

CAIRO AMMAN BANK  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – THE HASHEMITE KINGDOM OF JORDAN

CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS FOR THE  
SIX-MONTH PERIOD ENDED  
JUNE 30, 2021  
TOGETHER WITH THE REVIEW REPORT

CAIRO AMMAN BANK  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – THE HASHEMITE KINGDOM OF JORDAN  
JUNE 30, 2021

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## Review Report

AM/009489

To the Chairman and Members of the Board of Directors  
Cairo Amman Bank  
(A Public Shareholding Limited Company)  
Amman – The Hashemite Kingdom of Jordan

### **Introduction**

We have reviewed the accompanying condensed consolidated interim statement of financial position of Cairo Amman Bank (A Public Shareholding Limited Company) as of June 30, 2021 and the related condensed consolidated interim statements of profit or loss, comprehensive income for the three and six month period then ended, changes in owners' equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard IAS (34) as adopted by Central Bank of Jordan relating to interim financial reporting. Our responsibility is to express a conclusion on these condensed consolidated interim financial information based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagement 2410 "Review of Condensed Interim Financial Information performed by an 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, 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 is not prepared, in all material aspects, in accordance with International Accounting Standards IAS (34) as adopted by Central Bank of Jordan relating to condensed interim financial reporting.

### **Other Matters**

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

Amman – The Hashemite Kingdom of Jordan  
July 29, 2021

  
Deloitte & Touche (M.E.) – Jordan

Deloitte & Touche (M.E.)  
ديلويت آند توش (الشرق الأوسط)  
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**CAIRO AMMAN BANK**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**AMMAN – THE HASHEMITE KINGDOM OF JORDAN**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**

|   |      | June 30, 2021             | December 31, 2020    |
|---|------|---------------------------|----------------------|
|   | Note | (Reviewed<br>not audited) | (Audited)            |
| <b>Assets</b>   |      | JD                        | JD                   |
| Cash and balances at Central Banks                                | 5    | 308,486,433               | 312,961,419          |
| Balances at banks and financial institutions                      | 6    | 126,171,964               | 154,796,630          |
| Deposits at banks and financial institutions                      | 7    | 81,382,219                | 79,864,376           |
| Financial assets at fair value through Profit or loss             | 8    | 9,288,226                 | 7,406,964            |
| Financial assets at fair value through other comprehensive income | 9    | 60,015,026                | 49,648,977           |
| Financial assets at amortized cost - net                          | 10/A | 744,743,804               | 739,784,106          |
| Financial assets pledged as collateral                            | 11   | 68,282,000                | 73,141,000           |
| Direct credit facilities - net                                    | 12   | 1,893,936,119             | 1,793,871,484        |
| Property and equipment - net                                      |      | 43,032,842                | 42,602,959           |
| Intangible assets - net   |      | 5,270,598                 | 5,193,184            |
| Right of use assets - net   |      | 25,240,167                | 27,432,242           |
| Deferred tax assets   | 16   | 11,918,933                | 13,316,167           |
| Other assets  | 13   | 55,533,123                | 53,215,969           |
| <b>Total Assets</b>   |      | <b>3,433,301,454</b>      | <b>3,353,235,477</b> |
| <b>Liabilities And Owners' Equity</b>                             |      |                           |                      |
| <b>Liabilities:</b>   |      |                           |                      |
| Banks and financial institutions' deposits                        |      | 265,891,882               | 234,181,337          |
| Customers' deposits   | 14   | 2,228,947,815             | 2,226,430,437        |
| Margin accounts   |      | 67,613,088                | 56,958,241           |
| Borrowed funds  | 15   | 342,697,084               | 314,384,118          |
| Subordinated Loans  |      | 18,540,350                | 18,540,350           |
| Sundry provisions   |      | 12,017,604                | 12,894,571           |
| Income tax provision  | 16   | 10,866,559                | 16,002,794           |
| Lease liabilities   |      | 24,159,946                | 26,266,292           |
| Deferred tax liabilities  |      | 823,790                   | 808,967              |
| Other liabilities   | 17   | 84,636,361                | 71,479,421           |
| <b>Total Liabilities</b>  |      | <b>3,056,194,479</b>      | <b>2,977,946,528</b> |
| <b>Owners' Equity</b>   |      |                           |                      |
| <b>BANK'S SHAREHOLDERS' EQUITY</b>                                |      |                           |                      |
| Authorized and paid-up capital                                    |      | 190,000,000               | 190,000,000          |
| Statutory reserve   |      | 82,047,879                | 82,047,879           |
| General banking risk reserve                                      |      | 4,341,429                 | 3,897,183            |
| Cyclical fluctuations reserve                                     |      | 10,894,653                | 10,894,653           |
| Fair value reserve - net  | 18   | 3,083,062                 | (5,988,630)          |
| Foreign Currencies Translation Reserve                            |      | (3,188,744)               | (3,188,744)          |
| Retained earnings   | 19   | 65,825,889                | 88,960,274           |
| Profit for the period - after tax                                 |      | 15,537,595                | -                    |
| <b>Total Bank's Shareholders' Equity</b>                          |      | <b>368,541,763</b>        | <b>366,622,615</b>   |
| <b>Non-controlling interest</b>                                   |      | <b>8,565,212</b>          | <b>8,666,334</b>     |
| <b>Total Owners' Equity</b>                                       |      | <b>377,106,975</b>        | <b>375,288,949</b>   |
| <b>Total Liabilities and Owners' Equity</b>                       |      | <b>3,433,301,454</b>      | <b>3,353,235,477</b> |

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



CAIRO AMMAN BANK  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – THE HASHEMITE KINGDOM OF JORDAN  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME  
(REVIEWED NOT AUDITED)

|  | Note | For the Three Months Ended June 30, |                   | For the Six Months Ended June 30, |                   |
|--|------|-------------------------------------|-------------------|-----------------------------------|-------------------|
|  |      | 2021                                | 2020              | 2021                              | 2020              |
|  |      | JD                                  | JD                | JD                                | JD                |
| Interest income  | 20   | 43,865,178                          | 42,331,789        | 86,048,387                        | 86,248,060        |
| Interest expense   | 21   | 14,427,973                          | 16,496,507        | 28,304,555                        | 35,361,501        |
| Net interest income  |      | 29,437,205                          | 25,835,282        | 57,743,832                        | 50,886,559        |
| Net commission income  |      | 4,916,988                           | 3,610,472         | 9,978,264                         | 8,565,245         |
| Net interest and commission income   |      | 34,354,193                          | 29,445,754        | 67,722,096                        | 59,451,804        |
| Gain from foreign currencies   |      | 1,041,770                           | 789,166           | 2,253,288                         | 2,285,356         |
| (Loss) Gain from financial assets at fair value through Profit or loss           | 22   | 1,043,252                           | (355,359)         | 2,007,756                         | (1,669,392)       |
| Dividends from financial assets at fair value through other comprehensive income | 9    | 1,061,835                           | 2,154,122         | 2,603,331                         | 2,154,122         |
| Other income   |      | 2,063,531                           | 1,320,891         | 3,900,714                         | 2,701,837         |
| Gross profit   |      | 39,564,581                          | 33,354,574        | 78,487,185                        | 64,923,727        |
| Employees' expenses  |      | 10,765,084                          | 10,552,877        | 21,508,047                        | 21,057,406        |
| Depreciation and amortization  |      | 1,998,454                           | 2,265,154         | 4,002,999                         | 4,575,493         |
| Other expenses   |      | 8,350,227                           | 9,223,918         | 16,841,389                        | 17,737,372        |
| Expected credit loss   | 22   | 6,042,730                           | 5,798,363         | 11,489,580                        | 10,229,945        |
| Impairment of repossessed assets provision                                       |      | 25,000                              | -                 | 175,000                           | -                 |
| Sundry provisions  |      | 260,573                             | 213,977           | 485,906                           | 696,171           |
| Total expenses   |      | 27,442,068                          | 28,054,289        | 54,502,921                        | 54,296,387        |
| Profit for the period before tax   |      | 12,122,513                          | 5,300,285         | 23,984,264                        | 10,627,340        |
| Income tax expense   | 16   | 4,131,122                           | 2,388,065         | 8,569,061                         | 4,913,114         |
| Profit for the period  |      | 7,991,391                           | 2,912,220         | 15,415,203                        | 5,714,226         |
| Attributable to:   |      |                                     |                   |                                   |                   |
| Bank's shareholders  |      | 8,038,925                           | 3,114,902         | 15,537,595                        | 6,158,382         |
| Non-controlling Interest   |      | (47,534)                            | (202,682)         | (122,392)                         | (444,156)         |
| Profit for the period  |      | 7,991,391                           | 2,912,220         | 15,415,203                        | 5,714,226         |
| Basic and diluted earnings per share (Bank's shareholders)                       | 24   | JD/ Fils<br>0/042                   | JD/ Fils<br>0/016 | JD/ Fils<br>0/082                 | JD/ Fils<br>0/032 |

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

CAIRO AMMAN BANK  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – THE HASHEMITE KINGDOM OF JORDAN  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
(REVIEWED NOT AUDITED)

|   | For the Three Months |             | For the Six Months |             |
|---|----------------------|-------------|--------------------|-------------|
|   | Ended June 30,       |             | Ended June 30,     |             |
|   | 2021                 | 2020        | 2021               | 2020        |
|   | JD                   | JD          | JD                 | JD          |
| Profit for the period   | 7,991,391            | 2,912,220   | 15,415,203         | 5,714,226   |
| Other comprehensive income items:   |                      |             |                    |             |
| Items which will not be converted subsequently to the condensed consolidated statement of income: |                      |             |                    |             |
| change in fair value reserve after tax  | 9,335,448            | (2,470,211) | 9,181,553          | (5,736,348) |
| Total Comprehensive Income for the Period   | 17,326,839           | 442,009     | 24,596,756         | (22,122)    |
| Total Comprehensive income for the period attributable to:  |                      |             |                    |             |
| Bank's shareholders   | 17,374,373           | 644,691     | 24,719,148         | 422,034     |
| Non-controlling interest  | (47,534)             | (202,682)   | (122,392)          | (444,156)   |
| Total Comprehensive Income for the Period   | 17,326,839           | 442,009     | 24,596,756         | (22,122)    |

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY

(REVIEWED, NOT AUDITED)

|  | Authorized<br>and Paid-up<br>Capital | Statutory<br>Reserve | General<br>Banking Risk<br>Reserve ** | Cyclical<br>Fluctuations<br>Reserve | Fair Value<br>Reserve - Net | Foreign Currencies<br>Translation<br>Reserve | Retained<br>Earnings | Profit for<br>the Period |    | Shareholders'<br>Equity |    | Non-controlling<br>Interests |    | Total<br>Owners' Equity |              |
|--|--------------------------------------|----------------------|---------------------------------------|-------------------------------------|-----------------------------|--|----------------------|--------------------------|----|-------------------------|----|------------------------------|----|-------------------------|--------------|
|  |                                      |                      |                                       |                                     |                             |  |                      | JD                       | JD | JD                      | JD | JD                           | JD | JD                      | JD           |
| <b>June 30, 2021</b>   | JD                                   | JD                   | JD                                    | JD                                  | JD                          | JD   | JD                   | JD                       | JD | JD                      | JD | JD                           | JD | JD                      | JD           |
| Balance at beginning of the period/ year   | 190,000,000                          | 82,047,879           | 3,897,183                             | 10,894,653                          | (5,988,630)                 | (3,188,744)                                  | 88,860,274           | -                        | -  | 366,622,615             | -  | 8,666,334                    | -  | 375,288,949             | -            |
| Total comprehensive income for the period  | -                                    | -                    | -                                     | -                                   | 9,181,553                   | -  | (444,246)            | 15,237,595               | -  | 24,719,148              | -  | (122,892)                    | -  | 24,596,756              | -            |
| Transferred to reserves**  | -                                    | -                    | 444,246                               | -                                   | -                           | -  | -                    | -                        | -  | -                       | -  | -                            | -  | -                       | -            |
| Net changes with Non-controlling Interests   | -                                    | -                    | -                                     | -                                   | -                           | -  | -                    | -                        | -  | -                       | -  | -                            | -  | -                       | -            |
| Loss from sale of financial assets at fair value through<br>other comprehensive income | -                                    | -                    | -                                     | -                                   | -                           | -  | -                    | -                        | -  | -                       | -  | -                            | -  | -                       | -            |
| Cash Dividends distributed   | -                                    | -                    | -                                     | -                                   | (109,861)                   | -  | 109,861              | -                        | -  | -                       | -  | -                            | -  | -                       | -            |
| Balance at June 30, 2020   | 190,000,000                          | 82,047,879           | 4,341,439                             | 10,894,653                          | 3,083,662                   | (3,188,744)                                  | 65,825,889           | 15,537,595               | -  | 368,541,763             | -  | 8,565,212                    | -  | 377,106,975             | (22,800,000) |
| <b>June 30, 2020</b>   |                                      |                      |                                       |                                     |                             |  |                      |                          |    |                         |    |                              |    |                         |              |
| Balance at beginning of the period/ year   | 190,000,000                          | 79,007,427           | 3,854,197                             | 10,894,653                          | (7,848,900)                 | -  | 73,867,732           | -                        | -  | 349,875,109             | -  | 9,354,257                    | -  | 359,229,366             | -            |
| Total comprehensive income for the period  | -                                    | -                    | -                                     | -                                   | (5,736,348)                 | -  | -                    | 6,158,382                | -  | 422,034                 | -  | (444,156)                    | -  | (22,122)                | -            |
| Loss from sale of financial assets at fair value through<br>other comprehensive income | -                                    | -                    | -                                     | -                                   | -                           | -  | -                    | -                        | -  | -                       | -  | -                            | -  | -                       | -            |
| Balance at June 30, 2020   | 190,000,000                          | 79,007,427           | 3,854,197                             | 10,894,653                          | (13,585,048)                | -  | 73,867,732           | 6,158,382                | -  | 350,297,143             | -  | 8,910,101                    | -  | 359,207,244             | (22,800,000) |

\* The general banking risk reserve and the negative balance of the fair value reserve are restricted from use without a prior approval from the Central Bank of Jordan.

\*\* This item represents the transferred amount to reserves which are related to items belonging to the bank's branches in Palestine.

- As of June 30, 2021, the restricted retained earnings balance resulting from the early implementation of IFRS 9 amounted to JD 13,051,154.

- The retained earnings balance includes deferred tax assets amounting to JD 11,918,933 and is restricted from use in accordance with the instructions of the Central Bank of Jordan.

- The Bank cannot use a restricted amount of JD 1,155,916 which represents the remaining balance of the general banking risk reserve included in retained earnings in accordance with the instructions of the Central Bank of Jordan.

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

CAIRO AMMAN BANK  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – THE HASHEMITE KINGDOM OF JORDAN  
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS  
(REVIEWED NOT AUDITED)

|   | Note | For the Six Months<br>Ended June 30, |                     |
|---|------|--------------------------------------|---------------------|
|   |      | 2021                                 | 2020                |
| <b>Cash Flows from Operating Activities</b>   |      | JD                                   | JD                  |
| Profit before tax for the period  |      | 23,984,264                           | 10,627,340          |
| <b>Adjustments for:</b>   |      |                                      |                     |
| Depreciation and amortization   |      | 4,002,999                            | 4,575,493           |
| Provision for expected credit losses  | 23   | 11,489,580                           | 10,229,945          |
| Sundry provisions   |      | 485,906                              | 696,171             |
| Valuation (Profit) loss of financial assets at fair value through income statement                      | 22   | (1,615,206)                          | 2,108,964           |
| (Gain) Loss from sale of property and equipment   |      | 1,575                                | (8,254)             |
| (Gain) from sale of repossessed assets  |      | (779,183)                            | -                   |
| Provisions for repossessed assets   |      | 175,000                              | -                   |
| Effect of exchange rate changes on cash and cash equivalents  |      | (2,139,578)                          | (2,174,001)         |
| <b>Cash flow from operating activities before changes in net assets</b>                                 |      | <b>35,605,357</b>                    | <b>26,055,658</b>   |
| (Increase) Decrease in deposits at banks and financial institutions                                     |      | (1,667,773)                          | 16,322,190          |
| (Increase) Decrease in financial assets at fair value through Profit or loss                            |      | (266,056)                            | 158,263             |
| (Increase) in direct credit facilities  |      | (110,483,511)                        | (90,130,939)        |
| Decrease (Increase) in other assets   |      | 479,104                              | (2,600,295)         |
| Increase (Decrease) in banks and financial institution deposits (maturing after more than three months) |      | 4,339,700                            | (17,910,000)        |
| Increase (Decrease) in customers deposits   |      | 2,517,378                            | (9,902,944)         |
| Increase in Cash margins  |      | 10,654,847                           | 19,383,232          |
| Increase in other liabilities   |      | 10,338,808                           | 40,127,316          |
| <b>Net cash flows (used in) from operating activities before income tax and sundry provisions</b>       |      | <b>(48,482,146)</b>                  | <b>(18,497,519)</b> |
| Income tax paid   | 16   | (13,885,287)                         | (13,480,122)        |
| Sundry provisions paid  |      | (1,362,873)                          | (465,785)           |
| <b>Net cash flows (used in) from operating activities</b>   |      | <b>(63,730,306)</b>                  | <b>(32,443,426)</b> |
| <b>Cash Flows from Investing Activities</b>   |      |                                      |                     |
| (Purchase) of financial assets at fair value through other comprehensive income                         |      | (778,289)                            | (2,113,393)         |
| Sale of financial assets at fair value through other comprehensive income                               |      | 1,185,841                            | 1,839,817           |
| (Purchase) of other financial assets at amortized cost  |      | (119,307,941)                        | (102,357,314)       |
| Maturity and sale of other financial assets at amortized cost   |      | 119,451,179                          | 8,314,101           |
| Proceed from sale Investment in subsidiaries  |      | 21,270                               | -                   |
| (Purchase) of property and equipment  |      | (3,433,080)                          | (3,642,739)         |
| Sale of property and equipment - net  |      | 772                                  | 68,872              |
| (Purchase) of intangible assets   |      | (1,079,563)                          | (100,354)           |
| <b>Net cash flows (used in) investing activities</b>  |      | <b>(3,939,811)</b>                   | <b>(97,991,010)</b> |
| <b>Cash Flows from Financing Activities</b>   |      |                                      |                     |
| Increase in borrowed funds  |      | 119,294,372                          | 272,551,955         |
| (Settled) Borrowed funds  |      | (90,981,406)                         | (216,538,438)       |
| Dividends distributed to shareholders   |      | (22,800,000)                         | -                   |
| <b>Net cash flows from (used in) financing activities</b>   |      | <b>5,512,966</b>                     | <b>56,013,517</b>   |
| Effect of exchange rate changes on cash and cash equivalents  |      | 2,139,578                            | 2,174,001           |
| Net (decrease) in cash and cash equivalents   |      | (60,017,573)                         | (72,246,918)        |
| Cash and cash equivalents - beginning of the period   |      | 324,193,573                          | 287,777,448         |
| <b>Cash and cash equivalents - End of the Period</b>  | 25   | <b>264,176,000</b>                   | <b>215,530,530</b>  |

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



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

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**1. General**

- Cairo Amman Bank was established as a public shareholding company, registered and incorporated in Jordan in 1960, in accordance with the Jordanian Companies Laws and Regulations No. (12) for the year 1964.
- The Bank provides its banking and financial services through its head office located in Amman and its 96 branches located in Jordan, 21 branches in Palestine, one in Bahrain and through its subsidiaries.
- The Bank's shares are listed on the Amman Stock Exchange.
- The condensed consolidated interim financial statements were approved by the Bank's Board of Directors on July 29, 2021.

**2. Basis of Preparation of the Condensed Consolidated Interim Financial Statements**

- The accompanying condensed consolidated interim financial statements have been prepared in accordance with the International Accounting Standard No. (34) "Interim Financial Reporting" adopted by Central Bank of Jordan.
- The condensed consolidated interim financial statements are prepared in accordance with the historical cost principle, except for financial assets and financial liabilities stated at fair value at the date of the condensed consolidated interim financial statements.

The major differences between the IFRS as they should be applied and what has been adopted at the Central Bank of Jordan are:

A. The expected credit loss provisions are configured in accordance with the IFRS (9) and in accordance with the instructions of the Central Bank of Jordan, whichever is aggressive, the fundamental differences are:

- The debt instruments issued by the Jordanian government or their guarantee, in addition to any other credit offers with the Jordanian government or guarantee, are excluded so that credit exposures are processed on the Jordanian government and guaranteed without credit losses.
- When calculating expected credit losses against credit exposures, the calculation results are compared in accordance with the IFRS Standard (9) with the instructions of the Central Bank of Jordan No. (47/2009) of 10 December 2009 for each stage at a time and the most severe results are taken.
- In certain special cases the Central Bank of Jordan agrees on special arrangements to calculate expected credit loss for direct credit facilities agents during a period of time.

B. Interest, returns and commissions are suspended on non-active credit facilities and financing granted to customers in accordance with the instructions of the Central Bank of Jordan.

- C- Assets that have been acquired by the Bank in fulfilment of a debt in the consolidated financial position list are reflected in other assets by the value of the bank's ownership or fair value, whichever is lower, and any depreciation of the consolidated financial statements is recorded as a loss in the consolidated income list and the increase is not recorded as revenue where the subsequent increase in the consolidated income list is taken to the extent that the amount of decline recorded earlier is taken to the extent that the value of the decline recorded above is not exceeded. A provision is calculated against the owned real estate against debts Under the Central Bank's circular no. 10/1/16239 on November 21, 2019. (5%) Of the total book values of these properties as of 2021, the required 50% is reached. Of those properties by the end of 2029.
- A certain provisions has been taken based on the Central Bank of Jordan circulars against foreign investments in foreign countries.
  - The reporting currency of the condensed consolidated interim financial statements is the Jordanian Dinar, which is the functional currency of the Bank.
  - The condensed consolidated interim financial statements does not include all notes and information presented in the annual financial statements which is prepared in accordance with the IFRS and should be read with the Bank's annual report for the year ended December 31, 2020. The results of the six months ended June 30, 2021 do not indicate the expected results for the year ending December 31, 2021, as there was no appropriation of the profit of the six months ended June 30, 2021 which is usually performed at year end.

The condensed consolidated interim financial statements include the condensed interim financial statements of the Bank and its subsidiaries under its control. Moreover, control is achieved when the Bank has the power to govern the financial and operating policies of its subsidiaries in order to obtain benefits from their activities, an example and not exclusive for the major differences between International Financial Reporting Standards and those which adopted by Central Bank of Jordan. Transactions, balances, income and expenses between the Bank and its subsidiaries are eliminated.

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

| Company's Name                         | Paid-up<br>Capital<br>JD | Ownership<br>Percentage<br>% | Nature of Operation                                 | Country of<br>Operation | Ownership<br>Date |
|--|--------------------------|------------------------------|---|-------------------------|-------------------|
|  |                          |                              | Investment Brokerage<br>and Portfolio<br>Management | Jordan                  | 1992              |
| Al-Watanieh Financial Services Company | 5,500,000                | 100                          | Investment Brokerage                                | Palestine               | 1995              |
| Al-Watanieh Securities Company         | 1,600,000                | 100                          | Finance Leasing                                     | Jordan                  | 2013              |
| Tamallak For Financial Leasing Company | 5,000,000                | 100                          | Islamic Banking                                     | Palestine               | 2016              |
| Safa Bank                              | 53,175,000               | 79                           |   |                         |                   |



The most important financial information for the subsidiaries as of June 30, 2020 is as follows:

|                   | Al-Watanieh Financial Services<br>Company (Awraq) |                      | Al-Watanieh Securities<br>Company |                      |
|-------------------|---|----------------------|-----------------------------------|----------------------|
|                   | June 30,<br>2021                                  | December 31,<br>2020 | June 30,<br>2021                  | December 31,<br>2020 |
|                   | JD  | JD                   | JD                                | JD                   |
| Total Assets      | 23,596,345  | 21,942,637           | 3,042,216                         | 3,260,604            |
| Total Liabilities | 13,342,059  | 12,468,139           | 1,893,666                         | 2,129,460            |
| Net Assets        | 10,254,286  | 9,474,498            | 1,148,550                         | 1,131,144            |
|                   |   |                      |                                   |                      |
|                   | For the Period Ended<br>June 30,                  |                      | For the Period Ended<br>June 30,  |                      |
|                   | 2021  | 2020                 | 2021                              | 2020                 |
|                   | JD  | JD                   | JD                                | JD                   |
| Total Revenues    | 1,450,377   | 691,336              | 137,852                           | 69,194               |
| Total Expenses    | 421,746   | 341,542              | 120,446                           | 153,983              |
|                   |   |                      |                                   |                      |
|                   | Tamallak For Financial Leasing<br>Company         |                      | Safa Bank                         |                      |
|                   | June 30,<br>2021                                  | December 31,<br>2020 | June 30,<br>2021                  | December 31,<br>2020 |
|                   | JD  | JD                   | JD                                | JD                   |
| Total Assets      | 41,922,939  | 39,007,713           | 254,450,082                       | 227,655,276          |
| Total Liabilities | 36,028,519  | 33,402,365           | 213,739,283                       | 186,362,418          |
| Net Assets        | 5,894,420   | 5,605,348            | 40,710,799                        | 41,292,858           |
|                   |   |                      |                                   |                      |
|                   | For the Period Ended<br>June 30,                  |                      | For the Period Ended<br>June 30,  |                      |
|                   | 2021  | 2020                 | 2021                              | 2020                 |
|                   | JD  | JD                   | JD                                | JD                   |
| Total Revenues    | 966,527   | 723,599              | 3,119,287                         | 1,336,342            |
| Total Expenses    | 565,039   | 1,636,168            | 3,701,346                         | 3,452,633            |

### 3. Significant accounting policies:

The accounting policies used in the preparation of this consolidated condensed interim financial information are consistent with those used in the preparation of the Bank's annual consolidated financial information for the year ended December 31, 2020, except for the adoption of certain new and revised standards, that became effective on or after January 1<sup>st</sup>, 2021 and did not have an impact on the bank's condensed consolidated interim financial statement..

#### Interest Rate Benchmark-phase 2

Effective from January 1, 2021, the bank has implemented Interest Rate Benchmark Reform - Phase 2 amendments which address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IFRS 7, IFRS 4, IFRS 16 and IAS 39 relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities and hedge accounting.

The amendments require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability. In addition it provides certain exceptions to hedge accounting requirements.

The bank performed a preliminary study in relation to exposure to cash flow and fair value hedges and non-derivative financial assets and liabilities linked to Inter Bank Offered Rate maturing *beyond* the year 2021 and it was found that there is no material impact of the interest rate reform on the bank's results.

#### **4. Significant Accounting Judgments and key Sources of Uncertainty Estimates:**

Preparation of the condensed consolidated interim financial information and application of the accounting policies require 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, provisions, in general, expected credit losses, as well as changes in fair value that appear in the consolidated statement of comprehensive income and within shareholders' equity. In particular, the Bank's management requires 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.

We believe that the estimates used in the preparation of these condensed interim financial information are consistent with those used in the annual consolidated financial information for the year ended December 31, 2020 except for the changes in note (3).

#### **The impact of the Coronavirus ("Covid-19")**

The outbreak of Novel Coronavirus (Covid-19) in early 2020 in most countries has caused widespread disruptions to business, and economic . Also, this event is witnessing continuous and rapid developments, which required the Group's management to conduct an evaluation of the expected effects on the Group's business inside and outside the kingdom, perform a study to review and evaluate potential risks, in addition to providing additional disclosures in the interim consolidated financial statements as of June 30, 2021. Accordingly, the Bank during 2020 has taken the following measures to contain the crisis:



**a. The Bank's plan to address the new Coronavirus (COVID-19) pandemic**

Before announcing any case of infection in Jordan, the Supreme Committee for Emergency has taken all necessary measures to ensure its business continuity and customer service in the event of any emergency, through the formation of a specialized team to manage the crisis of the Coronavirus spread in coordination with various sector heads and executives to ensure the implementation of a set of procedures, the most important of which are the following:

- Providing alternative locations for staff distribution to ensure work continuity and to maintain social distancing among employees.
- Activating the remote work feature for sensitive jobs in order to ensure the continuity of the provision of customer service through electronic channels and ATMs.
- Maintaining the safety of both employees and clients by taking all measures related to the sterilization of branches and workplaces.
- The bank has developed a monitoring plan to respond to disruption data and available alternatives periodically.

**b. The impact of the new coronavirus (COVID-19) outbreak on the results of the Bank's operations**

- In order to assess the crisis expected impact on assumptions used for the determination of ECLs during the year, a set of assumptions was used, based on the interplay of two main pillars that enable the Bank to monitor the impact of the crisis on its business. These two pillars are the following:
- Global practices related for calculating CL According to International Financial Reporting Standard No. (9), and the amendment of the calculation models developed for this purpose in a manner that leads to taking into account the impact of (COVID-19) epic , and reaching reasonable expectations for the expected outputs of the impact.
- In addition to the assumptions outlined above, Management Overlay in evaluating the impact on certain sectors or specific customers based on studying each sector or customers separately.

The affected sectors have been divided into three main levels:

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

Reference has been made to the historical global economic indicators according to data maintained by Moody's, relating to economic crises, including: The crisis related to the economic downturn that occurred in 2002, as a result of the events of September 11th, whose impact was of medium intensity. As such, this was relatively relied upon for the sectors moderately affected. In addition, the crisis related to the economic downturn that occurred in 2008, which had a significant impact and was relatively relied upon for the sectors that were highly affected. Accordingly the following proposals have been made:

**Impacting scenario ratios**

According to the instructions of the Central Bank of Jordan regarding the application of International Financial Reporting Standard No. (9), banks Have conduct several scenarios when calculating the ECL, so that the final outcome of the results represents the "expected weighted CL for the scenarios". In this respect, the Bank adopts three scenarios: Base Scenario, Upturn Scenario, and Downturn Scenario. The weights of these scenarios are determined based on the results of the Normal Distribution Curve.



### **Probability of Default (PD) Ratios Scenarios**

The Bank's sectors have been divided into the above-mentioned three levels, according to the Bank's estimates by the Business Sectors Division most affected by the epic and the severity of the impact according to the current conditions.

With Business Sectors Department coordination for the purpose of determining the most affected in order to reflect the impact of the epic on the calculation models.

During 2020, the Bank's proposed methodology updated by the bank, and the best practices adopted by various banks on this side are to be reconnaissance. The recommendation was that the effects of the crisis at the level of many countries have included all sectors due to its overlapping impact within several sectors. Therefore, all economic sectors have necessarily been greatly affected by the crisis. Accordingly, based on this recommendation, the following scenario has been adopted at the level of all economic sectors of the components of the portfolio, and the following weights have been applied:

The following weights for scenarios were adopted by the Bank to as a response to the spread of COVID-19 and as follows:

|                   | <b><u>Weight %</u></b> |
|-------------------|------------------------|
| Upturn Scenario   | 10%                    |
| Baseline Scenario | 30%                    |
| Downturn Scenario | 60%                    |

### **Loss Given Default (LGD)**

During the period, the bank has not adjusted the loss given default percentage calculated for all scenarios and stages related to all accounts based on the historical data approved by the bank regarding default conditions and the volume of recovery that were obtained by Moody's, noting that the cash flow Expected from the guarantees in exchange for the facilities granted have been reassessed.

### **Management Overlay**

logical expectations have been reached by bank regarding the outputs of this event, moreover reflecting the Bank's management overlay in assessing the impact on some sectors or some clients depending on the study of each sector or customer separately.

#### **c. The effect of the coronavirus (COVID-19) outbreak on the Bank's liquidity level**

All relative scenarios to the stressful situation have been made by the bank, knowing that the bank has comfortable levels enable it to respond to market condition, moreover the procedures adopted by the central bank of Jordan have a significant impact by enhancing the liquidity of the Jordanian bank system

## 5. Cash and Balances at Central Banks

This item consists of the following:

|  | June 30,<br>2021<br>(Reviewed Not<br>Audited) | December 31,<br>2020<br>(Audited) |
|--|---|-----------------------------------|
|  | JD  | JD                                |
| Cash on hand   | 117,710,092                                   | 110,015,206                       |
| <b>Balances at Central Banks:</b>                    |   |                                   |
| Current and demand accounts                          | 60,542,512                                    | 34,385,870                        |
| Time and notice deposits                             | 22,135,000                                    | 63,918,998                        |
| Statutory cash reserve                               | 108,234,090                                   | 104,658,821                       |
| <b>Total Balances at Central Banks:</b>              | <b>190,911,602</b>                            | <b>202,963,689</b>                |
| Provision for expected credit losses (central banks) | (135,261)                                     | (17,476)                          |
| <b>Net Balances at Central Banks:</b>                | <b>190,776,341</b>                            | <b>202,946,213</b>                |
| <b>Total</b>   | <b>308,486,433</b>                            | <b>312,961,419</b>                |

- Restricted balances amounted to JD10,635,000 as of June 30, 2021 (JD 10,635,000 as of December 31, 2020).

In addition to the statutory cash reserve as stated above.

- There are no balances that mature in a period more than three months as of June 30, 2021 and December 31, 2020.

- All balances at the Central Bank of Jordan are classified within stage 1 in accordance with the requirements of IFRS (9) and there are no transfers between stages 1, 2 and 3 or any written off balances as of June 30, 2021.

Movement on the balances at central banks during the period/ year is as follows:

|  | Stage 1<br>Individual | Stage 2<br>Individual | Stage 3 | Total        |
|--|-----------------------|-----------------------|---------|--------------|
|  | JD                    | JD                    | JD      | JD           |
| <u>For the Six Months Ended June 30, 2021 (Reviewed Not Audited)</u> |                       |                       |         |              |
| Balance - beginning of the period / year                             | 202,963,689           | -                     | -       | 202,963,689  |
| New balances during the period / year                                | 47,111,701            | -                     | -       | 47,111,701   |
| Settled balances   | (59,163,788)          | -                     | -       | (59,163,788) |
| Balance - End of the Period / Year                                   | 190,911,602           | -                     | -       | 190,911,602  |
| <u>For the Year Ended December 31, 2020 (Audited)</u>                |                       |                       |         |              |
| Balance - beginning of the period / year                             | 191,817,329           | -                     | -       | 191,817,329  |
| New balances during the period / year                                | 25,291,783            | -                     | -       | 25,291,783   |
| Settled balances   | (14,145,423)          | -                     | -       | (14,145,423) |
| Balance - End of the Period / Year                                   | 202,963,689           | -                     | -       | 202,963,689  |

Movement on the provision for expected credit losses during the period/ year:

|  | Stage 1<br>Individual | Stage 2<br>Individual | Stage 3  | Total          |
|--|-----------------------|-----------------------|----------|----------------|
|  | JD                    | JD                    | JD       | JD             |
| <u>For the Six Months Ended June 30, 2021 (Reviewed Not Audited)</u> |                       |                       |          |                |
| Balance - beginning of the period / year                             | 17,476                | -                     | -        | 17,476         |
| New balances during the period / year                                | 129,715               | -                     | -        | 129,715        |
| Settled balances   | (11,930)              | -                     | -        | (11,930)       |
| Balance - End of the Period / Year                                   | <u>135,261</u>        | <u>-</u>              | <u>-</u> | <u>135,261</u> |

|   |               |          |          |               |
|---|---------------|----------|----------|---------------|
| <u>For the Year Ended December 31, 2020 (Audited)</u> |               |          |          |               |
| Balance - beginning of the period / year              | 3,979         | -        | -        | 3,979         |
| New balances during the period / year                 | 29,670        | -        | -        | 29,670        |
| Settled balances                                      | (16,173)      | -        | -        | (16,173)      |
| Balance - End of the Period / Year                    | <u>17,476</u> | <u>-</u> | <u>-</u> | <u>17,476</u> |

#### 6. Balances at Banks and Financial Institutions

This item consists of the following:

|  | June 30, 2021<br>(Reviewed Not Audited) | December 31, 2020<br>(Audited) |
|--|---|--------------------------------|
|  | JD                                      | JD                             |
| <u>Local Banks and Financial Institutions:</u>                 |   |                                |
| Current and demand accounts                                    | 1,276,591                               | 862,998                        |
| Deposits maturing within 3 months or less                      | <u>52,833,349</u>                       | <u>54,012,296</u>              |
| Total Local  | <u>54,109,940</u>                       | <u>54,875,294</u>              |
| <u>Foreign Banks and Financial Institutions:</u>               |   |                                |
| Current and demand accounts                                    | 42,842,385                              | 70,867,991                     |
| Deposits maturing within 3 months or less                      | <u>29,640,313</u>                       | <u>29,138,880</u>              |
| Total Foreign  | <u>72,482,698</u>                       | <u>100,006,871</u>             |
| Total  | 126,592,638                             | 154,882,165                    |
| Less: provision for expected credit losses (balances at banks) | <u>(420,674)</u>                        | <u>(85,535)</u>                |
| Total  | <u>126,171,964</u>                      | <u>154,796,630</u>             |

- Non-interest bearing balances at banks and financial institutions amounted to JD 44,118,976 as of June 30, 2021

(JD 71,730,989 as of December 31, 2020).

- There are no restricted balances as of June 30, 2021 and December 31, 2020.

Movement on the balances at banks and financial institutions during the period/ year is as follows:

|  | Stage 1<br>Individual | Stage 2<br>Individual | Stage 3<br>Individual | Total         |
|--|-----------------------|-----------------------|-----------------------|---------------|
| <u>For the Six Months Ended June 30, 2021 (Reviewed Not Audited)</u> | JD                    | JD                    | JD                    | JD            |
| Balance - beginning of the period / year                             | 154,882,165           | -                     | -                     | 154,882,165   |
| New balances during the period / year                                | -                     | -                     | -                     | -             |
| Settled balances   | (28,289,527)          | -                     | -                     | (28,289,527)  |
| Balance - End of the Period / Year                                   | 126,592,638           | -                     | -                     | 126,592,638   |
| <u>For the Year Ended December 31, 2020 (Audited)</u>                |                       |                       |                       |               |
| Balance - beginning of the period / year                             | 158,836,624           | -                     | -                     | 158,836,624   |
| New balances during the period / year                                | 146,686,743           | -                     | -                     | 146,686,743   |
| Settled balances   | (150,641,202)         | -                     | -                     | (150,641,202) |
| Balance - End of the Period / Year                                   | 154,882,165           | -                     | -                     | 154,882,165   |

Movement on the provision for expected credit losses during the period/ year:

|  | Stage 1<br>Individual | Stage 2<br>Individual | Stage 3<br>Individual | Total     |
|--|-----------------------|-----------------------|-----------------------|-----------|
| <u>For the Six Months Ended June 30, 2021 (Reviewed Not Audited)</u>   | JD                    | JD                    | JD                    | JD        |
| Balance - beginning of the period / year                               | 85,535                | -                     | -                     | 85,535    |
| Credit loss on new balances and deposits during the year               | 355,349               | -                     | -                     | 355,349   |
| Reversed from credit loss on balances                                  | (20,216)              | -                     | -                     | 20,216    |
| Changes resulting from adjustments in the three stages during the year | 6                     | -                     | -                     | 6         |
| Balance - End of the Period / Year                                     | 420,674               | -                     | -                     | 420,674   |
| <u>For the Year Ended December 31, 2020 (Audited)</u>                  |                       |                       |                       |           |
| Balance - beginning of the period / year                               | 51,367                | -                     | -                     | 51,367    |
| Credit loss on new balances and deposits during the year               | 156,307               | -                     | -                     | 156,307   |
| Reversed from credit loss on settled balances                          | (122,139)             | -                     | -                     | (122,139) |
| Balance - End of the Period / Year                                     | 85,535                | -                     | -                     | 85,535    |

#### 7. Deposits at Banks and Financial Institutions

This item consists of the following:

|  | June 30,<br>2021<br>(Reviewed Not Audited) | December 31,<br>2020<br>(Audited) |
|--|--|-----------------------------------|
|  | JD   | JD                                |
| Deposit maturing within:                                       |  |                                   |
| More than 3 to 6 months  | 2,000,000                                  | 31,750,001                        |
| More than 6 to 9 months  | 2,000,000                                  | 6,029,926                         |
| More than 9 to 12 months                                       | 31,000,000                                 | -                                 |
| More than 12 months  | 46,874,200                                 | 42,426,500                        |
| Total  | 81,874,200                                 | 80,206,427                        |
| Less: provision for expected credit losses (deposits at banks) | (491,981)                                  | (342,051)                         |
| Total  | 81,382,219                                 | 79,864,376                        |

- There are no restricted deposits as of June 30, 2021 and December 31, 2020.

The movement on deposits at banks and financial institutions during the period/ year is as follows:

|  | Stage 1<br>Individual | Stage 2<br>Individual | Stage 3<br>Individual | Total       |
|--|-----------------------|-----------------------|-----------------------|-------------|
| <u>For the Six Months Ended June 30, 2021 (Reviewed Not Audited)</u> | JD                    | JD                    | JD                    | JD          |
| Balance - beginning of the period / year                             | 80,206,427            | -                     | -                     | 80,206,427  |
| New deposits during the period / year                                | 6,999,999             | -                     | -                     | 6,999,999   |
| Matured deposits   | (5,332,226)           | -                     | -                     | (5,332,226) |
| Balance - End of the Period / Year                                   | 81,874,200            | -                     | -                     | 81,874,200  |

For the Year Ended December 31, 2020 (Audited)

|  |              |   |   |              |
|--|--------------|---|---|--------------|
| Balance - beginning of the period / year | 88,279,090   | - | - | 88,279,090   |
| New deposits during the period / year    | 5,546,992    | - | - | 5,546,992    |
| Matured deposits                         | (13,619,655) | - | - | (13,619,655) |
| Balance - End of the Period / Year       | 80,206,427   | - | - | 80,206,427   |

Movement on the provision for expected credit losses during the period/ year:

|  | Stage 1<br>Individual | Stage 2<br>Individual | Stage 3 | Total   |
|--|-----------------------|-----------------------|---------|---------|
| <u>For the Six Months Ended June 30, 2021 (Reviewed Not Audited)</u> | JD                    | JD                    | JD      | JD      |
| Balance - beginning of the period / year                             | 342,051               | -                     | -       | 342,051 |
| Credit losses on new balances and deposits during the year           | 143,842               | -                     | -       | 143,842 |
| Reversed from credit loss on deposits                                | (5,838)               | -                     | -       | (5,838) |
| Changes resulting from adjustments                                   | 11,926                | -                     | -       | 11,926  |
| Balance - End of the Period / Year                                   | 491,981               | -                     | -       | 491,981 |

For the Year Ended December 31, 2020 (Audited)

|  |          |   |   |          |
|--|----------|---|---|----------|
| Balance - beginning of the period / year                   | 239,076  | - | - | 239,076  |
| Credit losses on new balances and deposits during the year | 6,393    | - | - | 6,393    |
| Reversed from credit loss on deposits                      | (11,581) | - | - | (11,581) |
| Changes resulting from adjustments                         | 108,163  | - | - | 108,163  |
| Balance - End of the Period / Year                         | 342,051  | - | - | 342,051  |

8. Financial Assets at Fair Value through Profit or Loss

This item consists of the following:

|                  | June 30,<br>2021<br>(Reviewed Not Audited) | December 31,<br>2020<br>(Audit) |
|------------------|--|---------------------------------|
|                  | JD   | JD                              |
| Corporate shares | 9,288,226                                  | 7,406,964                       |
|                  | 9,288,226                                  | 7,406,964                       |



#### 9. Financial Assets at Fair Value through Other Comprehensive Income

This item consists of the following:

|                   | June 30, 2021<br>(Reviewed Not Audited) | December 31, 2020<br>(Audited) |
|-------------------|---|--------------------------------|
|                   | JD                                      | JD                             |
| Quoted shares     | 53,594,449                              | 43,528,787                     |
| Unquoted shares * | 6,420,577                               | 6,120,190                      |
|                   | <u>60,015,026</u>                       | <u>49,648,977</u>              |

- Dividends on investments amounted to JD 2,603,331 for the six months ended June 30, 2021

(JD 2,152,730 for the six months ended June 30, 2020).

\* Fair value calculation for unquoted investments are based on the most recent financial data available

#### 10 A. Financial Assets at Amortized Cost - Net

This item consists of the following:

|  | June 30, 2021<br>(Reviewed Not Audited) | December 31, 2020<br>(Audited) |
|--|---|--------------------------------|
|  | JD                                      | JD                             |
| <b>Quoted Investments</b>  |   |                                |
| Governmental treasury bills  | 6,105,047                               | -                              |
| Foreign government treasury bonds  | 8,080,775                               | 2,916,349                      |
| Corporate debt securities  | 23,541,010                              | 24,450,252                     |
| Total quoted investments   | <u>37,726,832</u>                       | <u>27,366,601</u>              |
| <b>Unquoted Investments</b>  |   |                                |
| Governmental treasury bonds  | 17,325,104                              | 9,770,801                      |
| Governmental debt securities   | 625,583,543                             | 640,782,315                    |
| Governmental / government guaranteed debt securities                                   | -                                       | -                              |
| Corporate debt securities  | 65,000,000                              | 63,000,000                     |
| Total unquoted investments   | <u>707,908,647</u>                      | <u>713,553,116</u>             |
| <b>Total</b>   | <b>745,635,479</b>                      | <b>740,919,717</b>             |
| <b>Less: Provision for expected credit losses (financial assets at amortized cost)</b> | <b>(891,675)</b>                        | <b>(1,135,611)</b>             |
|  | <u>744,743,804</u>                      | <u>739,784,106</u>             |
| <b>Analysis of bonds and treasury bills</b>  |   |                                |
| Fixed rate   | 745,635,479                             | 740,919,717                    |
| <b>Total</b>   | <b>745,635,479</b>                      | <b>740,919,717</b>             |

# 11. Financial Assets Pledged as Collateral

This item consists of the following:

|                                    | June 30, 2021                             |                                  | December 31, 2020                         |                                  |
|------------------------------------|---|----------------------------------|---|----------------------------------|
|                                    | (Reviewed Not Audited)                    |                                  |   |                                  |
|                                    | Financial Assets<br>Pledged as Collateral | Related Financial<br>Liabilities | Financial Assets<br>Pledged as Collateral | Related Financial<br>Liabilities |
|                                    | JD  | JD                               | JD  | JD                               |
| Financial assets at amortized cost | 68,282,000                                | 69,142,921                       | 73,141,000                                | 77,175,195                       |

These bonds were collateralized against the borrowed funds obtained from the Central Bank of Jordan for financing industrial loans, SMEs and repurchasing agreements.

The movement on financial assets at amortized cost during the period/ year is as follows:

|  | Stage 1<br>Individual | Stage 2<br>Individual | Stage 3<br>Individual | Total         |
|--|-----------------------|-----------------------|-----------------------|---------------|
| <u>For the Six Months Ended June 30, 2021 (Reviewed Not Audited)</u> | JD                    | JD                    | JD                    | JD            |
| Balance - beginning of the period / year                             | 814,060,717           | -                     | -                     | 814,060,717   |
| New Investments during the year                                      | 119,519,828           | -                     | -                     | 119,519,828   |
| Accrued investments  | (119,663,066)         | -                     | -                     | (119,663,066) |
| Balance - End of the Period / Year                                   | 813,917,479           | -                     | -                     | 813,917,479   |

## For the Year Ended December 31, 2020 (Audited)

|  |              |   |   |              |
|--|--------------|---|---|--------------|
| Balance - beginning of the period / year | 750,327,548  | - | - | 750,327,548  |
| New investments during the year          | 158,301,261  | - | - | 158,301,261  |
| Accrued investments                      | (94,568,092) | - | - | (94,568,092) |
| Balance - End of the Period / Year       | 814,060,717  | - | - | 814,060,717  |

The movement on the provision for expected credit losses for financial assets at amortized cost is as follows:

|  | Stage 1<br>Individual | Stage 2<br>Individual | Stage 3<br>Individual | Total     |
|--|-----------------------|-----------------------|-----------------------|-----------|
| <u>For the Six Months Ended June 30, 2021 (Reviewed Not Audited)</u> | JD                    | JD                    | JD                    | JD        |
| Balance - beginning of the period / year                             | 1,135,611             | -                     | -                     | 1,135,611 |
| Credit losses on new investments during the year                     | 180,545               | -                     | -                     | 180,545   |
| Reversed from credit loss on accrued Investments                     | (284,149)             | -                     | -                     | (284,149) |
| Changes resulting from adjustments                                   | (140,332)             | -                     | -                     | (140,332) |
| Balance - End of the Period / Year                                   | 891,675               | -                     | -                     | 891,675   |

## For the Year Ended December 31, 2020 (Audited)

|  |           |   |   |           |
|--|-----------|---|---|-----------|
| Balance - beginning of the period / year         | 760,286   | - | - | 760,286   |
| Credit losses on new investments during the year | 461,808   | - | - | 461,808   |
| Reversed from credit loss on accrued investments | (288,163) | - | - | (288,163) |
| Changes resulting from adjustments               | 201,680   | - | - | 201,680   |
| Balance - End of the Period / Year               | 1,135,611 | - | - | 1,135,611 |

## 12. Direct Credit Facilities - Net

This item consists of the following:

|  | June 30,<br>2021<br>(Reviewed Not Audited)<br>JD | December 31,<br>2020<br>(Audited)<br>JD |
|--|--|---|
| <b>Consumer lending</b>                            |  |   |
| Overdrafts   | 9,961,949  | 13,865,546                              |
| Loans and bills *                                  | 717,869,978                                      | 688,937,832                             |
| Credit cards                                       | 15,545,560                                       | 15,145,311                              |
| Others   | 7,195,318  | 7,184,597                               |
| <b>Real-estate mortgages</b>                       | 269,545,700                                      | 249,897,163                             |
| <b>Corporate lending</b>                           |  |   |
| Overdrafts   | 70,771,031                                       | 63,466,034                              |
| Loans and bills *                                  | 497,877,937                                      | 461,375,204                             |
| <b>Small and medium enterprises lending "SMEs"</b> |  |   |
| Overdrafts   | 20,871,250                                       | 18,432,092                              |
| Loans and bills *                                  | 178,061,046                                      | 166,356,629                             |
| <b>Lending to public and governmental sectors</b>  | 207,966,291                                      | 204,171,887                             |
| <b>Total</b>                                       | <b>1,995,666,060</b>                             | <b>1,888,832,295</b>                    |
| <b>Less: Suspended interest</b>                    | (9,994,347)                                      | (13,082,278)                            |
| <b>Less: Provision for expected credit loss</b>    | (91,735,594)                                     | (81,878,533)                            |
| <b>Net- Direct Credit Facilities</b>               | <b>1,893,936,119</b>                             | <b>1,793,871,484</b>                    |

\* Net of interest and commissions received in advance amounting to JD 3,882,814 as of June 30, 2021 (JD 4,132,557 as of December 31, 2020).

- Non-performing credit facilities, in accordance with the instructions of the Central Bank of Jordan, amounted to JD 105,556,626 as of June 30, 2021 (JD 109,313,840 as of December 31, 2020), representing 5.29% (December 31, 2020: 5.79%) of gross direct credit facilities granted.
- Non-performing credit facilities, net of suspended interest, amounted to JD 95,810,584 as of June 30, 2021 (JD 96,423,451 as of December 31, 2020), representing 4.83% (December 31, 2020: 5.14%) of gross direct credit facilities granted after excluding the suspended interest.
- Credit facilities granted to the Government of Jordan amounted to JD 40,477,313 as of June 30, 2021 (JD 55,167,746 as of December 31, 2020), representing 2.03% (December 31, 2020: 2.92%) of gross direct credit facilities granted.
- Credit facilities granted to the public sector in Palestine amounted to JD 86,758,816 as of June 30, 2021 (JD 87,151,326 as of December 31, 2020), representing 4.34% (December 31, 2020: 4.61%) of gross direct credit facilities granted.

Disclosure on the movement of facilities at a collective level at the end of the period/ year;

|  | Stage 1       |               | Stage 2      |              | Stage 3      |               | Total |
|--|---------------|---------------|--------------|--------------|--------------|---------------|-------|
|  | Individual    | Collective    | Individual   | Collective   | Individual   | Collective    |       |
|  | JD            | JD            | JD           | JD           | JD           | JD            | JD    |
| <b>For the Six Months Ended June 30, 2021 (Reviewed Not Audited)</b> |               |               |              |              |              |               |       |
| Balance - beginning of the period / year                             | 677,476,471   | 848,232,031   | 164,739,542  | 82,096,387   | 116,287,864  | 1,888,832,295 |       |
| New facilities during the year                                       | 140,036,686   | 121,594,047   | 15,705,602   | 5,965,830    | 2,804,777    | 286,106,942   |       |
| Settled facilities   | (72,509,540)  | (70,949,930)  | (15,249,143) | (5,900,519)  | (10,402,921) | (175,012,053) |       |
| Transferred to stage 1   | 50,057,423    | 30,047,806    | (49,084,281) | (26,230,575) | (4,790,373)  | -             |       |
| Transferred to stage 2   | (52,704,844)  | (23,726,292)  | 54,443,423   | 30,261,936   | (8,274,223)  | -             |       |
| Transferred to stage 3   | (2,744,591)   | (6,110,933)   | (4,847,279)  | (10,690,588) | 24,393,391   | -             |       |
| Changes resulting from adjustments                                   | -             | -             | -            | -            | -            | -             |       |
| Written off facilities   | -             | -             | -            | -            | (4,261,124)  | (4,261,124)   |       |
| Balance - End of the Period / Year                                   | 739,611,605   | 899,086,729   | 165,707,864  | 75,502,471   | 115,757,391  | 1,995,666,050 |       |
| <b>For the Year Ended December 31, 2020 (Audited)</b>                |               |               |              |              |              |               |       |
| Balance - beginning of the period / year                             | 618,846,992   | 778,154,885   | 137,059,430  | 44,161,632   | 99,176,293   | 1,677,399,232 |       |
| New facilities during the year                                       | 297,656,333   | 209,859,393   | 42,563,641   | 17,329,856   | 8,697,720    | 576,106,943   |       |
| Settled facilities   | (218,203,806) | (105,482,876) | (22,124,370) | (8,135,875)  | (7,218,564)  | (361,165,491) |       |
| Transferred to stage 1   | 29,368,389    | 29,343,319    | (25,897,610) | (19,469,727) | (13,344,371) | -             |       |
| Transferred to stage 2   | (46,049,887)  | (51,483,589)  | 50,304,134   | 56,402,893   | (9,173,551)  | -             |       |
| Transferred to stage 3   | (4,141,550)   | (12,159,101)  | (17,165,683) | (8,192,392)  | 41,658,726   | -             |       |
| Changes resulting from adjustments                                   | -             | -             | -            | -            | -            | -             |       |
| Written off facilities   | -             | -             | -            | -            | (3,508,389)  | (3,508,389)   |       |
| Balance - End of the Period / Year                                   | 677,476,471   | 848,232,031   | 164,739,542  | 82,096,387   | 116,287,864  | 1,888,832,295 |       |

The movement on the provision for expected credit losses is as follows:

|  | Residential |             |             | Corporates  |             |              | Government and |    | Total |
|--|-------------|-------------|-------------|-------------|-------------|--------------|----------------|----|-------|
|  | Consumer    | Loans       |             | Large       | SMEs        |              | Public Sector  | JD |       |
| <b>For the Six Months Ended June 30, 2021 (Reviewed Not Audited)</b>   | JD          | JD          | JD          | JD          | JD          | JD           | JD             | JD |       |
| Balance - beginning of the period / year   | 40,334,148  | 9,136,154   | 18,537,650  | 13,186,398  | 684,183     | 81,878,533   |                |    |       |
| Credit loss on new facilities during the year  | 1,905,560   | 990,145     | 2,359,312   | 647,709     | 542,613     | 6,445,339    |                |    |       |
| Reversed from credit losses on settled facilities  | (3,489,709) | (1,046,700) | (3,598,830) | (2,793,170) | 118,513     | (10,809,896) |                |    |       |
| Transferred to stage 1   | 1,552,045   | 439,413     | 621,684     | 556,393     | (96,528)    | 3,073,007    |                |    |       |
| Transferred to stage 2   | 1,624,341   | 249,090     | (390,452)   | 484,212     | 96,528      | 2,063,719    |                |    |       |
| Transferred to stage 3   | (3,176,386) | (688,503)   | (231,232)   | (1,040,605) | -           | (5,136,726)  |                |    |       |
| Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year | 848,623     | 534,756     | 1,132,597   | (208,357)   | 23,220      | 2,330,839    |                |    |       |
| Changes resulting from adjustments   | 6,289,638   | 372,039     | 4,886,370   | 904,547     | -           | 12,452,594   |                |    |       |
| Written off facilities   | (49,362)    | -           | (437,168)   | -           | -           | (486,530)    |                |    |       |
| Valuation differences  | (75,285)    | -           | -           | -           | -           | (75,285)     |                |    |       |
| Balance - End of the Period / Year   | 45,763,613  | 9,986,394   | 22,879,931  | 11,737,127  | 1,368,529   | 91,735,594   |                |    |       |
| <b>For the Year Ended December 31, 2020 (Audited)</b>  |             |             |             |             |             |              |                |    |       |
| Balance - beginning of the period / year   | 38,795,804  | 6,648,056   | 9,294,100   | 9,485,381   | 3,011,508   | 67,234,849   |                |    |       |
| Credit loss on new facilities during the year  | 6,531,796   | 2,434,479   | 3,158,768   | 3,170,245   | 302,256     | 15,597,544   |                |    |       |
| Reversed from credit losses on settled facilities  | (1,445,653) | (628,716)   | (1,511,048) | (1,857,883) | (102,005)   | (5,545,405)  |                |    |       |
| Transferred to stage 1   | 5,703,439   | 862,710     | 1,023,097   | 262,069     | 4,111       | 7,855,426    |                |    |       |
| Transferred to stage 2   | 1,669,907   | 327,479     | (602,141)   | 85,470      | 1,544,104   | 3,024,819    |                |    |       |
| Transferred to stage 3   | (7,373,346) | (1,190,189) | (420,956)   | (347,539)   | (1,548,215) | (10,880,245) |                |    |       |
| Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year | (466,651)   | 955,034     | 5,532,326   | 2,435,990   | (1,382,754) | 7,073,945    |                |    |       |
| Changes resulting from adjustments   | 179,769     | (291,971)   | 1,835,071   | (157,600)   | (1,144,822) | 420,447      |                |    |       |
| Written off facilities   | (3,395,729) | (24,787)    | -           | (10,760)    | -           | (3,431,276)  |                |    |       |
| Valuation differences  | 134,812     | 44,059      | 228,433     | 121,125     | -           | 528,429      |                |    |       |
| Balance - End of the Period / Year   | 40,334,148  | 9,136,154   | 18,537,650  | 13,186,398  | 684,183     | 81,878,533   |                |    |       |



### Suspended Interest

The movement on the suspended interest during the period/ year is as follows:

|  | Residential |          | Corporates  |           | Government and |             |
|--|-------------|----------|-------------|-----------|----------------|-------------|
|  | Consumer    | Loans    | Large       | SMEs      | Public Sector  | Total       |
| For the period ended June 30, 2021 (Reviewed Not Audited)  | JD          | JD       | JD          | JD        | JD             | JD          |
| Suspended interest on new exposures during the year  | 2,331,972   | 621,534  | 7,949,234   | 2,179,538 | -              | 13,082,278  |
| Suspended interest on settled exposures transferred to revenue during the year   | (116,329)   | (71,581) | (76,147)    | (130,098) | -              | (394,155)   |
| Transferred to stage 1   | 16,018      | 9,965    | 4,763       | 2,650     | -              | 33,396      |
| Transferred to stage 2   | 47,843      | 8,030    | 14,016      | 21,186    | -              | 91,075      |
| Transferred to stage 3   | (63,861)    | (17,995) | (18,779)    | (23,836)  | -              | (124,471)   |
| Effect on suspended revenue at the end of the year - resulting from the reclassification between the three stages at the end of the year | -           | -        | -           | -         | -              | -           |
| Suspended interest on written off exposures  | -           | -        | (3,823,956) | (3,715)   | -              | (3,827,671) |
| Balance at the End of the Period/ Year   | 2,502,752   | 657,767  | 4,619,255   | 2,214,573 | -              | 9,994,347   |

### For the year ended December 31, 2020 (Audited)

|  |           |          |           |           |           |            |
|--|-----------|----------|-----------|-----------|-----------|------------|
| Balance at the beginning of the period/ year   | 2,149,457 | 411,444  | 6,606,420 | 1,722,329 | 199,155   | 11,088,805 |
| Suspended interest on new exposures during the year  | 513,021   | 258,208  | 1,458,881 | 757,766   | -         | 2,987,876  |
| Suspended interest on settled exposures transferred to revenue during the year   | (255,492) | (46,239) | (116,067) | (300,338) | (199,155) | (917,291)  |
| Transferred to stage 1   | 124,810   | 11,565   | -         | 618       | -         | 136,993    |
| Transferred to stage 2   | 39,953    | 23,377   | (24,075)  | 41,375    | 199,155   | 279,785    |
| Transferred to stage 3   | (164,763) | (34,942) | 24,075    | (41,993)  | (199,155) | (416,778)  |
| Effect on suspended revenue at the end of the year - resulting from the reclassification between the three stages at the end of the year | -         | -        | -         | -         | -         | -          |
| Suspended interest on written off exposures  | (75,014)  | (1,879)  | -         | (219)     | -         | (77,112)   |
| Balance at the End of the Period/ Year   | 2,331,972 | 621,534  | 7,949,234 | 2,179,538 | -         | 13,082,278 |

### 13. Other Assets

This item consists of the following:

|                                | June 30,<br>2021<br>(Reviewed Not Audited) | December 31,<br>2020<br>(Audited) |
|--------------------------------|--|-----------------------------------|
|                                | JD   | JD                                |
| Accrued income                 | 16,557,438                                 | 18,892,012                        |
| Prepaid expenses               | 8,863,177                                  | 7,448,232                         |
| Repossessed Assets - net       | 13,694,777                                 | 10,844,136                        |
| Accounts receivable - net      | 5,858,353                                  | 4,627,668                         |
| Clearing checks                | 3,183,706                                  | 6,318,939                         |
| Settlement guarantee fund      | 25,000                                     | 25,000                            |
| Refundable deposits            | 609,530                                    | 609,531                           |
| Deposits at Visa International | 3,062,901                                  | 2,559,511                         |
| Others                         | 3,678,241                                  | 1,890,940                         |
| Total                          | 55,533,123                                 | 53,215,969                        |

Movement on repossessed assets is as follows:

|   | June 30,<br>2021<br>(Reviewed Not Audited) | December 31,<br>2020<br>(Audited) |
|---|--|-----------------------------------|
|   | JD   | JD                                |
| Balance - beginning of the year   | 12,556,317                                 | 13,624,736                        |
| Additions   | 3,997,106                                  | 502,086                           |
| Transferred to the bank's property  | -  | (1,522,176)                       |
| Disposals   | (971,465)                                  | (48,329)                          |
| <b>Total</b>  | <b>15,581,958</b>                          | <b>12,556,317</b>                 |
| Impairment of repossessed assets  | (496,275)                                  | (496,275)                         |
| Impairment of repossessed assets as per the Central Bank of Jordan Instructions | (1,390,906)                                | (1,215,906)                       |
| <b>Balance - End of the Year</b>  | <b>13,694,777</b>                          | <b>10,844,136</b>                 |
| A summary of the movement on repossessed assets previous:                       |  |                                   |
| Balance-beginning of the year   | 1,712,181                                  | 1,685,900                         |
| Used during the period  | 175,000                                    | 26,281                            |
| <b>Balance - End of the Year</b>  | <b>1,887,181</b>                           | <b>1,712,181</b>                  |

As per the Central Bank of Jordan instructions the repossessed assets should be sold within two years of under exceptional circumstances by the Central Bank of Jordan for a maximum of four years. In addition, the Bank has started to book a gradual provision for the repossessed assets which are being held for more than four years in accordance to the central Bank of Jordan circular number 10/1/4076 dated March 27, 2014, and 10/1/7096 dated June 8, 2014, the bank started to book provision gradually for those sized asset with aging more than 4 year. In light of IFRS (9) adoption and its direct impact on the consolidated financial statements of the Bank, it was decided to stop the Circular rules mentioned above for the year 2018 and continue on booking provisions in the year 2021 according to the Central Bank of Jordan circular number 10/1/13967 dated October 25, 2018.

#### 14. Customers Deposits

This item consists of the following:

|  | Consumer             | Corporates         | SMEs               | Government and<br>Public Sector | Total                |
|--|----------------------|--------------------|--------------------|---------------------------------|----------------------|
|  | JD                   | JD                 | JD                 | JD                              | JD                   |
| <b>For the Six Months Ended June 30, 2021 (Reviewed Not Audited)</b> |                      |                    |                    |                                 |                      |
| Current and demand accounts  | 340,856,822          | 71,102,351         | 61,506,437         | 93,574,888                      | 567,040,498          |
| Saving deposits  | 584,184,617          | 3,477,972          | 7,751,844          | 906,563                         | 596,320,996          |
| Time and notice deposits   | 483,672,375          | 284,407,059        | 42,803,032         | 254,703,855                     | 1,065,586,321        |
| <b>Total</b>   | <b>1,408,713,814</b> | <b>358,987,382</b> | <b>112,061,313</b> | <b>349,185,306</b>              | <b>2,228,947,815</b> |
| <b>For the Year Ended December 31, 2020 (Audited)</b>                |                      |                    |                    |                                 |                      |
| Current and demand accounts  | 295,750,303          | 148,362,038        | 56,281,437         | 112,418,781                     | 612,812,559          |
| Saving deposits  | 546,490,517          | 8,063,786          | 7,735,971          | 170,587                         | 562,460,861          |
| Time and notice deposits   | 468,675,648          | 306,320,584        | 38,999,870         | 237,160,915                     | 1,051,157,017        |
| <b>Total</b>   | <b>1,310,916,468</b> | <b>462,746,408</b> | <b>103,017,278</b> | <b>349,750,283</b>              | <b>2,226,430,437</b> |

- The Government of Jordan and the public sector deposits inside the Kingdom amounted to JD282,811,957, equivalent to 12.69% of total deposits as of June 30, 2021 (JD 338,093,612 equivalent to 15.19% of total deposits as of December 31, 2020).

- There are no restricted deposits as of June 30, 2021 and December 31, 2020.

- Non-interest bearing deposits amounted to JD 515,144,422 as of June 30, 2021 (JD496,395,865 as of December 31, 2020) representing 23.11% (December 31, 2020: 23%) of total deposits.

- Dormant accounts amounted to JD27,925,899 as of June 30, 2021 (JD 58,140,668 as of December 31, 2020).

### 15. Borrowed Funds

This item consists of the following:

|   | Amount             | No. of Installments |             | Payable<br>Every       | Maturity<br>Date | Collaterals    | Interest Rate |
|---|--------------------|---------------------|-------------|------------------------|------------------|----------------|---------------|
|   |                    | Total               | Outstanding |                        |                  |                |               |
| <b>June 30, 2021 (Reviewed Not Audited)</b>                                   | <b>JOD</b>         |                     |             |                        |                  |                |               |
| Amounts borrowed from overseas investment company (OPIC)                      | 15,598,000         | 1                   | 1           | At maturity            | 2034             | None           | 4.845%-4.895% |
| Amounts borrowed from French Development Agency                               | 1,418,000          | 20                  | 8           | Semi- annually         | 2025             | None           | 3.358%        |
| Amounts borrowed from Central Bank of Jordan*                                 | 6,175,000          | 10                  | 5           | Semi- annually         | 2028             | None           | 2.700%        |
| Amounts borrowed from Central Bank of Jordan**                                | 77,642,968         | 337                 | 337         | At maturity / per Loan | 2021-2035        | Treasury bonds | 0.5% - 1.75%  |
| Amounts borrowed from Central Bank of Jordan**                                | 34,209,586         | 323                 | 323         | At maturity / per Loan | 2024 - 2022      | None           | 0.000%        |
| Amounts borrowed from Central Bank of Jordan*                                 | 1,055,936          | 14                  | 6           | Semi- annually         | 2028             | None           | 2.500%        |
| Amounts borrowed from European Bank for Reconstruction and Development        | 21,270,000         | 4                   | 4           | Semi- annually         | 2022             | None           | 2.020%        |
| Amounts borrowed from European Bank for Reconstruction and Development        | 8,102,857          | 7                   | 4           | Semi- annually         | 2025             | None           | 5.500%        |
| Amounts borrowed from Central Bank of Jordan*                                 | 3,690,000          | 20                  | 17          | Semi- annually         | 2030             | None           | 2.8%          |
| Jordan Mortgage Refinance Company ***   | 10,000,000         | 1                   | 1           | At maturity            | 2024             | None           | 5.000%        |
| Jordan Mortgage Refinance Company ***   | 30,000,000         | 1                   | 1           | Semi- annually         | 2024             | None           | 5.750%        |
| Amounts borrowed from Central Bank of Jordan                                  | 3,941,315          | 34                  | 34          | At maturity            | 2039             | None           | 3.000%        |
| Jordan Mortgage Refinance Company ***   | 10,000,000         | 1                   | 1           | At maturity            | 2022             | None           | 5.350%        |
| Amounts borrowed from Central Bank of Jordan                                  | 14,705,882         | 1                   | 1           | At maturity            | 2021             | Treasury bonds | 2.000%        |
| Amounts borrowed from Central Bank of Jordan                                  | 12,820,513         | 1                   | 1           | At maturity            | 2021             | Treasury bonds | 2.000%        |
| Amounts borrowed from Central Bank of Jordan                                  | 5,172,414          | 1                   | 1           | At maturity            | 2021             | Treasury bonds | 2.000%        |
| Amounts borrowed from Central Bank of Jordan                                  | 11,111,112         | 1                   | 1           | At maturity            | 2021             | Treasury bonds | 2.000%        |
| Amounts borrowed from Central Bank of Jordan                                  | 22,500,000         | 1                   | 1           | At maturity            | 2021             | Treasury bonds | 2.000%        |
| Amounts borrowed from European Bank for Reconstruction and Development        | 2,025,714          | 7                   | 4           | At maturity            | 2023             | Treasury bonds | 2.200%        |
| Amounts borrowed from French Development Agency                               | 11,039,605         | 20                  | 20          | At maturity            | 2031             | Treasury bonds | 1.273%        |
| Palestine Monetary Authority  | 3,711,608          | 1                   | 1           | At maturity            | None             | Treasury bonds | 0.500%        |
| Etihad Bank   | 1,850,000          | 8                   | 8           | At maturity / per Loan | 2024             | None           | 3.750%        |
| Societe Generale de Banque Jordanie   | 44,444             | 45                  | 2           | Quarterly              | 2021             | None           | 5.250%        |
| Housing Bank for Trade and Finance  | 30,642,753         | Over Draft Account  |             | Monthly                | 2021             | None           | 3.500%        |
| Arab Jordan Investment Bank   | 2,895,153          | Over Draft Account  |             | -                      | 2021             | None           | 6.500%        |
| Amounts borrowed from International Financial Markets (FMI)                   | 1,074,224          | 1                   | 1           | Semi- annually         | None             | None           | -             |
| <b>Total</b>  | <b>342,697,084</b> |                     |             |                        |                  |                |               |
| <b>December 31, 2020 (Audited)</b>  |                    |                     |             |                        |                  |                |               |
| Amounts borrowed from overseas investment company (OPIC)                      | 15,598,000         | 1                   | 1           | At maturity            | 2034             | None           | 4.895%-4.845% |
| Amounts borrowed from French Development Agency                               | 1,595,250          | 20                  | 9           | Semi- annually         | 2025             | None           | 3.358%        |
| Amounts borrowed from Central Bank of Jordan*                                 | 6,650,000          | 10                  | 6           | Annually               | 2028             | None           | 2.700%        |
| Amounts borrowed from Central Bank of Jordan**                                | 64,397,097         | 263                 | 263         | At maturity / per Loan | 2021-2035        | Treasury Bills | 1.75% - 0.5%  |
| Amounts borrowed from Central Bank of Jordan**                                | 34,536,095         | 243                 | 243         | At maturity / per Loan | 2022 - 2024      | None           | 0.000%        |
| Amounts borrowed from Central Bank of Jordan*                                 | 1,223,952          | 14                  | 7           | Semi- annually         | 2028             | None           | 2.500%        |
| Amounts borrowed from European Bank for Reconstruction and Development (EBRD) | 1,011,429          | 7                   | 1           | Semi- annually         | 2021             | None           | 4.750%        |
| Amounts borrowed from European Bank for Reconstruction and Development (EBRD) | 10,128,571         | 7                   | 5           | Semi- annually         | 2025             | None           | 5.500%        |
| Amounts borrowed from Central Bank of Jordan*                                 | 3,895,000          | 20                  | 18          | Semi- annually         | 2030             | None           | 2.8%          |
| Jordan Mortgage Refinance Company ***   | 10,000,000         | 1                   | 1           | At maturity            | 2024             | None           | 5.000%        |
| Jordan Mortgage Refinance Company ***   | 30,000,000         | 1                   | 1           | At maturity            | 2024             | None           | 5.750%        |
| Amounts borrowed from Central Bank of Jordan                                  | 3,941,315          | 34                  | 34          | Semi- annually         | 2039             | None           | 3.000%        |
| Jordan Mortgage Refinance Company ***   | 10,000,000         | 1                   | 1           | At maturity            | 2022             | None           | 5.350%        |
| Amounts borrowed from Central Bank of Jordan                                  | 8,333,333          | 1                   | 1           | At maturity            | 2021             | Treasury Bills | 2.000%        |
| Amounts borrowed from Central Bank of Jordan                                  | 12,613,636         | 1                   | 1           | At maturity            | 2021             | Treasury Bills | 2.000%        |
| Amounts borrowed from Central Bank of Jordan                                  | 6,250,000          | 1                   | 1           | At maturity            | 2021             | Treasury Bills | 2.000%        |
| Amounts borrowed from Central Bank of Jordan                                  | 33,582,090         | 1                   | 1           | At maturity            | 2021             | Treasury Bills | 2.000%        |
| Amounts borrowed from Central Bank of Jordan                                  | 13,550,136         | 1                   | 1           | At maturity            | 2021             | Treasury Bills | 2.000%        |
| Amounts borrowed from European Bank for Reconstruction and Development (EBRD) | 2,532,143          | 7                   | 5           | Semi- annually         | 2023             | None           | 2.240%        |
| Amounts borrowed from French Development Agency                               | 7,823,929          | 20                  | 20          | Semi- annually         | 2031             | None           | 1.273%        |
| Palestine Monetary Authority  | 3,652,748          | 1                   | 1           | -                      | None             | None           | 0.500%        |
| Etihad Bank   | 1,300,000          | 8                   | 8           | Quarterly              | 2024             | None           | 3.750%        |
| Societe Generale de Banque Jordanie   | 177,778            | 45                  | 8           | Monthly                | 2021             | None           | 5.250%        |
| Housing Bank for Trade and Finance  | 30,468,727         | 1                   | 1           | Overdraft              | 2021             | None           | 3.500%        |
| Arab Jordan Investment Bank   | 48,665             | 1                   | 1           | Overdraft              | 2021             | None           | 6.500%        |
| Amounts borrowed from International Financial Markets (FMI)                   | 1,074,224          | 1                   | 1           | -                      | None             | None           | -             |
| <b>Total</b>  | <b>314,384,118</b> |                     |             |                        |                  |                |               |

\*\*\* Housing loans refinanced from funds borrowed from the Jordan Mortgage Refinance Company amounted to JOD 41,212,188 as of June 30, 2021 at an Interest rate of 5.84%.

## 16. Income Tax

### **A. Income Tax Provision**

The movement on income tax provision during the period/ year is as follows:

|  | June 30,<br>2021<br>(Reviewed Not Audited) | December 31,<br>2020<br>(Audited) |
|--|--|-----------------------------------|
|  | JD   | JD                                |
| Balance - beginning of the period/ year  | 16,002,794                                 | 16,954,411                        |
| Income tax paid                          | (13,885,287)                               | (17,454,437)                      |
| Income tax expense                       | 8,749,052                                  | 16,502,820                        |
| <b>Balance - End of the Period/ Year</b> | <b>10,866,559</b>                          | <b>16,002,794</b>                 |

### **B. Income tax appearing in the income statement represents the following:**

|                                      | For the Six Months Ended June 30, |                  |
|--------------------------------------|-----------------------------------|------------------|
|                                      | 2021                              | 2020             |
|                                      | (Reviewed Not Audited)            |                  |
|                                      | JD                                | JD               |
| Income tax for the period            | 8,749,052                         | 5,364,092        |
| Deferred tax assets                  | (32,377)                          | (7,439)          |
| Deferred tax liabilities             | (147,614)                         | (443,539)        |
| Income tax for current period profit | <b>8,569,061</b>                  | <b>4,913,114</b> |

- The income tax rate on banks in Jordan is 38% and varies between 0%-31% in countries that the bank has branches and companies in. Banks in Palestine are subject to an income tax rate of 15% and VAT of 16%.
- The Bank has reached a final settlement with the Income and Sales Tax Department up to the end of the year 2018 for the Bank's branches in Jordan. The Income and Sales Tax Department did not review 2019 and 2020 records up to the date of these condensed consolidated interim financial statements.
- A final settlement was reached with the tax authorities for the Bank's branches in Palestine up until the end of the year 2017. The Income and Sales Tax Department did not review 2018, 2019 and 2020 records up to the date
- Al-Watanieh Securities Company - Palestine has reached a final settlement with the Income and Sales Tax Department up to the year 2019.
- Tamallak for Financial Leasing Company had reached a final settlement with the Income and sales tax Department until the year 2018. Furthermore, the Income Tax Department did not review 2019 and 2020 records.
- In the opinion of the Bank's management, income tax provisions as of June 30, 2021 are sufficient to meet any future tax obligations.

The movement on the deferred tax assets is as follows:

|   | June 30,<br>2021<br>(Reviewed Not Audited) | December 31,<br>2020<br>(Audited) |
|---|--|-----------------------------------|
|   | JD   | JD                                |
| <b>Balance - beginning of the period / year</b> | 13,316,167                                 | 9,325,649                         |
| Additions                                       | 209,501                                    | 5,848,544                         |
| Disposal  | (1,606,735)                                | (1,858,026)                       |
| <b>Balance - End of the Period / Year</b>       | <u>11,918,933</u>                          | <u>13,316,167</u>                 |

- Deferred tax is calculated using the tax rates that are expected to be applied when the deferred tax assets will be realized or the deferred tax liabilities will be settled.

#### 17. Other Liabilities

This item consists of the following:

|  | June 30,<br>2021<br>(Reviewed Not Audited) | December 31,<br>2020<br>(Audited) |
|--|--|-----------------------------------|
|  | JD   | JD                                |
| Accrued interest   | 11,754,224                                 | 10,134,602                        |
| Accrued income   | 699,637                                    | 374,106                           |
| Accounts payable   | 10,588,701                                 | 10,984,966                        |
| Accrued expenses   | 10,949,738                                 | 8,445,873                         |
| Temporary deposits   | 30,205,672                                 | 27,312,979                        |
| Checks and withdrawals   | 8,951,056                                  | 6,523,346                         |
| Others   | <u>7,952,668</u>                           | <u>4,880,670</u>                  |
|  | 81,101,696                                 | 68,656,542                        |
| Provision for expected credit losses on indirect credit facilities | <u>3,534,665</u>                           | <u>2,822,879</u>                  |
|  | <u>84,636,361</u>                          | <u>71,479,421</u>                 |



Disclosure on the movement of indirect credit facilities at a collective level at the end of the period/ year:

|  | Stage 1     |              | Stage 2    |             | Total        |
|--|-------------|--------------|------------|-------------|--------------|
|  | Collective  | Individual   | Collective | Individual  |              |
|  | JD          | JD           | JD         | JD          | JD           |
| <u>For the Six Months Ended June 30, 2021 (Reviewed Not Audited)</u> |             |              |            |             |              |
| Balance - beginning of the period/ year                              | 22,180,289  | 286,385,560  | 1,165,564  | 42,163,336  | 352,331,576  |
| New exposures during the year  | 2,866,176   | 109,947,437  | 342,918    | 4,788,791   | 118,230,644  |
| Accrued exposures  | (3,569,868) | (78,303,287) | (26,524)   | (8,424,945) | (90,413,903) |
| Transferred to stage 1   | 342,602     | 5,662,591    | (296,082)  | (5,540,091) | -            |
| Transferred to stage 2   | (419,743)   | (6,899,886)  | 467,090    | 6,899,886   | -            |
| Transferred to stage 3   | (72,710)    | 96,480       | (67,943)   | (487,434)   | -            |
| Balance - End of the Period/ Year                                    | 21,326,746  | 316,888,895  | 1,585,023  | 39,399,543  | 380,148,317  |

|   |             |              |           |              |              |
|---|-------------|--------------|-----------|--------------|--------------|
| <u>For the Year Ended December 31, 2020 (Audited)</u> |             |              |           |              |              |
| Balance - beginning of the period/ year               | 16,520,798  | 209,272,556  | 316,428   | 49,021,275   | 275,681,083  |
| New exposures during the year                         | 9,140,868   | 108,050,821  | 373,479   | 9,603,825    | 127,216,604  |
| Accrued exposures                                     | (2,685,540) | (33,234,008) | (263,469) | (14,170,853) | (50,566,111) |
| Transferred to stage 1                                | 120,329     | 7,387,095    | (74,939)  | (7,360,095)  | -            |
| Transferred to stage 2                                | (827,724)   | (5,079,184)  | 846,999   | 5,085,684    | -            |
| Transferred to stage 3                                | (88,442)    | (11,720)     | (32,934)  | (16,500)     | -            |
| Balance - End of the Period/ Year                     | 22,180,289  | 286,385,560  | 1,165,564 | 42,163,336   | 352,331,576  |

The disclosure on the movement of the provision for expected credit losses for indirect facilities at a collective level is as follows:

|  | Stage 1    |            | Stage 2    |            | Stage 3    |            | Total       |
|--|------------|------------|------------|------------|------------|------------|-------------|
|  | Collective | Individual | Collective | Individual | Collective | Individual |             |
| For the Six Months Ended June 30, 2021 (Reviewd Not Audited)   | JD         | JD         | JD         | JD         | JD         | JD         | JD          |
| Balance - beginning of the period/ year  | 671,283    | 816,885    | 70,446     | 1,040,909  | 223,356    |            | 2,822,879   |
| Credit loss on new exposures during the year   | 162,686    | 908,076    | 42,214     | 92,328     | 73,381     |            | 1,278,685   |
| Credit loss on accrued exposures   | (158,217)  | (349,066)  | (14,858)   | (531,161)  | (20,438)   |            | (1,073,740) |
| Transferred to stage 1   | 28,646     | 101,747    | (18,506)   | (19,541)   | (92,346)   |            | -           |
| Transferred to stage 2   | (19,739)   | (7,501)    | 33,225     | 7,500      | (13,485)   |            | -           |
| Transferred to stage 3   | (3,643)    | (113)      | (6,414)    | (7,615)    | 17,785     |            | -           |
| Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year | (11,363)   | (80,462)   | 4,744      | 247,105    | 243,834    |            | 403,858     |
| Changes resulting from adjustments   | 5,064      | 119,616    | 1,460      | (21,819)   | (1,338)    |            | 102,983     |
| Balance - End of the Period/ Year  | 674,717    | 1,509,182  | 112,311    | 807,706    | 430,749    |            | 3,534,665   |

|  | Stage 1    |            | Stage 2    |            | Stage 3    |            | Total       |
|--|------------|------------|------------|------------|------------|------------|-------------|
|  | Collective | Individual | Collective | Individual | Collective | Individual |             |
| For the Year Ended December 31, 2020 (Audited)   | JD         | JD         | JD         | JD         | JD         | JD         | JD          |
| Balance - beginning of the period/ year  | 452,094    | 291,651    | 14,813     | 1,348,041  | 268,129    |            | 2,374,728   |
| Credit loss on new exposures during the year   | 419,368    | 597,371    | 23,698     | 282,495    | 33,457     |            | 1,356,389   |
| Credit loss on accrued exposures   | (177,506)  | (97,994)   | (7,786)    | (622,895)  | (119,851)  |            | (1,026,032) |
| Transferred to stage 1   | 22,109     | 172,711    | (3,316)    | (169,441)  | (22,063)   |            | -           |
| Transferred to stage 2   | (24,137)   | (5,596)    | 31,510     | 6,245      | (8,022)    |            | -           |
| Transferred to stage 3   | (2,463)    | (34)       | (914)      | (676)      | 4,087      |            | -           |
| Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year | (17,505)   | (156,850)  | 12,663     | 220,629    | 47,322     |            | 106,259     |
| Changes resulting from adjustments   | (677)      | 15,626     | (222)      | (23,489)   | 20,297     |            | 11,535      |
| Balance - End of the Period/ Year  | 671,283    | 816,885    | 70,446     | 1,040,909  | 223,356    |            | 2,822,879   |

#### 18. Fair Value Reserve - Net

This item consists of the following:

|  | June 30,<br>2021<br>(Reviewed Not Audited) | December 31,<br>2020<br>(Audited) |
|--|--|-----------------------------------|
|  | JD   | JD                                |
| <b>Balance - beginning of the period / year</b>  | (5,988,630)                                | (7,848,900)                       |
| Unrealized (loss) gain   | 10,717,027                                 | 1,418,027                         |
| Loss from sale financial assets at fair value through other<br>comprehensive income transferred to retained earnings | (109,861)                                  | 85,200                            |
| Deferred tax assets  | (1,488,274)                                | 369,450                           |
| Deferred tax liabilities   | (47,200)                                   | (12,407)                          |
| <b>Balance - End of the Period / Year</b>  | <b>3,083,062</b>                           | <b>(5,988,630)</b>                |

- The fair value reserve - net is presented after deducting the deferred tax assets of an amount of JD 1,707,153 and after deducting the deferred tax liabilities of an amount of JD 271,674.

#### 19. Retained Earnings

This item consists of the following:

|  | June 30,<br>2021<br>(Reviewed Not Audited) | December 31,<br>2020<br>(Audited) |
|--|--|-----------------------------------|
|  | JD   | JD                                |
| <b>Balance - beginning of the period / year</b>  |  |                                   |
| Profit for the year  | 88,960,274                                 | 73,967,732                        |
| Transferred to statutory reserve   | -  | 18,161,180                        |
| Transferred from (to) general banking risk reserve   | -  | (3,040,452)                       |
| Transferred to cyclical fluctuations reserve   | (444,246)                                  | (42,986)                          |
| Cash dividends   | -  | -                                 |
| Transferred to capital increase  | (22,800,000)                               | -                                 |
| Transfers resulted from sale of financial assets at fair value through<br>other comprehensive income | 109,861                                    | (85,200)                          |
| <b>Balance - end of the Period / Year</b>  | <b>65,825,889</b>                          | <b>88,960,274</b>                 |

- Retained earnings balance include unrealized gains amounting to JD 13,051,154 resulting from the early implementation of IFRS 9. This amount is not available for distribution in accordance with the Securities Commission Instructions, except for the amounts realized through the sale of the financial assets.
- Retained earnings include deferred tax assets amount to JD 11,918,933 as of June 30, 2020 against JD 13,316,167 as of December 31, 2019 which is not available for distribution in accordance with the Central Bank of Jordan instructions.
- The Bank cannot use a restricted amount of JD1,155,916 which represents the remaining balance of the general banking risk reserve included in retained earnings in accordance with the instructions of the Central Bank of Jordan.

## 20. Interest Income

This item consists of the following:

|   | For the Six Months Ended June 30, |                   |
|---|-----------------------------------|-------------------|
|   | 2021                              | 2020              |
|   | (Reviewed Not Audited)            |                   |
|   | JD                                | JD                |
| Direct Credit Facilities:                                 |                                   |                   |
| <b>Consumer lending</b>                                   |                                   |                   |
| Overdrafts  | 835,954                           | 755,621           |
| Loans and bills   | 29,007,910                        | 28,952,704        |
| Credit cards  | 1,419,110                         | 1,304,402         |
| Brokerage margin accounts                                 | 637,171                           | 169,398           |
| <b>Residential mortgages</b>                              | 6,329,827                         | 7,682,637         |
| <br><b>Corporate lending</b>                              |                                   |                   |
| Overdrafts  | 3,325,502                         | 3,646,939         |
| Loans and bills   | 13,562,803                        | 12,157,609        |
| <b>Small and medium enterprises lending</b>               |                                   |                   |
| Overdrafts  | 739,185                           | 922,985           |
| Loans and bills   | 3,501,038                         | 3,248,794         |
| <b>Government and public sector</b>                       | 5,934,432                         | 6,051,578         |
| Balances at Central Banks                                 | 24,383                            | 127,400           |
| Balances and deposits at banks and financial institutions | 1,193,681                         | 2,024,074         |
| Financial assets at amortized cost                        | 19,537,391                        | 19,203,919        |
|   | <b>86,048,387</b>                 | <b>86,248,060</b> |

## 21. Interest Expense

This item consists of the following:

|   | For the Six Months Ended June 30, |                   |
|---|-----------------------------------|-------------------|
|   | 2021                              | 2020              |
|   | (Reviewed Not Audited)            |                   |
|   | JD                                | JD                |
| Banks and financial institutions deposits | 2,758,336                         | 4,700,415         |
| <b>Customers' deposits:</b>               |                                   |                   |
| Current accounts and demand deposits      | 1,137,138                         | 1,109,327         |
| Saving accounts                           | 1,322,222                         | 1,347,809         |
| Time and notice deposits                  | 17,075,436                        | 21,593,989        |
| Cash margins                              | 256,710                           | 397,838           |
| Loans and borrowings                      | 4,351,202                         | 4,605,931         |
| Deposits guarantee fees                   | 1,403,511                         | 1,606,192         |
| <b>Total</b>                              | <b>28,304,555</b>                 | <b>35,361,501</b> |



**22. Gains from Financial Assets at Fair Value through profit or loss**

This item consists of the following:

**For the Six Months Ended June 30, 2021 (Reviewed Not Audited)**

|                    | Realized<br>Gain | Unrealized<br>(Losses) | Stock<br>Dividends | Total            |
|--------------------|------------------|------------------------|--------------------|------------------|
|                    | JD               | JD                     | JD                 | JD               |
| Equity instruments | 106,247          | 1,615,206              | 286,303            | 2,007,756        |
| <b>Total</b>       | <b>106,247</b>   | <b>1,615,206</b>       | <b>286,303</b>     | <b>2,007,756</b> |

**For the Six Months Ended June 30, 2020 (Reviewed Not Audited)**

|                    |                |                    |               |                    |
|--------------------|----------------|--------------------|---------------|--------------------|
| Equity instruments | 349,255        | (2,108,964)        | 90,317        | (1,669,392)        |
| <b>Total</b>       | <b>349,255</b> | <b>(2,108,964)</b> | <b>90,317</b> | <b>(1,669,392)</b> |

**23. Expected Credit Losses**

This item consists of the following:

|  | For the Six Months Ended June 30, |                   |
|--|-----------------------------------|-------------------|
|  | 2021                              | 2020              |
|  | (Reviewed Not Audited)            |                   |
|  | JD                                | JD                |
| Balances at central banks                    | 117,785                           | 14,880            |
| Balances at banks and financial institutions | 335,139                           | 25,527            |
| Deposits at banks and financial institutions | 149,930                           | 174,240           |
| Financial assets at amortized cost           | (243,936)                         | 404,763           |
| Direct credit facilities                     | 10,418,876                        | 8,616,689         |
| Indirect credit facilities                   | 711,786                           | 993,846           |
| <b>Total</b>                                 | <b>11,489,580</b>                 | <b>10,229,945</b> |

#### 24. Earnings per Share for the period - (Bank's Shareholders)

This item consists of the following:

|  | For the Three Months<br>Ended June 30, |             | For the Six Months<br>Ended June 30, |             |
|--|--|-------------|--------------------------------------|-------------|
|  | 2021                                   | 2020        | 2021                                 | 2021        |
|  | (Reviewed Not Audited)                 |             | (Reviewed Not Audited)               |             |
|  | JD                                     | JD          | JD                                   | JD          |
| Profit for the period attributable to shareholders (JD)                        | 8,038,925                              | 3,114,902   | 15,537,595                           | 6,158,382   |
| Weighted average number of shares (share)                                      | 190,000,000                            | 190,000,000 | 190,000,000                          | 190,000,000 |
|  | (JD/ Fils)                             | (JD/ Fils)  | (JD/ Fils)                           | (JD/ Fils)  |
| Basic and diluted earnings per share for the period -<br>(Bank's Shareholders) | 0/042                                  | 0/016       | 0/082                                | 0/032       |

- The weighted average number of shares was calculated on the basic and diluted profit attributed to the shareholders of the Bank based on the authorized number of shares for the six months ended June 30, 2021 and 2020. The figures for the six months ended June 30, 2020 were recalculated according to the capital after the increase, in accordance with the International Financial Reporting Standard No. (33).

#### 25. Cash and Cash Equivalents

This item consists of the following:

|  | For the Six Months<br>Ended June 30, |                    |
|--|--------------------------------------|--------------------|
|  | 2021                                 | 2020               |
|  | (Reviewed Not Audited)               |                    |
|  | JD                                   | JD                 |
| Cash and balances at Central Banks maturing within three months                      | 308,621,694                          | 239,307,239        |
| <u>Add:</u> Balances at banks and financial institutions maturing within three month | 126,592,638                          | 188,552,426        |
| <u>Less:</u> Banks and financial institutions' deposits maturing within three months | (160,403,332)                        | (201,694,135)      |
| Restricted balances  | (10,635,000)                         | (10,635,000)       |
| <b>Total</b>   | <b>264,176,000</b>                   | <b>215,530,530</b> |

## 26. Balances and Transactions with Related Parties

The accompanying consolidated financial statements of the Bank include the following subsidiaries:

| Company Name   | Ownership | Paid in Capital |            |
|--|-----------|-----------------|------------|
|  |           | 2021            | 2020       |
|  |           | JD              | JD         |
| Al-Watanieh Financial Services Company Limited Liability | 100       | 5,500,000       | 5,500,000  |
| Al-Watanieh Securities Company private shareholding      | 100       | 1,600,000       | 1,600,000  |
| Tamallak for Financial Leasing Company                   | 100       | 5,000,000       | 5,000,000  |
| Safa Bank  | 79        | 53,175,000      | 53,175,000 |

The Bank entered into transactions with subsidiaries, major shareholders, directors, senior management and their related concerns in the ordinary course of business at commercial interest and commission rates. All the credit facilities to related parties are performing facilities and are free of any provision.

The following related party transactions took place during the period/ year:

|   | Related Parties                  |                      |            | Total                  |                   |
|---|----------------------------------|----------------------|------------|------------------------|-------------------|
|   | Board of Directors and Relatives | Executive Management | Other *    | June 30, 2021          | December 31, 2020 |
|   |                                  |                      |            | (Reviewed Not Audited) | (Audited)         |
|   | JD                               | JD                   | JD         | JD                     | JD                |
| <b>Statement of Financial Position Items:</b> |                                  |                      |            |                        |                   |
| Direct credit facilities                      | 23,459,211                       | 3,741,020            | 32,371,133 | 59,571,364             | 66,932,582        |
| Deposits at the Bank                          | 49,547,325                       | 2,722,154            | 22,482,344 | 74,751,823             | 119,537,989       |
| Cash Margins                                  | 633,557                          | 24,076               | 245,500    | 903,133                | 62,628            |

### Off Statement of Financial Position Items:

|                            |           |        |         |           |           |
|----------------------------|-----------|--------|---------|-----------|-----------|
| Indirect credit facilities | 1,381,020 | 20,300 | 245,500 | 1,646,820 | 4,252,715 |
|----------------------------|-----------|--------|---------|-----------|-----------|

|                                 |           |        |         | For the Six Months Ended June 30, |           |
|---------------------------------|-----------|--------|---------|-----------------------------------|-----------|
|                                 |           |        |         | 2021                              | 2020      |
|                                 |           |        |         | (Reviewed Not Audited)            |           |
| <u>Income Statements Items:</u> |           |        |         | JD                                | JD        |
| Interest and commission income  | 229,743   | 69,550 | 307,409 | 606,702                           | 2,664,073 |
| Interest and commission expense | 1,105,491 | 10,248 | 95,645  | 1,211,384                         | 986,343   |

\* Others include the rest of bank employees and their relatives up to the third degree.

- Credit interest rates on credit facilities in Jordanian Dinar range between 3.75% - 13.54%
- Credit interest rates on credit facilities in foreign currency range between 4% - 4.75%
- Debit interest rates on deposits in Jordanian Dinar range between zero% - 5.75%
- Debit interest rates on deposits in foreign currency range between zero% - 2.1%

Salaries, wages and bonuses of executive management amounted to JD 1,889,559 as of June 30, 2021 (JD 1,948,592 as of June 30, 2020).

## 27. Capital adequacy

The capital adequacy percentage is calculated in accordance with the Central Bank of Jordan according to Basel committee decision. Below is the capital adequacy as per Basel III:

|  | June 30,<br>2021<br>(Reviewed Not Audited) | December 31,<br>2020<br>(Audited) |
|--|--|-----------------------------------|
|  | JD   | JD                                |
| <b>Ordinary Share Rights</b>   |  |                                   |
| Paid up capital  | 190,000,000                                | 190,000,000                       |
| Retained earnings after subtracting the expected accumulated distributions     | 69,963,484                                 | 66,160,274                        |
| Accumulated change in fair value reserve in total                              | 3,083,062                                  | (5,988,630)                       |
| Statutory reserve  | 82,047,879                                 | 82,047,879                        |
| Other reserves approved by the Central Bank                                    | 10,894,653                                 | 10,894,653                        |
| Foreign Currencies Translation Reserve   | (3,188,744)                                | (3,188,744)                       |
| Minority rights allowed to be recognized                                       | 4,000,354                                  | 3,379,941                         |
| <b>Total ordinary share capital</b>  | <b>356,800,688</b>                         | <b>343,305,373</b>                |
| <b>Regulatory Adjustments (Capital deductible)</b>                             |  |                                   |
| Intangible assets  | 5,270,598                                  | 5,193,184                         |
| Deferred tax assets that should be deducted                                    | 11,503,551                                 | 13,288,293                        |
| Deferred provisions approved by the Central Bank of Jordan                     | -  | 5,244,185                         |
| <b>Net ordinary shareholders' equity</b>                                       | <b>340,026,539</b>                         | <b>319,579,711</b>                |
| <b>Additional capital</b>  |  |                                   |
| <b>Minority rights allowed to be recognized</b>                                |  |                                   |
| <b>Net primary capital (Tier I)</b>  |  |                                   |
| <b>Tier II Capital</b>   |  |                                   |
| Subordinated loans   | 18,540,350                                 | 18,540,350                        |
| General banking risk reserve   | 4,341,429                                  | 3,897,183                         |
| Required provisions against debt instruments for stage 1 according to IFRS (9) | 16,302,955                                 | 13,839,086                        |
| Minority rights allowed to be recognized                                       | 1,777,935                                  | 1,502,196                         |
| <b>Tier II Capital</b>   | <b>40,962,669</b>                          | <b>37,778,815</b>                 |
| <b>Adjustment (deducted from capital)</b>                                      |  |                                   |
| <b>Net Tier II</b>   | <b>40,962,669</b>                          | <b>37,778,815</b>                 |
| <b>Regulatory capital</b>  | <b>380,989,208</b>                         | <b>357,358,526</b>                |
| <b>Total risk weighted assets</b>  | <b>2,415,558,310</b>                       | <b>2,237,707,255</b>              |
| Capital adequacy (%)   | 15.77%                                     | 15.97%                            |
| Capital adequacy (primary capital) (%)   | 14.08%                                     | 14.28%                            |
| Subordinated capital (%) + A12' + A12  | 1.70%                                      | 1.69%                             |
|  | June 30, 2021<br>(Reviewed Not Audited)    | December 31, 2020<br>(Audited)    |
|  | JD   | JD                                |
| <b>Liquidity Covering Ratio (LCR):</b>   |  |                                   |
| Total high quality liquid assets   | 1,029,237,629                              | 979,013,926                       |
| Total high-quality liquid assets after deduction and minus cap adjustments     | 1,029,237,629                              | 979,013,926                       |
| Net Cash Flow  | 514,052,510                                | 460,699,531                       |
| Liquidity Covering Ratio (LCR)   | 200.2%                                     | 212.5%                            |

The liquidity coverage ratio according to the average of all working days is 243.1%



## 28. Segment Information

### A. Information on the Bank's Segments:

For management purposes the Bank is organized into three major business segments which are measured according to reports used by the general manager and key decision makers at the Bank, through the following major sectors:

- Retail banking: Principally handling individual customers' deposits, and providing consumer type loans, overdrafts, credit cards facilities and funds transfer facilities;
- Corporate banking: Principally handling loans and other credit facilities and deposit and current accounts for corporate and institutional customers;
- Treasury: Principally providing money market, trading and treasury services, as well as the management of the Bank's funding operations

Following is the Bank's segment information:

|  | Retail Banking | Corporate Banking | Treasury   | Other      | Total                             |             |
|--|----------------|-------------------|------------|------------|-----------------------------------|-------------|
|  |                |                   |            |            | For the Six Months Ended June 30, |             |
|  |                |                   |            |            | 2021                              | 2020        |
|  |                |                   |            |            | (Reviewed Not Audited)            |             |
|  | JD             | JD                | JD         | JD         | JD                                | JD          |
| Gross income                               | 47,233,126     | 29,505,702        | 27,695,272 | 2,357,640  | 106,791,740                       | 100,285,228 |
| Expected credit losses                     | 6,404,352      | 4,014,524         | 1,070,704  | -          | 11,489,580                        | 10,229,945  |
| Impairment of repossessed assets provision | -              | -                 | -          | 175,000    | 175,000                           | -           |
| Sundry provisions                          | -              | -                 | -          | 485,906.00 | 485,906                           | 696,171     |
| Segment result                             | 29,828,165     | 15,748,040        | 18,627,855 | 2,132,639  | 66,336,699                        | 53,997,611  |
| Unallocated costs                          | 0              |                   |            |            | 42,352,435                        | 43,370,271  |
| Profit before tax                          |                |                   |            |            | 23,984,264                        | 10,627,340  |
| Income tax                                 |                |                   |            |            | 8,569,061                         | 4,913,114   |
| Profit for the period                      |                |                   |            |            | 15,415,203                        | 5,714,226   |
| Other information                          |                |                   |            |            |                                   |             |
| Capital expenditure                        |                |                   |            |            | 4,512,643                         | 3,743,093   |
| Depreciation and amortization              |                |                   |            |            | 4,002,999                         | 4,575,493   |

|                           |               |               |               |             | June 30, 2021          | December 31, 2020 |
|---------------------------|---------------|---------------|---------------|-------------|------------------------|-------------------|
|                           |               |               |               |             | (Reviewed Not Audited) | (Audited)         |
|                           |               |               |               |             | JD                     | JD                |
| Total segment assets      | 961,207,979   | 932,728,140   | 1,410,288,605 | 129,076,730 | 3,433,301,454          | 3,353,235,477     |
| Total segment liabilities | 1,028,134,469 | 1,149,393,563 | 746,985,977   | 131,680,470 | 3,056,194,479          | 2,977,946,528     |

### B. Geographical Information:

The following table shows the distribution of the Bank's profit assets and capital expenditure by geographical segment, the Bank operates in Jordan and Palestine.

Below is the distribution of the revenues, assets and capital expenditures as per the geographical information:

|                      | Inside Jordan          |               | Outside Jordan         |              | Total                  |               |
|----------------------|------------------------|---------------|------------------------|--------------|------------------------|---------------|
|                      | June 30,               |               | June 30,               |              | June 30,               |               |
|                      | 2021                   | 2020          | 2021                   | 2020         | 2021                   | 2020          |
|                      | (Reviewed Not Audited) |               | (Reviewed Not Audited) |              | (Reviewed Not Audited) |               |
|                      | JD                     | JD            | JD                     | JD           | JD                     | JD            |
| Total revenue        | 83,766,169             | 78,819,767    | 23,025,571             | 21,465,461   | 106,791,740            | 100,285,228   |
| Capital expenditures | 3,677,955              | 2,960,837     | 834,688                | 782,256      | 4,512,643              | 3,743,093     |
|                      | Inside Jordan          |               | Outside Jordan         |              | Total                  |               |
|                      | June 30,               | December 31,  | June 30,               | December 31, | June 30,               | December 31,  |
|                      | 2021                   | 2020          | 2021                   | 2020         | 2021                   | 2020          |
|                      | (Reviewed Not Audited) |               | (Reviewed Not Audited) |              | (Reviewed Not Audited) |               |
|                      | JD                     | JD            | JD                     | JD           | JD                     | JD            |
| Total assets         | 2,574,858,561          | 2,534,322,286 | 858,442,893            | 818,913,191  | 3,433,301,454          | 3,353,235,477 |

## 29. Risk Management

The Bank's risk management is performed based on a comprehensive strategy for risk reduction and mitigation, after identifying acceptable risks by the Bank to manage its business to ensure the level and quality of the various risks the Bank wishes to accept, in which will not affect the achievement of the strategic objectives, in addition to mitigating the negative effects of internal and external events on the profitability of the bank, the rate of capital, market share and any other intangible factors such as Bank's reputation.

The Bank's risk management policies for the six-month period ended June 30, 2020 are consistent with the policies for the year ended December 31, 2019, which are disclosed with the Bank's annual report as of December 31, 2019.

### 1- Reclassified credit exposures

#### A. Gross reclassified credit exposures

| Item                     | Stage 2               |                        | Stage 3               |                        | Percentage of reclassified exposures |
|--------------------------|-----------------------|------------------------|-----------------------|------------------------|--------------------------------------|
|                          | Gross exposure amount | Reclassified exposures | Gross exposure amount | Reclassified exposures |                                      |
|                          | JD                    | JD                     | JD                    | JD                     | %                                    |
| Direct credit facilities |                       |                        |                       |                        |                                      |
| Total                    | 241,210,334           | 84,705,359             | 115,757,392           | 24,393,391             | %9.48                                |
| Financial guarantees     | 241,210,334           | 84,705,359             | 115,757,392           | 24,393,391             |                                      |
| Letters of credit        | 7,820,302             | 1,797,786              | 471,325               | 381,035                | %5.44                                |
| Other liabilities        | 2,424,932             | 1,472,998              | -                     | -                      | %1.73                                |
| Total                    | 30,504,334            | 4,096,192              | 476,785               | 150,572                | %3.91                                |
|                          | 281,959,902           | 92,072,335             | 116,705,502           | 24,924,998             |                                      |
|                          |                       |                        |                       | 203,107,753            |                                      |

**B. Expected credit losses of reclassified exposures:**

| Item                     | Reclassified Exposures                  |            | Expected Credit Losses of Reclassified Exposures |           |                              |           |            |            |
|--------------------------|---|------------|--|-----------|------------------------------|-----------|------------|------------|
|                          | Gross exposures reclassified to stage 2 |            | Gross exposures reclassified to stage 3          |           | Gross reclassified exposures |           | Stage 2    |            |
|                          | JD                                      | JD         | JD   | JD        | JD                           | JD        | Individual | Collective |
| Direct credit facilities | 84,705,359                              | 24,393,391 | 189,203,977                                      | 3,296,800 | 816,290                      | 5,399,365 |            |            |
| Total                    | 84,705,359                              | 24,393,391 | 189,203,977                                      | 1,286,275 | 816,290                      | 5,399,365 |            |            |
| Financial guarantees     | 1,797,786                               | 381,035    | 3,187,075  | 2,458     | 7,707                        | 10,165    |            |            |
| Letters of credit        | 1,472,998                               | -          | 1,472,998  | 296       | -                            | 296       |            |            |
| Other liabilities        | 4,096,192                               | 150,572    | 9,243,703  | 4,746     | 10,078                       | 48,049    |            |            |
| Total                    | 92,072,335                              | 24,924,998 | 203,107,753                                      | 1,293,775 | 834,075                      | 5,457,875 |            |            |

2- Allocation of exposures according to industrial sectors:

A. Allocation of exposures according to financial instruments - net

|  | Financial   |  |  |  | Industrial  |  | Commercial  |  | Real Estate* |  | Agricultural |  | Trading    |  | Consumer    |  | Government and Public Sector |  | Total         |
|--|-------------|--|--|--|-------------|--|-------------|--|--------------|--|--------------|--|------------|--|-------------|--|------------------------------|--|---------------|
|  | JD          |  |  |  | JD          |  | JD          |  | JD           |  | JD           |  | JD         |  | JD          |  | JD                           |  | JD            |
| Balances at central banks                    | -           |  |  |  | -           |  | -           |  | -            |  | -            |  | -          |  | -           |  | 190,776,341                  |  | 190,776,341   |
| Balances at banks and financial institutions | 126,171,964 |  |  |  | -           |  | -           |  | -            |  | -            |  | -          |  | -           |  | 126,171,964                  |  | 126,171,964   |
| Deposits at banks and financial institutions | 81,382,219  |  |  |  | -           |  | -           |  | -            |  | -            |  | -          |  | -           |  | 81,382,219                   |  | 81,382,219    |
| Direct credit facilities                     | 80,389,086  |  |  |  | 131,830,610 |  | 375,177,783 |  | 310,777,429  |  | 21,386,258   |  | 28,728,883 |  | 738,526,659 |  | 207,119,411                  |  | 1,893,936,119 |
| Financial assets at amortized cost           | 65,199,890  |  |  |  | -           |  | 22,533,095  |  | -            |  | -            |  | -          |  | -           |  | 657,010,819                  |  | 744,743,804   |
| Financial assets pledged as collateral       | -           |  |  |  | -           |  | -           |  | -            |  | -            |  | -          |  | -           |  | 68,282,000                   |  | 68,282,000    |
| Other assets                                 | 7,512,216   |  |  |  | 2,073,508   |  | 7,865,625   |  | 726,876      |  | 390,929      |  | 262,254    |  | 2,244,807   |  | 7,586,183                    |  | 28,662,398    |
| Total  | 360,655,375 |  |  |  | 133,904,118 |  | 405,576,503 |  | 311,504,305  |  | 21,777,187   |  | 28,991,137 |  | 740,771,466 |  | 1,130,774,754                |  | 3,133,954,845 |
| Financial guarantees                         | 11,885,839  |  |  |  | 10,476,880  |  | 14,756,848  |  | 19,645,327   |  | 587,476      |  | -          |  | -           |  | 1,088,667                    |  | 58,441,037    |
| Letters of credit                            | 15,634,478  |  |  |  | 10,696,004  |  | 45,292,047  |  | -            |  | -            |  | -          |  | -           |  | 8,827,863                    |  | 84,450,392    |
| Other liabilities                            | 12,097,346  |  |  |  | 17,574,828  |  | 127,116,646 |  | 4,402,171    |  | 878,704      |  | -          |  | 25,019,373  |  | 46,633,155                   |  | 233,722,223   |
| Total  | 400,273,038 |  |  |  | 172,651,830 |  | 596,742,044 |  | 335,551,803  |  | 23,243,367   |  | 28,991,137 |  | 765,790,839 |  | 1,187,324,439                |  | 3,510,568,497 |

\* The Industrial sector of real estate includes loans granted to corporates and housing loans.

B. Allocation of exposures according stage categories of IFRS (9):

| Item                           | Stage 1       |             | Stage 2     |            | Stage 3    |               | Total         |               |
|--------------------------------|---------------|-------------|-------------|------------|------------|---------------|---------------|---------------|
|                                | Individual    | Collective  | Individual  | Collective | Individual | Collective    | JD            | JD            |
| Financial                      | 376,175,465   | 16,392,719  | 5,801,021   | -          | 1,903,833  | -             | 400,273,038   | 400,273,038   |
| Industrial and mining          | 138,973,810   | 3,756,462   | 20,037,651  | 68,526     | 9,815,381  | 172,651,830   | 172,651,830   | 172,651,830   |
| General Commercial             | 397,581,914   | 55,797,340  | 134,137,635 | 5,269,454  | 3,955,701  | 596,742,044   | 596,742,044   | 596,742,044   |
| Real estate purchase financing | 115,387,939   | 188,231,086 | 7,715,115   | 13,065,874 | 11,151,689 | 335,551,803   | 335,551,803   | 335,551,803   |
| Agricultural                   | 16,342,383    | 504,525     | 6,157,066   | 9,157      | 230,236    | 23,243,367    | 23,243,367    | 23,243,367    |
| Trading                        | 22,513,097    | 5,208,043   | 576,662     | 19,907     | 673,428    | 28,991,137    | 28,991,137    | 28,991,137    |
| Consumer                       | 28,505,974    | 661,392,748 | 14,669,483  | 56,084,823 | 5,137,811  | 765,790,839   | 765,790,839   | 765,790,839   |
| Government and public sector   | 1,168,136,476 | 7,586,183   | 11,595,913  | -          | 5,867      | 1,187,324,439 | 1,187,324,439 | 1,187,324,439 |
| Total                          | 2,263,617,058 | 938,869,106 | 200,690,546 | 74,517,841 | 32,873,946 | 3,510,568,497 | 3,510,568,497 | 3,510,568,497 |



3- Allocation of exposures according to geographical locations:

**A- Allocation of exposures according to geographical regions - net**

|  | Inside Jordan |  | Other Middle      |    | Europe     |  | Asia *    |  | America   |  | Other Countries |  | Total         |
|--|---------------|--|-------------------|----|------------|--|-----------|--|-----------|--|-----------------|--|---------------|
|  | JD            |  | Eastern Countries | JD | JD         |  | JD        |  | JD        |  | JD              |  | JD            |
| Balances at central banks                    | 97,943,725    |  | 92,832,616        |    | -          |  | -         |  | -         |  | -               |  | 190,776,341   |
| Balances at banks and financial institutions | 54,109,940    |  | 14,831,137        |    | 46,243,882 |  | 1,832,110 |  | 8,991,811 |  | 163,084         |  | 126,171,964   |
| Deposits at banks and financial institutions | 76,437,571    |  | 4,944,648         |    | -          |  | -         |  | 523,679   |  | -               |  | 81,382,219    |
| Debt securities and bills:                   | 1,352,710,258 |  | 526,884,842       |    | 13,817,340 |  | -         |  | -         |  | -               |  | 1,893,936,119 |
| within financial assets at amortized cost    | 702,293,567   |  | 41,871,103        |    | 579,134    |  | -         |  | -         |  | -               |  | 744,743,804   |
| Financial assets pledged as collateral       | 68,282,000    |  | -                 |    | -          |  | -         |  | -         |  | -               |  | 68,282,000    |
| other assets                                 | 19,404,315    |  | 6,017,444         |    | 3,187,656  |  | -         |  | 52,983    |  | -               |  | 28,662,398    |
| Gross assets                                 | 2,371,181,376 |  | 687,381,790       |    | 63,828,012 |  | 1,832,110 |  | 9,568,473 |  | 163,084         |  | 3,133,954,845 |
| Financial guarantees                         | 51,156,810    |  | 7,250,822         |    | 13,568     |  | 11,688    |  | 8,149     |  | -               |  | 58,441,037    |
| Letters of credit and acceptances            | 57,804,765    |  | 26,645,627        |    | -          |  | -         |  | -         |  | -               |  | 84,450,392    |
| Other liabilities                            | 197,335,729   |  | 36,386,494        |    | -          |  | -         |  | -         |  | -               |  | 233,722,223   |
| Total  | 2,677,478,680 |  | 757,664,733       |    | 63,841,580 |  | 1,843,798 |  | 9,576,622 |  | 163,084         |  | 3,510,568,497 |

**B- Allocation of exposures according stage categories of IFRS (9):**

|                                | Stage 1       |             | Stage 2     |            | Stage 3    |    | Total         |
|--------------------------------|---------------|-------------|-------------|------------|------------|----|---------------|
|                                | Individual    | Collective  | Individual  | Collective | JD         | JD | JD            |
| Inside Jordan                  | 1,658,175,702 | 766,365,121 | 168,776,772 | 57,852,350 | 26,308,735 |    | 2,677,478,680 |
| Other Middle Eastern Countries | 533,655,835   | 169,441,084 | 31,337,112  | 16,665,491 | 6,565,211  |    | 757,664,733   |
| Europe                         | 60,778,679    | 3,062,901   | -           | -          | -          |    | 63,841,580    |
| Asia                           | 1,843,798     | -           | -           | -          | -          |    | 1,843,798     |
| America                        | 8,999,960     | -           | 576,662     | -          | -          |    | 9,576,622     |
| Other Countries                | 163,084       | -           | -           | -          | -          |    | 163,084       |
| Total                          | 2,263,617,058 | 938,869,106 | 200,690,546 | 74,517,841 | 32,873,945 |    | 3,510,568,497 |

### **30. Contingent Liabilities and Commitments**

This item consists of the following:

|  | June 30,<br>2021<br>(Reviewed Not<br>Audited)<br>JD | December 31,<br>2020<br>(Audited)<br>JD |
|--|---|---|
| Letters of credit                        | 56,114,911  | 46,987,960                              |
| Acceptances                              |   | 10,691,097                              |
|  | 29,089,752  |   |
| <b>Letters of guarantee:</b>             |   |   |
| - Payments                               | 26,240,400  | 26,079,007                              |
| - Performance                            | 16,520,142  | 16,346,471                              |
| - Other                                  | 18,833,669  | 16,086,063                              |
| Irrevocable commitments to extend credit | 177,590,056   | 142,591,250                             |
| <b>Total</b>                             | <b>321,388,930</b>                                  | <b>258,781,848</b>                      |

### **31. Lawsuits**

In the normal course of business, the Bank appears as a defendant in a number of lawsuits amounting to JD 18,329,787 and 39,211,662 as of June 30, 2021 and December 31, 2020 respectively. In the opinion of the Bank's management and legal counsel, the Bank maintains adequate provisions against the lawsuits.

During the six months ending June 30, 2021, legal cases were settled against the Group's branch in Palestine (Wadi Tufah) amounted to JD 18.8 Million.

Provisions against the cases amounted to JD 1,677,779 and JD 2,746,501 as of June 30, 2021 and December 31, 2020, respectively.

On January 1, 2019 multiple civil lawsuits have been filed at US courts against multiple banks and financial institutions claiming financial compensation using the US antiterrorism law for damages allegedly resulting from attacks by groups listed under the US sanctions list in 2001. These lawsuits have been filed at courts hours before their filing deadline, and have been filed by an attorney office which has filed several similar complaints against other banking institutions on behalf of the same plaintiffs claiming the damages. Cairo Amman Bank is one of the banks the aforementioned lawsuit has been filed against. During 2020, the judge have hold decision regarding this particular case, until decision, verdicts reached on similar cases and these are being in final stages.

In the opinion of management and legal counsel, no provisions should be recorded for the lawsuits filed at US courts against the Bank as of June 30, 2021 as the Bank has consulted with legal consultants specialized in US courts and concluded that the legal status of the lawsuits is in favor of the Bank and that there are no legal or judicial grounds for the lawsuits. As the Legal specialist attorney believe that the legal status of the bank is favorable in regards to this lawsuit.

### **32. Statutory Reserve**

The Bank did not deduct the statutory reserves during the period due to the fact that these statements are condensed consolidated financial statements.

### 33. Fair Value Hierarchy

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

Some financial assets and liabilities of the Bank are measured at fair value at the end of each fiscal period. The following table shows information about how the fair value of these financial assets and liabilities is determined (valuation methods and inputs used).

| Financial Assets / Financial Liabilities                            | Fair Value                              |                                | The Level of Fair Value | Valuation Method and Inputs Used   | Important Intangible Inputs | Relation between Fair Value and Significant Intangible Inputs |
|---|---|--------------------------------|-------------------------|--|-----------------------------|---|
|   | June 30, 2021<br>(Reviewed Not Audited) | December 31, 2020<br>(Audited) |                         |  |                             |   |
|   | JD                                      | JD                             |                         |  |                             |   |
| <b>Financial Assets at Fair Value in Through Profit or Loss</b>     |   |                                |                         |  |                             |   |
| Equity Securities   | 9,288,226                               | 7,406,964                      |                         |  |                             |   |
| Total   | 9,288,226                               | 7,406,964                      | Level I                 | Prices issued in market values   | Not Applicable              | Not Applicable  |
| <b>Financial Assets at Fair Value in Other Comprehensive Income</b> |   |                                |                         |  |                             |   |
| Quoted shares   | 53,594,449                              | 43,528,787                     | Level I                 | Prices issued in market values<br>Comparing the market value<br>with a similar financial<br>instrument | Not Applicable              | Not Applicable  |
| Unquoted shares   | 6,420,577                               | 6,120,190                      | Level II                |  | Not Applicable              | Not Applicable  |
| Total   | 60,015,026                              | 49,648,977                     |                         |  |                             |   |
| Financial Assets at Fair Value                                      | 69,303,252                              | 57,055,941                     |                         |  |                             |   |

There were no transfers between the first level and second level during period.

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

Except as set out in the table below, we believe that the carrying value of financial assets and financial liabilities in the financial statements of the Bank approximates their fair value, as the Bank's management believes that the carrying value of the items listed below approximate their fair value, due to either their short-term maturity or repricing of interest rates during the year.

|   | June 30, 2021 |               | December 31, 2020 |               | Fair Value Level     |
|---|---------------|---------------|-------------------|---------------|----------------------|
|   | Book Value    | Fair Value    | Book Value        | Fair Value    |                      |
|   | JD            | JD            | JD                | JD            |                      |
| <b>Financial Assets with an Unspecified Fair Value</b>      |               |               |                   |               |                      |
| Balances at Central Banks                                   | 190,911,602   | 190,911,602   | 202,946,213       | 202,949,704   | Level II             |
| Balances at Banks and other Financial Institutes            | 126,171,964   | 126,473,472   | 154,796,630       | 154,957,851   | Level II             |
| Deposits at Banks and other Financial Institutes            | 81,382,219    | 83,076,749    | 79,864,376        | 81,173,358    | Level II             |
| Financial assets at amortized costs                         | 1,893,936,119 | 1,900,341,231 | 739,784,106       | 749,380,157   | Level I and Level II |
| Mortgaged Financial Assets                                  | 744,743,804   | 752,900,092   | 73,141,000        | 73,141,000    | Level II             |
| Direct credit facilities - net                              | 68,282,000    | 68,282,000    | 1,793,871,484     | 1,801,653,751 | Level II             |
| Total Financial Assets with an Unspecified Fair Value       | 3,105,427,708 | 3,121,985,146 | 3,044,403,809     | 3,063,295,821 |                      |
| <b>Financial Liabilities with an Unspecified Fair Value</b> |               |               |                   |               |                      |
| Banks and financial institutions' deposits                  | 265,891,882   | 266,736,604   | 234,181,337       | 235,508,039   | Level II             |
| Customer Deposits   | 2,228,947,815 | 2,238,733,984 | 2,226,430,437     | 2,234,057,132 | Level II             |
| Cash collaterals  | 67,613,088    | 67,616,534    | 56,958,241        | 56,959,891    | Level II             |
| Borrowed funds  | 342,697,084   | 343,567,249   | 314,384,118       | 315,227,909   | Level II             |
| Subordinated loans  | 18,540,350    | 18,790,072    | 18,540,350        | 18,876,114    | Level II             |
| Total Financial Assets with an Unspecified Fair Value       | 2,923,690,219 | 2,935,444,443 | 2,850,494,483     | 2,860,629,085 |                      |

For the above-mentioned items, the second and third level financial liabilities and financial assets have been determined at fair value according to the agreed-upon pricing model, which reflects the credit risk of the parties dealt with.