

JORDAN ISLAMIC BANK

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

31 MARCH 2021

JORDAN ISLAMIC BANK
PUBLIC SHAREHOLDING COMPANY
AMMAN - JORDAN

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of **JORDAN ISLAMIC BANK** (the "Bank") and its subsidiaries (the "Group") as at 31 March 2021, comprising of interim condensed consolidated statement of financial position as at 31 March 2021 and the related interim condensed consolidated income statement, other comprehensive income, changes in owners' equity, cash flows and sources and uses of funds of Al Qard Al Hasan Fund for the Three months period then ended. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance to accounting policies mentioned in note 2 of the interim condensed consolidated financial statements. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

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

Emphasis of Matter

The interim condensed consolidated financial statements have been prepared in accordance with the instructions for listing securities on the Amman Stock Exchange and for management purposes only as the approval of Central Bank of Jordan is not required.

Ernst & Young / Jordan

Waddah Isam Barkawi
License No. 591

Amman – Jordan
21 April 2021



JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 31 March 2021 (Unaudited)

STATEMENT (A)

	Notes	31 March 2021 JD (Unaudited)	31 December 2020 JD (Audited)
<u>Assets</u>			
Cash and balances with central bank	4	862,599,040	828,778,523
Balances at banks and financial institutions	5	59,913,823	50,600,540
Investment accounts at banks and financial institutions	6	1,412,199	-
Wakala investment accounts	7	35,350,826	35,252,012
Deferred sales receivables and other receivables – net	8	2,653,102,734	2,590,162,404
Ijarah Muntahia Bittamleek assets – net	9	723,606,881	705,745,523
Financing – net	10	33,822,439	33,157,539
Financial assets at fair value through owner's equity – self financed	11	17,754,523	12,975,052
Financial assets at fair value through joint investment accounts holders' equity	12	28,392,634	36,883,870
Financial assets at amortized cost	13	196,407,526	195,873,199
Investments in associates		8,553,067	8,316,058
Investments in real estate	14	107,547,174	107,608,263
Al Qard Al Hasan – net		74,855,467	77,503,021
Property and equipment – net		93,365,355	94,554,705
Intangible assets		3,639,414	3,153,822
Right of use assets		12,627,989	12,656,099
Other assets	15	60,978,989	51,278,229
Total Assets		4,973,930,080	4,844,498,859
<u>Liabilities, Joint Investment Accounts Holders' Equity, Non-controlling interests and Owner's Equity</u>			
<u>Liabilities</u>			
Banks and financial institutions' accounts		64,988,971	66,792,542
Customers' current and on demand accounts	16	1,313,283,956	1,265,246,862
Cash margins		52,489,175	51,423,067
Accounts payable		2,094,682	1,441,976
Other provisions		14,114,748	14,052,116
Income tax provision	17 A	32,206,357	26,142,445
Deferred tax liabilities		1,677,360	1,770,260
Lease obligations		12,028,543	12,396,749
Other liabilities	18	44,864,717	36,774,199
Total Liabilities		1,537,748,509	1,476,040,216

The accompanying notes from (1) to (39) form an integral part of these interim condensed consolidated financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2021 (UNAUDITED)

STATEMENT (A)

	Notes	31 March 2021 JD (Unaudited)	31 December 2020 JD (Audited)
Joint Investment Accounts Holders' Equity			
Unrestricted investment accounts	19 A	2,901,870,554	2,842,574,747
Investment accounts holders' reserve in subsidiaries and associates	19 B	14,246,903	15,761,428
Fair value reserve – net	20 A	5,011,123	5,246,821
Provision for contingent liabilities	20 E	741,227	1,284,360
Deferred tax liabilities		3,071,335	3,215,793
Total Joint Investment Accounts Holders' Equity		2,924,941,142	2,868,083,149
Non-controlling interests	19 B	40,798	41,206
Total joint investment accounts holders' equity and non-controlling interest		2,924,981,940	2,868,124,355
 Provision for future expected risks	 21 A	 23,087,221	 25,980,009
Equity			
Owner's equity			
Paid-in capital		200,000,000	200,000,000
Statutory reserve		101,261,327	101,261,327
Voluntary reserve		45,472,758	45,472,758
Fair value reserve	20 D	2,736,744	2,888,319
Retained earnings		124,731,875	124,731,875
Profit for the period after tax		13,909,706	-
Total Owner's Equity – Bank's shareholders		488,112,410	474,354,279
 Total Liabilities, Joint Investment Accounts Holders' Equity, Non-Controlling Interests and Owner's Equity		 4,973,930,080	 4,844,498,859
Accounts Managed for Others:			
Restricted investments		52,778,679	49,097,937
Al Wakala Bi Al Istithmar (Investments portfolio)		471,096,527	448,498,162
Al Wakala Bi Al Istithmar		84,114,416	84,438,487


General Manager


Chairman

The accompanying notes from (1) to (39) form an integral part of these condensed consolidated interim financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2021 (UNAUDITED)

STATEMENT (B)

	Notes	For the Three Months Ended 31 March	
		2021	2020
		JD (Unaudited)	JD (Unaudited)
Deferred sales revenues	22	35,828,661	35,242,156
Financing revenues	23	124,857	117,191
Gain from financial assets at fair value through joint investment accounts holders' equity	24	1,253,301	-
Gain from financial assets at amortized cost	25	3,776,006	3,299,727
Revenues from subsidiaries and associates	26	1,671,604	1,377,359
Revenues from investments in real estate	27	284,127	257,674
Revenues from leased and Ijarah Muntahia Bittamleek assets		10,833,508	10,108,326
Revenues from other investments		347,624	707,158
Revenues of joint investment accounts		54,119,688	51,109,591
Net income of subsidiaries		(83,042)	126,296
Share of profit from investments in associates		650,654	524,431
Total revenues of joint investment accounts		54,687,300	51,760,318
Share of deposits guarantee fees investment accounts holders'		(1,190,364)	(1,091,282)
Share of unrestricted investment accounts holders'	28	(15,044,227)	(13,381,432)
Share of investment accounts holders' from income of subsidiaries		82,634	(126,284)
Share of non-controlling interests' from income of subsidiaries		408	(12)
Share of profit from investments in associates		(650,654)	(524,431)
Bank's share of the joint investment accounts revenues as Mudarib and Rab Mal	29	37,885,097	36,636,877
Bank's self-financed revenues	30	5,804	5,418
Bank's share of restricted investments revenues as Mudarib		51,242	58,117
Bank's share of restricted investments revenues as Wakeel		50,490	48,732
Banking services revenues		5,489,695	4,812,217
Foreign currency gain		565,650	465,471
Other income		382,865	271,350
Gross Income		44,430,843	42,298,182
Employees expenses		(13,129,906)	(12,749,447)
Depreciation and amortization		(2,131,640)	(2,003,106)
Other expenses		(7,197,173)	(8,175,161)
Total Expenses		(22,458,719)	(22,927,714)
Profit before income tax		21,972,124	19,370,468
Income tax	17 B	(8,062,418)	(7,373,000)
Profit after income tax for the period		13,909,706	11,997,468
		JD / FILS	JD / FILS
Basic earnings per share for the period	31	0/070	0/060


General Manager


Chairman

The accompanying notes from (1) to (39) form an integral part of these interim condensed consolidated financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED 31 MARCH 2021 (UNAUDITED)

STATEMENT (C)

	For the Three Months Ended 31 March	
	2021	2020
	JD	JD
	(Unaudited)	(Unaudited)
Profit after income tax for the period	13,909,706	11,997,468
Other comprehensive income, net after Tax:		
Change in fair value of financial assets – net	(151,575)	(362,938)
Total comprehensive income for the period	13,758,131	11,634,530

The accompanying notes from (1) to (39) form an integral part of these interim condensed consolidated financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNER'S EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2021 (UNAUDITED)

STATEMENT (D)

	Paid-in Capital	Statutory Reserve	Voluntary Reserve	Fair Value Reserve *	Retained Earnings**	Profit for the Period	Total
	JD	JD	JD	JD	JD	JD	JD
For the three months ended 31 March 2021 (Unaudited) -							
Balance at 1 January 2021	200,000,000	101,261,327	45,472,758	2,888,319	124,731,875	-	474,354,279
Profit after tax	-	-	-	-	-	13,909,706	13,909,706
Change in fair value reserve	-	-	-	(151,575)	-	-	(151,575)
Total comprehensive income for the period	-	-	-	(151,575)	-	13,909,706	13,758,131
Balance at 31 March 2021	200,000,000	101,261,327	45,472,758	2,736,744	124,731,875	13,909,706	488,112,410

* The fair value reserve balance of JD 2,736,744 as at 31 March 2021 is restricted from use.

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

The accompanying notes from ('1) to (39) form an integral part of these condensed consolidated interim financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNER'S EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2021 (UNAUDITED)

STATEMENT (D)

	Paid-in Capital	Statutory Reserve	Voluntary Reserve	Fair Value Reserve *	Retained Earnings**	Profit for the Period	Total
	JD	JD	JD	JD	JD	JD	JD
For the three months ended 31 March 2020							
(Unaudited) -							
Balance at 1 January 2020	200,000,000	92,879,300	37,093,762	2,236,401	89,394,545	-	421,604,008
Profit after tax	-	-	-	-	-	11,997,468	11,997,468
Change in fair value reserve	-	-	-	(362,938)	-	-	(362,938)
Total comprehensive income for the period	-	-	-	(362,938)	-	11,997,468	11,634,530
Balance at 31 March 2020	200,000,000	92,879,300	37,093,762	1,873,463	89,394,545	11,997,468	433,238,538

* The fair value reserve balance of JD 1,873,463 as at 31 March 2020 is restricted from use.

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

The accompanying notes from (1) to (39) form an integral part of these interim condensed consolidated financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2021 (UNAUDITED)

STATEMENT (E)

	Notes	For The Three Months Ended on 31 March	
		2021	2020
		JD (Unaudited)	JD (Unaudited)
Cash flows from operating activities			
Profit before Tax		21,972,124	19,370,468
Adjustments for non-monetary items:			
Depreciations and amortizations		2,131,640	2,003,106
Costs of Lease obligations		161,487	179,496
Gain on sale of property and equipment		(413)	(3,890)
Exchange rates effect on cash and cash equivalents		(399,271)	(331,906)
Profit before Change in Assets and Liabilities		23,865,567	21,217,274
Change in Assets and Liabilities:			
Increase in investment accounts at banks and financial institutions maturing after 3 months		(1,418,000)	(2,836,000)
Decrease in Wakala investment accounts		17,725,000	-
Increase in deferred sales receivables and other receivables		(66,630,281)	(14,459,829)
Increase in financing		(628,267)	(267,953)
Increase in Ijara muntahia bitamleek assets		(17,861,358)	(11,447,330)
(Decrease) increase in Al Qard Al Hasan		2,686,603	(2,139,772)
Increase in other assets		(7,984,917)	(23,791,316)
Increase (decrease) in current and on demand accounts		48,037,094	(36,316,243)
Increase in accounts payable		652,706	402,766
Increase (decrease) in cash margins		1,066,108	(66,939)
Increase in other liabilities		8,039,713	15,456,269
Net change in Assets and Liabilities		(16,315,599)	(75,466,347)
Net cash flows from (used in) operating activities before Tax		7,549,968	(54,249,073)
Taxes paid	17 A	(1,998,506)	(7,109,085)
Payment of lease obligations		(487,870)	(1,661,378)
Net cash flows from (used in) operating activities		5,063,592	(63,019,536)
Cash flows from investment activities			
Proceeds from sale of financial assets at fair value through owner's equity-self		4,166	3,020
Proceeds from sale of financial assets at fair value through joint investment accounts holders' equity		3,200,626	604,500
Purchase of financial assets at fair value through joint investment account holders equity		(156,686)	(144,454)
Purchase of financial assets at amortized cost – net		(8,236,799)	(11,583,002)
Proceeds from sale of financial assets at amortized cost- net		9,249,395	14,884,858
Proceeds from sale of investment in real estates		103,218	321,791
Purchase of investment in real estates		(400)	(494,930)
Acquisition cost of investment in subsidiaries		(1,071,604)	-
Purchase of repossessed assets		(1,819,326)	(288,383)
Proceeds from sale of repossessed assets		54,120	1,710,060
Proceeds from sale of property and equipment		415	3,790
Purchase of property and equipment		(238,937)	(831,131)
Purchase of intangible assets		(800,155)	(322,927)
Net cash flows from investment activities		288,033	3,863,192
Cash flow from financing activities			
Increase (decrease) in unrestricted investment accounts holders' equity		56,880,424	(5,397,311)
Net cash flow from (used in) financing activities		56,880,424	(5,397,311)
Net increase (decrease) in cash and cash equivalents		62,232,049	(64,553,655)
Exchange rates effect on cash and cash equivalents		399,271	331,906
Cash and cash equivalents at the beginning of the period		812,686,923	971,483,065
Cash and cash equivalents at end of period	32	875,318,243	907,261,316

The accompanying notes from (1) to (39) form an integral part of these condensed consolidated interim financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF SOURCES AND USES OF FUNDS OF AL QARD
AL HASAN FUND AS OF 31 MARCH 2021 (UNAUDITED)**

STATEMENT (F)

	31 March 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Beginning balance for the period / year	81,208,965	20,114,216
Sources of the Fund:		
Central bank account / Al Qard Al Hasan Fund	61,645,502	64,908,095
Sources the Bank is authorized to use	28,736,301	24,314,107
Sources outside the Bank	2,032,166	1,934,535
Total sources of the fund's assets for the period / year	92,413,969	91,156,737
Uses of the Fund:		
Education	148,445	1,465,015
Medical treatment	118,690	831,884
Marriage	143,650	570,170
Overdraft accounts	6,007,488	11,238,735
Social advances for the Bank's employees	431,416	2,478,683
Central Bank's programme for facing Corona pandemic & med-term crisis agreement	4,355,315	63,055,499
Total uses for the period / year	11,205,004	79,639,986
Settled during the period / year	(13,891,607)	(18,545,237)
Ending balance for the period / year	78,522,362	81,208,965
Less: Provision for expected credit loss – self	(3,666,895)	(3,705,944)
Ending balance for the period / year– net	74,855,467	77,503,021

The accompanying notes from (1) to (39) form an integral part of these interim condensed consolidated financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2021 (UNAUDITED)

(1) General Information

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

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

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

The interim condensed consolidated financial statements were authorized for issue by the Bank's Board of Directors in their No.2 meeting held on 22 April 2021.

(2) Significant Accounting Policies

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

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

The Bank complies with applicable local laws and the instructions and regulations of the Central Bank of Jordan.

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

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

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2021 (UNAUDITED)

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

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

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

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

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

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

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

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2021 (UNAUDITED)

The Bank owns the following subsidiaries as of 31 March 2021:

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

2-3 Changes in Accounting Policies:

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

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

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

The standard requires the investor to evaluate the nature of the investment as either:

A- Pass-through Investment

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

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

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2021 (UNAUDITED)

B- Wakala Venture Approach

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

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

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

Financial Accounting Standard FAS 32 (Ijarah)

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

The Group has implemented the requirements of Financial Accounting Standard 32 on (Ijarah) and the implementation did not have any impact on the Group's interim condensed consolidated financial statements as part of this standard replaces International Financial Reporting Standard 16 (IFRS 16) which was previously applied on 1 January 2019.

(3) Use of Estimates

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

We believe that our estimates in the interim condensed consolidated financial statements are reasonable and detailed as follows:

- Expected credit losses for deferred sales receivables and financing: in determining impairment of financial assets, judgment is required in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial assets has increased significantly since initial recognition and incorporation of forward looking information in the measurement of expected credit losses.

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2021 (UNAUDITED)

- Due to the recent developments of the COVID-19 pandemic, the Bank has updated the macroeconomics factors (Gross Domestic Products (GDP) and share prices) that are used the calculation of expected credit loss (ECL) for the period ended 31 March 2021.
- Income tax provision: the fiscal period is charged with its related income tax according to the laws and accounting standards. Also, the deferred tax assets and liabilities as well as the required tax provision are estimated and recorded.
- Management periodically reevaluates the financial assets carried at cost in order to assess any expected credit losses. The expected credit losses are allocated in accordance to the financing party.
- A provision is set for the lawsuits raised against the Bank. This provision is based to an adequate legal study prepared by the Bank's legal advisor. Moreover, the study highlights potential risks that the Bank may encounter in the future. Such legal assessments are reviewed periodically.

(4) Cash and Balances with Central Bank

This item consists of the following:

	31 March 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Cash in vaults	177,003,410	179,417,479
Balances at the Central Bank of Jordan:		
Current accounts	521,485,511	493,754,543
Statutory cash reserve *	164,110,119	155,606,501
Total balances at the Central Bank of Jordan	685,595,630	649,361,044
Total	862,599,040	828,778,523

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

Amounts of JD 73,915,564 and JD 53,027,314 were deducted as at 31 March 2021 and as at 31 December 2020 respectively, which represent cash balances for accounts managed on behalf of others.

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

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

* According to the Central Bank of Jordan Circular No. 10/5/8772 on 20 July 2020, the calculation of the mandatory cash reserve has been amended starting from 1 August 2020.

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(5) Balances at Banks and Financial Institutions

This item consists of the following:

	Local banks and financial institutions		Foreign banks and financial institutions		Total	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020	31 March 2021	31 December 2020
	JD	JD	JD	JD	JD	JD
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Current and on demand accounts	1,540	1,550	27,899,127	23,579,885	27,900,667	23,581,435
Less: provision for expected credit loss	(6)	(6)	(52,697)	(76,013)	(52,703)	(76,019)
Net Current and on demand accounts	1,534	1,544	27,846,430	23,503,872	27,847,964	23,505,416
Unrestricted accounts maturing within 3 months or less	-	-	32,082,507	27,119,507	32,082,507	27,119,507
Less: provision for expected credit loss	-	-	(16,648)	(24,383)	(16,648)	(24,383)
Net unrestricted accounts maturing within 3 months or less	-	-	32,065,859	27,095,124	32,065,859	27,095,124
Total	1,534	1,544	59,912,289	50,598,996	59,913,823	50,600,540

- In compliance with Islamic Shari'a rules and the Bank's Articles of Association and bylaws, the Bank does not earn any interest on current and on demand accounts at local and foreign banks and financial institutions.
- There are no restricted balances at the local and foreign banks and financial institutions as of 31 March 2021 and 31 December 2020.

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(6) Investment Accounts at Banks and Financial Institutions

This item consists of the following:

	Foreign banks and financial institutions	
	31 March 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Within (6-9) months	1,418,000	-
Less: expected credit losses	(5,801)	-
Total	1,412,199	-

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

(7) Wakala Bil Istithmar Accounts

This item consists of the following:

	Foreign banks and financial institutions	
	31 March 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Less than 3 months	17,725,000	-
Within (3-6) months	-	17,725,000
Maturing within more than one year	17,725,000	17,725,000
Less: Expected credit losses	(99,174)	(197,988)
Total	35,350,826	35,252,012

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

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

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A. Movement on balances and accounts at banks and financial institutions and Wakala Bi Al Istithmar (notes 5, 6, and 7):

As of 31 March 2021 (Unaudited):

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Beginning balance	85,711,472	439,470	-	86,150,942
New balances and accounts during the period	59,685,333	35,364	-	59,720,697
Balances and accounts settled	(49,020,465)	-	-	(49,020,465)
Ending balance	96,376,340	474,834	-	96,851,174

As of 31 December 2020 (Audited):

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Beginning balance	87,809,087	-	-	87,809,087
New balances and accounts during the year	43,603,500	-	-	43,603,500
Balances and accounts settled	(45,261,645)	-	-	(45,261,645)
Transferred to stage 2	(439,470)	439,470	-	-
Ending balance	85,711,472	439,470	-	86,150,942

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B. Cumulative movement on the Expected credit losses

As of 31 March 2021 (Unaudited):

	Stage 1 Individual JD	Stage 2 Individual JD	Stage 3 JD	Total JD
Beginning balance	294,494	3,896	-	298,390
Expected credit loss on new balances and accounts during the period	64,984	2,018	-	67,002
Expected credit loss recovered from balances and accounts paid	(191,066)	-	-	(191,066)
Ending balance	168,412	5,914	-	174,326

as of 31 December 2020 (Audited):

	Stage 1 Individual JD	Stage 2 Individual JD	Stage 3 JD	Total JD
Beginning balance	135,890	-	-	135,890
Expected credit loss on new balances and accounts during the year	86,678	-	-	86,678
Expected credit loss recovered from balances and accounts paid	(128,620)	-	-	(128,620)
Transferred to stage 2	(3,896)	3,896	-	-
Adjustments due to changes	204,442	-	-	204,442
Ending balance	294,494	3,896	-	298,390

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(8) Deferred Sales Receivables and Other Receivables – Net

This item consists of the following:

	Joint		Self		Total	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020	31 March 2021	31 December 2020
	JD (Unaudited)	JD (Audited)	JD (Unaudited)	JD (Audited)	JD (Unaudited)	JD (Audited)
Individuals (Retail):						
Murabaha to the purchase orderer	727,134,959	719,214,708	-	-	727,134,959	719,214,708
Deferred sales	11,582,406	11,649,897	-	-	11,582,406	11,649,897
Ijarah Mawsoofa Bil Thimma	7,316,221	6,828,157	-	-	7,316,221	6,828,157
Ijarah Muntahia Bittamleek receivables	6,977,207	6,676,919	-	-	6,977,207	6,676,919
Istisna'a	248,775	251,574	-	-	248,775	251,574
Customers' receivables	6,915,769	6,438,509	5,145,412	4,502,743	12,061,181	10,941,252
Real estate financing	492,781,220	487,839,216	50,000	50,000	492,831,220	487,889,216
Corporate:						
International Murabaha	26,417,645	21,864,113	-	-	26,417,645	21,864,113
Murabaha to the purchase orderer	504,103,235	512,071,042	-	-	504,103,235	512,071,042
Deferred sales	-	3,029	-	-	-	3,029
Ijarah Muntahia Bittamleek receivables	459,006	312,253	-	-	459,006	312,253
Istisna'a	27,473,450	27,978,417	-	-	27,473,450	27,978,417
Musharaka receivables	130,453	130,453	-	-	130,453	130,453
Small and Medium Enterprises (SME's):						
Murabaha to the purchase orderer	163,483,216	159,650,015	-	-	163,483,216	159,650,015
Deferred sales	31,830	27,190	-	-	31,830	27,190
Ijarah Mawsoofa bil Thimma	1,009,599	135,516	-	-	1,009,599	135,516
Ijarah Muntahia Bittamleek receivables	225,553	227,482	-	-	225,553	227,482
Istisna'a	-	-	-	-	-	-
Customers' receivables	-	73,423	1,901,648	2,276,146	1,901,648	2,349,569
Government and public sector	1,119,836,625	1,064,969,843	165,881	209,428	1,120,002,506	1,065,179,271
Total	3,096,127,169	3,026,341,756	7,262,941	7,038,317	3,103,390,110	3,033,380,073
Less: deferred revenues*	(308,187,729)	(306,534,351)	(2,000)	(2,000)	(308,189,729)	(306,536,351)
Less: suspended revenues**	(11,854,081)	(11,391,754)	-	-	(11,854,081)	(11,391,754)
Less: deferred mutual insurance***	(16,227,409)	(14,963,358)	-	-	(16,227,409)	(14,963,358)
Less: expected credit loss	(113,554,141)	(109,864,166)	(462,016)	(462,040)	(114,016,157)	(110,326,206)
Net deferred sales and other receivables	2,646,303,809	2,583,588,127	6,798,925	6,574,277	2,653,102,734	2,590,162,404

* Deferred revenues include the deferred revenues of Murabaha to the purchase orderer, deferred sales, Ijarah Mawsoofa Bil Thimma and Istisna'a.

** Suspended revenues include the suspended revenues of Murabaha to the purchase orderer, deferred sales, Ijarah Mawsoofa Bil Thimma and Istisna'a.

*** Deferred mutual insurance includes insurance installments of Murabaha to the purchase orderer, deferred sales and deferred Ijarah Mawsoofa Bil Thimma.

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

	Retail		Real estate financing		Large corporates		Small and Medium Enterprises		Government and public sector		Total
	JD		JD		JD		JD		JD		JD
As at 31 March 2021 (Unaudited)											
Balance at beginning of the period	465,605		-		-		-		-		465,605
Transfer to during the period	(267)		-		-		-		-		(267)
Balance at the end of the period	465,338		-		-		-		-		465,338

	Retail		Real estate financing		Large corporates		Small and Medium Enterprises		Government and public sector		Total
	JD		JD		JD		JD		JD		JD
As at 31 March 2021 (Unaudited)											
Expected credit loss of non-performing receivables on individual customer basis	285,779		-		-		-		-		285,779
Expected credit loss of watch list receivables based on individual customer basis	91,825		-		-		-		-		91,825
Expected credit loss of watch list receivables on portfolio basis	87,734		-		-		-		-		87,734
Total	465,338		-		-		-		-		465,338

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

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

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

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Movements on the deferred sales receivables were as follow:

	31 March 2021 (Unaudited)	
	Deferred sales receivables	Deferred revenues
	JD	JD
Balance at the beginning of the period	11,680,116	1,042,701
Additions	1,743,320	205,881
Disposals	(1,809,200)	(195,594)
Balance at the end of the period	11,614,236	1,052,988

Movements on the suspended revenues were as follows:

	Joint				
	For the period ended 31 March 2021 (Unaudited)				
	Retail	Real estate financing	Large corporates	Small and Medium Enterprises	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the period	5,831,156	1,666,950	3,007,008	886,640	11,391,754
Add: suspended revenues during the period	715,126	204,433	368,776	108,736	1,397,071
Less: revenue in suspense reversed to revenue	(486,886)	(230,071)	(151,880)	(65,907)	(934,744)
Balance at the end of the period	6,059,396	1,641,312	3,223,904	929,469	11,854,081

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

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(9) Ijarah Muntahia Bittamleek Assets - Net

This item consists of the following:

	Joint		
	31 March 2021 (Unaudited)		
	Cost	Accumulated Depreciation	Net Book Value
	JD	JD	JD
Ijarah Muntahia Bittamleek assets - real estate	911,591,063	(187,984,182)	723,606,881

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

The accrued Ijarah installments amounted to JD 7,661,766 as at 31 March 2021 (31 December 2020: JD 7,216,654) were included in deferred sales receivables and other receivables (Note 8).

(10) Financing – Net

This item consists of the following:

	Joint		Self		Total	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020	31 March 2021	31 December 2020
	JD	JD	JD	JD	JD	JD
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Individuals (Retail):						
Diminishing Musharaka	34,597,039	33,963,533	208,976	214,215	34,806,015	34,177,748
Total	34,597,039	33,963,533	208,976	214,215	34,806,015	34,177,748
Less: Expected credit loss	(980,254)	(1,016,644)	(3,322)	(3,565)	(983,576)	(1,020,209)
Net Financing	33,616,785	32,946,889	205,654	210,650	33,822,439	33,157,539

Non-performing deferred sales receivables, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan amounted to JD 118,117,720 as at 31 March 2021, representing 3.67% of deferred sales receivable, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan balance compared to JD 107,423,085 as at 31 December 2020, representing 3.41% of the utilized balance at the end of the previous year.

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Non-performing deferred sales receivables, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan after deducting suspended revenues amounted to JD 108,881,992 as at 31 March 2021, representing 3.39% of deferred sales, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan balance after deductions suspended revenues, compared to JD 98,341,001 as at 31 December 2020, representing 3.13% of the utilized balance at the end of the previous year.

Deferred sales, other receivables, and financing granted to and guaranteed by the Government of Jordan amounted to JD 1,122,997,590 as at 31 March 2021, representing 34.91% of deferred sales, other receivables and financing balance, compared to JD 1,068,174,355 as at 31 December 2020, representing 33.92% of the utilized balance at the end of the previous year.

A- Cumulative movement on direct facilities:
As of 31 March 2021 (Unaudited):

	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period	1,354,587,429	870,506,572	396,893,617	41,733,267	152,154,438	2,815,875,323
New facilities during the period	118,541,939	110,233,270	93,511,098	2,674,680	414,791	325,375,778
Settled facilities	(58,929,375)	(80,694,852)	(110,724,378)	(3,893,736)	(6,561,492)	(260,803,833)
Transferred to stage 1	42,276,516	14,411,597	(42,141,241)	(14,223,859)	(323,013)	-
Transferred to stage 2	(211,816,294)	(35,655,443)	220,031,054	43,172,921	(15,732,238)	-
Transferred to stage 3	(973,937)	(3,103,905)	(15,305,993)	(7,998,207)	27,382,042	-
Written of facilities	-	-	-	-	-	-
Balance at the end of the period	1,243,686,278	875,697,239	542,264,157	61,465,066	157,334,528	2,880,447,268

As of 31 December 2020 (Audited):

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

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

As of 31 March 2021 (Unaudited):

	Large corporates	SMEs	Individuals	Real estate financing	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the period	29,972,150	15,318,417	37,916,138	31,845,654	115,052,359
Expected credit loss on the new facilities during the period	6,213,823	1,617,804	3,182,684	2,387,644	13,401,955
Expected credit loss recovered from settled facilities	(5,549,963)	(903,547)	(2,096,363)	(1,090,717)	(9,640,590)
Transferred to stage 1	(361,707)	36,996	(6,060)	(20,390)	(351,161)
Transferred to stage 2	725,222	1,309,329	1,875,413	636,877	4,546,841
Transferred to stage 3	(363,515)	(1,346,325)	(1,869,353)	(616,487)	(4,195,680)
Impact on ending balance provision due to change in staging classification	1,999,848	245,778	286,167	204,069	2,735,862
Adjustments	(5,864)	646,071	(1,977,521)	(1,545,644)	(2,882,958)
Balance at the end of the period	32,629,994	16,924,523	37,311,105	31,801,006	118,666,628

Reallocated:

Individual level provision	32,611,413	12,899,739	9,323,444	6,315,794	61,150,390
Collective level provision	18,581	4,024,784	27,987,661	25,485,212	57,516,238

As of 31 December 2020 (Audited):

	Large corporates	SMEs	Individuals	Real estate financing	Total
	JD	JD	JD	JD	JD
As of 31 December 2020					
Balance at the beginning of the year	28,116,550	14,955,167	31,963,874	26,288,246	101,323,837
Expected credit loss on the new facilities during the year	11,240,939	5,276,654	10,112,332	5,488,918	32,118,843
Expected credit loss recovered from settled facilities	(7,517,801)	(2,795,786)	(6,176,842)	(1,356,543)	(17,846,972)
Transferred to stage 1	4,258,983	1,140,089	476,817	810,801	6,686,690
Transferred to stage 2	1,399,352	1,159,389	925,334	230,835	3,714,910
Transferred to stage 3	(5,658,334)	(2,299,478)	(1,402,152)	(1,041,636)	(10,401,600)
Impact on ending balance provision due to change in staging classification	(4,360,641)	(1,010,435)	581,176	276,624	(4,513,276)
Adjustments	2,493,102	456,128	3,761,729	2,003,541	8,714,500
Written off facilities	-	(1,563,311)	(2,326,130)	(855,132)	(4,744,573)
Balance at the end of the year	29,972,150	15,318,417	37,916,138	31,845,654	115,052,359

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Reallocated:

Individual level provision	29,972,150	11,398,671	10,424,075	7,581,551	59,376,447
Collective level provision	-	3,919,746	27,492,063	24,264,103	55,675,912

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

This item consists of the following:

	31 March 2021 JD (Unaudited)	31 December 2020 JD (Audited)
Quoted financial assets		
Companies shares	4,747,016	4,900,392
Total financial assets – quoted	<u>4,747,016</u>	<u>4,900,392</u>
Unquoted financial assets		
Companies shares	2,179,394	2,242,103
Al Wakala Bi Al Istithmar (investment portfolio)	10,828,113	5,832,557
Total financial assets - unquoted	<u>13,007,507</u>	<u>8,074,660</u>
Total financial assets at fair value through owner's equity – self financed	<u>17,754,523</u>	<u>12,975,052</u>

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

This item consists of the following:

	31 March 2021 JD (Unaudited)	31 December 2020 JD (Audited)
Quoted financial assets:		
Companies shares	17,286,664	18,776,497
Total quoted financial assets	<u>17,286,664</u>	<u>18,776,497</u>
Unquoted financial assets:		
Companies shares	7,961,250	7,934,540
Islamic banks portfolio	820,584	820,584
Al Wakala Bi Al Istithmar (investment portfolio)	2,324,136	9,352,249
Total unquoted financial assets	<u>11,105,970</u>	<u>18,107,373</u>
Total financial assets at fair value through the investment accounts holders' equity - joint	<u>28,392,634</u>	<u>36,883,870</u>

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(13) Financial Assets at Amortized Cost

This item consists of the following:

	31 March 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Quoted financial assets		
Islamic Sukuk	12,762,000	12,762,000
Expected credit losses	(386,422)	(568,408)
Net quoted financial assets	12,375,578	12,193,592
Unquoted financial assets		
Islamic Sukuk	179,811,563	180,824,159
Islamic banks portfolio	6,085,312	4,715,538
Total unquoted financial assets	185,896,875	185,539,697
Expected credit losses	(1,864,927)	(1,860,090)
Net unquoted financial assets	184,031,948	183,679,607
Total Financial Assets at amortized cost	196,407,526	195,873,199

- Islamic Sukuk in Jordanian Dinars rate of return ranges between (2.8% - 5.47%) payable on a semi-annual basis, with a maturity of less than 3 years.

- Islamic Sukuk in US Dollars rate of return ranges between (6.5% - 9.37%) payable on an annual basis, with a maturity of less than 5 years.

- Rate of return on short term Islamic Sukuk in US Dollars ranges between (1.20% - 2.35%) with a maturity of 3-6 months .

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A. Cumulative movement on investments:

As of 31 March 2021 (Unaudited):

	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
	JD	JD	JD	JD
Balance at the beginning of the period	189,393,324	7,090,000	1,818,373	198,301,697
New investments during the period	10,689,593	-	-	10,689,593
Matured investments	(10,332,415)	-	-	(10,332,415)
Balance at the end of the period	189,750,502	7,090,000	1,818,373	198,658,875

As of 31 December 2020 (Audited):

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

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B. Cumulative movement on the expected credit loss:

As of 31 March 2021 (Unaudited):

	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
	JD	JD	JD	JD
Balance at the beginning of the period	106,635	503,490	1,818,373	2,428,498
Expected credit loss on new investments during the period	27,128	-	-	27,128
Expected credit loss recovered from matured investments	(12,894)	-	-	(12,894)
Adjustments	(45,440)	(145,943)	-	(191,383)
Balance at the end of the period	<u>75,429</u>	<u>357,547</u>	<u>1,818,373</u>	<u>2,251,349</u>

As of 31 December 2020 (Audited):

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

(14) Investments in Real Estate

This item consists of the following:

	Joint	
	31 March 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Investments in real estate *	<u>107,547,174</u>	<u>107,608,263</u>
Total	<u>107,547,174</u>	<u>107,608,263</u>

* Investments in real estate are presented at fair value, with a book value (cost) of JD 94,976,099 as at 31 March 2021 compared to JD 95,078,917 as at 31 December 2020.

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The fair value of real estate investments is based on the average of the valuations made by independent appraisers who have the professional qualifications and experience to evaluate the location and type of properties subject to appraisal as on 31 March 2021 and 31 December 2020. The fair value was determined based on recent market transactions as well as independent appraisers' information and professional judgments.

(15) Other Assets

This item consists of the following:

	31 March 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Accrued revenues	523,343	540,598
Prepaid expenses	7,193,417	458,787
Temporary debit accounts	6,736,507	5,826,785
Stationery and publications	532,515	606,162
Stamps	119,168	116,961
Credit card accounts	4,559,678	4,330,020
Settlement guarantee fund deposits	25,000	25,000
Refundable deposits	366,073	365,974
Acceptable notes	206,244	-
Reposessed assets - net *	40,369,646	38,653,803
Others	347,398	354,139
Total	60,978,989	51,278,229

* Movment on the reposessed assets to meet outstanding debts was as follow:

	31 March 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Beginning balance for the period / year	39,765,682	36,076,921
Additions	1,819,326	7,338,569
Disposals	(54,120)	(3,649,808)
Ending balance for the period / year	41,530,888	39,765,682
Provision for acquired assets *	(12,363)	(12,363)
provision for impairment in acquired assets	(1,148,879)	(1,099,516)
Total	40,369,646	38,653,803

* Impairment for reposessed assets was provided by Central Bank of Jordan letter No. (10/1/2510) dated 14 February 2017 and its amendments.

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(16) Customers' Current and on Demand Accounts

This item consists of the following:

31 March 2021 (Unaudited)					
	Retail	Large corporates	Small and Medium Enterprises	Government and public sector	Total
	JD	JD	JD	JD	JD
Current accounts	792,712,094	15,322,441	217,007,448	33,990,186	1,059,032,169
On demand accounts	253,495,467	106,416	649,904	-	254,251,787
Total	1,046,207,561	15,428,857	217,657,352	33,990,186	1,313,283,956

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

Government and public sector deposits inside the Kingdom amounted to JD 33,990,186 representing 2.59% of the total customers' current and on demand accounts as at 31 March 2021 compared to JD 39,883,930 representing 3.15% as at 31 December 2020.

Dormant accounts amounted to JD 43,790,975 as of 31 March 2021 compared to JD 42,273,892 as of 31 December 2020.

The restricted accounts amounted to JD 5,970,911 representing 0.45% of the total customers' current and on demand accounts as of 31 March 2021 compared to JD 6,877,913 representing 0.54% as of 31 December 2020 of the total customers' current and on demand accounts.

(17) Income Tax Provision

A- Bank's Income Tax Provision:

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

	31 March 2021 JD (Unaudited)	31 December 2020 JD (Audited)
Beginning balance for the period / year	26,142,445	29,999,703
Income tax paid	(1,998,506)	(23,833,923)
Income tax expense	8,062,418	31,643,599
Income tax paid for the year 2020	-	(11,666,934)
Ending balance for the period / year	32,206,357	26,142,445

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

	For the Three Months ended 31 March	
	2021	2020
	JD	JD
	(Unaudited)	(Unaudited)
Income tax for the period	8,062,418	7,373,000
Total	8,062,418	7,373,000

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

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

Al Samaha Financing and Investment Company Ltd:

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

Sanabel Al-Khai for financial investment Company Ltd:

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

Omaryeh school company Ltd:

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

Future Applied Computer Technology Company Ltd:

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

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(18) Other Liabilities

A- This item consists of the following:

	31 March 2021 JD (Unaudited)	31 December 2020 JD (Audited)
Accepted cheques	4,032,086	4,970,623
Revenues received in advance	441,239	735,689
Al Qard Al Hasan Fund	2,032,166	1,934,535
Temporary deposits	860,371	810,374
Other credit balances	3,632,468	4,124,153
Cheques against notes payables	4,246,201	4,026,783
Term deposit profits	12,367,843	-
Banker's cheques	10,288,128	7,539,533
Others	6,964,215	12,632,509
Total	44,864,717	36,774,199

(19) Unrestricted Investment Accounts

A- This item consists of the following:

	31 March 2021 (Unaudited)					Total JD
	Retail	Large corporates	Small and Medium Enterprises	Government and public sector	Banks	
	JD	JD	JD	JD	JD	
Saving accounts	605,099,778	1,991,425	9,475,677	153	21,499,143	638,066,176
Notice accounts	8,785,890	-	4,038,162	628,229	10,731,337	24,183,618
Term accounts	1,984,375,070	23,657,503	109,775,621	93,662,589	13,105,750	2,224,576,533
Total	2,598,260,738	25,648,928	123,289,460	94,290,971	45,336,230	2,886,826,327
Depositors' share from Investment returns	13,588,438	134,139	648,408	493,125	180,117	15,044,227
Total unrestricted investment accounts	2,611,849,176	25,783,067	123,937,868	94,784,096	45,516,347	2,901,870,554

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

Unrestricted investment accounts share of profits is calculated as follows:

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

Unrestricted investment accounts (Government of Jordan and Public Sector) inside the Kingdom amounted to JD 94,784,096 representing 3.27% of the total unrestricted investment accounts as at 31 March 2021 compared to JD 64,749,161 representing 2.28% as at 31 December 2020.

The withdrawal restricted investment accounts amounted to JD 4,764,108 representing 0.16% of the total unrestricted investment accounts as at 31 March 2021 compared to JD 5,403,427 representing 0.19% as at 31 December 2020.

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

	Joint	
	31 March 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Investment accounts holders' reserve – Subsidiaries	11,390,251	13,141,785
Investment accounts holders' reserve – Associates	2,856,652	2,619,643
Total	14,246,903	15,761,428
Non-Controlling Interests	40,798	41,206

(20) Fair Value Reserve

This item consists of the following:

A- Joint

	Joint	
	31 March 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Financial assets at fair value through joint investment accounts holders' equity reserve	(2,782,943)	(2,521,374)
Investments in real estate reserve	7,794,066	7,768,195
Total	5,011,123	5,246,821

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B- Self

	Self	
	31 March 2021	31 December 2020
	JD	JD
	(Unaudited)	(Audited)
Financial assets at fair value through owner's equity – self	2,736,744	2,888,319
Total	2,736,744	2,888,319

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

	31 March 2021 (Unaudited)		
	Financial assets at fair value	Investments in real estate	Total
	JD	JD	JD
Balance at the beginning of the period *	(4,066,732)	12,529,346	8,462,614
Unrealized losses	679,848	82,654	762,502
Deferred tax assets (liabilities)	1,705,674	(4,777,009)	(3,071,335)
Profits transferred to the consolidated income statement	(1,101,733)	(40,925)	(1,142,658)
Balance at the end of the period	(2,782,943)	7,794,066	5,011,123

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

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

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

	Financial assets at fair value	
	31 March 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Beginning Balance for the period / year *	4,658,579	3,607,098
Unrealized (losses) profits	(244,475)	1,028,165
Deferred tax liabilities	(1,677,360)	(1,770,260)
losses transferred to the consolidated income statement after tax	-	23,316
Ending Balance for the period / year	2,736,744	2,888,319

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

E- Provision for probable contingencies:

Movements on probable contingencies provision were as follows:

	31 March 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Beginning balance for the period / year	1,284,360	760,429
Movement during the period / year	(543,133)	523,931
Ending Balance for the period / year	741,227	1,284,360

(21) Provision for future expected risks

A. Movements on a provision for future expected risks were as follows:

	31 March 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Beginning balance for the period / year	25,980,009	30,016,131
Transfers to provision for expected credit loss	(2,892,788)	(4,036,122)
Ending balance for the period / year	23,087,221	25,980,009

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B. Mutual Insurance Fund

Movements on the Mutual Insurance Fund were as follows:

	31 March 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Beginning balance for the period / year	48,820,782	53,065,605
Add: profits for the years 2019 and 2020	1,265,186	1,987,034
Add: insurance premiums collected during the period / year	1,570,686	4,710,496
Add: amounts recovered from prior years losses	16,894	63,985
Less: insurance premiums paid during the period / year	(5,242,764)	(4,746,297)
Less: Taxes paid in advance for 2020	(171,207)	-
Less: fund's committee members remunerations	(16,000)	(16,000)
Less: consulting fees	(1,740)	(1,740)
Less: Insurance paid for the dissolution of contracts before 2018	-	(21,815)
Less: losses written off during the period / year	-	(220,486)
Less: Expected credit losses provision during the year	-	(6,000,000)
Ending balance for the period / year	46,241,837	48,820,782

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

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

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

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

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

- Death of subscriber.
- The subscriber's physical disability, fully or partially
- The subscriber's insolvency due to lack of income sources for at least one year, without having an asset or possessing the leased estate to settle his debt and has no opportunity to obtain income source in the upcoming year that enable the debtor to settle his debt or to continue in the finance lease and based on the bank's decision about it.

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As of the beginning of 2018, the group has applied the accrual basis instead of cash basis with regards to insurance premiums received from subscribers, additionally, it was approved to increase the ceiling of coverage to become JD 150 thousand instead of JD 100 thousand.

Mutual insurance fund covers financing granted by the Bank (financing granted from joint investment accounts and Al Wakala Bi Al Istithmar accounts (Investments Portfolio)).

C. Subsidiaries expected credit loss

	31 March 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Al Samaha Funding and Investment Company Ltd.	509,036	509,036
Al Omariah Schools Company Ltd.	696,584	706,752
Total	1,205,620	1,215,788

D. Expected credit loss movement & Impairment for repossessed assets

	31 March 2021	31 December 2020
	JD (Unaudited)	JD (Audited)
Beginning balance for the period / year	115,927,918	101,800,672
Provision for the period / year (from consolidated income statement)	-	8,000,000
Transferred from mutual insurance fund (Note 21(B))	-	6,000,000
Transferred from provision of expected future risk (Note 21(A))	2,892,788	4,036,122
Provision from subsidiaries	-	134,769
Write-offs	(10,870)	(4,043,645)
Ending balance for the period / year	118,809,836	115,927,918

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(22) Deferred Sales Revenues

This item consists of the following:

	Joint	
	For the Three Months	
	Ended on 31 March	
	2021	2020
	JD	JD
	(Unaudited)	(Unaudited)
Individuals (Retail):		
Murabaha to the purchase orderer	11,192,238	11,856,312
Deferred sales	222,245	227,582
Ijarah Mawsoofa Bil Thimma	121,497	120,708
Istisna'a	4,829	3,513
Real Estate Financing	6,715,749	7,644,642
Corporate:		
International Murabaha	82,224	194,562
Murabaha to the purchase orderer	4,445,184	4,367,023
Istisna'a	392,876	228,783
Small and Medium Enterprises:		
Murabaha to the purchase orderer	1,749,543	2,381,398
Deferred sales	480	-
Ijarah Mawsoofa Bil Thimma	14,226	-
Government and public sector	10,887,570	8,217,633
Total	35,828,661	35,242,156

(23) Financing Revenues

This item consists of the following:

	Joint		Self		Total	
	For the Three Months		For the Three Months		For the Three Months	
	Ended on 31 March		Ended on 31 March		Ended on 31 March	
	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Individuals (Retail):						
Diminishing Musharaka	124,857	117,191	924	752	125,781	117,943
Total	124,857	117,191	924	752	125,781	117,943

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

This item consists of the following:

	Joint	
	For the Three Months Ended on 31 March	
	2021	2020
	JD	JD
	(Unaudited)	(Unaudited)
Dividends income	151,568	-
Gain from sale of financial assets at fair value	1,101,733	-
Total	1,253,301	-

(25) Gain from Financial Assets at Amortized Cost

This item consists of the following:

	Joint	
	For the Three Months Ended on 31 March	
	2021	2020
	JD	JD
	(Unaudited)	(Unaudited)
Islamic Sukuk	3,728,131	3,163,514
Islamic banks portfolio revenues	47,875	136,213
Total	3,776,006	3,299,727

(26) Revenues from subsidiaries and associates

	Joint	
	For the Three Months Ended on 31 March	
	2021	2020
	JD	JD
	(Unaudited)	(Unaudited)
Dividends from subsidiaries	600,000	1,377,359
Gain from sale of a subsidiary *	1,071,604	-
Total	1,671,604	1,377,359

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

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(27) Revenue from Investments in Real Estate

This item consists of the following:

	Joint	
	For the Three Months Ended on 31 March	
	2021	2020
	JD	JD
	(Unaudited)	(Unaudited)
Realized gain from investments in Real Estate	284,127	257,674
Total	284,127	257,674

(28) Share of Unrestricted Investment Accounts Holders

This item consists of the following:

	For the Three Months Ended on 31 March	
	2021	2020
	JD	JD
	(Unaudited)	(Unaudited)
Banks and Financial Institutions	180,117	89,879
Customers:		
Saving Accounts	1,605,417	1,463,356
Notice Accounts	63,243	56,893
Term Accounts	13,195,450	11,771,304
Total	15,044,227	13,381,432

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

This item consists of the following:

	For the Three Months Ended on 31 March	
	2021	2020
	JD	JD
	(Unaudited)	(Unaudited)
Bank's share as Mudarib	25,523,238	25,665,007
Bank's share as Rab Mal	12,361,859	10,971,870
Total	37,885,097	36,636,877

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(30) Bank's Self financed Revenue

This item consists of the following:

	For the Three Months Ended on 31 March	
	2021	2020
	JD (Unaudited)	JD (Unaudited)
Financing revenues – Note (23)	924	752
Dividends distribution of financial assets at the fair value through equity	4,880	4,666
Total	5,804	5,418

(31) Basic Earnings Per Share (EPS)

This item consists of the following:

	For the Three Months Ended on 31 March	
	2021	2020
	(Unaudited)	(Unaudited)
Profit for the period after income tax (JD)	13,909,706	11,997,468
Weighted average number of shares (share)	200,000,000	200,000,000
Basic earnings per share (JD/Fils)	0/070	0/060

(32) Cash and Cash Equivalents

This item consists of the following:

	For the Three Months Ended on 31 March	
	2021	2020
	JD (Unaudited)	JD (Unaudited)
Cash and balances with Central Banks maturing within 3 months	862,599,040	837,027,204
Add: Balances at banks and financial institutions maturing within 3 months	77,708,174	75,187,956
Less: Balances at banks and financial institutions maturing within 3 months	(64,988,971)	(4,953,844)
Total	875,318,243	907,261,316

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(33) Related Parties Transactions

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

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

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

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

	Related parties				Total	
	Parent Company	Associates	Subsidiaries	Board members and Senior Executive management	31 March 2021	31 December 2020
	JD	JD	JD	JD	JD (Unaudited)	JD (Audited)
Interim condensed consolidated statement of financial position items:						
Deferred sales receivables	-	-	1,955,005	7,968,792	9,923,797	10,331,142
Financing of employees housing/ Musharaka	-	-	-	1,096,588	1,096,588	1,066,880
Musharaka financing	-	-	-	-	-	-
Deposits	177,083	12,159,590	1,080,641	2,906,069	16,323,383	12,352,226
Off consolidated statement of financial position items:						
Guarantees and Letters of credit	-	18,750	540,597	2,882,595	3,441,942	3,511,574
					For the Three Months Ended on 31 March	
					2021	2020
					JD	JD
					(Unaudited)	(Unaudited)

Consolidated income statement items:

Paid expenses	-	2,562,354	110,677	968,592	3,641,623	2,190,884
Received revenues	7	3,836	41,090	95,947	140,880	167,579
Paid Profits	-	166,100	7,943	5,924	179,967	143,788

- Murabaha rate on granted financing ranged between 3% - 4.75% annually as at 31 March 2021 (2020: 3.5% - 4.75%).
- Musharaka profit rate of financing granted to the employees ranged between 1.75% - 4.8% annually as at 31 March 2021 (2020: 2% - 4.8%).
- Guarantees commission rate ranged between 1% - 4% annually as at 31 March 2021 (2020: 1% - 4%). Letters of credit commission rate ranged between (1/4% - 3/8%) quarterly as 31 March 2021 (2020: 1/4% - 3/8% quarterly).
- Individual and corporate deposits revenue is equals to the percentage of revenue for related parties deposits.

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

	For the Three Months Ended on 31 March	
	2021	2020
	JD	JD
	(Unaudited)	(Unaudited)
Salaries, remuneration and transportation	831,705	753,231

(34) Segment Information

A. Information about Bank's Activities

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

Retail

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

Corporate Accounts

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

Investment in Assets

This includes investing in real estate, and leasing.

Treasury

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

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

	Retail	Corporate	Investment in Assets	Treasury	Others	Total	
						For the Three Months	
						Ended on 31 March	
						2021	2020
	JD	JD	JD	JD	JD	JD	JD
						(Unaudited)	(Unaudited)
Total revenues (Joint and self financed)	30,858,744	21,255,182	3,232,996	5,268,022	50,490	60,665,434	56,770,896
Net income of subsidiaries and share of profit from investments in associates	-	-	567,612	-	-	567,612	650,727
Deposits guarantee fees investment accounts holders'	(607,667)	(400,635)	(63,664)	(117,404)	(994)	(1,190,364)	(1,091,282)
Share of the unrestricted investment accounts and non-controlling interests from the net income of associates	(7,692,469)	(5,867,967)	(567,612)	(1,483,791)	-	(15,611,839)	(14,032,159)
Segment Results	22,558,608	14,986,580	3,169,332	3,666,827	49,496	44,430,843	42,298,182
Allocated expenses	(12,003,579)	(7,092,352)	(1,182,364)	(2,180,424)	-	(22,458,719)	(22,927,714)
Profit before tax	10,555,029	7,894,228	1,986,968	1,486,403	49,496	21,972,124	19,370,468
Income tax	(3,384,412)	(3,276,277)	(449,298)	(937,582)	(14,849)	(8,062,418)	(7,373,000)
Profit after tax	7,170,617	4,617,951	1,537,670	548,821	34,647	13,909,706	11,997,468
						31 March 2021	31 December 2020
						JD	JD
						(Unaudited)	(Audited)
Segment assets	1,567,884,410	1,193,896,230	1,073,708,738	959,275,888	-	4,794,765,266	4,674,539,946
Investment in associates	-	-	8,553,067	-	-	8,553,067	8,316,058
Unallocated assets	-	-	-	-	170,611,747	170,611,747	161,642,855
Total Assets	1,567,884,410	1,193,896,230	1,082,261,805	959,275,888	170,611,747	4,973,930,080	4,844,498,859
Segment liabilities	3,658,056,737	557,097,773	-	64,988,971	-	4,280,143,481	4,174,614,151
Unallocated liabilities	-	-	-	-	205,674,189	205,674,189	195,530,429
Total Liabilities	3,658,056,737	557,097,773	-	64,988,971	205,674,189	4,485,817,670	4,370,144,580
						For the Three Months Ended on 31 March	
						2021	2020
						JD	JD
						(Unaudited)	(Unaudited)
Capital expenditures	-	-	-	-	1,039,092	1,039,092	1,154,058
Depreciation and amortization	-	-	-	-	2,131,640	2,131,640	2,003,106

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(35) Capital Management

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

The Bank achieves its capital objectives throughout the following:

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

Capital adequacy ratio was calculated as at 31 March 2021 in accordance with standard number (15) issued by Islamic Financial Services Board, based on Central Bank of Jordan instruction number (72/2018) dated 4 February 2018.

	31 March 2021 Thousands JD (Unaudited)	31 December 2020 Thousands JD (Audited)
Common Equity Tier I	449,012	443,333
Paid-in capital	200,000	200,000
Statutory reserve	101,261	101,261
Voluntary reserve	45,473	45,473
Retained earnings	100,732	100,732
Accumulated change in full fair value	1,434	1,698
Profits for the period after tax less expected dividends distribution	6,410	-
Intangible assets	(3,639)	(3,154)
10% of less of investments in Banks, financial institutions and Takaful companies capital.	(2,165)	(494)
10% or more of investments in Banks, financial institutions and Takaful companies capital, beyond unified regulatory scope.	(494)	(2,183)
Additional Tier I		
Additional Tier II	6,912	7,799
General banking risks reserve (self) and bank share of general banking risk reserve- joint (not to exceed 1.25%) of risky assets	6,912	7,799
Total regulatory capital	455,924	451,132
Risk Weighted Assets (RWA)	1,943,814	1,900,264
Common Equity Tier I Ratio	23.10%	23.33%
Additional Tier I Ratio	-	-
Tier I Ratio	23.10%	23.33%
Tier II Ratio	0.36%	0.41%
Capital Adequacy Ratio	23.46%	23.74%

*Financial leverage percentage has reached 18.98% as of 31 march 2021 (2020: 18.98%)

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

Contingent Credit Commitments

	31 March 2021 JD (Unaudited)	31 December 2020 JD (Audited)
Letters of credit	30,530,576	26,240,900
Acceptances	3,042,154	2,669,858
Guarantees:	124,590,822	126,034,151
Payment	34,146,438	35,809,959
Performance	61,053,200	59,522,876
Others	29,391,184	30,701,316
Unutilized Limits/ Direct	128,165,347	117,604,857
Unutilized Limits/ Indirect	37,053,976	37,483,452
Total	323,382,875	310,033,218

Expected credit losses on indirect facilities

A. Cumulative movement on indirect facilities:

As of 31 March 2021 (Unaudited):

	Stage 1		Stage 2		Stage 3	Total
	Collective JD	Individual JD	Collective JD	Individual JD	JD	JD
Balance at the beginning of the period	67,544,132	147,337,810	2,890,154	85,035,522	7,225,600	310,033,218
New exposures during the period	22,234,543	16,441,338	1,636,330	30,540,984	2,793,168	73,646,363
Matured exposures	(19,639,219)	(16,221,359)	(584,592)	(20,835,609)	(3,015,927)	(60,296,706)
Transferred to stage 1	1,009,413	2,483,974	(815,075)	(1,989,897)	(688,415)	-
Transferred to stage 2	(2,285,349)	(60,330,796)	2,339,074	60,442,173	(165,102)	-
Transferred to stage 3	(445,940)	(90,041)	(403,251)	(879,342)	1,818,574	-
Balance at the end of the period	68,417,580	89,620,926	5,062,640	152,313,831	7,967,898	323,382,875

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As of 31 December 2020 (Audited):

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

B. Cumulative movement on the expected credit loss for indirect facilities

As of 31 March 2021 (Unaudited):

	Stage 1		Stage 2		Stage 3	Total
	Collective	Individual	Collective	Individual		
	JD	JD	JD	JD		
Balance at the beginning of the period	1,293,690	817,572	55,707	621,965	5,122,545	7,911,479
Expected credit loss on new exposures during the period	270,274	38,196	22,201	67,749	2,174,240	2,572,660
Expected credit loss from matured exposures	(334,951)	(78,876)	(9,476)	(101,226)	(2,331,761)	(2,856,290)
Transferred to stage 1	143,009	404,200	(17,371)	(53,830)	(476,008)	-
Transferred to stage 2	(55,946)	(211,484)	91,322	265,314	(89,206)	-
Transferred to stage 3	(6,612)	(180)	(7,060)	(8,529)	22,381	-
Impact on ending balance provision due to change in staging classification	(125,055)	(399,925)	(33,469)	(126,834)	1,035,866	350,583
Adjustments	(21,977)	(259,980)	5,558	(265,281)	(5,777)	(547,457)
Balance at the end of the period	<u>1,162,432</u>	<u>309,523</u>	<u>107,412</u>	<u>399,328</u>	<u>5,452,280</u>	<u>7,430,975</u>

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As of 31 December 2020 (Audited):

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

(37) Lawsuits Filed Against the Bank

The lawsuits filed against the Bank (self) amounted to JD 153,081 as of 31 March 2021 with a provision of JD 30,146 (provision booked amounted to JD 75,000 instead of JD 30,146) (noting that on 2 February 2021 a lawsuit against the Bank (self) was withdrawn which amounts to JD 10,150,486 without any fees, expenses, legal fees or legal benefits) compared to JD 10,296,910 as of 31 December 2020 with a provision of JD 31,489. The lawsuits filed against the Bank (joint) as of 31 March 2021 amounted to JD 224,202 with a provision of JD 45,767 compared to JD 228,952 as of 31 December 2020 with a provision of JD 45,767. The Bank's management and its legal advisor believe that any obligations that may arise from the lawsuits against joint investments will be recognized within the investment risk fund, while the lawsuits against the Bank (self) will be covered by the established provision.

(38) Statutory Reserves

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

(39) Comparative Figures

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