

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

TABLE OF CONTENTS

	<u>Page</u>
Review Report	1
Condensed Consolidated Interim Statement of Financial Position	2
Condensed Consolidated Interim Statement of Income	3
Condensed Consolidated Interim Statement of Comprehensive Income	4
Condensed Consolidated Interim Statement of Changes in Owners' Equity	5
Condensed Consolidated Interim Statement of Cash Flows	6
Notes to the Condensed Consolidated Interim Financial Statements	7 – 41

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)
010101

CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	June 30, 2021	December 31, 2020
		(Reviewed not audited)	(Audited)
Assets		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
Total Assets		3,433,301,454	3,353,235,477
Liabilities And Owners' Equity			
Liabilities:			
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
Total Liabilities		3,056,194,479	2,977,946,528
Owners' Equity			
BANK'S SHAREHOLDERS' EQUITY			
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	-
Total Bank's Shareholders' Equity		368,541,763	366,622,615
Non-controlling interest		8,565,212	8,666,334
Total Owners' Equity		377,106,975	375,288,949
Total Liabilities and Owners' Equity		3,433,301,454	3,353,235,477

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
		JD/ Fils	JD/ Fils	JD/ Fils	JD/ Fils
Basic and diluted earnings per share (Bank's shareholders)	24	0/042	0/016	0/082	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.

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY
(REQUIRED, NOT AUDITED)

	Authorized and Paid-up Capital		Statutory Reserve		General Banking Risk Reserve**		Cyclical Fluctuations Reserve		Fair Value Reserve - Net		Foreign Currencies Translation Reserve		Retained Earnings		Profit for the Period		Total Shareholders' Equity		Non-controlling Interests		Total Owners' Equity		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
June 30, 2021																							
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	6,666,334	375,288,949											
Total comprehensive income for the period	-	-	-	-	9,181,653	-	-	(444,246)	-	15,237,595	-	24,719,146	(122,892)										
Transferred to reserves**	-	-	444,246	-	-	-	(444,246)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net changes with Non-controlling Interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss from sale of financial assets at fair value through other comprehensive income	-	-	-	-	(109,861)	-	109,861	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	(22,800,000)	368,541,763	15,537,595	8,565,212	377,106,975	(22,800,000)	8,565,212	359,207,244	8,510,201	359,207,244	8,510,201	359,207,244	8,510,201	359,207,244	8,510,201	359,207,244
June 30, 2020																							
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	(444,156)	359,229,366											
Total comprehensive income for the period	-	-	-	-	(5,756,348)	-	-	-	422,034	6,158,382	-	(22,122)											
Loss from sale of financial assets at fair value through other comprehensive income	-	-	-	-	85,200	-	(85,200)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at June 30, 2020	190,000,000	79,007,427	3,854,197	10,894,653	(13,500,048)	(85,200)	73,882,532	(85,200)	350,287,143	6,158,382	8,510,201	359,207,244	(22,800,000)	8,510,201	359,207,244	8,510,201	359,207,244	8,510,201	359,207,244	8,510,201	359,207,244	8,510,201	359,207,244

* 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 Ended June 30,	
		2021	2020
Cash Flows from Operating Activities			
Profit before tax for the period		JD 23,984,264	JD 10,627,340
Adjustments for:			
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)
Cash flow from operating activities before changes in net assets		35,605,357	26,055,658
(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
Net cash flows (used in) from operating activities before income tax and sundry provisions		(48,482,146)	(18,497,519)
Income tax paid	16	(13,885,287)	(13,480,122)
Sundry provisions paid		(1,362,873)	(465,785)
Net cash flows (used in) from operating activities		(63,730,306)	(32,443,426)
Cash Flows from Investing Activities			
(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)
Net cash flows (used in) investing activities		(3,939,811)	(97,991,010)
Cash Flows from Financing Activities			
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)	-
Net cash flows from (used in) financing activities		5,512,966	56,013,517
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
Cash and cash equivalents - End of the Period	25	264,176,000	215,530,530

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)

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

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

	Al-Watanieh Financial Services Company (Awraq)		Al-Watanieh Securities Company	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 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 June 30,		For the Period Ended 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 Company		Safa Bank	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 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 June 30,		For the Period Ended 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 1st, 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:

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

- 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 Individual	Stage 2 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	<u>(59,163,788)</u>	-	-	<u>(59,163,788)</u>
Balance - End of the Period / Year	<u>190,911,602</u>	-	-	<u>190,911,602</u>
<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	<u>(14,145,423)</u>	-	-	<u>(14,145,423)</u>
Balance - End of the Period / Year	<u>202,963,689</u>	-	-	<u>202,963,689</u>

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

	Stage 1 Individual	Stage 2 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	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 (Reviewed Not Audited)	December 31, 2020 (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 Individual	Stage 2 Individual	Stage 3 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 Individual	Stage 2 Individual	Stage 3 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, 2021 (Reviewed Not Audited)	December 31, 2020 (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 Individual	Stage 2 Individual	Stage 3 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	<u>81,874,200</u>	-	-	<u>81,874,200</u>

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	<u>80,206,427</u>	-	-	<u>80,206,427</u>

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

	Stage 1 Individual	Stage 2 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	<u>11,926</u>	-	-	<u>11,926</u>
Balance - End of the Period / Year	<u>491,981</u>	-	-	<u>491,981</u>

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	<u>108,163</u>	-	-	<u>108,163</u>
Balance - End of the Period / Year	<u>342,051</u>	-	-	<u>342,051</u>

8. Financial Assets at Fair Value through Profit or Loss

This item consists of the following:

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

9. Financial Assets at Fair Value through Other Comprehensive Income

This item consists of the following:

	June 30, 2021 <u>(Reviewed Not Audited)</u>	December 31, 2020 <u>(Audited)</u>
	JD	JD
Quoted shares	53,594,449	43,528,787
Unquoted shares *	<u>6,420,577</u>	<u>6,120,190</u>
	<u><u>60,015,026</u></u>	<u><u>49,648,977</u></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 <u>(Reviewed Not Audited)</u>	December 31, 2020 <u>(Audited)</u>
	JD	JD
Quoted Investments		
Governmental treasury bills	6,105,047	-
Foreign government treasury bonds	8,080,775	2,916,349
Corporate debt securities	<u>23,541,010</u>	<u>24,450,252</u>
Total quoted investments	<u><u>37,726,832</u></u>	<u><u>27,366,601</u></u>
Unquoted Investments		
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	<u>65,000,000</u>	<u>63,000,000</u>
Total unquoted investments	<u><u>707,908,647</u></u>	<u><u>713,553,116</u></u>
Total	745,635,479	740,919,717
Less: Provision for expected credit losses (financial assets at amortized cost)	<u>(891,675)</u>	<u>(1,135,611)</u>
	<u><u>744,743,804</u></u>	<u><u>739,784,106</u></u>
Analysis of bonds and treasury bills		
Fixed rate	<u>745,635,479</u>	<u>740,919,717</u>
Total	<u><u>745,635,479</u></u>	<u><u>740,919,717</u></u>

11. Financial Assets Pledged as Collateral

This item consists of the following:

	June 30, 2021		December 31, 2020	
	(Reviewed Not Audited)			
	Financial Assets Pledged as Collateral	Related Financial Liabilities	Financial Assets Pledged as Collateral	Related Financial 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 Individual	Stage 2 Individual	Stage 3 Individual	Total
	JD	JD	JD	JD
For the Six Months Ended June 30, 2021 (Reviewed Not Audited)				
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 Individual	Stage 2 Individual	Stage 3 Individual	Total
	JD	JD	JD	JD
For the Six Months Ended June 30, 2021 (Reviewed Not Audited)				
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, 2021 (Reviewed Not Audited) JD	December 31, 2020 (Audited) JD
Consumer lending		
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
Real-estate mortgages	269,545,700	249,897,163
Corporate lending		
Overdrafts	70,771,031	63,466,034
Loans and bills *	497,877,937	461,375,204
Small and medium enterprises lending "SMEs"		
Overdrafts	20,871,250	18,432,092
Loans and bills *	178,061,046	166,356,629
Lending to public and governmental sectors	<u>207,966,291</u>	<u>204,171,887</u>
Total	<u>1,995,666,060</u>	<u>1,888,832,295</u>
Less: Suspended interest	(9,994,347)	(13,082,278)
Less: Provision for expected credit loss	<u>(91,735,594)</u>	<u>(81,878,533)</u>
Net- Direct Credit Facilities	<u><u>1,893,936,119</u></u>	<u><u>1,793,871,484</u></u>

* 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	
	JD	JD	JD	JD	JD	JD	JD	JD
For the Six Months Ended June 30, 2021 (Reviewed Not Audited)								
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		
For the Year Ended December 31, 2020 (Audited)								
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:

	Consumer		Residential Loans		Corporates		Government and Public Sector		Total
	JD		JD		JD		JD		
For the Six Months Ended June 30, 2021 (Reviewed Not Audited)									
Balance - beginning of the period / year	40,334,148		9,136,154		18,537,650		684,183		81,878,533
Credit loss on new facilities during the year	1,905,560		990,145		2,359,312		542,613		6,445,339
Reversed from credit losses on settled facilities	(3,489,709)		(1,046,700)		(3,598,830)		118,513		(10,809,896)
Transferred to stage 1	1,552,045		439,413		621,684		(96,528)		3,073,007
Transferred to stage 2	1,624,341		249,090		(390,452)		96,528		2,063,719
Transferred to stage 3	(3,176,386)		(688,503)		(231,232)		-		(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		23,220		2,330,839
Changes resulting from adjustments	6,289,638		372,039		4,886,370		-		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		1,368,529		91,735,594
For the Year Ended December 31, 2020 (Audited)									
Balance - beginning of the period / year	38,795,804		6,648,056		9,294,100		3,011,508		67,234,849
Credit loss on new facilities during the year	6,531,796		2,434,479		3,158,768		302,256		15,597,544
Reversed from credit losses on settled facilities	(1,445,653)		(628,716)		(1,511,048)		(102,005)		(5,545,405)
Transferred to stage 1	5,703,439		862,710		1,023,097		4,111		7,855,426
Transferred to stage 2	1,669,907		327,479		(602,141)		1,544,104		3,024,819
Transferred to stage 3	(7,373,346)		(1,190,189)		(420,956)		(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		(1,382,754)		7,073,945
Changes resulting from adjustments	179,769		(291,971)		1,835,071		(1,144,822)		420,447
Written off facilities	(3,395,729)		(24,787)		-		-		(3,434,276)
Valuation differences	134,812		44,059		228,433		-		528,429
Balance - End of the Period / Year	40,334,148		9,136,154		18,537,650		684,183		81,878,533

Suspended Interest

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

	Residential		Corporates		Government and	Total
	Consumer	Loans	Large	SMEs	Public Sector	
	JD	JD	JD	JD	JD	JD
For the period ended June 30, 2021 (Reviewed Not Audited)						
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,	December 31,
	2021	2020
	(Reviewed Not Audited)	(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, 2021 (Reviewed Not Audited)	December 31, 2020 (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)
Total	15,581,958	12,556,317
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)
Balance - End of the Year	13,694,777	10,844,136

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
Balance - End of the Year	1,887,181	1,712,181

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 Public Sector	Total
	JD	JD	JD	JD	JD
For the Six Months Ended June 30, 2021 (Reviewed Not Audited)					
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
Total	1,408,713,814	358,987,382	112,061,313	349,185,306	2,228,947,815
For the Year Ended December 31, 2020 (Audited)					
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
Total	1,310,916,468	462,746,408	103,017,278	349,750,283	2,226,430,437

- 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:

	No. of Installments		Payable	Maturity	Collaterals	Interest Rate
	Amount	Total				
June 30, 2021 (Reviewed Not Audited)						
JD						
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%
Ethiad 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 -
Total	342,697,084					
December 31, 2020 (Audited)						
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%
Ethiad 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 -
Total	314,384,118					

*** 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, 2021 (Reviewed Not Audited)	December 31, 2020 (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
Balance - End of the Period/ Year	10,866,559	16,002,794

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

	For the Six Months Ended June 30,	
	2021 (Reviewed Not Audited)	2020
	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	8,569,061	4,913,114

- 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, 2021 (Reviewed Not Audited)	December 31, 2020 (Audited)
	JD	JD
Balance - beginning of the period / year	13,316,167	9,325,649
Additions	209,501	5,848,544
Disposal	<u>(1,606,735)</u>	<u>(1,858,026)</u>
Balance - End of the Period / Year	<u><u>11,918,933</u></u>	<u><u>13,316,167</u></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, 2021 (Reviewed Not Audited)	December 31, 2020 (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><u>84,636,361</u></u>	<u><u>71,479,421</u></u>

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

	Stage 1		Stage 2		Stage 3		Total	
	Collective		Collective		Collective		Collective	
	JD	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the period/ year	22,180,289	286,385,560	1,165,564	42,163,336	436,827	352,331,576		
New exposures during the year	2,866,176	109,947,437	342,918	4,788,791	285,322	118,230,644		
Accrued exposures	(3,569,868)	(78,303,287)	(26,524)	(8,424,945)	(89,279)	(90,413,903)		
Transferred to stage 1	342,602	5,662,591	(296,082)	(5,540,091)	(169,020)	-		
Transferred to stage 2	(419,743)	(6,899,886)	467,090	6,899,886	(47,347)	-		
Transferred to stage 3	(72,710)	96,480	(67,943)	(487,434)	531,607	-		
Balance - End of the Period/ Year	21,326,746	316,888,895	1,585,023	39,399,543	948,110	380,148,317		

For the Year Ended December 31, 2020 (Audited)

Balance - beginning of the period/ year	16,520,798	209,272,556	316,428	49,021,275	550,026	275,681,083		
New exposures during the year	9,140,868	108,050,821	373,479	9,603,825	47,611	127,216,604		
Accrued exposures	(2,685,540)	(33,234,008)	(263,469)	(14,170,853)	(212,241)	(50,566,111)		
Transferred to stage 1	120,329	7,387,095	(74,939)	(7,360,095)	(72,390)	-		
Transferred to stage 2	(827,724)	(5,079,184)	846,999	5,085,684	(25,775)	-		
Transferred to stage 3	(88,442)	(11,720)	(32,934)	(16,500)	149,596	-		
Balance - End of the Period/ Year	22,180,289	286,385,560	1,165,564	42,163,336	436,827	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	
	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	2,822,879
Credit loss on new exposures during the year	162,686	908,076	42,214	92,328	73,381	1,278,685	1,278,685
Credit loss on accrued exposures	(158,217)	(349,066)	(14,858)	(531,161)	(20,438)	(1,073,740)	(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	403,858
Changes resulting from adjustments	5,064	119,616	1,460	(21,819)	(1,338)	102,983	102,983
Balance - End of the Period/ Year	674,717	1,509,182	112,311	807,706	430,749	3,534,665	3,534,665

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

Balance - beginning of the period/ year
 Credit loss on new exposures during the year
 Credit loss on accrued exposures
 Transferred to stage 1
 Transferred to stage 2
 Transferred to stage 3
 Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year
 Changes resulting from adjustments
 Balance - End of the Period/ Year

	Stage 1		Stage 2		Stage 3		Total
	Collective	Individual	Collective	Individual	Collective	Individual	
	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	2,374,728
Credit loss on new exposures during the year	419,368	597,371	23,698	282,495	33,457	1,356,389	1,356,389
Credit loss on accrued exposures	(177,506)	(97,994)	(7,786)	(622,895)	(119,851)	(1,026,032)	(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	106,259
Changes resulting from adjustments	(677)	15,626	(222)	(23,489)	20,297	11,535	11,535
Balance - End of the Period/ Year	671,283	816,885	70,446	1,040,909	223,356	2,822,879	2,822,879

For the Year Ended December 31, 2020 (Audited)

Balance - beginning of the period/ year
 Credit loss on new exposures during the year
 Credit loss on accrued exposures
 Transferred to stage 1
 Transferred to stage 2
 Transferred to stage 3
 Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year
 Changes resulting from adjustments
 Balance - End of the Period/ Year

18. Fair Value Reserve - Net

This item consists of the following:

	June 30, 2021 (Reviewed Not Audited)	December 31, 2020 (Audited)
	JD	JD
Balance - beginning of the period / year	(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 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)
Balance - End of the Period / Year	3,083,062	(5,988,630)

- 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, 2021 (Reviewed Not Audited)	December 31, 2020 (Audited)
	JD	JD
Balance - beginning of the period / year		
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 other comprehensive income	109,861	(85,200)
Balance - end of the Period / Year	65,825,889	88,960,274

- 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:		
Consumer lending		
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
Residential mortgages	6,329,827	7,682,637
Corporate lending		
Overdrafts	3,325,502	3,646,939
Loans and bills	13,562,803	12,157,609
Small and medium enterprises lending		
Overdrafts	739,185	922,985
Loans and bills	3,501,038	3,248,794
Government and public sector	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
	86,048,387	86,248,060

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
Customers' deposits:		
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
Total	28,304,555	35,361,501

22. Gains from Financial Assets at Fair Value through Profit or Loss

This item consists of the following:

	Realized Gain		Unrealized (Losses)		Stock Dividends		Total
	JD	JD	JD	JD	JD	JD	JD
Equity instruments	106,247	1,615,206	286,303				2,007,756
Total	106,247	1,615,206	286,303				2,007,756

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

Equity instruments

Total

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

Equity instruments

Total

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
Total	11,489,580	10,229,945

Balances at central banks

Balances at banks and financial institutions

Deposits at banks and financial institutions

Financial assets at amortized cost

Direct credit facilities

Indirect credit facilities

Total

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

This item consists of the following:

	For the Three Months Ended June 30,		For the Six Months 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 - (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 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)
Total	264,176,000	215,530,530

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
	JD	JD	JD	(Reviewed Not Audited)	(Audited)
				JD	JD
Statement of Financial Position Items:					
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)	
				JD	JD
Income Statements Items:					
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, 2021 <u>(Reviewed Not Audited)</u> JD	December 31, 2020 <u>(Audited)</u> JD
Ordinary Share Rights		
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
Total ordinary share capital	356,800,688	343,305,373
Regulatory Adjustments (Capital deductible)		
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
Net ordinary shareholders' equity	340,026,539	319,579,711
Additional capital		
Minority rights allowed to be recognized		
Net primary capital (Tier I)		
Tier II Capital		
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
Tier II Capital	40,962,669	37,778,815
Adjustment (deducted from capital)		
Net Tier II	40,962,669	37,778,815
Regulatory capital	380,989,208	357,358,526
Total risk weighted assets	2,415,558,310	2,237,707,255
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 <u>(Reviewed Not Audited)</u> JD	December 31, 2020 <u>(Audited)</u> JD
Liquidity Covering Ratio (LCR):		
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%

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		Gross reclassified exposures	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	189,203,977	%9.48
Financial guarantees	241,210,334	84,705,359	115,757,392	24,393,391	189,203,977	
Letters of credit	7,820,302	1,797,786	471,325	381,035	3,187,075	%5.44
Other liabilities	2,424,932	1,472,998	-	-	1,472,998	%1.73
Total	30,504,334	4,096,192	476,785	150,572	9,243,703	%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		Stage 3		Total					
	JD		JD		JD		Individual	Collective	Individual	Collective						
Direct credit facilities		84,705,359		24,393,391		189,203,977		1,286,275		3,296,800		816,290		-		5,399,365
Total		84,705,359		24,393,391		189,203,977		1,286,275		3,296,800		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		33,225		10,078		-		48,049
Total		92,072,335		24,924,998		203,107,753		1,293,775		3,330,025		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
Balances at banks and financial institutions	126,171,964	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	126,171,964
Deposits at banks and financial institutions	81,382,219	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	81,382,219
Direct credit facilities	80,389,086	131,830,610	375,177,793	310,777,429	21,386,258	28,728,883	738,526,659	207,119,411	657,010,819	68,282,000	28,728,883	738,526,659	207,119,411	657,010,819	68,282,000	28,728,883	738,526,659	207,119,411	1,893,936,119
Financial assets at amortized cost	65,199,890	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	744,743,804
Financial assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	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	-	-	-	-	-	-	-	-	-	28,662,398
Total	360,655,375	133,904,118	408,576,503	311,504,305	21,777,187	28,991,137	740,771,466	1,130,774,754	3,133,954,845	58,441,037	1,088,667	8,827,863	84,450,392	233,722,223	1,187,324,439	3,510,568,497			
Financial guarantees	11,885,839	10,476,880	14,756,848	19,645,327	58,476	-	-	-	-	-	-	-	-	-	-	-	-	-	1,088,667
Letters of credit	15,634,478	10,696,004	45,292,047	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,827,863
Other liabilities	12,097,346	17,574,828	127,116,646	4,402,171	878,704	-	-	-	-	-	-	-	-	-	-	-	-	-	46,633,155
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	
	Collective		Collective		Collective		Collective	
	Individual	JD	Individual	JD	Individual	JD	Individual	JD
Financial	376,175,465	16,392,719	5,801,021	-	1,903,833	400,273,038		
Industrial and mining	138,973,810	3,756,462	20,037,651	68,526	9,815,381	172,651,830		
General Commercial	397,581,914	55,797,340	134,137,635	5,269,454	3,955,701	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		
Agricultural	16,342,383	504,525	6,157,066	9,157	230,236	23,243,367		
Trading	22,513,097	5,208,043	576,662	19,907	673,428	28,991,137		
Consumer	28,505,974	661,392,748	14,669,483	56,084,823	5,137,811	765,790,839		
Government and public sector	1,168,136,476	7,586,183	11,595,913	-	5,867	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- Allocation of exposures according to geographical locations:

A- Allocation of exposures according to geographical regions - net

	Other Middle												Total
	Inside Jordan		Eastern Countries		Europe		Asia *		America		Other Countries		
	JD	JD	JD	JD	JD	JD	JD	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	14,631,137	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	-	-	-	-	-	-	-	-	-	-	81,382,219
Debt securities and bills:	1,352,710,258	526,884,842	13,817,340	-	523,679	-	-	-	-	-	-	-	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	JD	Individual	Collective	JD	Individual	Collective	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	32,873,946	3,510,568,497	-	-	-	-

30. Contingent Liabilities and Commitments

This item consists of the following:

	June 30, 2021	December 31, 2020
	(Reviewed Not Audited)	(Audited)
	JD	JD
Letters of credit Acceptances	56,114,911	46,987,960 10,691,097
	29,089,752	
Letters of guarantee:		
- 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
Total	<u>321,388,930</u>	<u>258,781,848</u>

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 (Reviewed Not Audited)	December 31, 2020 (Audited)				
	JD	JD				
Financial Assets at Fair Value in Through Profit or Loss						
Equity Securities	9,288,226	7,406,964	Level I	Prices issued in market values	Not Applicable	Not Applicable
Total	9,288,226	7,406,964				
Financial Assets at Fair Value in Other Comprehensive Income						
Quoted shares	53,594,449	43,528,787	Level I	Prices issued in market values Comparing the market value with a similar financial 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	
Financial Assets with an Unspecified Fair Value					
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	
Financial Liabilities with an Unspecified Fair Value					
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	2,935,444,483	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.