

JORDAN ISLAMIC BANK

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

30 SEPTEMBER 2021

JORDAN ISLAMIC BANK
PUBLIC SHAREHOLDING COMPANY
AMMAN - JORDAN

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

Introduction

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material aspects, in accordance with the accounting policies described in note (2) about the interim condensed consolidated financial statements.

Ernst & Young / Jordan

Waddah Isam Barkawi

License No. 591

Amman – Jordan
26 October 2021

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

STATEMENT (A)

	Notes	30 September 2021 JD (Unaudited)	31 December 2020 JD (Audited)
Assets			
Cash and balances with central bank	4	906,940,702	828,778,523
Balances at banks and financial institutions	5	68,109,367	50,600,540
Wakala Bil Isrithmar accounts	6	35,366,186	35,252,012
Deferred sales receivables and other receivables –net	7	2,798,250,987	2,590,162,404
Ijarah Muntahia Bittamleek assets – net	8	781,853,837	705,745,523
Financing – net	9	35,510,324	33,157,539
Financial assets at fair value through owner's equity – self-financed	10	18,330,429	12,975,052
Financial assets at fair value through joint investment accounts holders' equity	11	30,920,811	36,883,870
Financial assets at amortized cost	12	174,658,530	195,873,199
Investments in associates		9,070,405	8,316,058
Investments in real estate	13	123,666,311	107,608,263
Al Qard Al Hasan – net		70,285,662	77,503,021
Property and equipment – net		92,498,143	94,554,705
Intangible assets		4,038,515	3,153,822
Right-of-use assets		12,586,405	12,656,099
Other assets	14	42,866,752	51,278,229
Total assets		5,204,953,366	4,844,498,859
Liabilities, joint investment accounts holders' equity, non-controlling interests and owner's equity			
Liabilities			
Banks and financial institutions' accounts		61,041,273	66,792,542
Customers' current and on-demand accounts	15	1,363,212,163	1,265,246,862
Cash margins		55,744,536	51,423,067
Accounts payable		2,274,123	1,441,976
Other provisions		13,658,569	14,052,116
Income tax provision	16 A	25,340,827	26,142,445
Deferred tax liabilities		1,911,644	1,770,260
Lease obligations		12,382,623	12,396,749
Other liabilities	17	35,517,467	36,774,199
Total liabilities		1,571,083,225	1,476,040,216
Joint investment accounts holders' equity			
Unrestricted investment accounts	18 A	3,086,371,314	2,842,574,747
Investment accounts holders' reserve in subsidiaries and associates	18 B	14,932,122	15,761,428
Fair value reserve – net	19 A	4,809,964	5,246,821
Provision for contingent liabilities	19 E	551,932	1,284,360
Deferred tax liabilities		2,948,042	3,215,793
Total joint investment accounts holders' equity		3,109,613,374	2,868,083,149
Non-controlling interests	18 B	40,154	41,206
Total joint investment accounts holders' equity and non-controlling interest		3,109,653,528	2,868,124,355
Provision against future risks	20 A	25,965,269	25,980,009
Equity			
Owner's equity			
Paid-in capital		200,000,000	200,000,000
Statutory reserve		101,261,327	101,261,327
Voluntary reserve		45,472,758	45,472,758
Fair value reserve	19 D	3,118,999	2,888,319
Retained earnings		100,747,370	124,731,875
Profit for the period after tax		47,650,890	-
Total owner's equity – bank's shareholders		498,251,344	474,354,279
Total liabilities, joint investment accounts holders' equity, non-controlling interests and owner's equity		5,204,953,366	4,844,498,859
Accounts managed for others:			
Restricted investments		60,070,856	49,097,937
Al Wakala Bil Istithmar (Investments portfolio)		496,214,688	448,498,162
Al Wakala Bil Istithmar		81,854,518	84,438,487

General Manager



Chairman



JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

STATEMENT (B)

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2021	2020	2021	2020
		JD (Unaudited)	JD (Unaudited)	JD (Unaudited)	JD (Unaudited)
Deferred sales revenues	21	36,762,027	35,364,419	108,727,014	103,446,875
Financing revenues	22	128,119	123,122	378,632	361,743
Gain from financial assets at fair value through joint investment accounts holders' equity	23	18,467	77,069	1,910,281	565,576
Gain from financial assets at amortized cost	24	3,661,038	3,666,353	8,528,067	8,738,553
Dividends from subsidiaries and associates	25	-	-	2,119,804	1,754,479
Revenues from Investments in real estate	26	3,103,100	526,363	3,943,386	868,823
Revenues from leased and Ijarah Muntahia Bittamleek assets		12,132,196	11,351,807	34,681,026	32,015,844
Revenues from other investments		333,043	598,002	1,087,153	1,417,042
Revenues of joint investment accounts		56,137,990	51,707,135	161,375,363	149,168,935
Net income of subsidiaries		155,364	565,896	75,918	993,611
Share of profit from investments in associates		205,513	147,666	627,296	542,152
Total revenues of joint investment accounts		56,498,867	52,420,697	162,078,577	150,704,698
Share of deposits guarantee fees investment accounts holders'		(1,189,500)	(1,091,281)	(3,566,586)	(3,273,845)
Share of unrestricted investment accounts holders'	27	(16,275,353)	(17,546,604)	(47,291,995)	(42,547,557)
Share of investment accounts holders' from income of subsidiaries		(153,506)	(565,509)	(74,873)	(993,195)
Share of non-controlling interests' from income of subsidiaries		(1,858)	(387)	(1,045)	(416)
Share of profit from investments in associates		(205,513)	(147,666)	(627,296)	(542,152)
Bank's share of the joint investment accounts revenues as Mudarib and Rab Mal	28	38,673,137	33,069,250	110,516,782	103,347,533
Bank's self-financed revenues	29	10,904	5,413	234,546	20,430
Bank's share of restricted investments revenues as Mudarib		117,313	42,353	305,994	139,638
Bank's share of restricted investments revenues as Wakeel		39,160	41,224	3,890,843	2,925,601
Banking services revenues		5,942,305	5,674,439	16,943,720	15,929,053
Foreign currency gains		721,321	518,168	1,821,434	1,491,016
Other income		298,609	375,961	1329,845	1,065,875
Gross income		45,802,749	39,726,808	135,043,164	124,919,146
Employees expenses		(10,643,258)	(10,585,153)	(32,927,077)	(32,453,759)
Depreciation and amortization		(1,918,772)	(1,906,615)	(6,058,993)	(5,902,456)
Other expenses		(6,169,439)	(6,047,815)	(19,322,260)	(20,726,488)
Expected credit losses provision - self		-	-	-	(714,020)
Total expenses		(18,731,469)	(18,539,583)	(58,308,330)	(59,796,723)
Profit before income tax		27,071,280	21,187,225	76,734,834	65,122,423
Income tax	16 B	(10,530,242)	(7,734,000)	(29,083,944)	(24,401,000)
Profit after income tax for the period		16,541,038	13,453,225	47,650,890	40,721,423
		JD / FILS	JD / FILS	JD / FILS	JD / FILS
Basic earnings per share for the period	30	0/083	0/067	0/238	0/204

General Manager

Chairman

M. Shkadeh

The accompanying notes from (1) to (38) form an integral part of these interim condensed consolidated financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED) **STATEMENT (C)**

	For the three months ended 30 September		For the nine months ended 30 September	
	2021 JD (Unaudited)	2020 JD (Unaudited)	2021 JD (Unaudited)	2020 JD (Unaudited)
Profit after income tax for the period	16,541,038	13,453,225	47,650,890	40,721,423
Comprehensive income items after tax:				
Change in fair value of financial assets – net (Profits) losses from sale of financial assets at fair value through comprehensive income - Self	(149,156)	270,313	246,175	343,239
	-	-	(15,495)	23,316
Total comprehensive income for the period	16,391,882	13,723,538	47,881,570	41,087,978

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNER'S EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)

STATEMENT (D)

	Paid-in Capital	Statutory Reserve	Voluntary Reserve	Fair Value Reserve *	Retained Earnings**	Profit for the Period	Total
	JD	JD	JD	JD	JD	JD	JD
For the nine months ended 30 September 2021							
Balance at 1 January 2021	200,000,000	101,261,327	45,472,758	2,888,319	124,731,875	-	474,354,279
Profit for the period after tax	-	-	-	-	-	47,650,890	47,650,890
Profit From sale of Financial assets at fair value through owner's equity	-	-	-	(15,495)	15,495	-	-
Change in fair value reserve	-	-	-	246,175	-	-	246,175
Total Comprehensive Income for the period after tax				230,680	15,495	47,650,890	47,897,065
Dividends***	-	-	-	-	(24,000,000)	-	(24,000,000)
Balance at 30 September 2021	200,000,000	101,261,327	45,472,758	3,118,999	100,747,370	47,650,890	498,251,344
For the nine months ended 30 September 2020							
Balance at 1 January 2020	200,000,000	92,879,300	37,093,762	2,236,401	89,394,545	-	421,604,008
Profit for the period after tax	-	-	-	-	-	40,721,423	40,721,423
losses From sale of Financial assets at fair value through owner's equity-self	-	-	-	23,316	(23,316)	-	-
Change in fair value reserve	-	-	-	343,239	-	-	343,239
Total Comprehensive Income for the period after tax				366,555	(23,316)	40,721,423	41,064,662
Balance at 30 September 2020	200,000,000	92,879,300	37,093,762	2,602,956	89,371,229	40,721,423	462,668,670

* The fair value reserve balance of JD 3,118,999 as at 30 September 2021 (2,602,956 as at 30 September 2020) is restricted from use.

** An amount of JD 1,000,000 from retained earning, which is transferred from general banking risks reserves, is restricted from use without prior approval of the Central Bank of Jordan .

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

The accompanying notes from (1) to (38) form an integral part of these condensed consolidated interim financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS AS OF 30 SEPTEMBER 2021

(UNAUDITED)

STATEMENT (E)

	Notes	For the nine months ended on 30 September	
		2021	2020
		JD (Unaudited)	JD (Unaudited)
Cash flows from operating activities			
Profit before tax		76,734,834	65,122,423
Adjustments for non-monetary items:			
Depreciations and amortizations		6,068,993	5,902,456
Costs of lease obligations		511,309	524,365
Provision for expected credit losses-self		-	714,020
Gain from sale of property and equipment		(5,231)	(7,535)
Profits from the sale of a subsidiary		(1,071,604)	-
Exchange rates effect on cash and cash equivalents		(1,258,448)	(868,357)
Profit before change in assets and liabilities		80,969,853	71,387,372
Change in assets and liabilities:			
Increase in investment accounts at banks and financial institutions for more than 3 Months		-	(1,418,000)
Decrease in Wakali bel Istthmar accounts		17,725,000	-
Increase in deferred sales receivables and other receivables		(210,296,559)	(224,214,085)
Increase in financing		(2,215,832)	(1,060,874)
Increase in Ijara muntahia bitamleek assets		(76,108,314)	(56,801,172)
Decrease (increase) in Al Qard Al Hasan		6,827,047	(59,577,356)
Increase in other assets		(3,862,340)	(1,386,836)
Increase in current and on demand accounts		97,965,301	49,991,097
Increase in accounts payable		832,147	1,344,038
Increase in cash margins		4,321,469	4,737,046
(Decrease) increase in other liabilities		(271,002)	8,621,749
Net change in assets and liabilities		(165,083,083)	(279,764,393)
Net cash flows used in operating activities before tax		(84,113,230)	(208,377,021)
Taxes paid	16A	(29,885,562)	(30,529,626)
Net cash flows used in operating activities		(113,998,792)	(238,906,647)
Cash flows from investment activities			
Proceeds from sale of financial assets at fair value through owner's equity-self		60,295	118,802
Purchase of financial assets at fair value through equity-self		-	(3,747)
Proceeds from sale of financial assets at fair value through joint investment accounts holders' equity		3,946,126	1,217,168
Purchase of financial assets at fair value through joint investment account holders equity		(1,885,517)	(1,284,454)
Purchase of financial assets at amortized cost – net		(35,226,939)	(25,294,665)
Proceeds from sale of financial assets at amortized cost- net		56,759,373	27,585,589
Proceeds from sale of investment in real estates		2,718,638	1,258,389
Purchase of investment in real estates		(891,918)	(520,940)
Acquired repossessed assets		(8,614,424)	(2,450,103)
Proceeds from sale of repossessed assets		752,899	1,711,310
Proceeds from sale of property and equipment		5,253	9,198
Purchase of property and equipment		(1,996,469)	(4,193,867)
Purchase of intangible assets		(1,691,439)	(823,219)
Net cash flows from (used in) investment activities		13,935,878	(2,670,539)
Cash flow from financing activities			
Increase in unrestricted investment accounts holders' equity		243,660,605	145,472,730
Dividends		(24,000,000)	-
Lease Obligations Payments		(1,725,832)	(1,559,558)
Net cash flow from financing activities		217,934,773	143,913,172
Net increase (decrease) in cash and cash equivalents		117,871,859	(97,664,014)
Exchange rates effect on cash and cash equivalents		1,258,448	868,357
Cash and cash equivalents at the beginning of the period		812,676,923	971,483,065
Cash and cash equivalents at end of period	31	931,817,230	874,687,408

The accompanying notes from (1) to (38) form an integral part of these interim condensed consolidated financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF SOURCES AND USES OF FUNDS OF AL QARD
AL HASAN FUND AS OF 30 SEPTEMBER 2021 (UNAUDITED) **STATEMENT (F)**

	30 September 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Beginning balance for the period / year	81,208,965	20,114,216
Sources of the Fund:		
Central bank account/ Al Qard Al Hasan Fund	57,062,655	64,908,095
Sources the Bank is authorized to use	44,016,870	32,911,572
Sources outside the Bank	2,019,362	1,934,535
Total sources of the fund for the period / year	103,098,887	99,754,202
Uses of the Fund:		
Education	357,595	1,465,015
Medical treatment	333,710	831,884
Marriage	462,760	570,170
Overdraft accounts	10,463,752	11,238,735
Social advances for the Bank's employees	1,940,904	2,478,683
Central Bank's programme for facing Corona pandemic & med-term crisis agreement	8,331,201	63,055,499
Total uses for the period / year	21,889,922	79,639,986
Settled for the period / year	(28,716,969)	(18,545,237)
Ending balance for the period / year	74,381,918	81,208,965
Less: expected credit loss provision – self	(4,096,256)	(3,705,944)
Ending balance for the period / year– net	70,285,662	77,503,021

The accompanying notes from (1) to (38) form an integral part of these condensed consolidated interim financial statements

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

(1) General Information

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

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

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

The interim condensed consolidated financial statements were authorized for issue by the Bank's Board of Directors in their No.7 meeting held on 26 October 2021.

(2) Significant Accounting Policies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2-3 Changes in Accounting Policies:

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

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

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

The standard requires the investor to evaluate the nature of the investment as either a) a pass-through investment or b) wakala venture.

Pass-through Investment

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

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

Wakala Venture Approach

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

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

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

Financial Accounting Standard FAS 32 (Ijarah)

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

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

(3) Use of Estimates

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

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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We believe that our estimates in the interim condensed consolidated financial statements are reasonable and detailed as follows:

- Expected credit losses provision for deferred sales receivables and financing: in determining impairment of financial assets, judgment is required in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial assets has increased significantly since initial recognition and incorporation of forward looking information in the measurement of expected credit loss.
- Due to the recent developments of the COVID-19 pandemic, the Bank has updated the macroeconomics factors (Gross Domestic Products (GDP) and share prices) that are used the calculation of expected credit loss (ECL) for the period ended 30 September 2021.
- Income tax provision: the fiscal period is charged with its related income tax according to the laws and accounting standards. Also, the deferred tax assets and liabilities as well as the required tax provision are estimated and recorded.
- Management periodically reevaluates the financial assets carried at cost in order to assess any expected credit losses. The expected credit losses are allocated in accordance to the financing party.
- A provision is set for the lawsuits raised against the Bank. This provision is based to an adequate legal study prepared by the Bank's legal advisor. Moreover, the study highlights potential risks that the Bank may encounter in the future. Such legal assessments are reviewed periodically.

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(4) Cash and Balances with Central Bank

This item consists of the following:

	30 September 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Cash in vaults	182,362,959	179,417,479
Balances at the Central Bank of Jordan:		
Current accounts	551,962,449	493,754,543
Statutory cash reserve	172,615,294	155,606,501
Total balances at the Central Bank of Jordan	724,577,743	649,361,044
Total	906,940,702	828,778,523

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

Amounts of JD 55,789,478 and JD 53,027,314 were deducted as at 30 September 2021 and as at 31 December 2020 respectively, which represent cash balances for accounts managed on behalf of others.

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

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

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(5) Balances at Banks and Financial Institutions

This item consists of the following:

	Local banks and financial institutions		Foreign banks and financial institutions		Total	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	JD	JD	JD	JD	JD	JD
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Current and on demand accounts	1,540	1,550	39,689,204	23,579,885	39,690,744	23,581,435
Less: provision for expected credit loss	(5)	(6)	(72,030)	(76,013)	(72,035)	(76,019)
Net Current and on demand accounts	1,535	1,544	39,617,174	23,503,872	39,618,709	23,505,416
Unrestricted accounts maturing within 3 months or less	-	-	28,502,057	27,119,507	28,502,057	27,119,507
Less: provision for expected credit loss	-	-	(11,399)	(24,383)	(11,399)	(24,383)
Net unrestricted accounts maturing within 3 months or less	-	-	28,490,658	27,095,124	28,490,658	27,095,124
Total	1,535	1,544	68,107,832	50,598,996	68,109,367	50,600,540

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

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

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(6) Wakala Bil Istithmar Accounts

This item consists of the following:

	<u>Foreign banks and financial institutions</u>	
	<u>30 September 2021</u>	<u>31 December 2020</u>
	JD	JD
	(Unaudited)	(Audited)
Maturing within 3 months or less	17,725,000	-
Within (3-6) months	-	17,725,000
Maturing within more than one year	17,725,000	17,725,000
Less: expected credit losses provision	(83,814)	(197,988)
Total	35,366,186	35,252,012

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

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

- A. Movement on balances and accounts at banks and financial institutions note (5) & note (6):

As of 30 September 2021 (Unaudited):

<u>Item</u>	Stage 1	Stage 2	Total
	Individual	Individual	
	JD	JD	JD
Balance at the beginning of the period	85,711,472	439,470	86,150,942
New balances and accounts during the period	55,302,000	124,715	55,426,715
Balances and accounts settled	(37,934,856)	-	(37,934,856)
Balance at the end of the period	103,078,616	564,185	103,642,801

As of 31 December 2020 (Audited):

<u>Item</u>	Stage 1	Stage 2	Total
	Individual	Individual	
	JD	JD	JD
Balance at the beginning of the year	87,809,087	-	87,809,087
New balances and accounts during the year	43,603,500	-	43,603,500
Balances and accounts settled	(45,261,645)	-	(45,261,645)
Transferred (from) to stage 2	(439,470)	439,470	-
Balance at the end of the year	85,711,472	439,470	86,150,942

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B. Movement on the expected credit losses provision:

As of 30 September 2021 (Unaudited):

Item	Stage 1	Stage 2	Total
	Individual	Individual	
	JD	JD	JD
Balance at the beginning of the period	294,494	3,896	298,390
Expected credit loss on new balances and accounts during the period	24,072	1,573	25,645
Expected credit loss recovered from balances and accounts paid	(6,273)	-	(6,273)
Changes due to adjustments	(147,368)	(3,146)	(150,514)
Balance at the end of the period	164,925	2,323	167,248

As of 31 December 2020 (Audited):

Item	Stage 1	Stage 2	Total
	Individual	Individual	
	JD	JD	JD
Balance at the beginning of the year	135,890	-	135,890
Expected credit loss on new balances and accounts during the year	86,678	-	86,678
Expected credit loss recovered from balances and accounts paid	(128,620)	-	(128,620)
Transferred (from) to stage 2	(3,896)	3,896	-
Changes due to adjustments	204,442	-	204,442
Balance at the end of the year	294,494	3,896	298,390

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(7) Deferred Sales Receivables and Other Receivables – Net

This item consists of the following:

	Joint		Self		Total	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	JD (Unaudited)	JD (Audited)	JD (Unaudited)	JD (Audited)	JD (Unaudited)	JD (Audited)
Individuals (Retail):						
Murabaha to the purchase orderer	766,403,082	719,214,708	-	-	766,403,082	719,214,708
Deferred sales	12,878,712	11,649,897	-	-	12,878,712	11,649,897
Ijarah Mawsoofa Bil Thimma	7,966,433	6,828,157	-	-	7,966,433	6,828,157
Ijarah Muntahia Bittamleek receivables	6,610,644	6,676,919	-	-	6,610,644	6,676,919
Istisna'a	242,382	251,574	-	-	242,382	251,574
Customers' receivables	6,390,452	6,438,509	4,320,461	4,502,743	10,710,913	10,941,252
Real estate financing	529,871,698	487,839,216	-	50,000	529,871,698	487,889,216
Corporate:						
International Murabaha	29,439,892	21,864,113	-	-	29,439,892	21,864,113
Murabaha to the purchase orderer	472,841,932	512,071,042	-	-	472,841,932	512,071,042
Deferred sales	285	3,029	-	-	285	3,029
Ijarah Muntahia Bittamleek receivables	570,011	312,253	-	-	570,011	312,253
Istisna'a	26,441,438	27,978,417	-	-	26,441,438	27,978,417
Musharaka receivables	-	130,453	-	-	-	130,453
Small and Medium Enterprises (SME's):						
Murabaha to the purchase orderer	166,311,736	159,650,015	-	-	166,311,736	159,650,015
Deferred sales	21,249	27,190	-	-	21,249	27,190
Ijarah Mawsoofa bil Thimma	516,540	135,516	-	-	516,540	135,516
Ijarah Muntahia Bittamleek receivables	339,714	227,482	-	-	339,714	227,482
Istisna'a	771,088	-	-	-	771,088	-
Customers' receivables	-	73,423	2,564,467	2,276,146	2,564,467	2,349,569
Government and public sector	1,223,684,803	1,064,969,843	78,012	209,428	1,223,762,815	1,065,179,271
Total	3,251,302,091	3,026,341,756	6,962,940	7,038,317	3,258,265,031	3,033,380,073
Less: deferred revenues	(316,069,161)	(306,534,351)	-	(2,000)	(316,069,161)	(306,536,351)
Less: suspended revenues	(11,515,889)	(11,391,754)	-	-	(11,515,889)	(11,391,754)
Less: deferred mutual insurance	(19,894,812)	(14,963,358)	-	-	(19,894,812)	(14,963,358)
Less: expected credit loss	(112,072,182)	(109,864,166)	(462,000)	(462,040)	(112,534,182)	(110,326,206)
Net deferred sales and other receivables	2,791,750,047	2,583,588,127	6,500,940	6,574,277	2,798,250,987	2,590,162,404

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

	Retail		Real estate financing		Large corporates		Small and Medium Enterprises		Government and public sector		Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
As at 30 September 2021 (Unaudited)											
Balance at beginning of the period	34,838,196	31,842,049	29,669,215	14,531,350	-	-	110,880,810				
Transferred to during the period	(1,495,720)	(399,847)	1,908,608	2,051,813	-	-	2,064,854				
Used during the period (write-offs)	(794)	-	-	(256)	-	-	(1,050)				
Balance at the end of the period	33,341,682	31,442,202	31,577,823	16,582,907	-	-	112,944,614				

	Retail		Real estate financing		Large corporates		Small and Medium Enterprises		Government and public sector		Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
As at 30 September 2021 (Unaudited)											
Expected credit loss of non-performing receivables on individual customer basis	22,713,738	21,036,612	25,494,357	14,100,141	-	-	83,344,848				
Expected credit loss of watch list receivables based on individual customer basis	4,689,165	3,895,817	5,622,157	1,990,849	-	-	16,197,988				
Expected credit loss of watch list receivables on portfolio basis	133,732	114,976	461,309	112,281	-	-	822,298				
Expected credit loss of performing receivables on individual customer basis	-	-	-	-	-	-	-				
Expected credit losses of risk-accepted receivables on individual customer basis	5,805,047	6,394,797	-	379,636	-	-	12,579,480				
Total	33,341,682	31,442,202	31,577,823	16,582,907	-	-	112,944,614				

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	Retail	Real estate financing	Large corporates	Small and Medium Enterprises	Government and public sector	Total
	JD	JD	JD	JD	JD	JD
As at 31 December 2020 (Audited)						
Balance at beginning of the year	28,522,639	26,285,482	28,056,833	13,975,452	-	96,840,406
Transfer to during the year	6,315,557	7,119,878	3,938,512	1,411,030	-	18,784,977
Used during the year (write-offs)	-	(1,563,311)	(2,326,130)	(855,132)	-	(4,744,573)
Balance at the end of the year	34,838,196	31,842,049	29,669,215	14,531,350	-	110,880,810

	Retail	Real estate financing	Large corporates	Small and Medium Enterprises	Government and public sector	Total
	JD	JD	JD	JD	JD	JD
As at 31 December 2020 (Audited)						
Expected credit loss of non-performing receivables on individual customer basis	20,891,258	20,074,715	20,991,959	12,088,568	-	74,046,500
Expected credit loss of watch list receivables based on individual customer basis	7,283,922	6,172,661	7,199,804	2,070,253	-	22,726,640
Expected credit loss of watch list receivables on portfolio basis	-	-	-	-	-	-
Expected credit loss of risk-accepted receivables on individual customer basis	196,999	247,660	1,477,452	261,713	-	2,183,824
Expected credit losses of risk-accepted receivables on individual customer basis	6,466,017	5,347,013	-	110,816	-	11,923,846
Total	34,838,196	31,842,049	29,669,215	14,531,350	-	110,880,810

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

	Retail		Real estate financing		Large corporates		Small and Medium Enterprises		Government and public sector		Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
As at 30 September 2021 (Unaudited)											
Balance at beginning of the period	465,605	-	-	-	-	-	-	-	-	-	465,605
Transfer to during the period	7,219	-	-	-	-	-	-	-	-	-	7,219
Used during the period (write-offs)	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the period	472,824	-	-	-	-	-	-	-	-	-	472,824

	Retail		Real estate financing		Large corporates		Small and Medium Enterprises		Government and public sector		Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
As at 30 September 2021 (Unaudited)											
Expected credit loss of non-performing receivables on individual customer basis	295,051	-	-	-	-	-	-	-	-	-	295,051
Expected credit loss of watch list receivables based on individual customer basis	112,233	-	-	-	-	-	-	-	-	-	112,233
Expected credit loss of watch list receivables on portfolio basis	65,540	-	-	-	-	-	-	-	-	-	65,540
Total	472,824	-	-	-	-	-	-	-	-	-	472,824

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	Retail		Real estate financing		Large corporates		Small and Medium Enterprises		Government and public sector		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
As at 31 December 2020												
Balance at beginning of the year	725,764	-	-	-	-	-	-	-	-	-	-	725,764
Transfer to during the year	65,774	-	-	-	-	-	-	-	-	-	-	65,774
Used during the year (write-offs)	(325,933)	-	-	-	-	-	-	-	-	-	-	(325,933)
Balance at the end of the year	465,605	-	-	-	-	-	-	-	-	-	-	465,605

	Retail		Real estate financing		Large corporates		Small and Medium Enterprises		Government and public sector		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
As at 31 December 2020												
Expected credit loss of non-performing receivables on individual customer basis	284,383	-	-	-	-	-	-	-	-	-	-	284,383
Expected credit loss of watch list receivables based on individual customer basis	95,534	-	-	-	-	-	-	-	-	-	-	95,534
Expected credit loss of watch list receivables on portfolio basis	85,688	-	-	-	-	-	-	-	-	-	-	85,688
Balance at the end of the year	465,605	-	-	-	-	-	-	-	-	-	-	465,605

There are no provisions that are no longer required as a result of settlement or repayment transferred to receivables and financing, as at 30 September 2021 and 31 December 2020.

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Movements on the suspended revenues were as follows:

	Joint				
	For the period ended 30 September 2021 (Unaudited)				
	Retail	Real estate financing	Large corporates	Small and Medium Enterprises	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the period	5,831,156	1,666,950	3,007,008	886,640	11,391,754
Add: suspended revenues during the period	2,163,259	618,410	1,115,549	328,928	4,226,146
Less: revenue in suspense transferred to revenue	(2,018,546)	(697,992)	(1,130,493)	(254,980)	(4,102,011)
Balance at the end of the period	5,975,869	1,587,368	2,992,064	960,588	11,515,889

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

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(8) Ijarah Muntahia Bittamleek Assets - Net

This item consists of the following:

	Joint (Unaudited)		
	30 September 2021		
	Cost	Accumulated Depreciation	Net Book Value
	JD	JD	JD
Ijarah Muntahia Bittamleek assets - real estate	970,800,323	(188,946,486)	781,853,837

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

The accrued Ijarah installments amounted to JD 7,520,369 as at 30 September 2021 (31 December 2020: JD 7,216,654) were included in deferred sales receivables and other receivables as disclosed in note (7).

(9) Financing – Net

This item consists of the following:

	Joint		Self		Total	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	JD	JD	JD	JD	JD	JD
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Individuals (Retail):						
Diminishing Musharaka	36,137,341	33,963,533	256,239	214,215	36,393,580	34,177,748
Total	36,137,341	33,963,533	256,239	214,215	36,393,580	34,177,748
Less: expected credit losses provision	(872,432)	(1,016,644)	(10,824)	(3,565)	(883,256)	(1,020,209)
Net Financing	35,264,909	32,946,889	245,415	210,650	35,510,324	33,157,539

Non-performing deferred sales receivables, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan amounted to JD 116,250,314 as at 30 September 2021, representing 3.45% of deferred sales receivable, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan balance compared to JD 107,423,085 as at 31 December 2020, representing 3.41% of the utilized balance at the end of the previous year.

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Non-performing deferred sales receivables, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan after deducting suspended revenues amounted to JD 106,911,738 as at 30 September 2021, representing 3.18 % of deferred sales, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan balance after deductions suspended revenues, compared to JD 98,341,001 as at 31 December 2020, representing 3.13% of the utilized balance at the end of the previous year.

Deferred sales, other receivables, and financing granted to and guaranteed by the Government of Jordan amounted to JD 1,226,757,899 as at 30 September 2021, representing 36.41% of deferred sales, other receivables and financing balance, compared to JD 1,068,174,355 as at 31 December 2020, representing 33.92% of the utilized balance at the end of the previous year.

A- Cumulative movement on direct facilities:

As of 30 September 2021 (Unaudited):

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD		
Balance at the beginning of the period	1,354,587,429	870,506,572	396,893,617	41,733,267	152,154,438	2,815,875,303
New facilities during the period	530,279,725	325,645,578	144,898,095	5,019,494	1,913,992	1,007,756,889
Settled facilities	(355,306,929)	(271,645,060)	(143,082,232)	(13,389,828)	(18,646,441)	(802,070,490)
Transferred to (from) stage 1	68,452,657	20,754,960	(64,021,372)	(15,415,982)	(9,770,263)	-
Transferred (from) to stage 2	(75,180,511)	(28,475,080)	95,100,804	39,515,141	(30,960,354)	-
Transferred (from) to stage 3	(4,286,513)	(6,535,283)	(30,128,791)	(7,491,282)	48,441,869	-
Written of facilities	-	-	-	-	(1,050)	(1,050)
Balance at the end of the period	1,518,545,858	910,251,687	399,660,121	49,970,810	143,132,191	3,021,560,667

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As of 31 December 2020 (Audited):

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

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

As of 30 September 2021 (Unaudited):

Item	Large corporates			Real estate financing		Total
	SMEs	Individuals				
	JD	JD	JD	JD	JD	
Balance at the beginning of the period	29,972,150	15,318,417	37,916,138	31,845,654	115,052,359	
Expected credit losses on the new facilities during the period	2,057,114	362,641	2,946,266	3,079,339	8,445,360	
Expected credit losses recovered from settled facilities	(1,289,672)	(312,656)	(1,347,001)	(312,383)	(3,261,712)	
Transferred to stage 1	145,184	590,107	1,511,365	364,751	2,611,407	
Transferred to stage 2	4,091,270	1,708,378	3,465,115	1,793,940	11,058,703	
Transferred from stage 3	(4,236,455)	(2,298,485)	(4,976,481)	(2,158,691)	(13,670,112)	
Impact on ending balance provision, due to changes in stage classification	4,281,680	1,294,608	(572,629)	(892,975)	4,110,684	
Adjustments	(3,434,986)	822,103	(1,952,453)	(2,266,609)	(6,831,945)	
Written of facilities	-	(256)	(794)	-	(1,050)	
Balance at the end of the period	31,586,285	17,484,857	36,989,526	31,453,026	117,513,694	

Reallocated:

Individual level provision	31,586,285	14,069,594	10,365,630	5,226,045	61,247,554
Collective level provision	-	3,415,263	26,623,896	26,226,981	56,266,140

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As of 31 December 2020 (Audited):

Item	Large corporates	SMEs	Individuals	Real estate financing	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	28,116,550	14,955,167	31,963,874	26,288,246	101,323,837
Expected credit losses on the new facilities during the year	11,240,939	5,276,654	10,112,332	5,488,918	32,118,843
Expected credit loss recovered from settled facilities	(7,517,801)	(2,795,786)	(6,176,842)	(1,356,543)	(17,846,972)
Transferred to stage 1	4,258,983	1,140,089	476,817	810,801	6,686,690
Transferred to stage 2	1,399,352	1,159,389	925,334	230,835	3,714,910
Transferred to stage 3	(5,658,334)	(2,299,478)	(1,402,152)	(1,041,636)	(10,401,600)
Impact on ending balance provision due to change in staging classification	(4,360,641)	(1,010,435)	581,176	276,624	(4,513,276)
Adjustments	2,493,102	456,128	3,761,729	2,003,541	8,714,500
Written off facilities	-	(1,563,311)	(2,326,130)	(855,132)	(4,744,573)
Balance at the end of the year	29,972,150	15,318,417	37,916,138	31,845,654	115,052,359
Reallocated:					
Individual level provision	29,972,150	11,398,671	10,424,075	7,581,551	59,376,447
Collective level provision	-	3,919,746	27,492,063	24,264,103	55,675,912

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

This item consists of the following:

	30 September 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Quoted financial assets		
Companies shares	5,016,869	4,900,392
Total financial assets – quoted	5,016,869	4,900,392
Unquoted financial assets		
Companies shares	2,422,480	2,242,103
Al Wakala Bi Al Istithmar (investment portfolio)	10,891,080	5,832,557
Total financial assets - unquoted	13,313,560	8,074,660
Total financial assets at fair value through owner's equity – self financed	18,330,429	12,975,052

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

This item consists of the following:

	30 September 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Quoted financial assets:		
Companies shares	19,268,740	18,776,497
Total quoted financial assets	19,268,740	18,776,497
Unquoted financial assets:		
Companies shares	9,263,513	7,934,540
Islamic banks portfolio	821,691	820,584
Al Wakala Bi Al Istithmar (investment portfolio)	1,566,867	9,352,249
Total unquoted financial assets	11,652,071	18,107,373
Total financial assets at fair value through the investment accounts holders' equity - joint	30,920,811	36,883,870

(12) Financial Assets at Amortized Cost

This item consists of the following:

	30 September 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Quoted financial assets		
Islamic Sukuk	12,762,000	12,762,000
Expected credit losses	(265,782)	(568,408)
Net quoted financial assets	12,496,218	12,193,592
Unquoted financial assets		
Islamic Sukuk	156,304,411	180,824,159
Islamic banks portfolio	7,702,851	4,715,538
Total unquoted financial assets	164,007,262	185,539,697
Expected credit losses	(1,844,950)	(1,860,090)
Net unquoted financial assets	162,162,312	183,679,607
Total Financial Assets at amortized cost	174,658,530	195,873,199

- Islamic Sukuk in Jordanian Dinars rate of return ranges between (2.8% - 5.47%) payable on a semi-annual basis, with a maturity of 3 years.
- Islamic Sukuk in US Dollars rate of return ranges between (6.5% - 9.37%) payable on an annual basis, with a maturity of 5 years.

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- Rate of return on short term Islamic Sukuk in US Dollars ranges between (2.35% - 1.10%) with a maturity of 3-6 months .

1. Cumulative movement on investments:

As of 30 September 2021 (Unaudited):

Item	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
	JD	JD	JD	JD
Balance at the beginning of the period	189,393,324	7,090,000	1,818,373	198,301,697
New investments during the period	30,391,782	-	-	30,391,782
Matured investments	(51,924,217)	-	-	(51,924,217)
Balance at the end of the period	167,860,889	7,090,000	1,818,373	176,769,262

As of 31 December 2020 (Audited):

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

2. Cumulative movement on the expected credit loss:

As of 30 September 2021 (Unaudited):

Item	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
	JD	JD	JD	JD
Balance at the beginning of the period	106,635	503,490	1,818,373	2,428,498
Expected credit loss on new investments during the period	29,004	-	-	29,004
Expected credit loss recovered from matured investments	(24,665)	-	-	(24,665)
Adjustments	(49,998)	(272,107)	-	(322,105)
Balance at the end of the period	60,976	231,383	1,818,373	2,110,732

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As of 31 December 2020 (Audited):

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

(13) Investments in Real Estate

This item consists of the following:

	Joint	
	30 September 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Investments in real estate *	123,666,311	107,608,263
Total	123,666,311	107,608,263

* Investment in real estate are presented at fair value, with a book value (cost) of JD 112,956,843 as at 30 September 2021 compared to JD 95,078,917 as at 31 December 2020.

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This item consists of the following:

- Movements on investments in real estate were as follow:

	30 September 2021		
	Lands	Buildings	Total
	JD	JD	JD
Balance at the beginning of the period	78,390,123	29,218,140	107,608,263
Additions	-	20,733,200	20,733,200
Disposals	(4,575,652)	(99,500)	(4,675,152)
Revaluation difference	-	-	-
Net Investments in real estate at the end of the period	73,814,471	49,851,840	123,666,311
	31 December 2020		
	Lands	Buildings	Total
	JD	JD	JD
Balance at the beginning of the year	80,764,574	30,425,595	111,190,169
Additions	494,930	786,405	1,281,335
Disposals	(1,393,309)	(353,943)	(1,747,252)
Revaluation difference	(1,476,072)	(1,639,917)	(3,115,989)
Net Investments in real estate at the end of the year	78,390,123	29,218,140	107,608,263

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

(14) Other Assets

This item consists of the following:

	30 September	31 December
	2021	2020
	JD	JD
	(Unaudited)	(Audited)
Accrued revenues	329,882	540,598
Prepaid expenses	2,616,562	458,787
Temporary debit accounts	7,541,029	5,826,785
Stationery and publications	526,354	606,162
Stamps	103,219	116,961
Credit card accounts	4,633,752	4,330,020
Settlement guarantee fund deposits	42,000	25,000
Refundable deposits	366,004	365,974
Repossessed assets - Net *	26,379,986	38,653,803
Others	327,964	354,139
Total	42,866,752	51,278,229

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

	30 September 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Beginning balance for the period / year	39,765,682	36,076,921
Additions	8,614,424	7,338,569
Disposals	(20,457,545)	(3,649,808)
Ending balance for the period / year	27,922,561	39,765,682
Provision for acquired assets *	(553,347)	(12,363)
provision for impairment in acquired assets	(989,228)	(1,099,516)
Total	26,379,986	38,653,803

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

(15) Customers' Current and on Demand Accounts

	30 September 2021 (Unaudited)				
	Retail	Large corporates	Small and Medium Enterprises	Government and public sector	Total
	JD	JD	JD	JD	JD
Current accounts	813,831,397	16,629,225	242,633,898	27,929,058	1,101,023,578
On demand accounts	261,342,843	55,610	790,132	-	262,188,585
Total	1,075,174,240	16,684,835	243,424,030	27,929,058	1,363,212,163

	31 December 2020 (Audited)				
	Retail	Large corporates	Small and Medium Enterprises	Government and public sector	Total
	JD	JD	JD	JD	JD
Current accounts	753,196,870	15,378,785	214,609,785	39,883,930	1,023,069,370
On demand accounts	240,809,475	285,750	1,082,267	-	242,177,492
Total	994,006,345	15,664,535	215,692,052	39,883,930	1,265,246,862

Government and public sector deposits inside the Kingdom amounted to JD 27,929,057 representing 2.05% of the total customers' current and on demand accounts as at 30 September 2021 compared to JD 39,883,930 representing 3.15% as at 31 December 2020.

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Dormant accounts amounted to JD 26,209,079 as of 30 September 2021 compared to JD 35,372,943 as of 31 December 2020.

The restricted accounts amounted to JD 5,068,471 representing 0.37% of the total customers' current and on demand accounts as of 30 September 2021 compared to JD 6,877,913 representing 0.54% as of 31 December 2020 of the total customers' current and on demand accounts.

(16) Income Tax Provision

A- Bank's Income Tax Provision:

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

	30 September 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Beginning balance for the period / year	26,142,445	29,999,703
Income tax paid	(22,507,300)	(23,833,923)
Income tax expense	29,083,944	31,643,599
Income tax paid in advance for the year 2021 and 2020	(7,378,262)	(11,666,934)
Ending balance for the period / year	25,340,827	26,142,445

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

	30 September	
	2021	2020
	JD	JD
	(Unaudited)	(Unaudited)
Income tax for the period	29,083,944	24,401,000
Total	29,083,944	24,401,000

Income tax was adjusted starting from 1 January 2020 to reach 35% in addition to a national contribution of 3% for a total of 38% in accordance with the income tax law No. (34) of 2014 amended by law No. (38) of the year 2018.

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

Subsidiaries:

Al Samaha Financing and Investment Company Ltd:

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

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Sanabel Al-Khair for financial investment Company Ltd:

The Company reached a final settlement with the income tax department up to 2020.

Omaryeh school company Ltd:

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

Future Applied Computer Technology Company Ltd:

The Company reached a final settlement with the income tax department up to 2020.

(17) Other Liabilities

This item consists of the following:

	30 September 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Accepted cheques	4,263,191	4,970,623
Revenues received in advance	1,138,510	735,689
Al Qard Al Hasan Fund	2,019,362	1,934,535
Temporary deposits	911,929	810,374
Other credit balances	3,383,592	4,124,153
Cheques against notes payables	5,302,042	4,026,783
Term deposit profits	759,133	-
Banker's cheques	7,582,878	7,539,533
Others	10,156,830	12,632,509
Total	35,517,467	36,774,199

(18) Unrestricted Investment Accounts

A- This item consists of the following:

	30 September 2021 (Unaudited)					
	Retail	Large corporates	Small and Medium Enterprises	Government and public sector	Banks	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	632,409,675	1,141,626	8,905,087	153	22,849,176	665,305,717
Notice accounts	8,770,708	-	4,791,830	628,423	10,873,588	25,064,549
Term accounts	2,055,719,530	24,345,330	127,725,656	124,812,787	16,105,750	2,348,709,053
Total	2,696,899,913	25,486,956	141,422,573	125,441,363	49,828,514	3,039,079,319
Depositors' share from Investment returns	42,095,898	397,826	2,221,308	1,958,014	618,949	47,291,995
Total unrestricted investment accounts	2,738,995,811	25,884,782	143,643,881	127,399,377	50,447,463	3,086,371,314

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

Unrestricted investment accounts share of profits is calculated as follows:

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

Unrestricted investment accounts (Government of Jordan and Public Sector) inside the Kingdom amounted to JD **127,399,377** representing 4.13% of the total unrestricted investment accounts as at 30 September 2021 compared to JD **64,749,161** representing 2.28% as at 31 December 2020.

Dormant accounts amounted to **10,017,553** JD as on September 30, 2021, compared to 6,900,949 JD as on December 31, 2020.

The withdrawal restricted investment accounts amounted to JD **5,070,597** representing 0.16% of the total unrestricted investment accounts as at 30 September 2021 compared to JD **5,403,427** representing 0.19% as at 31 December 2020.

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

	Joint	
	30 September 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Investment accounts holders' reserve – subsidiaries	11,558,132	13,141,785
Investment accounts holders' reserve – associates	3,373,990	2,619,643
Total	14,932,122	15,761,428
Non-controlling interest	40,154	41,206

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(19) Fair Value Reserve

A- Joint

	Joint	
	30 September 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Financial assets at fair value through joint investment accounts holders' equity reserve	(1,829,906)	(2,521,374)
Investments in real estate reserve	6,639,870	7,768,195
Total	4,809,964	5,246,821

B- Self

	Self	
	30 September 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Financial assets at fair value through owner's equity – self	3,118,999	2,888,319
Total	3,118,999	2,888,319

C- Movements on the fair value reserve for the unrestricted investment accounts holders' equity are as follows:

	30 September 2021 (Unaudited)		
	Financial assets at fair value	Investments in real estate	Total
	JD	JD	JD
Balance at the beginning of the period *	(4,066,732)	12,529,346	8,462,614
Unrealized losses	2,217,003	1,030,789	3,247,792
Deferred tax assets (liabilities)	1,121,556	(4,069,598)	(2,948,042)
Profits transferred to the consolidated income statement	(1,101,733)	(2,850,667)	(3,952,400)
Balance at the end of the period	(1,829,906)	6,639,870	4,809,964

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

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

D- Movements on the fair value reserve / owner's equity are as follows:

	Financial assets at fair value	
	30 September 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Beginning balance for the period / year *	4,658,579	3,607,098
Unrealized profits	387,559	1,028,165
Deferred tax liabilities	(1,911,644)	(1,770,260)
(Profits) losses transferred to the comprehensive consolidated income statement after tax	(15,495)	23,316
Ending balance for the period / year	3,118,999	2,888,319

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

E- Provision for probable contingencies:

Movements on probable contingencies provision are as follows:

	30 September 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
	Beginning balance for the period / year	1,284,360
Movement during the period / year	(732,428)	523,931
Ending balance for the period / year	551,932	1,284,360

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(20) Provision for future expected risks

A. Movements on the provision for future expected risks are as follows:

	30 September 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Transfer from investment risk fund	25,980,009	30,016,131
Transfers to provision for expected credit losses	-	(4,036,122)
Settlement of previous years	(14,740)	-
Ending balance for the period / year	<u>25,965,269</u>	<u>25,980,009</u>

B. Mutual Insurance Fund

Movements on the Mutual Insurance Fund were as follows:

	30 September 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Beginning balance for the period / year	48,820,782	53,065,605
Add: profits for the years 2019 and 2020	1,265,186	1,987,034
Add: insurance premiums collected during the period / year	5,391,878	4,710,496
Add: amounts recovered from prior years losses	73,252	63,985
Less: insurance premiums paid during the period / year	(5,473,255)	(4,746,297)
Taxes paid in advance for 2020	(443,768)	-
Less: fund's committee members remunerations	(16,000)	(16,000)
Less: consulting fees	(1,740)	(1,740)
Less: Insurance paid for the dissolution of contracts before 2018	(958)	(21,815)
Less: losses written off during the period / year	-	(220,486)
Less: Expected credit losses provision during the year	(1,000,000)	(6,000,000)
Ending balance for the period / year	<u>48,615,377</u>	<u>48,820,782</u>

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

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

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

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

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

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

C. Subsidiaries expected credit losses

	30 September 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Al Samaha Funding and Investment Company Ltd.	835,882	509,036
Al Omariah Schools Company Ltd.	696,584	706,752
Total	1,532,466	1,215,788

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

	30 September 2021	31 December 2020
	JD	JD
Balance at the beginning of the year	115,927,918	101,800,672
Provision during the year through the consolidated income statement	-	8,000,000
Transferred from mutual insurance fund (Note 20 B)	1,000,000	6,000,000
Transferred from provision of expected future risk (Note 20 A)	-	4,036,122
Provision from subsidiaries	316,678	134,769
Written-off	(1,050)	(4,043,645)
Other	1,520	-
Balance at the end of the year	117,245,066	115,927,918

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(21) Deferred Sales Revenues

	Joint		self		Total	
	For the nine months ended 30		For the nine months end 30		For the nine months end 30	
	September		September		September	
	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Individuals (Retail):						
Murabaha to the purchase						
orderer	34,205,878	33,884,742	-	-	34,205,878	33,884,742
Deferred sales	686,644	553,139	-	-	686,644	553,139
Ijarah Mawsoofa Bil Thimma	360,158	324,500	-	-	360,158	324,500
Istisna'a	12,980	14,031	-	-	12,980	14,031
Real Estate Financing	20,560,096	21,274,100	2000	4,000	20,562,096	21,278,100
Corporate:						
International Murabaha						
Murabaha to the purchase	218,091	374,192	-	-	218,091	374,192
orderer	14,972,513	12,007,821	-	-	14,972,513	12,007,821
Deferred sales	78	-	-	-	78	-
Istisna'a	1,238,395	2,983,036	-	-	1,238,395	2,983,036
Small and Medium						
Enterprises:						
Murabaha to the purchase						
orderer	5,522,009	6,268,521	-	-	5,522,009	6,268,521
Deferred sales	1,018	2,437	-	-	1,018	2,437
Ijarah mawsoofa bil thimma	44,056	1,937	-	-	44,056	1,937
Istisna'a	28,730	-	-	-	28,730	-
Government and public						
sector	30,876,368	25,758,419	-	-	30,876,368	25,758,419
Total	108,727,014	103,446,875	2000	4,000	108,729,014	103,450,875

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(22) Financing Revenues

	Joint		Self		Total	
	For the nine months ended on 30 September		For the nine months ended on 30 September		For the nine months ended on 30 September	
	2021	2020	2021	2020	2021	2020
	JD (Unaudited)	JD (Unaudited)	JD (Unaudited)	JD (Unaudited)	JD (Unaudited)	JD (Unaudited)
Individuals (Retail):						
Diminishing Musharaka	378,632	361,743	2,907	2,711	381,539	364,454
Total	378,632	361,743	2,907	2,711	381,539	364,454

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

	Joint	
	For the nine months ended on 30 September	
	2021	2020
	JD (Unaudited)	JD (Unaudited)
Dividends income	808,548	565,576
Gain from sale of financial assets at fair value	1,101,733	-
Total	1,910,281	565,576

(24) Gain from Financial Assets at Amortized Cost

	Joint	
	For the nine months ended on 30 September	
	2021	2020
	JD (Unaudited)	JD (Unaudited)
Islamic Sukuk	8,472,890	8,532,476
Islamic banks portfolio revenues	55,177	206,077
Total	8,528,067	8,738,553

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(25) Dividends from subsidiaries and associates

This item consists of the following:

Joint	Ownership percentage	Distribution percentage	Joint	
			30 Sep 2021	30 Sep 2020
	%	%	JD	JD
Subsidiaries				
Al Samaha Financing and Investment Company Ltd.	100,0	5,0	600,000	600,000
Al Omariah Schools Company Ltd	99,8	3,0	-	477,359
Future Applied Computer Technology Company Ltd.	100,0	6,0	-	300,000
Associates				
Jordanian Center for International Trading Co.	28,4	5,0	48,200	77,120
Islamic Insurance Co.	33,3	8,0	400,000	300,000
Sale of subsidiary company *	-	-	1,071,604	-
Total			2,119,804	1,754,479

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

(26) Revenue from Investments in Real Estate

	Joint	
	2021	2020
	JD	JD
	(Unaudited)	(Unaudited)
Realized gain from investments in Real Estate	3,943,386	868,823

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(27) Share of Unrestricted Investment Accounts Holders

	For the nine months ended on 30 September	
	2021	2020
	JD (Unaudited)	JD (Unaudited)
Banks and financial institutions	618,949	327,459
Customers:		
Saving accounts	4,951,496	4,294,123
Notice accounts	189,361	194,489
Term accounts	41,532,189	37,731,486
Total	47,291,995	42,547,557

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

	For the nine months ended on 30 September	
	2021	2020
	JD (Unaudited)	JD (Unaudited)
Bank's share as Mudarib	73,733,240	74,880,794
Bank's share as Rab Mal	36,783,542	28,466,739
Total	110,516,782	103,347,533

(29) Bank's Self-financed Revenue

This item consists of the following:

	For the nine months ended on 30 September	
	2021	2020
	JD (Unaudited)	JD (Unaudited)
Sales receivables revenues – note (21)	2,000	4,000
Financing revenues – note (22)	2,907	2,711
Gain from financial assets at the fair value through equity	229,639	13,719
Total	234,546	20,430

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(30) Basic Earnings Per Share (EPS)

This item consists of the following:

	For the nine months ended on 30 September	
	2021	2020
	(Unaudited)	(Unaudited)
Profit for the period after income tax (JD)	47,650,890	40,721,423
Weighted average number of shares (share)	200,000,000	200,000,000
Basic earnings per share (JD/Fils)	0/238	0/204

(31) Cash and Cash Equivalents

This item consists of the following:

	For the nine months ended on 30 September	
	2021	2020
	JD (Unaudited)	JD (Unaudited)
Cash and balances with the Central Bank maturing within 3 months	906,940,702	889,489,998
Add: Balances at banks and financial institutions maturing within 3 months	85,917,801	51,301,380
Less: Balances at banks and financial institutions maturing within 3 months	(61,041,273)	(66,103,970)
Total	931,817,230	874,687,408

(32) Related Parties Transactions

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

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

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

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

	Related parties				Total	
	Parent Company	Associates	Subsidiaries	Board members	30	31
				and Senior	September	December
				Executive	2021	2020
management	JD	JD	JD	JD	JD	
	JD	JD	JD	(Unaudited)	(Audited)	
Interim condensed consolidated statement of financial position items:						
Deferred sales receivables	-	156,546	2,535,007	8,048,326	10,739,879	10,331,142
Financing of employees housing/ Musharaka	-	-	-	1,011,927	1,011,927	1,066,880
Deposits	44,807	9,487,117	3,707,776	2,384,693	15,624,393	12,352,226
Off consolidated statement of financial position items:						
Guarantees and Letters of credit	-	18,750	535,549	3,014,475	3,568,774	3,511,574
					For the nine months ended on 30 September	
					2021	2020
					JD	JD
					(Unaudited)	(Unaudited)
Interim consolidated income statement items:						
Paid expenses	-	4,393,741	1,217,686	2,156,778	7,768,205	8,654,335
Received revenues	19	7,717	9,433	25,111	42,280	56,558
Paid Profits	-	166,876	97,930	191,706	456,512	497,799

- Murabaha rate on granted financing ranged between 3% - 3.75% annually as at 30 September 2021 (2020: 3.5% - 4.75%).
- Musharaka profit rate of financing granted to the employees ranged between 1.75% - 4.8% annually as at 30 September 2021 (2020: 2% - 4.8%).
- Guarantees commission rate ranged between 1% - 4% annually as at 30 September 2021 (2020: 1% - 4%). Letters of credit commission rate ranged between 1/4% - 3/8% quarterly as 30 September 2021 (2020: 1/4% - 3/8% quarterly).
- Individual and corporate deposits revenue is equals to the percentage of revenue for related parties deposits.

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

	For the nine months ended on 30 September	
	2021	2020
	JD	JD
	(Unaudited)	(Unaudited)
Salaries, remuneration and transportation	<u>1,744,974</u>	<u>1,568,353</u>
Total	<u>1,744,974</u>	<u>1,568,353</u>

(33) Segment Information

A. Information about Bank's Activities

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

Retail accounts

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

Corporate Accounts

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

Investment in Assets

This includes investing in real estate, and leasing.

Treasury

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

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B. Below is the Bank's business sectors distributed according to its activities:

	Retail	Corporate	Investment in		Total		
			Assets	Treasury	For the nine months ended on 30 September		
					Others	2021	2020
	JD	JD	JD	JD	JD	JD	
					(Unaudited)	(Unaudited)	
Total revenues (joint and self financed)	96,193,678	62,438,029	12,004,910	14,856,694	408,434	185,901,745	170,740,548
Net income of subsidiaries and share of profit from investments in associates	-	-	703,214	-	-	703,214	1,535,763
Deposit insurance fees joint investment accounts	(1,849,296)	(1,182,262)	(228,218)	(298,958)	(7,852)	(3,566,586)	(3,273,845)
Share of the unrestricted investment accounts and non-controlling interests from the net income of associates	(24,625,302)	(18,702,587)	(703,214)	(3,964,106)	-	(47,995,209)	(44,083,320)
Segment Results	69,719,080	42,553,180	11,776,692	10,593,630	400,582	135,043,164	124,919,146
Allocated expenses	(28,297,066)	(20,059,075)	(4,308,363)	(5,643,826)	-	(58,308,330)	(59,796,723)
Profit before tax	41,422,014	22,494,105	7,468,329	4,949,804	400,582	76,734,834	65,122,423
Income tax	(14,999,394)	(9,900,352)	(1,637,178)	(2,426,845)	(120,175)	(29,083,944)	(24,401,000)
Profit after tax	26,422,620	12,593,753	5,831,151	2,522,959	280,407	47,650,890	40,721,423
						30 September 2021	31 December 2020
						JD (Unaudited)	JD (Audited)
Segment assets	1,644,834,029	1,259,212,944	1,129,429,918	1,010,416,255	-	5,043,893,146	4,674,539,946
Investment in associates	-	-	9,070,405	-	-	9,070,405	8,316,058
Unallocated assets	-	-	-	-	151,989,815	151,989,815	161,642,855
Total Assets	1,644,834,029	1,259,212,944	1,138,500,323	1,010,416,255	151,989,815	5,204,953,366	4,844,498,859
Segment liabilities	3,814,170,051	635,413,426	-	61,041,273	-	4,510,624,750	4,174,614,151
Unallocated liabilities	-	-	-	-	196,077,272	196,077,272	195,530,429
Total Liabilities, Joint Investment Accounts Holders' Equity, Non-Controlling Interests and Owner's Equity	3,814,170,051	635,413,426	-	61,041,273	196,077,272	4,706,702,022	4,370,144,580
						For the nine months ended on 30 September 2021	2020
						JD (Unaudited)	JD (Unaudited)
Capital expenditures	-	-	-	-	3,687,908	3,687,908	5,017,086
Depreciation and amortization	-	-	-	-	6,058,993	6,058,993	5,902,456

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(34) Capital Management

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

The Bank achieves its capital objectives throughout the following:

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

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

	30 September 2021	31 December 2020
	Thousands JD (Unaudited)	Thousands JD (Audited)
Common Equity Tier I	468,120	443,333
Paid-in capital	200,000	200,000
Statutory reserve	101,261	101,261
Voluntary reserve	45,473	45,473
Retained earnings	100,747	100,732
Accumulated change in full fair value	2,241	1,698
Profits for the period after tax less expected dividends distribution	25,151	-
Intangible assets	(4,039)	(3,154)
10% of less of investments in Banks, financial institutions and Takaful companies capital.	(494)	(494)
10% or more of investments in Banks, financial institutions and Takaful companies capital, beyond unified regulatory scope.	(2,220)	(2,183)
Additional Tier I	-	-
Additional Tier II	8,289	7,799
General banking risks reserve (self) and bank share of general banking risk reserve- joint (not to exceed 1.25%) of risky assets	8,289	7,799
Total regulatory capital	476,409	451,132
Risk Weighted Assets (RWA)	2,008,310	1,900,264
Common Equity Tier I Ratio	23,31%	23.33%
Additional Tier I Ratio	-	-
Tier I Ratio	23,33%	23.33%
Tier II Ratio	0,41%	0.41%
Capital Adequacy Ratio	23,72%	23.74%

- Financial leverage percentage has reached 18.65% as of 30 September 2021 (31 December 2020:18.98%).

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

Contingent credit commitments:

	30 September 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Letters of credit	30,156,858	26,240,900
Acceptances	12,013,329	2,669,858
Guarantees:	119,205,643	126,034,151
Payment	34,335,395	35,809,959
Performance	55,220,636	59,522,876
Others	29,649,612	30,701,316
Unutilized Limits/ Direct	164,279,800	117,604,857
Unutilized Limits/ Indirect	37,648,025	37,483,452
Total	363,303,655	310,033,218

Provision of expected credit losses on indirect facilities

1- Cumulative movement on indirect facilities:

As of 30 September 2021 (Unaudited):

	Stage 1		Stage 2		Stage 3	Total
	Collective	Individual	Collective	Individual		
	JD	JD	JD	JD		
Balance at the beginning of the period	67,544,132	147,337,810	2,890,154	85,035,522	7,225,600	310,033,218
New exposures during the period	25,542,879	82,555,986	821,527	37,181,444	6,404,285	152,506,121
Matured exposures	(47,049,630)	(12,161,766)	(3,013,434)	(29,686,294)	(7,324,560)	(99,235,684)
Transferred to (from) stage 1	4,053,564	16,174,896	(3,964,833)	(15,514,809)	(748,818)	-
Transferred (from) to stage 2	(4,506,822)	(10,142,008)	4,686,916	10,320,400	(358,486)	-
Transferred (from) to stage 3	(140,406)	(307,102)	(159,991)	(1,725,208)	2,332,707	-
Balance at the end of the period	45,443,717	223,457,816	1,260,339	85,611,055	7,530,728	363,303,655

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As of 31 December 2020 (Audited):

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

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

As of 30 September 2021 (Unaudited):

	Stage 1		Stage 2		Stage 3	Total
	Collective	Individual	Collective	Individual		
	JD	JD	JD	JD		
Balance at the beginning of the period	1,293,690	817,572	55,707	621,965	5,122,545	7,911,479
Expected credit losses on new exposures during the period	243,183	286,503	7,194	274,181	4,833,978	5,645,039
Expected credit losses from matured exposures	(616,257)	(303,211)	(10,782)	(249,812)	(3,832,517)	(5,012,579)
Transferred to (from) stage 1	126,416	458,741	(74,750)	(60,583)	(449,824)	-
Transferred (from) to stage 2	(35,711)	(39,850)	112,338	154,160	(190,937)	-
Transferred (from) to stage 3	(3,284)	(2,111)	(1,456)	(8,845)	15,696	-
Impact on provision, as of period end, due to changes in stage classification	(67,014)	(452,682)	(73,036)	(143,709)	284,656	(451,785)
Adjustments resulted from changes	(122,316)	(424,281)	2,707	(233,750)	(529,012)	(1,306,652)
Balance at the end of the period	818,707	340,681	17,922	353,607	5,254,585	6,785,502

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As of 31 December 2020 (Audited):

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

(36) Lawsuits Filed Against the Bank

The lawsuits filed against the Bank (self) amounted to JD 117,180 as of 30 September 2021 with a provision of JD 19,841 (provision booked amounted to JD 75,000 instead of JD 19,841) compared to JD 10,269,910 as of 31 December 2020 with a provision of JD 31,489. The lawsuits filed against the Bank (joint) as of 30 September 2021 amounted to JD 1,578,102 with a provision of JD 76,017 compared to JD 288,952 as of 31 December 2020 with a provision of JD 45,767. The Bank's management and its legal advisor believe that any obligations that may arise from the lawsuits against joint investments will be recognized within the investment risk fund, while the lawsuits against the Bank (self) will be covered by the established provision.

(37) Statutory Reserves

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

(38) Comparative figures

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