not applicable
<b>Financial assets at fair value through unrestricted investment accounts' holders equity</b>						
Quoted shares	256,599	276,524	Level 1	Quoted rates in financial markets	Not applicable	Not applicable
Quoted sukuk	39,804,637	27,022,906	Level 1	Quoted rates in financial markets	Not applicable	Not applicable
Unquoted shares	1,671,840	1,671,840	Level 2	A similar financial instrument	Not applicable	Not applicable
Unquoted sukuk	3,096,300	4,128,400	Level 2	A similar financial instrument	Not applicable	Not applicable
<b>Total</b>	<b>44,829,376</b>	<b>36,635,808</b>				

There were no transfer between level 1 and 2 during the year ended 30 June 2020 and the year 2019.

#### 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 .

	30 June 2020 (Reviewed)		31 December 2019 (Audited)		Fair value hierarchy
	Book value	Fair value	Book value	Fair value	
	JD	JD	JD	JD	
<b>Financial assets not calculated at fair value</b>					
Cash and balances at Banks	338,450,835	338,450,835	285,330,095	285,330,095	Level 2
Alqard Alhasn	992,540	992,540	509,660	509,660	Level 2
Deferred sales receivables and other receivables	676,306,220	754,212,087	641,388,269	716,785,542	Level 2
Financial assets at amortized cost	92,191,000	93,298,876	92,191,000	93,315,652	Level 2
Ijara Muntahia Bittamleek assets-net	396,086,907	396,086,907	382,860,291	382,860,291	Level 2
<b>Total financial assets not calculated at fair value</b>	<b>1,504,027,502</b>	<b>1,583,041,245</b>	<b>1,402,279,315</b>	<b>1,478,801,240</b>	
<b>Financial liabilities not calculated at fair value</b>					
Customers' current accounts and unrestricted investment accounts	1,452,472,051	1,465,787,830	1,316,377,829	1,331,111,334	Level 2
Cash margin accounts	20,898,537	21,070,984	35,875,353	35,875,353	Level 2
<b>Total financial liabilities not calculated at fair value</b>	<b>1,473,370,588</b>	<b>1,486,858,814</b>	<b>1,352,253,182</b>	<b>1,366,986,687</b>	

**(36) CREDIT RISK**

**1- Distribution of exposures by economic sectors:**

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

30 June 2020

Item	Financial	Industry	Trade	Real estates	Agriculture	Shares	Retail	Government and public sector	Other	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cash and balances with central banks	312,007,891	-	-	-	-	-	-	-	-	312,007,891
Balances at banks and financial institutions	5,246,889	-	-	-	-	-	-	-	-	5,246,889
Direct credit facilities -net	-	183,997	597,966	-	-	953,231	463,981	509,660	1,792,845	4,501,680
Other assets	919,531	-	-	-	-	-	-	-	-	919,531
<b>Total / current year</b>	<b>318,174,311</b>	<b>183,997</b>	<b>597,966</b>	<b>-</b>	<b>-</b>	<b>953,231</b>	<b>463,981</b>	<b>509,660</b>	<b>1,792,845</b>	<b>322,675,991</b>
Letter of guarantees	1,092,523	1,225,747	4,444,847	4,690,652	-	837,549	170,189	-	23,574,078	36,035,585
Letters of credit and acceptances	319,852	4,326,424	5,653,521	-	-	-	-	-	11,535,310	21,835,107
Unutilized credit limits	-	-	-	-	-	-	-	-	-	-
<b>Sub Total</b>	<b>319,586,686</b>	<b>5,736,168</b>	<b>10,696,334</b>	<b>4,690,652</b>	<b>-</b>	<b>1,790,780</b>	<b>634,170</b>	<b>509,660</b>	<b>36,902,233</b>	<b>380,546,683</b>

**Second: Distribution of exposures according to staging classification and implementation instructions of IFRS 9 :**

30 June 2020

Item	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
	318,848,931	-	737,755	-	-	319,586,686
Industry	5,612,918	60,800	31,911	24,499	6,040	5,736,168
Trade	10,064,070	425,228	194,036	13,000	-	10,696,334
Real estates	4,688,665	-	1,987	-	-	4,690,652
Agriculture	-	-	-	-	-	-
Shares	492,635	953,231	-	-	344,914	1,790,780
Individual	170,189	452,297	-	9,150	2,534	634,170
Government and public sector	509,660	-	-	-	-	509,660
Other	34,337,905	391,014	1,736,814	111,311	325,189	36,902,233
<b>Total</b>	<b>374,724,973</b>	<b>2,282,570</b>	<b>2,702,503</b>	<b>157,960</b>	<b>678,677</b>	<b>380,546,683</b>

**Third : Total distribution of exposures by financial instrument-jointly financed :**

30 June 2020										
Item	Financial	Industry	trade	real estates	Agriculture	Shares	Individuals	Government and public sector	Other	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
International wakala investments -net	84,983,976	-	-	-	-	-	-	-	-	84,983,976
Direct credit facilities -net	24,429,012	125,215,026	150,517,929	18,733,576	-	109,240,769	96,951,948	103,254,344	44,454,476	672,797,080
Sukuk:										
Within financial assets at fair value through statement of profit or loss	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through unrestricted investment accounts' holders equity -net	39,390,422	-	-	-	-	-	-	3,096,300	-	42,486,722
Within financial assets at amortized cost -net	-	-	-	-	-	-	-	92,191,000	-	92,191,000
Other assets	1,559,179	-	-	-	-	-	-	-	-	1,559,179
<b>Total / current period</b>	<b>150,362,589</b>	<b>125,215,026</b>	<b>150,517,929</b>	<b>18,733,576</b>	<b>-</b>	<b>109,240,769</b>	<b>96,951,948</b>	<b>198,541,644</b>	<b>44,454,476</b>	<b>894,017,957</b>
Letter of guarantees	-	-	-	-	-	-	-	-	-	-
Letters of credit and acceptances	-	-	-	-	-	-	-	-	-	-
Irrevocable commitments to extend credit	1,780,814	3,372,406	83,333,436	-	-	1,371,960	10,669,660	-	32,539,298	133,067,574
<b>Sub Total</b>	<b>152,143,403</b>	<b>128,587,432</b>	<b>233,851,365</b>	<b>18,733,576</b>	<b>-</b>	<b>110,612,729</b>	<b>107,621,608</b>	<b>198,541,644</b>	<b>76,993,774</b>	<b>1,027,085,531</b>

**Fourth : Distribution of exposures according to staging classification and implementation instructions of IFRS9 :**

30 June 2020						
Item	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD		JD
Financial	152,143,403	-	-	-	-	152,143,403
Industry	125,656,115	3,628,182	69,307	305,416	(1,071,588)	128,587,432
Trade	195,821,982	14,637,804	20,442,036	2,010,940	938,603	233,851,365
Real estates	4,833,414	5,186,329	8,302,801	234,662	176,370	18,733,576
Agriculture	-	-	-	-	-	-
Shares	19,376,195	89,386,559	626,122	966,790	257,063	110,612,729
Individuals	10,669,659	94,674,669	-	2,722,858	(445,578)	107,621,608
Government and public sector	198,541,644	-	-	-	-	198,541,644
Other	57,318,828	4,773,929	9,585,225	4,325,066	990,726	76,993,774
<b>Total</b>	<b>764,361,240</b>	<b>212,287,472</b>	<b>39,025,491</b>	<b>10,565,732</b>	<b>845,596</b>	<b>1,027,085,531</b>



## 2. Concentration in credit exposures by geographical distribution

### First : Total distribution of exposures by geographical region-self financed :

30 June 2020

Item	Within the Kingdom	Other Middle Eastern countries	Europe	Asia	Africa	America	Other countries	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Cash and balances with central banks	312,007,891	-	-	-	-	-	-	312,007,891
Balances at banks and financial institutions	548,147	1,649,821	1,753,200	144,667	-	1,084,117	66,937	5,246,889
Deposits with banks and financial institutions	-	-	-	-	-	-	-	-
Direct credit facilities -net	4,501,680	-	-	-	-	-	-	4,501,680
Sukuk:								
within in financial assets at fair value through profit or loss statement	-	-	-	-	-	-	-	-
within in financial assets at fair value through equity of joint investment account owners - net	-	-	-	-	-	-	-	-
Within financial assets at amortized cost - net	-	-	-	-	-	-	-	-
Other assets	919,531	-	-	-	-	-	-	919,531
<b>Total / current period</b>	<b>317,977,249</b>	<b>1,649,821</b>	<b>1,753,200</b>	<b>144,667</b>	<b>-</b>	<b>1,084,117</b>	<b>66,937</b>	<b>322,675,991</b>
Letter of guarantees	35,754,695	1,996	278,894	-	-	-	-	36,035,585
Letters of credit and acceptances	21,731,688	103,419	-	-	-	-	-	21,835,107
Unutilized credit limits	-	-	-	-	-	-	-	-
<b>Sub Total</b>	<b>375,463,632</b>	<b>1,755,236</b>	<b>2,032,094</b>	<b>144,667</b>	<b>-</b>	<b>1,084,117</b>	<b>66,937</b>	<b>380,546,683</b>

### Second : Distribution of exposures according to staging classification and implementation instructions of IFRS 9 - self financed :

30 June 2020

Item	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Within the Kingdom	369,920,816	2,282,570	2,423,609	157,960	678,677	375,463,632
Other Middle Eastern countries	1,755,236	-	-	-	-	1,755,236
Europe	1,753,200	-	278,894	-	-	2,032,094
Asia	144,667	-	-	-	-	144,667
Africa	-	-	-	-	-	-
America	1,084,117	-	-	-	-	1,084,117
Other countries	66,937	-	-	-	-	66,937
<b>Total</b>	<b>374,724,973</b>	<b>2,282,570</b>	<b>2,702,503</b>	<b>157,960</b>	<b>678,677</b>	<b>380,546,683</b>

**Third : Total distribution of exposures by financial instrument-jointly financed :**

30 June 2020

Item	Within the Kingdom	Other Middle Eastern countries	Europe	Asia	Africa	America	Other countries	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	-	82,819,463	2,164,513	-	-	-	-	84,983,976
Direct credit facilities -net	648,370,471	24,426,609	-	-	-	-	-	672,797,080
Sukuk:	-	-	-	-	-	-	-	-
Within financial assets at fair value through statement of profit or loss	-	-	-	-	-	-	-	-
Within financial assets at fair value through unrestricted investment accounts' holders equity -net	3,096,300	37,996,464	1,393,958	-	-	-	-	42,486,722
Within financial assets at amortized cost -net	92,191,000	-	-	-	-	-	-	92,191,000
Other assets	1,559,179	-	-	-	-	-	-	1,559,179
<b>Total / current period</b>	<b>745,216,950</b>	<b>145,242,536</b>	<b>3,558,471</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>894,017,957</b>
Letter of guarantees	-	-	-	-	-	-	-	-
Letters of credit and acceptances	-	-	-	-	-	-	-	-
Unutilized credit limits	133,067,574	-	-	-	-	-	-	133,067,574
<b>Sub Total</b>	<b>878,284,524</b>	<b>145,242,536</b>	<b>3,558,471</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,027,085,531</b>

**Fourth : Distribution of exposures according to staging classification and the implementation instructions of IFRS9 :**

30 June 2020

Item	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Total
	JD	JD	JD	JD	JD
	615,560,233	212,287,472	39,025,491	10,565,732	845,596
Other Middle Eastern countries	145,242,536	-	-	-	145,242,536
Europe	3,558,471	-	-	-	3,558,471
Asia	-	-	-	-	-
Africa	-	-	-	-	-
America	-	-	-	-	-
Other countries	-	-	-	-	-
<b>Total</b>	<b>764,361,240</b>	<b>212,287,472</b>	<b>39,025,491</b>	<b>10,565,732</b>	<b>845,596</b>
					<b>1,027,085,531</b>

### 3- Credit exposures that have been reclassified

First : Total credit exposures classified:

30 June 2020						
Item	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		
<b>A.Self financed</b>	JD	JD	JD	JD	JD	
Direct credit facilities-net	240,839	(111,226)	787,931	123,837	<b>12,611</b>	1.23%
<b>Sub total</b>	<b>240,839</b>	<b>(111,226)</b>	<b>787,931</b>	<b>123,837</b>	<b>12,611</b>	<b>1.23%</b>
Letter of guarantees	2,618,536	(1,714,796)	358,809	1,659,796	(55,000)	(1.85%)
Letters of credit and acceptances	27,098	2,172,680	-	-	2,172,680	8017.86%
<b>Total</b>	<b>2,886,473</b>	<b>346,658</b>	<b>1,146,740</b>	<b>1,783,633</b>	<b>2,130,291</b>	<b>52.82%</b>

30 June 2020						
Item	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	56,433,949	8,239,817	20,000,050	1,323,488	9,563,305	12.51%
<b>Sub total</b>	<b>56,433,949</b>	<b>8,239,817</b>	<b>20,000,050</b>	<b>1,323,488</b>	<b>9,563,305</b>	<b>12.51%</b>
Unutilized credit limits	119,936	96,606	-	-	-	0.00%
<b>Total</b>	<b>56,553,885</b>	<b>8,336,423</b>	<b>20,000,050</b>	<b>1,323,488</b>	<b>9,563,305</b>	<b>12.49%</b>

**Second : Credit losses expected for exposures that have been reclassified:**

30 June 2020

Item	The exposures that have been reclassified			Expected credit loss on exposures that have been reclassified				Total
	Total exposures that have been reclassified / Stage 2	Total exposures that have been reclassified / Stage 3	Total exposures that have been reclassified	- Stage 2 Individual	- Stage 2 Collective	- Stage 3 Individual	- Stage 3 Collective	
<b>A.Self financed</b>	JD	JD	JD	JD	JD	JD	JD	JD
Direct credit facilities	(111,226)	123,837	12,611	(2,370)	(93)	2,370	312	219
<b>Sub total</b>	<b>(111,226)</b>	<b>123,837</b>	<b>12,611</b>	<b>(2,370)</b>	<b>(93)</b>	<b>2,370</b>	<b>312</b>	<b>219</b>
Letter of guarantees	(1,714,796)	1,659,796	(55,000)	(36,851)	-	36,105	-	(746)
Letters of credit and acceptances	2,172,680	-	2,172,680	2,763	-	-	-	2,763
<b>Total</b>	<b>346,658</b>	<b>1,783,633</b>	<b>2,130,291</b>	<b>(36,458)</b>	<b>(93)</b>	<b>38,475</b>	<b>312</b>	<b>2,236</b>

30 June 2020

Item	The exposures that have been reclassified			Expected credit loss on exposures that have been reclassified				Total
	Total exposures that have been reclassified / Stage 2	Total exposures that have been reclassified / Stage 3	Total exposures that have been reclassified	- Stage 2 Individual	- Stage 2 Collective	- Stage 3 Individual	- Stage 3 Collective	
<b>B- Jointly financed</b>	JD	JD	JD	JD	JD	JD	JD	JD
Direct credit facilities	8,239,817	1,323,488	9,563,305	(750,028)	91,527	739,112	(245,181)	(164,570)
<b>Sub total</b>	<b>8,239,817</b>	<b>1,323,488</b>	<b>9,563,305</b>	<b>(750,028)</b>	<b>91,527</b>	<b>739,112</b>	<b>(245,181)</b>	<b>(164,570)</b>
Other Liabilities	96,606	-	-	425	-	-	-	425
<b>Total</b>	<b>8,336,423</b>	<b>1,323,488</b>	<b>9,563,305</b>	<b>(749,603)</b>	<b>91,527</b>	<b>739,112</b>	<b>(245,181)</b>	<b>(164,145)</b>

### **(37) Analysis of the impact of standards issued and not yet effective**

#### **Islamic Accounting Standards:**

##### **AAOIFI has issued the following Islamic accounting standards:**

- IAS 30 "Impairment in value and credit losses and liabilities expected to result in losses". This Standard sets out the accounting treatment of expected impairment and credit losses for financing, investments and high risk commitments in Islamic financial institutions. The requirements of this Standard with respect to expected credit losses is substantially similar to the requirements of IFRS 9 Financial Instruments (IFRS 9). The Bank has implemented the Central Bank's instructions in this regard and has been reversed On the consolidated financial statements, as the mandatory application of the Islamic Financial Accounting Standard No. Date (30) is the first in January 2020 with earlier application permitted.
- IAS No. 31, "Investment Agency". The Standard aims at determining the requirements for the preparation of reports related to the Investment Agency and the transactions that are in line with best practices of both the agent and the client. The mandatory implementation date of the Standard is January 1, 2020.
- 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 January 1, 2021, with early application permitted.
- IAS No. (34) The new standard aims to ensure transparent and fair reporting to all stakeholders, particularly sukuk holders. The mandatory date of application of Islamic Financial Reporting Standard No. 34 is January 1, 2020 with early application allowed.
- IAS 35 "Risk reserve". This accounting standard and financial reporting on risk reserves have been developed to mitigate the various risks faced by stakeholders, particularly investors. The mandatory date for applying IFRS 35 is January 1, 2021, with early application allowed.

The Central Bank of Jordan issued its instructions regarding the application of Islamic Accounting Standards No. (30, 33 and 35) on July 5, 2020. These instructions were not applied to the condensed consolidated interim financial information as on June 30, 2020 and will be applied later.