

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021
TOGETHER WITH THE INDEPENDENT
AUDITOR'S REVIEW REPORT

SAFWA ISLAMIC BANK
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN-THE HASHEMITE KINGDOM OF JORDAN
30 SEPTEMBER 2021

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In the Name of Allah, the Beneficent, the Merciful

Review Report

AM/ 014589

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

Introduction

We have reviewed the condensed consolidated interim statement of financial position of Safwa Islamic Bank (a Public Shareholding limited Company) as of September 30, 2021 and the related condensed consolidated interim statements of profit or loss and comprehensive income for the three months and nine months period ended in September 30, 2021, changes in shareholders' equity and cash flows for the Nine month ended in that date, and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial Information's in accordance with the Financial Accounting Standards issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as adopted by the Central Bank of Jordan. Our responsibility is to express a conclusion on these condensed consolidated interim financial Information's based on our review.

Scope of Review

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

Conclusion

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

Other Matters

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

Amman – The Hashemite Kingdom of Jordan
October 31, 2021


Deloitte & Touche (M.E.) - Jordan

Deloitte & Touche (M.E.)

ديلويت آند توش (الشرق الأوسط)

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"Statement A"

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

	Note	30 September 2021 (Reviewed) JD	31 December 2020 (Audited) JD
<u>Assets</u>			
Cash and balances with the Central Bank	4	357,140,386	351,694,499
Balances at banks and financial institutions		8,413,266	9,669,834
International wakala investments-net	5	117,189,976	78,717,349
Financial assets at fair value through profit or loss		5,437,300	1,513,175
Deferred sales receivables and other receivables-net	6	1,019,521,697	753,903,198
Financial assets at fair value through unrestricted investment accounts' holders equity-net	7	75,889,150	58,488,983
Financial assets at amortized cost -net		64,752,000	92,191,000
Investment in associate		343,709	349,507
Ijara Muntahia Bittamleek assets-net	8	482,985,055	422,067,496
Qard Hasan-net		1,414,685	1,721,260
Property and equipment-net		21,885,785	22,889,345
Intangible assets - net		1,734,709	2,024,886
Right of use assets		9,128,438	8,969,372
Deferred tax assets	10/C	6,536,692	5,313,875
Other assets	9	11,722,703	10,725,424
Total Assets		2,184,095,551	1,820,239,203
<u>Liabilities</u>			
Banks and financial Institutions accounts		18,562,670	25,085,579
Customers' current accounts		269,536,273	228,380,089
Cash margin		40,778,596	26,856,968
Income tax provision	10/A	5,934,943	8,298,808
Other provisions		475,000	954,597
Lease liabilities		8,777,116	8,898,628
Other liabilities	11	48,244,259	40,422,039
Total Liabilities		392,308,857	338,896,708
<u>Unrestricted Investment Accounts Holders' Equity</u>			
Unrestricted investment accounts	12	1,632,342,729	1,326,573,194
Fair value reserve		229,506	151,894
Total Unrestricted Investment Accounts Holders' Equity		1,632,572,235	1,326,725,088
<u>Shareholders' Equity</u>			
Paid up capital		100,000,000	100,000,000
Statutory reserve		27,485,171	27,485,171
Retained earnings		21,132,236	27,132,236
Profit for the period		10,597,052	-
Total Shareholders' Equity		159,214,459	154,617,407
Total Liabilities and Unrestricted Investment Accounts Holders' and Shareholders' Equity		2,184,095,551	1,820,239,203
Equity			
Wakala Investments accounts		5,141,829	7,096,305

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

"Statement B"

Safwa Islamic Bank
(Public Shareholding Limited Company)
Amman-The Hashemite Kingdom of Jordan

Condensed Consolidated Interim Statement of Profit or Loss and Comprehensive Income

	Note	For The Three Month Period Ended 30 September		For The Nine Month Period Ended 30 September	
		2021	2020	2021	2020
		(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
		JD	JD	JD	JD
Deferred sales revenue	13	15,420,078	12,494,783	42,999,242	35,193,051
Ijara Muntahia Bittamleek assets revenue		8,686,212	7,340,425	24,867,042	23,826,575
Gains from International wakala investments		56,735	153,072	217,766	702,991
Gains from financial assets at fair value through unrestricted investment accounts' holders equity	14	393,029	445,832	1,521,579	1,337,639
Gains from financial assets at fair value through statement of profit or loss	15	69,529	45,589	70,658	84,392
Gains from financial assets at amortized cost		798,011	1,045,667	2,741,631	3,097,615
Share of joint funds from profits of associate company		-	-	451	5,485
(losses) Gains from foreign currencies evaluation		(1,990)	9,680	(23,341)	20,710
Other jointly financed revenue-net		(73,356)	(165,709)	99,343	224,863
Total revenue from unrestricted investment		25,348,248	21,369,339	72,494,371	64,493,321
Deposit guarantee fees joint investment accounts		(482,249)	(395,143)	(1,446,749)	(1,185,428)
Share of unrestricted investment accounts holders'	12	(12,072,120)	(8,385,914)	(32,899,111)	(28,547,927)
Allowance for expected credit losses on joint items	5 & 6 & 7 & 11	(2,195,304)	(5,000,000)	(7,654,209)	(8,027,948)
Bank's share of revenue from unrestricted investments as a mudarib and rab mal		10,598,575	7,588,282	30,494,302	26,732,018
Bank's self financed revenue	16	170,466	155,632	510,223	504,254
Banks share from the restricted investments revenue as agent (wakeel)		25,809	34,735	109,356	85,801
Gain from foreign currencies		381,911	221,569	1,109,595	627,797
Banking services revenue-net		1,581,240	1,608,681	4,762,258	3,621,245
Other revenue		7,757	(6,481)	138,722	5,516
Deposit guarantee fees - Self financed		(296,073)	(245,721)	(888,226)	(737,162)
Gross Income		12,469,685	9,356,697	36,236,230	30,839,469
Employees' expenses		(3,694,266)	(3,226,829)	(10,589,371)	(9,390,925)
Depreciation and amortization		(817,108)	(796,354)	(2,430,149)	(2,380,333)
Depreciation of Ijara muntahia bittamleek assets- self financed		(95,947)	(89,644)	(287,189)	(300,764)
Allowane for expected credit losses on seif-items	6 & 11 & Statement E	(2,272)	144,177	(25,352)	(62,965)
Amortization of right of use assets		(367,424)	(377,174)	(1,085,589)	(1,132,160)
Finance costs / discounted lease liability		(74,286)	(76,711)	(225,399)	(239,586)
Rent expenses		(49,404)	(22,472)	(137,932)	(128,828)
Other expenses		(1,426,243)	(1,500,381)	(4,301,396)	(5,642,322)
Total expenses		(6,526,950)	(5,945,388)	(19,082,377)	(19,277,883)
Profit for the period before tax		5,942,735	3,411,309	17,153,853	11,561,586
Income tax expense	10/B	(2,288,081)	(878,879)	(6,556,801)	(3,977,474)
Profit for the period / Total Comprehensive income for the period		3,654,654	2,532,430	10,597,052	7,584,112
		Fils/JD	Fils/JD	Fils/JD	Fils/JD
Basic and diluted earnings per share for the period	17	0/037	0/025	0/106	0/076

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

Statement "C"

Safwa Islamic Bank
(Public Shareholding Limited Company)
Amman-The Hashemite Kingdom of Jordan

Condensed Consolidated Interim Statement of Changes in Shareholders' Equity

	Paid up capital	Statutory reserve	Retained Earnings*	Profit for the period	Total
	JD	JD	JD	JD	JD
<u>For the Nine month period ended 30 September 2021</u>					
Balance as at the beginning of the year	100,000,000	27,485,171	27,132,236	-	154,617,407
Distributed Dividends **	-	-	(6,000,000)	-	(6,000,000)
Total comprehensive Income for the period - statement (B)	-	-	-	10,597,052	10,597,052
Balance as at the end of the period	100,000,000	27,485,171	21,132,236	10,597,052	159,214,459
<u>For the Nine month period ended 30 September 2020</u>					
Balance as at the beginning of the year	100,000,000	25,902,069	18,548,199	-	144,450,268
Total comprehensive Income for the Period - statement (B)	-	-	-	7,584,112	7,584,112
Balance as at the end of the period	100,000,000	25,902,069	18,548,199	7,584,112	152,034,380

- Retained earnings balance JD 652.070 of 30 september 2021 (JD 807.460 as at 31 December 2020) which represents deferred tax assets -self financed and it is restricted from use based on with the Central Bank of Jordan instructions.

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

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

The accompanying notes constitute an integral part of these condensed consolidated interim financial information and should be read with them and the accompanying review report.

Statement "D"

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

	Note	For the Nine Month period 30 September	
		2021 (Reviewed)	2020 (Reviewed)
		JD	JD
Cash Flows from Operating Activities			
Profit for the period before tax		17,153,853	11,561,586
Adjustments for non monetary items:			
Depreciation and amortization		2,430,149	2,380,333
Depreciation of Ijara Muntahia Bittamleek assets(self & jointly financed)		31,500,015	29,653,052
Depreciation of right of use assets		1,085,589	1,132,160
Finance costs (discounted lease liabilities)		225,399	239,586
Unrealized losses (gains) for financial assets at fair value through statement of profit or loss	15	25,581	(20,650)
Expected credit losses provision for jointly items		7,654,209	8,027,948
Expected credit losses provision for self - items		25,352	62,965
(Decrease) Increase in other provisions		(479,597)	400,000
Share of joint funds from (profits) investment in of associate company		(451)	(5,485)
Loss of sale of property and equipment		1,133	8,536
Provision for seized assets /Joint Funds	9	436,671	-
Losses (Gains) from sale of assets that have fallen into possession of the bank in settlement of owed debts		39,607	(29,821)
Cash Flows from Operating Activities before Changes in working capital		60,097,510	53,410,210
Changes in operating working capital			
(Increase) in deferred sales receivables and other receivables		(272,534,717)	(134,006,525)
(Increase) in Ijara Muntahia Bittamleek assets		(92,417,574)	(66,907,066)
Decrease (Increase) in the Qard Hasan		346,989	(500,000)
(Increase) in other assets		(1,816,557)	(1,767,926)
Increase in customers' current accounts		41,156,184	46,008,379
Increase (decrease) in cash margin accounts		13,921,628	(10,654,097)
Increase (decrease) in other liabilities		6,985,214	(1,034,372)
Net cash (used in) operating activities before income tax paid		(244,261,323)	(115,451,397)
Income tax paid	10/A	(10,143,483)	(8,635,951)
Paid from provision for lawsuits		-	(17,188)
Net cash (used in) operating activities		(254,404,806)	(124,104,536)
Cash Flows from Investing Activities			
Net (purchase) of financial assets at fair value through unrestricted investment accounts holders		(17,173,306)	(28,294,108)
Net (purchase) sale of financial assets at fair value through statement of profit or loss		(3,949,706)	2,115,939
Maturity of financial assets at amortized cost		27,439,000	-
Cash dividends from an associate company		6,250	10,000
(Purchase) of intangible assets		(255,335)	(368,730)
(Purchase) of property and equipment		(882,265)	(1,249,413)
Net proceeds from sale of property and equipment		55	-
Proceeds from selling assets owned by the bank in fulfillment of outstanding debts		343,000	210,000
Net (increase) in International Wakala Investments		(38,851,609)	(13,889,892)
Net cash (used in) investing activities		(33,323,916)	(41,466,204)
Cash Flows from Financing Activities			
Increase in unrestricted investment account holders equity		305,769,535	187,568,771
Payments of finance lease		(1,591,566)	(1,472,570)
(Dividends) distributed to shareholders		(5,737,019)	-
Net cash flows from financing activities		298,440,950	186,096,201
Net increase in cash and cash equivalents		10,712,228	20,525,461
Cash and cash equivalents at beginning of the year		336,278,754	283,807,703
Cash and cash equivalents at end of the period	18	346,990,982	304,333,164

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

Statement "E"

Safwa Islamic Bank
(Public Shareholding Limited Company)
Amman-The Hashemite Kingdom of Jordan
Statement Of Sources And Uses Of Al-Qard Al-Hasan Fund

	30 September 2021 (Reviewed) JD	31 December 2020 (Audited) JD
Balance as at the beginning of the period / year	981,882	509,660
Sources of the fund :		
Shareholders' equity	(4,059,108)	(27,778)
Total Sources of the fund's assets during the period / year	<u>(4,059,108)</u>	<u>(27,778)</u>
Uses of the fund :		
Professional unions / salary payments	-	500,000
Corporate	4,132,590	-
Total uses during the period / year	<u>4,132,590</u>	<u>500,000</u>
Total balance	1,055,364	981,882
Add: exposed accounts	568,219	988,690
Less : Provision for Expected credit losses	(208,898)	(249,312)
Balance at the end of the period / year - Net	<u>1,414,685</u>	<u>1,721,260</u>

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

(1) INCORPORATION AND ACTIVITIES

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

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

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

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

The condensed consolidated financial information for the nine months ended 30 September 2021 has been approved by the Bank's Board of Directors at its meeting No. (7/2021) on 31 October 2021.

(2) BASIS OF PREPARATION

A-Basis of preparation of the Condensed Consolidated Interim Financial Information

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

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

The main differences between the Islamic accounting standards issued by the accounting and Auditing Organization for Islamic Financial Institution and the International Financial Reporting standards as they should be applied and what has been approved by central Bank of Jordan consist of the following:

First: Provisions for expected credit losses are made in accordance with FAS (30) issued by the organization for Islamic Financial Institutions and according to the

instructions of the Central Bank of Jordan, whichever is stricter, the major differences are as follows:

- Sukuk issued or guaranteed by the Jordanian government are excluded so that credit exposures on the Jordanian government and guaranteed by it are addressed without credit losses.
- When calculating credit losses against credit exposures, the results are obtained according to FAS (30) issued by the Organization for Islamic Financial Institutions are compared with the instructions of the Central Bank of Jordan No. (47/2009) dated December 10, 2009 for each stage separately. The most stringent result is selected.
- Revenue and commissions are suspended on non-performing credit financing granted to clients in accordance with the Central Bank of Jordan instructions.

Second: Assets seized by the bank against debts are disclosed in the condensed consolidated interim statement of financial position under "Other Assets", and recorded using the acquisition value or fair value, whichever is less, and they are reevaluated individually at the date of the consolidated financial statements. In the Condensed Consolidated Interim Statement of Profit or Loss and Comprehensive Income however, the increase in value is not recorded as revenue. Subsequent increase in fair value is recorded in the Condensed Consolidated Interim Statement of Profit or Loss and Comprehensive Income to the extent that it does not exceed the value of the decrease that has been previously recorded. Also, a progressive provision is recorded for the assets seized against debts, according to the Central Bank of Jordan letter No. 10/3/13246 dated on 2 September 2021 as (5%) of the total book values of these properties starting from the year 2022 so that achieve the required percentage of (50%) for these properties with the end of year 2030.

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

The separation between what belongs to the Shareholders' equity and what belongs to the unrestricted investment accounts holders is taken into consideration

Unrestricted investment accounts mean joint investment accounts wherever they are mentioned.

The interim consolidated financial information does not include all the information and explanations required for the annual consolidated Financial statements prepared in accordance with the Accounting standards for Islamic Financial institutions issued by the Accounting and Auditing Organization for Islamic Financial institutions as approved by the central bank of Jordan , and it must be read with the annual Financial statements of the bank as of 31 December 2020 ,Moreover, the results of the nine – months operations ending 30 September 2021 do not represent inclusion of the expected results for year ending December 31, 2021. The appropriation has not been made to the profits for the nine-month period ended 30 September 2021 that you make at the end of the fiscal year.

B- Significant Accounting Judgments , Key Sources of Uncertainty Estimation and Risks Management:

The Preparation of the condensed consolidated interim financial information and application of the accounting policies requires from the bank management to make judgments, estimates, and assumptions that affect the amounts of financial assets and financial liabilities and to disclose potential liabilities. Moreover, these estimates and judgments affect revenues, expenses , provisions in general , and expected credit losses as well as in the changes in fair value that appear in the condensed consolidated interim statement of profit or loss and within the shareholders' equity. Furthermore, the Bank's management is required to make important judgments to to estimate the amounts and timing of future cash flows. These estimates are necessarily based on multiple hypotheses and factors with varying degrees of estimation and uncertainty. Meanwhile, the actual results may differ from estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

The bank mangment belives that estimates used in the preparation of this condensed consolidated interim financial information are reasonable and consistent with those used in the preparation of the Bank's annual consolidated financial statements for the year ended 31 December 2020.

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

The Condensed interim financial information comprises of the condensed consolidated interim financial information of the Bank and its subsidiary which are financed by the self funds of the Bank The Bank has the control to govern the operational and financial policies of the entities to obtain benefits from their activities.All inter-company balances, transactions, revenues , expenses and off –balance sheet items between the Bank and its subsidiary are eliminated.

The condensed consolidated interim financial information of the subsidiary is prepared for the same reporting period as the Bank, using same accounting policies used by the Bank.

The subsidiary of the Bank at 30 September 2021 is as follows:

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

The subsidiary operations results are consolidated in the condensed consolidated interim information of profit or loss and comprehensive income from the acquisition date which is the date the Bank actually obtains control on the subsidiary. The subsidiary ceased

operations result are consolidated in the condensed consolidated interim information of profit or loss and comprehensive income, and continue to be consolidated until the date that such control ceases.

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

3-ACCOUNTING POLICIES

The accounting policies used in preparing the condensed consolidated interim financial information for the period ended on 30 September 2021 are consistent with those followed in preparing the consolidated financial information for the year ended 31 December 2020, knowing that there are new accounting and auditing standards for Islamic financial institutions have been effective at the beginning 2021 mentioned in Note (26).

(4) CASH AND BALANCES AT THE CENTRAL BANK

The details of this item are as follows:

	30 September 2021(Reviewed)	31 December 2020(Audited)
	JD	JD
Cash on hand	24,165,069	20,828,813
Balances at the Central Bank of Jordan:		
Current accounts	261,440,231	268,960,098
Statutory cash reserve	71,535,086	61,905,588
Total	357,140,386	351,694,499

- Except for the statutory cash reserve, there are no other restricted cash accounts as of 30 September 2021 and 31 December 2020 .
- All balances at the Central Bank are classified as stage (1) . There are no transfers between the (first, second and third) stages or written-off balances during the the nine months ended 30 September 2021 . There is no need to record a provision for the expected credit losses for balances at the Central Bank of Jordan.

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

	Stage 1 (individual) For the period ended 30 September 2021 JD	Stage 1 (individual) For the year ended 31 December 2020 JD
Balance at the beginning of the period /year	330,865,686	260,871,603
New balances during the period / year	570	88,280,504
Repaid balances	-	(18,286,421)
Changes resulting from modifications	2,109,061	-
Balance at the end of the period / year	332,975,317	330,865,686

(5) INTERNATIONAL WAKALA INVESTMENTS - NET

	Jointly financed	
	30 September 2021(Reviewed)	31 December 2020(Audited)
	JD	JD
Matures:		
Within a month	93,491,481	52,466,000
From a month to three months	10,119,274	24,940,971
From three to six months	14,096,893	1,449,068
Total International Wakala Investments	117,707,648	78,856,039
Less: Expected credit losses for international wakala investment	(517,672)	(138,690)
Net International Wakala Investments	117,189,976	78,717,349

(6) DEFERRED SALES RECEIVABLES AND OTHER RECEIVABLES- NET

The details of this item are as follows:

	Jointly financed		Self financed		Total	
	30 September 2021(Reviewed)	31 December 2020(Audited)	30 September 2021(Reviewed)	31 December 2020(Audited)	30 September 2021(Reviewed)	31 December 2020(Audited)
	JD	JD	JD	JD	JD	JD
Individuals (retail)						
Murabaha to the purchase orderer	345,488,917	275,010,114	1,448,183	1,548,111	346,937,100	276,558,225
Ijara Muntahia Bittamleek - receivables	2,754,059	1,544,385	530	-	2,754,589	1,544,385
Other receivables	5,287,906	3,705,043	32,027	61,312	5,319,933	3,766,355
Real estate financing	21,732,081	23,261,507	-	-	21,732,081	23,261,507
Ijara Muntahia Bittamleek - receivables	1,055,308	1,471,114	-	-	1,055,308	1,471,114
Corporate						
International Murabaha	-	13,471,978	-	-	-	13,471,978
Murabaha to the purchase orderer	418,282,808	359,318,707	-	-	418,282,808	359,318,707
Ijara Muntahia Bittamleek - receivables	2,452,802	1,521,159	-	-	2,452,802	1,521,159
Other receivables	-	-	863,741	1,067,888	863,741	1,067,888
Small and medium enterprises						
Murabaha to the purchase orderer	45,305,503	39,318,766	-	-	45,305,503	39,318,766
Ijara Muntahia Bittamleek - receivables	49,799	-	-	-	49,799	-
Other receivables	-	-	2,271,493	2,889,524	2,271,493	2,889,524
Government and the public sector	358,445,796	150,587,406	-	-	358,445,796	150,587,406
Total	1,200,854,979	869,210,179	4,615,974	5,566,835	1,205,470,953	874,777,014
Less: Deferred revenue	141,245,186	83,622,777	187,489	210,477	141,432,675	83,833,254
Suspended revenue	2,342,826	1,783,025	7,112	7,112	2,349,938	1,790,137
Expected credit losses	42,132,564	35,185,881	34,079	64,544	42,166,643	35,250,425
Net deferred sales receivable and other receivables	1,015,134,403	748,618,496	4,387,294	5,284,702	1,019,521,697	753,903,198

- The non- performing deferred sales receivables , other receivables , facilities and Ijara Muntahia bittamleek receivables amounted to JD 28,815,661 as of 30 september 2021, representing 2.39 % of deferred sales receivables, other receivables, facilities and Ijara Muntahia Bittamleek receivables (JD 22,200,442 as of 31 December 2020, representing 2.53 % of deferred sales receivables, other receivables, facilities and Ijara Muntahia Bittamleek receivables).
- The non- performing deferred sales receivables , other receivables ,facilities and Ijara Muntahia Bittamleek receivables after deducting the suspended revenue amounted to JD 26,465,723 as of 30 september 2021, representing 2.20% of deferred sales receivable , other receivables ,facilities and Ijara Muntahia Bittamleek (JD 20,410,305 as of 31 December 2020 , representing 2.33 % of deferred sales receivable , other receivables ,facilities and Ijara Muntahia bittamleek).
- The impairment provision for the jointly financed facilities , which is calculated based on the Central Bank of Jordan's Instructions No.(47/2009) in the (under supervision) portfolio amounted to JD 1,098,965 Moreover, the provision calculated based on the "individual customer"(non-performing) amounted to JD 23,069,007 as of 30 september 2021 (JD 291.459 and JD 18,604,987 respectively as of 31 December 2020).
- The deferred sales receivables , other receivables and facilities granted to and guaranteed by the Government of the Hashemite Kingdom of Jordan amounted to JD 216,491,877 as of 30 september 2021 representing 17.96 % of the balance of deferred sales receivables , other receivables and facilities (JD 213,356,360 as of 31 December 2020, representing 24.36 % of the balance of deferred sales receivables , other receivables and facilities).

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

A- Self financed (Deferred sales receivables , other receivable and Qard hasan)

Item	For the period ended 30 September 2021					
	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Total balance at the beginning of the period	1,961,545	2,767,017	522,747	1,477,752	590,757	7,319,818
New facilities during the period	366,344	274,889	150,104	87,965	2,943	882,245
Settled facilities	-	(109,428)	(444,589)	(327)	(46,837)	(601,181)
Transfer to Stage 1	-	19,476	-	(19,476)	-	-
Transfer to Stage 2	(279,104)	(251,758)	279,104	251,758	-	-
Transfer to Stage 3	-	(63)	-	-	63	-
The total impact on the size of exposures as a result of changing the classification between stages	-	(2,461)	(61,365)	(22,002)	-	(85,828)
Changes resulting from modifications	(509,374)	(510,220)	(31,183)	(417,817)	(1,504)	(1,470,098)
Total balance at the end of the period	1,539,411	2,187,452	414,818	1,357,853	545,422	6,044,956

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

Item	For the period ended 30 September 2021					
	Corporate's	Small and medium enterprises	Individual (Retail)	Real estate loans	Government and the public sector	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period	50,606	58,974	204,276	-	-	313,856
Impairment loss on new financing during the period	6,333	182	3,632	-	-	10,147
Recoverable from the loss on settled facilities	(16,567)	(3,294)	(42,784)	-	-	(62,645)
Transfer to Stage 1	-	-	4	-	-	4
Transfer to Stage 2	-	-	(4)	-	-	(4)
Transfer to Stage 3	-	-	-	-	-	-
Effect on the provision - as of the end of the period - as a result of the change in classification between the three stages during the period	(16,134)	(400)	59	-	-	(16,475)
Changes resulting from modifications	-	-	(1,906)	-	-	(1,906)
Total balance at the end of the period	24,238	55,462	163,277	-	-	242,977

Redistribution:

Provisions on an individual basis	24,238	55,447	156,303	-	-	235,988
Provisions at a collective basis	-	15	6,974	-	-	6,989

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

B- Jointly financed

Item	For the period ended 30 September 2021					
	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Total balance at the beginning of the period	446,860,560	253,621,074	47,536,533	15,320,387	20,465,823	783,804,377
New facilities during the period	283,674,135	107,794,167	7,412,690	6,087,908	93,812	405,062,712
Settled facilities	(51,063,995)	(18,440,547)	(6,743,021)	(726,500)	(660,559)	(77,634,622)
Transfer to Stage 1	1,675,258	899,666	(1,675,258)	(888,775)	(10,891)	-
Transfer to Stage 2	(50,274,772)	(16,877,383)	50,274,772	17,305,267	(427,884)	-
Transfer to Stage 3	-	(2,582,497)	(3,440,876)	(597,147)	6,620,520	-
Effect on the provision - as at the end of the period - as a result of the change in classification between the three stages during the period	(935,022)	(191,628)	(4,532,663)	(937,006)	(19,180)	(6,615,499)
Changes resulting from modifications	(13,195,863)	(27,063,428)	(6,749,086)	(554,970)	213,346	(47,350,001)
Total balance at the end of the period	616,740,301	297,159,424	82,083,091	35,009,164	26,274,987	1,057,266,967

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

Item	For the period ended 30 September 2021					
	Corporate's	Small and medium enterprises	Individual (Retail)	Real estate loans	Government and the public sector	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period	24,294,704	615,089	5,457,157	4,818,931	-	35,185,881
Loss on new financing during the period	2,992,351	31,416	730,656	139,956	-	3,894,379
Recoverable from impairment loss on settled facilities	(1,083,620)	(8,866)	(288,064)	(398,901)	-	(1,779,451)
Transfer to Stage 1	(570,669)	(19,204)	(45,208)	(701)	-	(635,782)
Transfer to Stage 2	(2,248,969)	28,778	283,032	701	-	(1,936,458)
Transfer to Stage 3	2,819,638	(9,574)	(237,824)	-	-	2,572,240
Effect on the provision - as of the end of the period - as a result of the change in classification between the three stages during the period	1,395,130	135,893	2,323,222	5,151	-	3,859,396
Changes resulting from modifications	751,148	260,058	400,850	(439,697)	-	972,359
Total balance at the end of the period	28,349,713	1,033,590	8,623,821	4,125,440	-	42,132,564

Redistribution:

Provisions on an individual basis	28,349,713	842,799	6,007,349	4,125,047	-	39,324,908
Provisions at a collective basis	-	190,791	2,616,472	393	-	2,807,656

Suspended revenue :

The movement on suspended revenue is as follows:

	Self financed							
	For the period ended 30 September 2021 (Reviewed)				For the year ended 31 December 2020 (Audited)			
	Individual (Retail)	Corporate	Small and medium enterprises	Total	Individual (Retail)	Corporate	Small and medium enterprises	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period / year	-	7,112	-	7,112	-	7,112	-	7,112
Add: suspended revenue during the period / year	-	-	-	-	-	-	-	-
Less: suspended revenue transferred to revenue	-	-	-	-	-	-	-	-
Balance at the end of the period / year	-	7,112	-	7,112	-	7,112	-	7,112

	Jointly financed							
	For the period ended 30 September 2021 (Reviewed)				For the year ended 31 December 2020 (Audited)			
	Individual (Retail)	Corporate	Small and medium enterprises	Total	Individual (Retail)	Corporate	Small and medium enterprises	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period / year	815,512	932,660	34,853	1,783,025	455,873	896,626	16,535	1,369,034
Add: suspended revenue during the period / year	329,383	399,801	38,389	767,573	467,496	94,820	33,016	595,332
Less: suspended revenue transferred to revenue	131,375	73,508	2,889	207,772	107,857	58,786	14,698	181,341
Balance at the end of the period / year	1,013,520	1,258,953	70,353	2,342,826	815,512	932,660	34,853	1,783,025

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

The details of this item are as follows:

	Jointly financed	
	30 September 2021 (Reviewed)	31 December 2020 (Audited)
	JD	JD
Quoted Financial Assets :		
Corporate Shares	343,087	273,603
Islamic Sukuk	72,207,653	54,337,021
Total Quoted Financial Assets	72,550,740	54,610,624
Unquoted Financial Assets:		
Corporate Shares	2,522,476	2,179,574
Islamic Sukuk	1,032,100	2,064,200
Total Unquoted Financial Assets	3,554,576	4,243,774
Total Financial Assets At Fair Value through Unrestricted Investment		
Accounts Holders' Equity	76,105,316	58,854,398
Less: provision for Expected Credit Loss for financial assets	(216,166)	(365,415)
Net Financial Assets at Fair Value through Unrestricted Investment Accounts Holders' Equity	75,889,150	58,488,983

(8) IJARA MUNTAHIA BITTAMLEEK ASSETS - NET

	Jointly financed			Self financed			Total		
	Cost	Accumulated Depreciation	Net Value	Cost	Accumulated Depreciation	Net Value	Cost	Accumulated Depreciation	Net Value
<u>30 September 2021(Reviewed)</u>	JD	JD	JD	JD	JD	JD	JD	JD	JD
Ijara Muntahia Bittamleek assets-Real Estate	523,668,147	(88,087,235)	435,580,912	6,590,231	(1,333,707)	5,256,524	530,258,378	(89,420,942)	440,837,436
Ijara Muntahia Bittamleek assets-Machines	53,853,494	(11,802,972)	42,050,522	-	-	-	53,853,494	(11,802,972)	42,050,522
Ijara Muntahia Bittamleek assets-vehicles	117,882	(20,785)	97,097	-	-	-	117,882	(20,785)	97,097
Total	577,639,523	(99,910,992)	477,728,531	6,590,231	(1,333,707)	5,256,524	584,229,754	(101,244,699)	482,985,055

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

- The accrued Ijara installments amounted to JD 6,312,498 as of 30 September 2021 (JD 4,536,658 as of 31 December 2020). Moreover, the accrued Ijara installments were presented under deferred sales receivables and other receivables-Net (Note 6).
- The non-performing Ijara Muntahia Bittamleek amounted to JD 6,731,357 as of 30 September 2021, representing 1.39% of the balance of Ijara Muntahia Bittamleek assets (JD 5,512,567 as of 31 December 2020, representing 1.31% of the balance of Ijara Muntahia Bittamleek assets).

(9) OTHER ASSETS

The details of this item are as follows:

	30 September 2021 (Reviewed)	31 December 2020 (Audited)
	JD	JD
Checks under collection	584,485	59,178
Assets seized by the Bank against debts-Net*	6,532,116	6,500,513
Prepaid expenses	896,127	1,210,840
Deposit Insurance Corporation fees/Prepaid	778,323	-
Accrued revenue	1,170,746	1,666,749
Stationery and printing inventory	257,536	219,043
Remittances clearing	41,602	-
Withholding income tax	29,488	24,769
Petty cash and advances	59,328	27,387
Other accounts receivable	673,736	617,341
Others	699,216	399,604
Total	11,722,703	10,725,424

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

	For the Period ended 30 September 2021 (Reviewed)			For the year ended 31 December 2020 (Audited)
	Seized real estates -self financed	Seized real estates- jointly financed	Total	Total
	JD	JD	JD	JD
Net balance at the beginning of the period / year	629,841	6,315,804	6,945,645	6,442,297
Additions	-	850,881	850,881	682,182
Disposals	(218,302)	(164,305)	(382,607)	(178,834)
Total	411,539	7,002,380	7,413,919	6,945,645
Provision of seized assets(CBJ Instructions) /impairment of real estate	(343,441)	(538,362)	(881,803)	(445,132)
Balance at the end of the period / year	68,098	6,464,018	6,532,116	6,500,513

- The Central Bank of Jordan's regulations require disposal of seized assets during a maximum period of 2 years from the date of repossession, and in some exceptional cases the Central Bank of Jordan can extend the period for additional 2 years.
- The recorded provision for seized assets against debts that violate Article (48) of the Banks Law No.(28) for the year 2000 and its amendments. Moreover, the provision for seized real estates /self-financed amounted to JD 220,981 as of 30 September 2021 (JD 214,390 as of 31 December 2020).

The following is the movement on the provision for expropriated real estate (Central Bank of Jordan instructions / real estate depreciation):

	For the Period ended 30 September 2021 (Reviewed)			For the year ended 31 December 2020 (Audited)
	Seized real estates -self	Seized real estates- jointly	Total	Total
	JD	JD	JD	JD
Provision balance at the beginning of the period / year	(343,441)	(101,691)	(445,132)	(445,132)
Additions to the provision for depreciation in real estate	-	(452,071)	(452,071)	-
Additions to the provision for violating real estate (instructions of the Central Bank of Jordan)	(6,591)	(9,546)	(16,137)	(966)
Disposal from the provision for impairment of real estate	6,591	24,946	31,537	966
Balance at the end of the period / year	(343,441)	(538,362)	(881,803)	(445,132)

(10) INCOME TAX

A- Income tax provision

The movement on the income tax provision is as follows :

	For the period ended 30 September 2021 (Reviewed)	For the year ended 31 December 2020 (Audited)
	JD	JD
Beginning balance for the period/year	8,298,808	6,936,284
Accrued income tax	7,779,618	9,719,111
Settlement of previous years	-	(105,240)
Less : Income tax paid	(10,143,483)	(8,251,347)
Ending balance for the period/year	5,934,943	8,298,808

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

	For the period ended 30 September	
	2021 (Reviewed)	2020 (Reviewed)
	JD	JD
Income tax due	(7,779,618)	(7,167,785)
Add: Release deferred tax assets- self financed	(237,880)	(6,531)
Add: Release deferred tax assets- jointly financed	-	163,542
Less: Deferred tax assets- self financed	82,490	2,630,755
Less: Deferred tax assets- jointly financed	1,378,207	402,545
Total	(6,556,801)	(3,977,474)

- A rate of 35% was used to calculate the income tax provision in accordance with the law amending the Income and Sales Tax Law No. (38) for the year 2018 in addition to a rate of 3% as national contributions.

Tax status:

The Bank :

-Final clearance was obtained from the Income and Sales Tax Department until the end of 2018.

- The annual tax statement for the years 2019 and 2020 were submitted within the legal period and not yet been review by the Income and Sales Tax Department to the date of preparing the condensed consolidated Interim Financial information.

The Subsidiary :

Misk Financial Brokerage Company:

- Final clearance was obtained from the Income and Sales Tax Department for the year 2018. The annual tax statement for the year 2019 was submitted within the statutory period and not yet been review by the Income and Sales Tax Department .

-The annual tax statement for the year 2020 was submitted within the statutory period and it was accepted according to the sampling system issued by the income and sales department.

- During the year 2021, a lawsuit was filed by the company against the Income and Sales Tax Department, which is now in the beginning stage, to demand the cancellation of the imposition of tax on the company for the years 2011, 2012 and 2013, In the opinion of the lawyer, there is no need to collect any allowances for this lawsuit.

In the opinion of the bank's management the provisions taken in the interim condensed consolidated Financial information are sufficient for the purposes of tax liabilities.

C- Deferred tax assets

The details of this item are as follows:

	For the period ended 30 September					For the year ended
	2021 (Reviewed)					31 December
	Beginning Balance for the year	Released Amounts	Additional Amounts	Ending Balance for the period	Deferred tax	2020 (Audited) Deferred tax
	JD	JD	JD	JD	JD	JD
<u>Deferred tax assets - self financed</u>						
Provision of lawsuits against the bank	193,597	-	146,403	340,000	129,200	73,567
Provision for impairment of assets seized by the bank against debts	343,441	-	-	343,441	130,508	130,508
Provision for credit losses for the first and second stages - self	207,558	-	70,677	278,235	105,729	78,872
Difference in the application of Standard 32 - Lease	499,298	-	-	499,298	189,733	189,733
Provision for contingent liabilities	761,000	626,000	-	135,000	51,300	289,180
Unpaid Employee bounses	120,000	-	-	120,000	45,600	45,600
Total Deferred tax assets - self financed	2,124,894	626,000	217,080	1,715,974	652,070	807,460
<u>Deferred tax assets - jointly financed</u>						
Provision for impairment of expropriated real estate - joint	-	-	436,671	436,671	165,935	-
Provision for credit losses for the first and second stages - jointly financed	11,858,986	-	3,190,189	15,049,175	5,718,687	4,506,415
Total Deferred tax assets - jointly financed	11,858,986	-	3,626,860	15,485,846	5,884,622	4,506,415
Total	13,983,880	626,000	3,843,940	17,201,820	6,536,692	5,313,875

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

	For the period ended 30 September	For the year ended 31 December
	2021 (Reviewed)	2020 (Audited)
	JD	JD
Balance at the beginning of the period/year	807,460	436,376
Additions during the period/year	82,490	377,615
Amortized during the period/year	(237,880)	(6,531)
Balance at the End of the period/year	652,070	807,460

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

	For the period ended 30 September	For the year ended 31 December
	2021 (Reviewed)	2020 (Audited)
	JD	JD
Balance at the beginning of the period/year	4,506,415	1,224,814
Additions during the period/year	1,378,207	3,281,601
Balance at the end of the period/year	5,884,622	4,506,415

(11) OTHER LIABILITIES

The details of this item are as follows:

	For the period ended 30 September	For the year ended 31 December
	2021 (Reviewed)	2020 (Audited)
	JD	JD
Accrued expenses and not paid	1,201,526	849,779
Certified cheques	5,793,794	5,930,248
Expected credit losses on Off - balance sheet items-self financed(Note 32)**	334,809	238,578
Expected credit losses on off balance sheet items - Jointly financed(Note 32)***	1,454,434	976,641
Shareholders and customers deposits	8,712,621	6,046,447
Customers' share of profits from unrestricted investment	15,190,384	13,686,993
Temporary deposits*	12,996,229	10,427,849
Visa Claims	1,911,720	1,493,618
Others	648,742	771,886
Total	48,244,259	40,422,039

* It includes intermediate accounts for an amount of 11,344,398 JD as of 30 September 2021 (8,914,081 JD as of 31 December 2020), which is the value of credits and deferred policies, and the value will be paid when due.

• **Expected credit losses**

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

A- Self financed

- Movement on indirect facilities for the period ended 30 september 2021:

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD		
Total balance at the beginning of the period	54,315,483	-	2,805,926	-	301,372	57,422,781
New exposures during the period	37,785,308	-	952,298	-	-	38,737,606
Accrued exposures	(13,452,110)	-	(314,838)	-	-	(13,766,948)
Transfer to Stage 1	136,986	-	(136,986)	-	-	-
Transfer to Stage 2	(2,629,839)	-	2,629,839	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
Effect on the provision as a result of the change in classification between the stages	5,748	-	(1,198,432)	-	-	(1,192,684)
Changes resulting from modifications	(2,188,839)	-	52,184	-	(186,563)	(2,323,218)
Bad facilities	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-
Total balance at the end of the period	73,972,737	-	4,789,991	-	114,809	78,877,537

- Movement on the provision for expected credit losses (indirect facilities /self financed) for the period ended 30 september 2021:

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD		
Balance at the beginning of the period	215,397	-	23,181	-	-	238,578
Impairment loss on new exposures during the period	120,550	-	10,068	-	-	130,618
Impairment loss of matured / derecognized	(41,369)	-	(4,752)	-	-	(46,121)
Transfer to Stage 1	663	-	(663)	-	-	-
Transfer to Stage 2	(18,871)	-	18,871	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
Effect on the provision - as at the end of the period						
- as a result of the change in classification between the three stages during the period	(29)	-	33,048	-	-	33,019
Changes resulting from modifications	(23,830)	-	2,545	-	-	(21,285)
Bad facilities	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-
Total balance at the end of the period	252,511	-	82,298	-	-	334,809

*** Expected credit loss of indirect facilities

B- jointly financed

- Movement on indirect facilities for the period ended 30 september 2021 :

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD		
Total balance at the beginning of the period	128,357,497	-	3,646,393	-	-	132,003,890
New exposures during the period	47,223,606	-	1,869,442	-	-	49,093,048
Accrued exposures	(46,981,486)	-	(264,866)	-	-	(47,246,352)
Transfer to Stage 1	1,160,794	-	(1,160,794)	-	-	-
Transfer to Stage 2	(2,919,195)	-	2,919,195	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
Effect on the provision as a result of the change in classification between the stages	1,060,003	-	(334,698)	-	-	725,305
Changes resulting from modifications	6,546,138	-	10,327,587	-	-	16,873,725
Bad facilities	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-
Total balance at the end of the period	134,447,357	-	17,002,259	-	-	151,449,616

- Movement on the provision for expected credit losses (indirect facilities /self financed) for the period ended 30 september 2021:

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD		
Balance at the beginning of the period	887,772	-	88,869	-	-	976,641
Impairment loss on new exposures during the period	251,754	-	41,101	-	-	292,855
Impairment loss of matured / derecognized exposures	(276,145)	-	(3,601)	-	-	(279,746)
Transfer to Stage 1	8,187	-	(8,187)	-	-	-
Transfer to Stage 2	(23,059)	-	23,059	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
Effect on the provision - as at the end of the period - as a result of the change in classification between the three stages during the period	6,013	-	79,959	-	-	85,972
Changes resulting from modifications	(37,629)	-	416,341	-	-	378,712
Bad facilities	-	-	-	-	-	-
Adjustments due to change in exchange rates	-	-	-	-	-	-
Total balance at the end of the period	816,893	-	637,541	-	-	1,454,434

(12) UNRESTRICTED INVESTMENT ACCOUNTS

The details of this item are as follows:

	30 september 2021 (Reviewed)					
	Retail	Corporate	Small and medium enterprises	Governmental and Public sector	Banks and Financial Institutions	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	151,264,757	26,306,623	19,476,543	1,923,683	25,493,099	224,464,705
Term accounts/ Investing deposits	824,756,056	128,254,415	94,572,497	136,010,562	9,422,616	1,193,016,146
Certificates of investing deposit	108,782,423	4,880,010	10,790,158	18,544,036	38,966,140	181,962,767
Total	1,084,803,236	159,441,048	124,839,198	156,478,281	73,881,855	1,599,443,618
Depositors' share from investments' revenue	22,641,832	3,239,939	2,560,836	3,625,097	831,407	32,899,111
Total unrestricted investment accounts	1,107,445,068	162,680,987	127,400,034	160,103,378	74,713,262	1,632,342,729

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

- Unrestricted investment accounts share of profit is calculated as follows:
- 20% to 34% of the minimum balance of saving accounts in Jordanian Dinar.
- 14% to 33% of the minimum balance of saving accounts in foreign currencies.
- 56% to 96% of the average term accounts in Jordanian Dinar.
- 18% to 51% of the average term accounts in foreign currencies.
- 90% of the average balances of investing certificates of deposit in Jordanian Dinar.
- 80% to 85% of average balances of certificates of investing deposit in foreign currencies .
- The percentage of the profit on the Jordanian Dinar for the period ended 30 september 2021 is 3.27% (for the same period last year was 3.36%).
- The percentage of the profit on USD for the period ended 30 september 2021 is 1.13% (for the same period last year was 1.53%).
- The unrestricted investment accounts for the Government and Public sector amounted to JD 160,103,378 as of 30 september 2021 which represents 9.81% of the total unrestricted investment accounts (As of 31 December 2020 amounted to JD 106,132,449 which represents 8.00% of the total unrestricted investment accounts).
- The restricted accounts amounted to JD 197,566 as of 30 september 2021 which represents 0.01% of the total unrestricted investment (As of 31 December 2020 amounted to JD 129,093 which represent 0.01% of the total unrestricted investment).
- The dormant accounts as of 30 september 2021 amounted to JD 20,237,510 (As of 31 December 2020 amounted to JD 14,909,477).

(13) DEFERRED SALES REVENUE

The details of this item are as follows:

	For the nine months ended 30 september			
	2021 (Reviewed)		2020 (Reviewed)	
	Jointly financed	Self financed	Jointly financed	Self financed
	JD	JD	JD	JD
Individuals(Retail)				
Murabaha to the purchase orderer	15,899,851	72,271	14,040,570	76,958
Real estate facilities	1,448,622	-	1,139,740	-
Corporate				
International Murabaha	4,814	-	283,176	-
Murabaha to the purchase orderer	15,708,548	-	15,675,807	-
Small and medium enterprises				
Murabaha to the purchase orderer	1,517,594	-	1,208,384	-
Government and the public sector	8,419,813	-	2,845,374	-
Total	42,999,242	72,271	35,193,051	76,958

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

The details of this item are as follows:

	Jointly financed	
	For the nine months ended	
	30 september	
	2021 (Reviewed)	2020 (Reviewed)
	JD	JD
Shares dividends	19,941	19,969
Gain (losses) on sale of financial assets	189,424	(64,107)
Islamic Sukuk profits	1,312,214	1,381,777
Total	1,521,579	1,337,639

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

The details of this item are as follows:

	Jointly financed							
	For the nine months period ended 30 September							
	2021 (Reviewed)				2020 (Reviewed)			
	Realized gains	Unrealized (losses)	Dividends	Total	Realized gains	Unrealized gains	Dividends	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Corporate Shares	19,888	(3,121)	429	17,196	-	-	-	-
Sukuk	78,341	(22,460)	-	55,881	63,742	20,650	-	84,392
Total	98,229	(25,581)	429	73,077	63,742	20,650	-	84,392
Less:								
Contract commission	2,419	-	-	2,419	-	-	-	-
Total	95,810	(25,581)	429	70,658	63,742	20,650	-	84,392

(16) BANK'S SELF FINANCED REVENUE

The details of this item are as follows:

Note	Self financed	
	For the nine months ended	
	30 September	
	2021 (Reviewed)	2020 (Reviewed)
	JD	JD
Ijara Muntahia Bittamleek revenue	435,864	427,296
Deferred sales revenue	72,271	76,958
Cash dividends - financial assets through statement of profit or loss - self financed	2,088	-
Total	510,223	504,254

(17) EARNINGS PER SHARE

The details of this item are as follows:

	For the nine months ended	
	30 September	
	2021 (Reviewed)	2020 (Reviewed)
	JD	JD
Profit for the period	10,597,052	7,584,112
Share	Share	Share
Weighted average number of shares (Share)	100,000,000	100,000,000
	JD/Fils	JD/Fils
Basic and diluted earnings per share for the period	0/106	0/076

(18) CASH AND CASH EQUIVALENTS

The details of this item are as follows:

	For the nine months ended	
	30 September	
	(Reviewed) 2021	(Reviewed) 2020
	JD	JD
Cash balances with CBJ maturing within three months	357,140,386	311,242,432
Add: cash at banks and banking institutions maturing within three months	8,413,266	10,716,102
Less: banks and financial banking accounts maturing within three months	(18,562,670)	(17,625,370)
Total	346,990,982	304,333,164

(19) RELATED PARTY TRANSACTIONS

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

	Main shareholders	Senior management	Board of Directors members	Al-EtiHAD Islamic company for investment*	Sharia directors members	Total	
						30 September	31 December
						2021 (Reviewed)	2020 (Audited)
	JD	JD	JD	JD	JD	JD	JD
<u>Condensed consolidated interim statements of financial position items:</u>							
Balances at banks and banking institutions	-	-	-	294,416	-	294,416	204,472
Unrestricted investments accounts and current accounts	343,010	498,065	18,358,706	21,629,218	67,489	40,896,488	35,660,888
Deferred sales receivables and facilities	-	283,675	522	-	-	284,197	358,067
Ijara Muntahia Bittamleek assets	-	1,445,165	490,710	-	-	1,935,875	2,108,143
<u>Condensed consolidated interim statement of Income and Comprehensive Income items:</u>							
						For the nine months ended 30 September	
						2021 (Reviewed)	2020 (Reviewed)
Dividends	65	5,497	293,843	308,400	235	608,040	878,420
Salaries and bonuses	-	1,313,542	41,251	-	39,299	1,394,092	1,404,734
Transportation	-	-	357,100	-	18,700	375,800	349,400

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

- The lowest and highest received Murabaha rate were 3.88% and 6.39% respectively.
- The lowest and highest rate of Ijara Muntahia Bittamleek received by the Bank were 3.81% and 7.50% respectively.
- The lowest and highest distributed profit rate were 0.81% and 4.36% respectively.
- Executive management salaries and benefits for the year ended 30 September 2021 amounted to JD 1,313,542 (JD 1,326,322 as of 30 September 2020).
- All facilities granted to related parties are performing and no provisions were recorded for it .

(20) SEGMENT INFORMATION

A. Information on the Bank's Activities

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

Individuals Accounts:

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

Corporate Accounts:

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

Treasury:

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

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

	Individuals	Corporate	Treasury	Other	For the nine months period ended 30	
					September	
					2021 (Reviewed)	2020 (Reviewed)
					Total	Total
	JD	JD	JD	JD	JD	JD
Total revenue (joint and self financed)	18,535,492	16,010,929	8,533,780	810,238	43,890,439	38,867,417
Expected credit losses (joint and self financed)	(3,125,665)	(4,339,320)	(214,576)	-	(7,679,561)	(8,090,913)
Results of segment's operations	15,409,827	11,671,609	8,319,204	810,238	36,210,878	30,776,504
Distributed expenses	(2,028,135)	(760,004)	(420,348)	-	(3,208,487)	(3,093,838)
Undistributed expenses	-	-	-	(15,848,538)	(15,848,538)	(16,121,080)
Profit for the period before tax	13,381,692	10,911,605	7,898,856	(15,038,300)	17,153,853	11,561,586
Income tax expense	-	-	-	(6,556,801)	(6,556,801)	(3,977,474)
Profit for the period	13,381,692	10,911,605	7,898,856	(21,595,101)	10,597,052	7,584,112

	Individuals	Corporate	Treasury	Other	30 September 2021	31 December 2020
					(Reviewed)	(Audited)
					JD	JD
Segments' assets	658,836,191	690,703,694	412,510,408	-	1,762,050,293	1,408,632,562
Undistributed assets	-	-	-	422,045,258	422,045,258	411,606,641
Total assets	658,836,191	690,703,694	412,510,408	422,045,258	2,184,095,551	1,820,239,203
Segments' liabilities and total equity of unrestricted investment accounts holders	1,503,411,171	363,456,685	93,001,328	-	1,959,869,184	1,609,935,226
Undistributed liabilities	-	-	-	65,011,908	65,011,908	55,686,570
Total liabilities and Total equity of unrestricted investment accounts holders	1,503,411,171	363,456,685	93,001,328	65,011,908	2,024,881,092	1,665,621,796

	For the nine months ended 30 September	
	2021 (Reviewed)	2020 (Reviewed)
	JD	JD
Capital expenditure	1,137,600	1,618,143
Depreciation and amortization	2,430,149	2,380,333

Geographical Distribution Information

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

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

	30 September 2021 (Reviewed)			31 December 2020 (Audited)		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
Total assets	1,981,090,587	203,004,964	2,184,095,551	1,662,808,744	157,430,459	1,820,239,203

	30 September 2021 (Reviewed)			31 December 2020 (Audited)		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
Total revenue	42,125,130	1,765,309	43,890,439	36,555,746	2,311,671	38,867,417
Capital expenditure	1,137,600	-	1,137,600	1,618,143	-	1,618,143

(21) CAPITAL MANAGEMENT

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

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

The capital adequacy ratio is calculated as on 30 September 2021 according to the instructions of the regulatory capital No. (72/20180) issued by the Central Bank of Jordan in accordance with the revised standard No. (15) issued by the Islamic Financial Services Council (IFSB) in support of the provisions of Article (99) / B) from the Banking Law. The following is the capital adequacy ratio in thousands of dinars:

	30 September 2021 (Reviewed)	31 December 2020 (Audited)
	JD"000	JD"000
Basic capital items	153,375	142,516
Authorised capital (Paid)	100,000	100,000
Retained earnings	21,132	27,132
Statutory reserve	27,485	27,485
Proposed dividends	-	(6,000)
The bank's share of the fair value reserve in full if the fund's are mixed	105	65
Profit for the period after tax and after proposed dividends	10,597	-
Intangible assets	(1,735)	(2,025)
Deferred tax assets	(652)	(807)
The Bank's share of the deferred tax assets (jointly financed)	(2,675)	(1,925)
The bank's share in the capital of banks and financial Institutions that is less than 10%	(882)	(1,409)
Additional capital	-	-
Supporting capital	2,706	2,541
Self financed general banking risks reserve and the bank's share from the General banking risks reserve (joint) (not to exceed 1.25% of the weighted of financial assets weighted by credit risks)	2,721	2,563
Investment in financial banks and takaful companies that is less than 10%	(15)	(22)
Investments in non-consolidated subsidiaries' capital accounts with bank accounts	-	-
Total regulatory capital	156,081	145,057
Total risk weighted assets	820,698	738,104
Capital adequacy ratio (%)	19.02%	19.65%
Basic capital ratio (%)	18.69%	19.31%
First slide ratio Tier 1 (%)	18.69%	19.31%
Second slide ratio Tier 2 (%)	0.33%	0.34%
Leverage ratio	15.16%	16.11%

(22) CONTINGENT COMMITMENTS (OFF BALANCE SHEET)

A- Contingent credit and commitments/self financed*

	30 September 2021 (Reviewed)	31 December 2020 (Audited)
	JD	JD
Letters of credit	37,951,400	11,188,541
Acceptances	4,074,645	7,866,839
Letters of guarantees:		
Payment	8,914,953	8,178,256
Performance	12,306,804	12,311,636
Others	15,629,735	17,877,509
Total	78,877,537	57,422,781

B. Contingent credit and commitments/jointly financed

Direct unutilized credit limits	151,449,616	132,003,890
Total	151,449,616	132,003,890

*Indirect unutilized credit limits / self financed amounted to JD 14,104,174 as of 30 September 2021 .

The expected credit losses recorded against contingent credit commitments/self financed amounted under the implementation instructions of FAS (30) issued by Organization for Islamic Financial Institutions to JD 334,809 as of 30 September 2021 (JD 238,578 as of 31 December 2020) and recorded in the other liabilities (note 11).

The expected credit losses recorded against contingent credit commitments/jointly financed amounted under the implementation instructions of FAS (30) issued by Organization for Islamic Financial Institutions to JD 1,454,434 as of 30 September 2021 (JD 976,641 as of 31 December 2020) and recorded in other liabilities (note 11).

(23) LAWSUITS AGAINST THE BANK

The Bank is a defendant in a number of lawsuits, which amounted to JD 632,985 as of 30 September 2021 (JD 624,553 as of 31 December 2020) and that is within the bank's normal activity. In the opinion of the Bank's Management and its legal advisor, the related provision is adequate should any liabilities arise therefrom.

(24) COMPARATIVE FIGURES

Some amounts of the consolidated financial statements for the year 2020 have been reclassified to match the classification of the numbers for the period ended on 30 September 2021. The reclassification did not have any impact on the profit and shareholders' equity for the year 2020 as follows:

List of Consolidated Statement of Financial Position

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

(25) FAIR VALUE HIERARCHY

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

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

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

Financial Assets/Financial Liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable	Relationship of unobservable inputs to fair value
	30 September 2021 (Reviewed)	31 December 2020 (Audited)				
	JD	JD				
Financial assets at fair value through statement profit or loss	5,437,300	1,513,175	Level 1	Quoted rates in financial markets	Not applicable	Not applicable
Financial assets at fair value through unrestricted investment accounts' holders equity						
Quoted shares	343,087	273,603	Level 1	Quoted rates in financial markets	Not applicable	Not applicable
Quoted sukuk	72,207,653	54,337,021	Level 1	Quoted rates in financial markets	Not applicable	Not applicable
Unquoted shares	2,522,476	2,179,574	Level 3	Quoted rates in financial markets	Not applicable	Not applicable
Unquoted sukuk	1,032,100	2,064,200	Level 2	The latest financial prices available	Not applicable	Not applicable
Total Financial assets at fair value through unrestricted investments accounts	76,105,316	58,854,398				
Total	81,542,616	60,367,573				

There were no transfer between level 1 and 2 during the period ended 30 September 2021 and the year 2020.

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

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

	30 September 2021 (Reviewed)		31 December 2020 (Audited)		Fair value hierarchy
	Book value	Fair value	Book value	Fair value	
	JD	JD	JD	JD	
Financial assets not calculated at fair value					
Cash and bank balances	365,553,652	365,553,652	361,364,333	361,364,333	Level 2
Qard hasan - Net	1,414,685	1,414,685	1,721,260	1,721,260	Level 2
Deferred sales receivables and other receivables - Net	1,019,521,697	1,160,954,372	753,903,198	837,736,452	Level 2
Financial assets at amortized cost	64,752,000	64,976,027	92,191,000	93,315,652	Level 2
Ijara muntahia Bittamleek assets - Net	482,985,055	482,985,055	422,067,496	422,067,496	Level 2
Total financial assets not calculated at fair value	1,934,227,089	2,075,883,791	1,631,247,287	1,716,205,193	
Financial liabilities not calculated at fair value					
Customers' current accounts and unrestricted investment accounts	1,901,879,002	1,916,906,817	1,554,953,283	1,568,526,081	Level 2
Cash margin accounts	40,778,596	40,941,165	26,856,968	26,971,163	Level 2
Total financial liabilities not calculated at fair value	1,942,657,598	1,957,847,982	1,581,810,251	1,595,497,244	

(26) Analysis of the impact of the standards recently issued by the Accounting and Auditing Organization (AAOIFI)

Islamic Accounting standard that issued and effect as of the first of January 2021 :

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

IAS No. (32) "Ijara and Ijara ending in ownership." This standard aims to improve the principles of recognition, classification, measurement and disclosure of Ijara and Ijara transactions ending with ownership, knowing that the mandatory application date for Standard No. 32 is on or after the first January 2021, with early application permitted.

The Bank has applied the Islamic Financial Accounting Standard No. (32) "Leasing", which defines the principles related to recognition, measurement, presentation and disclosure of various types of leases such as lessor, lessee and lease ending with ownership which replaced the financial accounting standard (8) "Ijara and Ijara Muntahia Bittamlik". The application of this new standard to the condensed consolidated interim financial information as of 30 September 2021 has no effect, since part of this standard has replaced IFRS 16, which was previously applied from 1 January 2019.

(27) Impact of Covid 19

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

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

The Bank conducted an assessment of the impact of the Corona Virus Pandemic ("Covid-19") which led to the following changes in the expected credit loss methodology and assessment estimates and judgments for the year ended December 31, 2020, noting that there were no changes to policies, estimates and judgments during the period ended 30 September 2021.

A. Expected credit losses

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

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

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

B. Valuation estimates and judgements

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

C. Deferred installments and customer credit ratings

Based on the Central Bank of Jordan Circulars number 10/3/1515 issued on March 15, 2021 And previous circulars during the year 2020 to the banks operating in Jordan, the bank postponed the installments due or that would be due on some customers without considering this as a restructuring and without affecting the customer credit rating, the postponed installments amounted to around JD 84.4 million during the nine months period ended at 30 September 2021 (91 million during the year ended 31 December 2020).