

JORDAN ISLAMIC BANK

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(REVIEWED AND UNAUDITED)

30 JUNE 2023

JORDAN ISLAMIC BANK
PUBLIC SHAREHOLDING COMPANY
AMMAN - JORDAN
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(REVIEWED AND UNAUDITED)
30 JUNE 2023
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**REVIEW REPORT ON INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF JORDAN ISLAMIC BANK
(PUBLIC SHAREHOLDING COMPANY)**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Jordan Islamic Bank (the "Bank") and its subsidiaries (together the "Group") as at 30 June 2023 and the related interim condensed consolidated statement of income and interim condensed consolidated statement of comprehensive income for the three and six month ended 30 June 2023, and the interim condensed consolidated statements of changes in owner's equity and cash flows and sources and uses of funds of Al-Qard Al-Hasan Fund for the six months then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the Financial Accounting Standards issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as adopted by Central Bank of Jordan. 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 statements 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 interim condensed consolidated financial statements are not properly prepared, in all material respects, in accordance with the Financial Accounting Standards issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as adopted by Central Bank of Jordan

For and on behalf of PricewaterhouseCoopers "Jordan"


Omar Jamal Kalanfa
License No. (1015)


Amman, Jordan
27 July 2023

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 JUNE 2023 (REVIEWED AND UNAUDITED)

		STATEMENT (A)	
	Notes	30 June 2023	31 December 2022
		JD	JD
		(Reviewed and Unaudited)	(Audited)
Assets			
Cash and balances with central bank of Jordan	4	697,809,526	719,230,111
Balances at banks and financial institutions	5	82,166,684	43,400,535
Investment accounts at banks and financial institutions	6	-	1,417,959
Wakala Bil Istithmar Accounts	7	35,178,318	35,208,483
Deferred sales receivables and other receivables –net	8	2,987,299,759	2,962,366,595
Ijarah Muntahia Bittamleek assets – net	9	913,127,457	888,242,179
Financing – net	10	38,578,817	38,447,971
Financial assets at fair value through income statement self financed	11	35,384	47,359
Financial assets at fair value through owner's equity – self-financed	12	19,058,305	18,008,809
Financial assets at fair value through joint investment accounts holders' equity	13	32,306,958	33,869,916
Financial assets at amortized cost	14	364,604,122	396,361,912
Investments in associates	15	9,630,207	9,336,930
Investments in real estate	16	110,647,669	113,696,192
Al Qard Al Hasan – net		30,322,490	36,127,741
Property and equipment – net		85,226,786	85,502,051
Intangible assets		7,367,833	7,058,271
Right of use assets		11,231,753	10,763,279
Deferred tax assets		774,499	750,951
Other assets	17	76,878,667	63,338,951
Total Assets		5,502,243,234	5,463,176,195
Liabilities, Joint Investment Accounts Holders' Equity, Non-controlling interests and Owner's Equity			
Liabilities			
Banks and financial institutions' accounts		23,903,340	37,104,499
Customers' current and on demand accounts	18	1,381,165,526	1,390,005,595
Cash margins		60,511,544	58,059,637
Other provisions	19	13,503,679	15,654,180
Income tax provision	20 A	18,651,763	31,300,247
Deferred tax liabilities		1,393,856	2,230,404
Lease obligations		11,317,109	10,952,521
Other liabilities	21	47,569,678	33,369,309
Total Liabilities		1,558,016,495	1,578,676,372
Joint Investment Accounts Holders' Equity			
Unrestricted investment accounts	22 A	3,412,270,175	3,333,076,044
Investment accounts holders' reserve in subsidiaries and associates	22 B	14,826,668	14,942,207
Fair value reserve	23 A	(1,306,197)	711,012
Total joint investment accounts holders' equity		3,425,790,646	3,348,729,263
Non-controlling interests			
Total joint investment accounts holders' equity and non-controlling interest	22 B	38,361	38,956
Total joint investment accounts holders' equity and non-controlling interest		3,425,829,007	3,348,768,219
Provision against future risks	24 A	15,155,371	15,155,371
Equity			
Owner's equity			
Paid-in capital		200,000,000	200,000,000
Statutory reserve		120,471,745	120,471,745
Voluntary reserve		64,602,142	64,602,142
Fair value reserve	23 B	3,580,380	2,928,070
Retained earnings		82,579,570	132,574,276
Profit for the period after tax		32,008,524	-
Total Owner's Equity – Bank's shareholders		503,242,361	520,576,233
Total liabilities, joint investment accounts holders' equity, non-controlling interests and owner's equity		5,502,243,234	5,463,176,195
Accounts Managed for Others:			
Restricted Investments		141,471,108	116,452,531
Al Wakala Bi Al Istithmar (Investments portfolio)		538,882,768	535,034,031
Al Wakala Bi Al Istithmar		74,794,560	75,632,438

General Manager

Chairman

The accompanying notes from (1) to (41) form an integral part of these interim condensed consolidated financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2023 (REVIEWED AND UNAUDITED)
STATEMENT (B)

	Notes	For the three months Ended 30 June		For the Six Months Ended 30 June	
		2023	2022	2023	2022
		JD	JD	JD	JD
		(Reviewed and Unaudited)	(Reviewed and Unaudited)	(Reviewed and Unaudited)	(Reviewed and Unaudited)
Deferred sales revenues	25	39,242,331	36,962,355	77,107,281	73,984,353
Financing revenues	26	141,429	135,746	295,744	270,169
Gain from financial assets at fair value through joint investment accounts holders' equity	27	131,257	151,108	666,398	546,827
Gain from financial assets at amortized cost	28	4,271,154	1,171,177	10,359,053	4,977,397
Dividends from subsidiaries and associates	29	467,480	48,200	1,067,480	1,048,200
Revenues from Investments in real estate	30	607,100	74,622	1,240,822	2,499,405
Revenues from Ijarah Muntahia Bittamleek assets		13,990,037	12,512,092	26,634,436	24,443,493
Revenues from other investments		2,199,270	611,077	2,714,196	933,232
Recovered from provision for expected credit losses - joint		2,000,000	-	2,000,000	-
Revenues of Joint Investment Accounts - net		63,080,058	61,666,377	122,085,410	108,703,076
Net income of subsidiaries		256,804	77,777	177,288	210,735
Share of profits from investments in associates		(70,694)	(187,023)	572,615	498,984
Total Revenues of Joint Investment Accounts		63,236,168	61,557,131	122,835,313	109,412,795
Deposits guarantee fees joint investment accounts		(1,384,650)	(1,309,477)	(2,789,345)	(2,620,414)
Share of unrestricted investment accounts holders'	31	(32,208,179)	(15,943,380)	(52,049,176)	(32,749,613)
Share of investment accounts holders' from net income of subsidiaries		(256,842)	(78,305)	(177,875)	(211,146)
Share of non-controlling interests' from net income of subsidiaries		38	528	587	411
Share of profits from investments in associates		70,694	187,023	(572,615)	(498,984)
Bank's share of the joint investment accounts revenues as Mudarib and Rab Mai	32	29,467,229	34,413,520	67,266,889	73,333,049
Bank's self-financed revenues	33	595	6,910	12,041	15,235
Bank's share of restricted investments revenues as Mudarib		158,127	122,936	308,420	267,197
Bank's share of restricted investments revenues as Wakeel		4,373,897	4,268,694	4,394,229	4,304,297
Banking services revenues		6,927,981	6,700,513	14,230,864	13,424,056
Foreign currency gain		679,661	653,683	1,115,147	1,196,534
Other income		1,242,978	821,522	1,506,001	1,849,180
Deposits guarantee fees – self		(1,179,090)	(1,170,000)	(2,358,187)	(2,338,851)
Gross Income		41,661,358	45,817,778	86,476,404	92,062,697
Employees expenses		(9,816,569)	(9,755,585)	(23,878,979)	(23,199,699)
Depreciation and amortization		(1,777,289)	(2,086,552)	(3,599,430)	(4,134,423)
Other expenses		(5,195,528)	(5,436,023)	(13,037,588)	(12,157,964)
(Expense) Recovered from provision for expected credit losses – self		(380,801)	-	1,019,199	-
Total Expenses		(17,170,187)	(17,278,160)	(39,496,796)	(39,492,086)
Profit Before Income Tax		24,491,171	28,539,618	46,979,608	52,560,611
Income tax	20 B	(7,595,589)	(10,617,802)	(14,970,084)	(19,529,002)
Profit After Income Tax		16,895,582	17,921,816	32,009,524	33,031,609
		JD / FILS	JD / FILS	JD / FILS	JD / FILS
Basic Earnings per Share for the Period	34	0/084	0/090	0/160	0/165

General Manager

Chairman

The accompanying notes from (1) to (41) 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 AND SIX MONTHS ENDED 30 JUNE 2023 (REVIEWED AND UNAUDITED) STATEMENT (C)

	For the Three Months Ended 30 June		For the Six Months Ended 30 June	
	2023	2022	2023	2022
	JD	JD	JD	JD
	(Reviewed And Unaudited)	(Reviewed And Unaudited)	(Reviewed And Unaudited)	(Reviewed And Unaudited)
Profit after income tax	16,895,582	17,921,816	32,008,524	33,031,609
Items that can't be transferred later to the income statement				
Change in fair value reserve of financial assets – net	420,049	(347,028)	657,604	(211,110)
Total of Comprehensive Income for the Period	17,315,631	17,574,788	32,666,128	32,820,499

The accompanying notes from (1) to (41) 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 SIX MONTHS ENDED 30 JUNE 2023 (REVIEWED AND 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 six months ended 30 June 2023							
Balance at 1 January 2023	200,000,000	120,471,745	64,602,142	2,928,070	132,574,276	-	520,576,233
Profit for the period after tax	-	-	-	-	-	32,008,524	32,008,524
Change in fair value reserve	-	-	-	657,604	-	-	657,604
Total Comprehensive Income for the period after tax	-	-	-	657,604	-	32,008,524	32,666,128
Profits from sale of financial assets at fair value through owner's equity	-	-	-	(5,294)	5,294	-	-
Dividends***	-	-	-	-	(50,000,000)	-	(50,000,000)
Balance at 30 June 2023	200,000,000	120,471,745	64,602,142	3,580,380	82,579,570	32,008,524	503,242,361

* The fair value reserve balance of JD 3,580,380 as at 30 June 2023 is restricted from use, in accordance with the instructions of the securities commission.

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

** An amount of JD 774,499 from retained earnings balance, which represents deferred tax assets as at 30 June 2023, is restricted from use according to the Central bank of Jordan and the Securities Commission.

*** The General Assembly approved on 27 April 2023 the distribution of cash dividends to shareholders at a rate of 25% from the paid in capital of JD 200 million/ share, amounted to JD 50 million through the retained earnings.

The accompanying notes from (1) to (41) 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 SIX MONTHS ENDED 30 JUNE 2023 (REVIEWED AND UNAUDITED)

	STATEMENT (D)					
	Paid-in Capital	Statutory Reserve	Voluntary Reserve	Fair Value Reserve *	Retained Earnings**	Profit for the Period
For the six months ended 30 June 2022	JD	JD	JD	JD	JD	JD
Balance at 1 January 2022	200,000,000	110,912,379	55,081,786	3,069,831	140,544,987	-
Profit for the period after tax	-	-	-	-	-	33,031,609
Change in fair value reserve	-	-	-	(211,110)	-	-
Total Comprehensive Income for the period after tax	-	-	-	(211,110)	-	33,031,609
Dividends***	-	-	-	-	(50,000,000)	(211,110)
Balance at 30 June 2022	200,000,000	110,912,379	55,081,786	2,858,721	90,544,987	33,031,609
						492,429,482

* The fair value reserve balance of JD 2,858,721 as at 30 June 2022 is restricted from use, in accordance with the instructions of the securities commission.

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

*** The general Assembly approved on 26 April 2022 the distribution of cash dividends to shareholders at a rate of 25% from the paid in capital of JD 200 million / share amounted to JD 50 million through the retained earnings .

The accompanying notes from (1) to (41) form an integral part of these interim condensed consolidated financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
AS OF 30 JUNE 2023 (REVIEWED AND UNAUDITED)

STATEMENT (E)

	Notes	For The Six Months Ended on 30 June	
		2023	2022
		JD (Reviewed And Unaudited)	JD (Reviewed And Unaudited)
Cash flows from operating activities			
Profit before tax		46,978,608	52,560,611
Adjustments for non-monetary items:			
Depreciations and amortizations		3,599,430	4,134,423
Costs of lease obligations		309,334	321,207
Provision for expected credit losses – joint		(2,000,000)	-
Provision for expected credit losses - self		(1,019,199)	-
Gain on sale of property and equipment		(106)	(533,279)
Gain on sale of investments in real estate		(956,666)	-
Exchange rates effect on cash and cash equivalents		(643,649)	(786,000)
Profit before change in assets and liabilities		46,267,752	55,696,962
Change in Assets and Liabilities:			
Decrease in investment accounts at banks and financial institutions for more than 3 months		1,418,000	-
Increase in deferred sales receivables and other receivables		(23,769,288)	(97,746,098)
Increase in financing		(106,596)	(504,224)
Increase in Ijara muntahia bitamleek assets		(24,885,278)	(34,009,148)
Decrease in Al Qard Al Hasan		8,285,597	13,425,657
Increase in other assets		(11,231,289)	(5,204,724)
Decrease in current and on demand accounts		(8,840,069)	(916,791)
Increase in cash margins		2,451,907	2,777,321
Increase in other liabilities		14,139,765	4,250,527
Net change in assets and liabilities		(42,537,251)	(117,927,480)
Net cash flows from (used in) operating activities before tax and other payments		3,730,501	(62,230,518)
Taxes paid	20 A	(27,642,116)	(29,219,376)
End of paid service provision	19	(1,974,476)	-
Net Cash Flows used in Operating Activities		(25,886,091)	(91,449,894)
Cash flows from Investment Activities			
Proceeds from sale of financial assets at fair value through income statement-self		11,975	-
Proceeds from sale of financial assets at fair value through owner' equity-self		17,400	3,253
Purchase of financial assets at fair value through owner's equity-self		(1,036)	-
Proceeds from sale of financial assets at fair value through joint investment accounts holders' equity		-	100,000
Purchase of financial assets at fair value through Joint investment accounts holders' equity		(368,678)	(3,114,367)
Purchase of financial assets at amortized cost		(13,298,715)	(77,163,156)
Maturity of financial assets at amortized cost		45,219,176	88,927,504
Proceeds from sale of investment in real estates		2,912,909	1,255,817
Purchase of investment in real estates		(213,942)	(6,961)
Acquired repossessed real estate		(4,159,178)	(6,883,385)
Proceeds from sale of repossessed real estate		1,935,497	1,873,444
Proceeds from sale of properties and equipments		1,509	4,556,752
Purchase of properties and equipments		(2,254,623)	(1,214,702)
Purchase of intangible assets		(757,371)	(618,703)
Net cash flows from Investment Activities		29,044,923	7,715,496
Cash Flow from Financing Activities			
Increase in unrestricted investment accounts holders' equity		79,043,847	60,052,212
Dividends Distributed		(50,000,000)	(50,000,000)
Payment of lease liabilities		(1,257,034)	(1,279,024)
Net Cash Flow from Financing Activities		27,786,813	8,773,188
Net Increase (Decrease) in Cash and Cash Equivalents		30,945,645	(74,961,210)
Exchange rates effect on cash and cash equivalents		643,649	786,000
Cash and cash equivalents at the beginning of the period		726,121,519	890,471,603
Cash and Cash Equivalents at end of period	31	757,710,813	816,296,393

The accompanying notes from (1) to (41) form an integral part of these interim condensed consolidated financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF SOURCES AND USES OF FUNDS OF AL QARD
AL HASAN FUND AS OF 30 JUNE 2023 (REVIEWED AND UNAUDITED) STATEMENT (F)

	30 June 2023 JD (Reviewed And Unaudited)	31 December 2022 JD (Audited)
Beginning balance for the period / year	41,906,315	68,865,578
Sources of the Fund:		
Central bank account/ Al Qard Al Hasan Fund	14,065,775	24,706,391
Sources the Bank is authorized to use	36,636,059	58,068,443
Sources outside the Bank	2,506,508	2,522,980
Total sources of the fund's assets for the period / year	53,208,342	85,297,814
Uses of the Fund:		
Education	260,680	480,753
Medical treatment	184,350	368,855
Marriage	163,000	364,390
Overdraft accounts and other Qard al Hasan	9,366,232	12,279,058
Social advances for the Bank's employees	1,120,623	2,839,180
Central Bank of Jordan Program for Facing Corona Pandemic & Med-term agreement	100,000	100,000
Total uses for the period / year	11,194,885	16,432,236
Settled for the period / year	(19,480,482)	(43,391,499)
Ending balance for the period / year	33,620,718	41,906,315
Less: Provision for expected credit loss – self	(3,298,228)	(5,778,574)
Ending balance for the period / year– net	30,322,490	36,127,741

The accompanying notes from (1) to (41) form an integral part of these condensed consolidated interim financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2023 (REVIEWED AND 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 with a capital of 200 million dinar authorized, subscribed and fully paid up at nominal value at one dinars per share.

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, 89 branches and 22 banking offices inside 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 bank owned by Al Baraka Group – Bahrain as 66% (the parent company), which shares are listed on the Bahrain market.

The interim condensed consolidated financial statements were authorized for issue by the Bank's Board of Directors in their No.7 meeting held on 27 July 2023.

(2) Significant Accounting Policies

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

The accompanying consolidated financial statements of the Bank and its subsidiaries financed from the Bank's funds and the joint investment funds ("the group") have been prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and it was approved by Central Bank of Jordan. 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 main differences between the Islamic accounting standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions as they should be applied, and the instructions of the Central Bank of Jordan can be summarized as follows:

- The provision for expected credit losses for direct facilities is recorded in accordance with the standard Impairment and Credit Losses and Onerous Commitments (FAS 30) issued by the Accounting and Auditing Organization for Islamic Financial Institutions and Central Bank of Jordan instructions No. 47 of 2009, and the most severe results are taken for the stage 2 and stage 3.
- A provision was calculated against the infringing repossessed real estate at the rate of 5% of the total book values of those real estates, and according to the Central Bank of Jordan Circular No. (10/3/16234) dated October 10, 2022, the calculation of the impairment provision for the infringing repossessed real estate was stopped and the balance of the existing provision will be released for any of the infringing repossessed real estate that is got rid of.
- No expected credit losses provision is calculated on exposures or guarantees of the Jordanian government.
- Profits are suspended on non-performing credit financing.

The consolidated financial statements have been prepared according to the historical cost basis, except for financial assets through the income statement, financial assets at fair value through owner's equity, financial assets at fair value through equity of joint investment account holders and investments in real estate, which appear at fair value on the date of the consolidated financial statements.

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2023 (REVIEWED AND UNAUDITED)

The consolidated financial statements are presented in Jordanian Dinars (JD) which is the functional currency of the bank.

A distinction should be made between owner's equity (self) and joint investment accounts holders' (joint).

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 was approved by Central Bank of Jordan, and it shall be read in conjunction with the Bank's annual report as of 31 December 2022. In addition, the results for the six months period ended 30 June 2023 do not necessarily indicate the expected results for the year ended 31 December 2023 and no appropriation was made for the six months profits ended 30 June 2023 since it is made at year-end.

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

The consolidated financial statements comprise 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("Group"). Control exists when the Bank has power to govern the financial and operational policies of subsidiaries in order to obtain benefit from their activities. All intra-company transactions, balances, revenues, and expenses 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 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 within the consolidated income statement 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 owner's equity.

The Bank owns the following subsidiaries as of 30 June 2023:

Company Name	Paid in capital JD	Bank's ownership	Nature of Business	Place of Work	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

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2023 (REVIEWED AND UNAUDITED)

3-2 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 2022, except that the Bank has adopted the following new standards.

FAS 39: Financial Reporting For Zakah

This standard improves upon and supersedes FAS 9 "Zakah" issued previously. This standard aims at setting out the accounting treatment of Zakah in the books of Islamic financial institutions, including the presentation and disclosure in its financial statements.

The standard describes the financial reporting principles applicable, depending upon Islamic financial institutions' obligation to pay Zakah. In addition, where an Islamic financial institution is not required by law or by its constitution documents to pay Zakah, it is still required to identify and disclose the amount of Zakah due in respect of the various stakeholders.

The application of this standard on the interim consolidated financial statements did not have any impact.

FAS 41: Interim Financial Report

The objective of this standard is to define the principles for interim financial reporting for all institutions that apply the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and it should be read together with other accounting standards issued by AAOIFI and generally accepted accounting principles that apply in "related regulatory scopes". This standard applies to organizations that choose or are required to prepare interim financial reports in accordance with applicable laws, regulations or practices.

The application of this standard on the interim consolidated financial statements did not have any impact.

There are no new standards that are binding and the group has not applied them as of 30 June 2023.

4-2 Significant Accounting Policies that have an impact on the interim condensed consolidated financial statements as of 30 June 2023:

Basis of distributing joint investments profit between owner's equity, unrestricted investment accounts holders', restricted investments accounts holders' and Al-Wakala Bi Al Istithmar accounts holders' (Investment portfolio):

-Unrestricted investment accounts:

The bank share as Mudarib was 45% for Jordanian dinar and 55% for foreign currency from total joint investment profit. (2022: 50% for Jordanian dinar, 60% for foreign currency), the remaining balance was distributed between each according to its percentage of contribution, taking into consideration that the priority for funds investment relates to the unrestricted investment accounts holders'.

The bank waived a portion of its share as Mudarib to become 30.24% instead of 45% to improve the overall share of profits distributed to all the Unrestricted investment account holders with an amount of JD 11,838,000 and some of the Unrestricted investment account holders with an amount of JD 5,191,194 . The bank waived a portion of its share as Mudarib in foreign currencies to become 32.96% instead of 55% to improve the overall share of profits distributed to all the Unrestricted investment account holders with an amount of JD 1,257,000 and some of the Unrestricted investment account holders with an amount of JD 182,862.

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The semi-annual investment profits were distributed after deducting the bank's share as a mudarib as of 30 June 2023.

The Unrestricted investment accounts share in the investment profits, which are distributed to all investors each by its percentage of participation and conditions of the account agreement signed between the Bank and the investor.

Unrestricted investment accounts participate in the profit as follows:

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

The bank bears all administrative expenses except for the insurance expense of Ijarah Muntahia Bittamleek assets which are allocated to the joint investment accounts profit.

Al wakala Bi Al Istishmar accounts (investment portfolio):

The bank's fees as an agent (wakeel) were deducted at a rate of 2% of the Al Wakala Bi Al Istithmar account's Capital (Investment Portfolio) as of 30 June 2023, if the annual net profit exceeds 3% after deducting the dividend tax, the excess shall be divided equally between the mawkeel and the wakeel as an incentive for the wakeel. The bank (wakeel) waived part of its share as a wakeel and its share in the increase in net profit by 3% after deducting income tax from the distributed profits determined according to the prospectus with an amount of JD 1,719,561.

The Bank's fees as an agent (wakeel) were deducted at a rate of 2% of the Al Wakala Bi Al Istithmar account's Capital (Investment Portfolio) as of 30 June 2022. The Bank (as an agent – Wakeel) waived part of its share as a wakeel with an amount of JD 1,447,517.

Profit was distributed to Al Wakala Bi Al Istithmar (Investment Portfolio) accounts holders' after deducting the bank's fees as an agent (wakeel).

(3) Use of Estimates

The preparation of the consolidated financial statements requires 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 and expenses and the provisions as well as fair value changes reported in shareholders' equity and unrestricted account holders' 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 consolidated financial statements are reasonable and detailed as follows:

- Expected credit losses for deferred sales receivables and financing: in determining expected credit losses for 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.

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- 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:

	30 June 2023	31 December 2022
	JD	JD
	(Reviewed And Unaudited)	(Audited)
Cash in vaults	216,202,654	192,748,958
Balances at the Central Bank of Jordan:		
Current accounts	298,802,421	348,612,184
Statutory cash reserve	182,804,451	177,868,969
Total balances at the Central Bank of Jordan	481,606,872	526,481,153
Total	697,809,526	719,230,111

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.

An amounts of JD 42,239,216 and JD 35,218,347 were deducted as at 30 June 2023 and as at 31 December 2022 respectively, which represent cash balances for accounts managed on behalf of others.

There are no balances maturing within more than three months period as of 30 June 2023 and 31 December 2022.

There are no restricted balances except for the statutory cash reserve as of 30 June 2023 and 31 December 2022. which is not excluded from cash and cash equivalent

No provision for expected credit losses is calculated on balances with the Central Bank of Jordan.

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A- Movement on balances at Central bank note (4) :

As of 30 June 2023 (Reviewed And Unaudited) :

	Stage 1	
	Individual	Total
	JD	JD
Balances at the beginning of the period	526,481,153	526,481,153
New balances and accounts during the period	710,145,362	710,145,362
Balance and accounts settled	(755,019,643)	(755,019,643)
Ending Balance	481,606,872	481,606,872

As of 31 December 2022 (Audited)

	Stage 1	
	Individual	Total
	JD	JD
Balances at the beginning of the year	711,479,175	711,479,175
New balances and accounts during the year	645,765,829	645,765,829
Balance and accounts settled	(830,763,851)	(830,763,851)
Ending Balance	526,481,153	526,481,153

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(5) Balances at Banks and Financial Institutions

This item consists of the following:

	Local banks and financial institutions		Foreign banks and financial institutions		Total
	30 June 2023	31 December 2022	30 June 2023	31 December 2022	
	JD	JD	JD	JD	
Current and on demand accounts	(Reviewed And Unaudited)	(Audited)	(Reviewed And Unaudited)	(Audited)	(Audited)
provision for expected credit loss	3,546,540	1,540	40,199,587	34,422,867	34,424,407
	(287)	-	(1,566,171)	(589,873)	(589,873)
Net Current and on demand accounts	3,546,253	1,540	38,633,416	33,832,994	33,834,534
Unrestricted accounts maturing within 3 months or less	-	-	40,058,500	9,571,500	9,571,500
provision for expected credit loss	-	-	(71,485)	(5,499)	(5,499)
Net unrestricted accounts maturing within 3 months or less	-	-	39,987,015	9,566,001	9,566,001
Total	3,546,253	1,540	78,620,431	43,398,995	43,400,535

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

- There are no restricted balances at the local and foreign banks and financial institutions as of 30 June 2023 and 31 December 2022 except for current accounts amounted to (1,921,836 JD) as of 30 June 2023 compared to (1,000,309 JD) as of 31 December 2022.

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(6) Investment accounts at bank and financial institutions

This item consists of the following:

	Foreign banks and financial institutions	
	30 June 2023	31 December 2022
	JD	JD
	(Reviewed and Unaudited)	(Audited)
Within (3-6) months	-	1,418,000
Less: expected credit losses provision	-	(41)
Total	-	1,417,959

There are no restricted balances for foreign banks and financial institutions as of 30 June 2023 and 31 December 2022.

(7) Wakala Bil Istithmar Accounts

This item consists of the following:

	Foreign banks and financial institutions	
	30 June 2023	31 December 2022
	JD	JD
	(Reviewed And Unaudited)	(Audited)
Within (3-6) months	17,725,000	17,725,000
Maturing within more than one year	17,725,000	17,725,000
Less: Expected credit losses provision	(271,682)	(241,517)
Total	35,178,318	35,208,483

There are no restricted balances at the foreign banks and financial institutions as of 30 June 2023 and 31 December 2022.

A. Movement on balances at banks and financial institutions, investment accounts at banks and financial institution and wakala bil istithmar accounts (notes 5,6 and 7):

As of 30 June 2023 (Reviewed And Unaudited):

	Stage 1	Stage 3	Total
	Individual		
	JD	JD	JD
Balance at the beginning of the period	79,863,598	1,000,309	80,863,907
New balances and accounts during the period	53,903,186	763	53,903,949
Balances and accounts settled	(16,433,993)	-	(16,433,993)
Transferred from restricted investment accounts	-	1,063,500	1,063,500
Adjustments due to changes exchange rates	-	(142,736)	(142,736)
Balance at the end of the period	117,332,791	1,921,836	119,254,627

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As of 31 December 2022 (Audited):

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the period	87,585,121	829,754	-	88,414,875
New balances and accounts during the year	37,167,683	-	170,555	37,338,238
Balances and accounts settled	(44,889,206)	-	-	(44,889,206)
Transferred (from) to stage 3		(829,754)	829,754	-
Balance at the end of the period	79,863,598	-	1,000,309	80,863,907

B. movement on the expected credit losses on banks and financial institutions, investment accounts and wakala bil istithmar accounts (notes 5,6 and 7):

As of 30 June 2023 (Reviewed And Unaudited):

	Stage 1 Individual	Stage 3	Total
	JD	JD	JD
Balance at the beginning of the period	336,775	500,155	836,930
Expected credit loss on new balances and accounts during the period	88,431	381	88,812
Expected credit loss recovered from balances and accounts settled	(8,249)	-	(8,249)
Impact due to transferred from restricted investment accounts	-	1,063,500	1,063,500
Adjustments due to exchange rates changes	-	(71,368)	(71,368)
Balance at the end of the period	416,957	1,492,668	1,909,625

As of 31 December 2022 (Audited):

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the period	349,304	60,875	-	410,179
Expected credit loss on new balances and accounts during the year	129,663	-	85,278	214,941
Expected credit loss recovered from balances and accounts settled	(142,192)	-	-	(142,192)
Transferred (from) to stage 3	-	(60,875)	60,875	-
Impact on ending balance provision due to change in staging classification	-	-	354,002	354,002
Balance at the end of the period	336,775	-	500,155	836,930

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(8) Deferred Sales Receivables and Other Receivables – Net

This item consists of the following:

	Joint		Self		Total	
	30 June 2023 JD (Reviewed And Unaudited)	31 December 2022 JD (Audited)	30 June 2023 JD (Reviewed And Unaudited)	31 December 2022 JD (Audited)	30 June 2023 JD (Reviewed And Unaudited)	31 December 2022 JD (Audited)
Individuals (Retail):						
Murabaha to the purchase orderer	923,454,929	891,732,063	-	-	923,454,929	891,732,063
Deferred sales	14,255,741	14,421,236	-	-	14,255,741	14,421,236
Ijarah Mawsoofa Bil Thimma	10,976,028	10,587,044	-	-	10,976,028	10,587,044
Ijarah Muntahia Bittamleek receivables	7,310,178	7,079,170	-	-	7,310,178	7,079,170
Istisna'a	169,303	203,143	-	-	169,303	203,143
Customers' receivables	6,624,706	6,802,081	3,999,096	4,167,097	10,623,802	10,969,178
Musharaka receivables	12,053	-	-	-	12,053	-
Real estate financing	583,346,255	582,005,690	-	-	583,346,255	582,005,690
Corporate:						
International Murabaha	27,644,428	25,863,779	-	-	27,644,428	25,863,779
Murabaha to the purchase orderer	587,451,120	563,644,181	-	-	587,451,120	563,644,181
Ijarah Mawsoofa Bil Thimma	-	62,395	-	-	-	62,395
Ijarah Muntahia Bittamleek receivables	346,100	161,834	-	-	346,100	161,834
Istisna'a	18,030,052	20,753,667	-	-	18,030,052	20,753,667
Small and Medium Enterprises (SME's):						
Murabaha to the purchase orderer	190,781,850	178,837,849	-	-	190,781,850	178,837,849
Deferred sales	21,542	13,956	-	-	21,542	13,956
Ijarah Mawsoofa bil Thimma	59,502	336,640	-	-	59,502	336,640
Ijarah Muntahia Bittamleek receivables	610,943	529,378	-	-	610,943	529,378
Istisna'a	759,750	185,500	-	-	759,750	185,500
Customers' receivables	-	-	2,768,824	2,673,868	2,768,824	2,673,868
Government and public sector	1,052,922,843	1,098,979,661	106,613	3,401	1,053,029,456	1,098,983,062
Total	3,424,777,323	3,402,199,267	6,874,533	6,844,366	3,431,651,856	3,409,043,633
Less: deferred revenues	(285,042,828)	(288,856,957)	-	-	(285,042,828)	(288,856,957)
Less: suspended revenues	(9,473,075)	(9,385,170)	-	-	(9,473,075)	(9,385,170)
Less: deferred mutual insurance	(28,060,695)	(25,481,658)	-	-	(28,060,695)	(25,481,658)
Less: expected credit loss provision	(120,650,698)	(122,209,253)	(1,124,801)	(744,000)	(121,775,499)	(122,953,253)
Net deferred sales and other receivables	2,981,550,027	2,956,266,229	5,749,732	6,100,366	2,987,299,759	2,962,366,595

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Movements on expected credit losses provision for deferred sales receivables, other receivables and financing – Joint (note 8 and 10):

As at 30 June 2023 (Reviewed And Unaudited)	Retail		Real estate financing		Large corporates		Small and Medium Enterprises		Total
	JD		JD		JD		JD		JD
Balance at beginning of the period	28,946,465		21,744,070		55,269,805		16,546,932		122,507,272
Transfer to (from) during the period	4,785,011		879,837		(4,948,706)		(2,299,784)		(1,583,642)
Balance at the end of the period	33,731,476		22,623,907		50,321,099		14,247,148		120,923,630

As at 31 December 2022 (Audited)	Retail		Real estate financing		Large corporates		Small and Medium Enterprises		Total
	JD		JD		JD		JD		JD
Balance at beginning of the year	36,317,834		24,535,693		37,566,585		15,820,512		114,240,624
Transfer (from) to during the year	(6,700,033)		(2,764,655)		17,703,220		1,593,232		9,831,764
Used during the year (write-offs)	(671,336)		(26,968)		-		(866,812)		(1,565,116)
Balance at the end of the year	28,946,465		21,744,070		55,269,805		16,546,932		122,507,272

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Movements on expected credit losses provision for deferred sales receivables, other receivables and financing – self (note 8 and 10):

As at 30 June 2023 (Reviewed And Unaudited)

	Retail JD	Real estate financing JD	Large corporates JD	Small and Medium Enterprises JD	Government and public sector JD	Total JD
Balance at beginning of the period	745,887	-	-	-	-	745,887
Transfer to during the period	381,638	-	-	-	-	381,638
Balance at the end of the period	1,127,525	-	-	-	-	1,127,525

As at 31 December 2022 (Audited)

	Retail JD	Real estate financing JD	Large corporates JD	Small and Medium Enterprises JD	Government and public sector JD	Total JD
Balance at beginning of the year	623,986	-	-	-	-	623,986
Transfer to during the year	121,901	-	-	-	-	121,901
Balance at the end of the year	745,887	-	-	-	-	745,887

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Movements on the suspended revenues (note 8) were as follows:

Joint (Reviewed And Unaudited)					
For the period ended 30 June 2023					
	Retail	Real estate financing	Large corporates	Small and Medium Enterprises	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the period	4,435,761	1,186,801	3,037,492	725,116	9,385,170
Add: suspended revenues during the period	870,592	232,929	596,158	142,316	1,841,995
Less: revenue in suspense transferred to revenue	(948,597)	(106,348)	(583,263)	(115,882)	(1,754,090)
Balance at the end of the period	4,357,756	1,313,382	3,050,387	751,550	9,473,075

Joint (Audited)					
For the year ended 31 December 2022					
	Retail	Real estate financing	Large corporates	Small and Medium Enterprises	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	5,298,051	1,309,327	2,710,773	943,611	10,261,762
Add: suspended revenues during the year	1,539,050	380,351	787,462	274,113	2,980,976
Less: revenue in suspense transferred to revenue	(2,271,705)	(415,210)	(460,743)	(456,724)	(3,604,382)
Less: suspended revenues written off	(129,635)	(87,667)	-	(35,884)	(253,186)
Balance at the end of the year	4,435,761	1,186,801	3,037,492	725,116	9,385,170

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(9) Ijarah Muntahia Bittamleek Assets - Net

	Joint	
	30 June 2023 JD (Reviewed And Unaudited)	31 December 2022 JD (Audited)
Cost	1,129,154,325	1,079,970,555
Accumulated Depreciation	(215,951,868)	(191,653,376)
Impairment provision	(75,000)	(75,000)
Net Ijarah Muntahia Bittamleek assets	913,127,457	888,242,179

The accrued Ijarah installments amounted to JD 8,267,221 as at 30 June 2023 compared as at 31 December 2022 JD 7,770,382 were included in deferred sales receivables and other receivables (Note 8).

(10) Financing – Net

	Joint		Self		Total	
	30 June 2023 JD (Reviewed And Unaudited)	31 December 2022 JD (Audited)	30 June 2023 JD (Reviewed And Unaudited)	31 December 2022 JD (Audited)	30 June 2023 JD (Reviewed And Unaudited)	31 December 2022 JD (Audited)
Individuals (Retail):						
Diminishing Musharaka	38,664,892	38,549,429	189,581	198,448	38,854,473	38,747,877
Less: Expected credit loss provision	(272,932)	(298,019)	(2,724)	(1,887)	(275,656)	(299,906)
Net Financing	38,391,960	38,251,410	186,857	196,561	38,578,817	38,447,971

Non-performing deferred sales receivables, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan amounted to JD 112,853,996 as at 30 June 2023, representing 3.22% of deferred sales receivable, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan balance compared to JD 100,734,560 as at 31 December 2022, representing 2.89% of the utilized balance at the end of the previous year.

Non-performing deferred sales receivables, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan after deducting suspended revenues amounted to JD 105,419,076 as at 30 June 2023, representing 3.01% of deferred sales, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan balance after deductions suspended revenues, compared to JD 93,325,578 as at 31 December 2022, representing 2.68% 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 1,056,024,540 as at 30 June 2023, representing 30.14% of deferred sales, other receivables and financing balance, compared to JD 1,101,978,146 as at 31 December 2022, representing 31.58% of the utilized balance at the end of the previous year.

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A- Cumulative movement on direct facilities (deferred sales receivables , other receivables, financing and Al-Qard Al-Hasan):

As of 30 June 2023 (Reviewed And 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	1,624,433,741	1,034,199,652	349,255,458	42,654,507	115,430,682	3,165,974,040
New facilities during the period	356,248,981	184,603,645	90,551,281	3,841,088	1,822,351	637,067,346
Settled facilities	(335,924,144)	(178,256,460)	(91,899,173)	(8,412,094)	(6,999,066)	(621,490,937)
Transferred (from) to stage 1	41,104,927	12,539,567	(40,346,574)	(11,403,346)	(1,894,574)	-
Transferred (from) to stage 2	(103,533,975)	(25,372,232)	115,291,506	27,744,696	(14,129,995)	-
Transferred (from) to stage 3	(5,075,279)	(1,653,751)	(19,535,569)	(7,467,550)	33,732,149	-
Balance at the end of the period	<u>1,577,254,251</u>	<u>1,026,060,421</u>	<u>403,316,929</u>	<u>46,957,301</u>	<u>127,961,547</u>	<u>3,181,550,449</u>

As of 31 December 2022 (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	1,517,201,239	928,239,973	410,039,568	47,562,501	128,617,707	3,031,660,988
New facilities during the year	581,953,003	391,113,514	139,930,373	7,570,137	4,756,678	1,125,323,705
Settled facilities	(506,062,271)	(271,665,662)	(169,448,626)	(16,553,064)	(25,131,470)	(988,861,093)
Transferred (from) to stage 1	121,983,457	15,857,801	(120,360,886)	(13,220,753)	(4,259,619)	-
Transferred (from) to stage 2	(84,439,576)	(23,483,363)	111,150,895	27,538,238	(30,766,194)	-
Transferred (from) to stage 3	(6,202,111)	(5,862,611)	(22,055,866)	(10,242,552)	44,363,140	-
Written of facilities	-	-	-	-	(2,149,560)	(2,149,560)
Balance at the end of the year	<u>1,624,433,741</u>	<u>1,034,199,652</u>	<u>349,255,458</u>	<u>42,654,507</u>	<u>115,430,682</u>	<u>3,165,974,040</u>

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B- Cumulative movement on the expected credit loss for direct facilities (deferred sales receivables , other receivables, financing and Al-Qard Al-Hasan):

As of 30 June 2023 (Reviewed And Unaudited):

	Large corporates	SMEs	Individuals	Real estate financing	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the period	55,333,502	17,440,531	34,512,265	21,745,435	129,031,733
Expected credit loss on the new facilities during the period	2,468,043	510,779	919,539	323,722	4,222,083
Expected credit loss recovered from settled facilities	(107,767)	(108,546)	(962,264)	(185,081)	(1,363,658)
Transferred (from) to stage 1	(55,881)	(51,409)	918,709	533,041	1,344,460
Transferred (from) to stage 2	3,164,321	732,626	(48,838)	161,103	4,009,212
Transferred (from) to stage 3	(3,108,440)	(681,217)	(869,871)	(694,144)	(5,353,672)
Impact on ending balance provision due to change in staging classification	1,741,554	449,546	2,183,221	3,941,141	8,315,462
Adjustments	(9,065,129)	(3,015,086)	423,040	(3,199,062)	(14,856,237)
Balance at the end of the period	50,370,203	15,277,224	37,075,801	22,626,155	125,349,383
Reallocated:					
Individual level provision	50,370,203	12,990,196	9,691,463	11,622,518	84,674,380
Collective level provision	-	2,287,028	27,384,338	11,003,637	40,675,003

As of 31 December 2022 (Audited):

	Large corporates	SMEs	Individuals	Real estate financing	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	37,577,278	16,660,354	40,832,834	24,544,680	119,615,146
Expected credit loss on the new facilities during the year	15,206,264	1,378,746	1,869,913	1,771,520	20,226,443
Expected credit loss recovered from settled facilities	(2,468,642)	(743,819)	(998,309)	(539,618)	(4,750,388)
Transferred (from) to stage 1	535,206	216,432	1,458,945	1,244,730	3,455,313
Transferred (from) to stage 2	9,471,589	2,306,160	215,874	(883,802)	11,109,821
Transferred (from) to stage 3	(10,006,794)	(2,522,593)	(1,674,819)	(360,928)	(14,565,134)
Impact on ending balance provision due to change in staging classification	(9,009,683)	116,363	3,018,989	1,181,904	(4,692,427)
Adjustments	14,028,284	905,809	(9,431,803)	(5,186,083)	316,207
Written off facilities	-	(876,921)	(779,359)	(26,968)	(1,683,248)
Balance at the end of the period	55,333,502	17,440,531	34,512,265	21,745,435	129,031,733
Reallocated:					
Individual level provision	55,333,502	15,077,956	10,190,840	8,247,520	88,849,818
Collective level provision	-	2,362,575	24,321,425	13,497,915	40,181,915

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Cumulative movement on the expected credit loss for direct facilities (sales receivables, other receivables, financing and Al-Qard Al-Hasan):

	As of 30 June 2023 (Reviewed and Unaudited)						As of 31 December 2022 (Audited)	
	Stage 1			Stage 2			Total	Total
	Individual	Collective		Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period / year	2,471,972	13,493,041		31,454,763	3,595,985	78,015,972	129,031,733	119,615,146
Impairment loss on new exposures during the period / year	943,128	296,468		1,269,063	419,273	1,294,151	4,222,083	20,226,442
Recovered from impairment loss on settled exposures	(110,547)	(75,192)		(23,557)	(213,891)	(940,471)	(1,363,658)	(4,750,388)
Transferred (from) to stage 1	680,267	1,221,086		(346,012)	(674,990)	(880,351)	-	-
Transferred (from) to stage 2	(479,846)	(58,044)		5,058,834	731,675	(5,252,619)	-	-
Transferred (from) to stage 3	(10,366)	(8,637)		(67,200)	(693,094)	779,297	-	-
Impact on impairment loss due to change in staging classification	(547,329)	(1,200,065)		(4,388,863)	994,100	13,457,619	8,315,462	(4,692,426)
Impact on provision due to adjustment	(747,228)	(4,276,928)		(1,059,805)	(481,856)	(8,290,420)	(14,856,237)	316,207
Impairment loss on written off exposures	-	-		-	-	-	-	(1,683,248)
Balance at the end of the period / year	2,200,051	9,391,729		31,897,223	3,677,202	78,183,178	125,349,383	129,031,733

(11) Financial Assets at Fair Value Through Income Statement – Self Financed

	30 June 2023	31 December 2022
	JD	JD
	(Reviewed and Unaudited)	(Audited)
Quoted financial assets		
Companies shares	35,384	47,359
Total financial assets at fair value through income statement – self financed	35,384	47,359

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

	30 June 2023	31 December 2022
	JD	JD
	(Reviewed And Unaudited)	(Audited)
Quoted financial assets		
Companies shares	5,307,679	4,673,901
Total financial assets – quoted	5,307,679	4,673,901
Unquoted financial assets		
Companies shares	2,894,574	2,419,486
Al Wakala Bi Al Istithmar (investment portfolio)	10,854,052	10,915,422
Total financial assets - unquoted	13,748,626	13,334,908
Total financial assets at fair value through owner's equity – self financed	19,056,305	18,008,809

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

	30 June 2023	31 December 2022
	JD	JD
	(Reviewed And Unaudited)	(Audited)
Quoted financial assets:		
Companies shares	17,179,876	19,179,595
Total quoted financial assets	17,179,876	19,179,595
Unquoted financial assets:		
Companies shares	13,843,696	13,399,274
Al Wakala Bi Al Istithmar (investment portfolio)	1,283,386	1,291,047
Total unquoted financial assets	15,127,082	14,690,321
Total financial assets at fair value through joint investment accounts holders' equity	32,306,958	33,869,916

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(14) Financial Assets at Amortized Cost

	30 June 2023 JD (Reviewed And Unaudited)	31 December 2022 JD (Audited)
Quoted financial assets		
Islamic Sukuk	12,762,000	12,762,000
Expected credit losses provision	(89,764)	(105,654)
Net quoted financial assets	12,672,236	12,656,346
Unquoted financial assets at amortized cost		
Islamic Sukuk	347,084,759	376,430,472
Islamic banks portfolio	6,739,710	9,314,458
Total unquoted financial assets	353,824,469	385,744,930
Expected credit losses provision	(1,892,583)	(2,039,364)
Net unquoted financial assets	351,931,886	383,705,566
Total Financial Assets at amortized cost	364,604,122	396,361,912

- Islamic Sukuk in Jordanian Dinars rate of return ranges between (3.55% - 5.47%) payable on a semi-annual basis, with a maturity of less than 4 years.
- Islamic Sukuk in US Dollars rate of return on long term ranges between (6.87% - 10.00%) payable on a semi-annual basis, with a maturity of less than 10 years.
- Rate of return on short term Islamic Sukuk in US Dollars ranges between (5.75% - 5.95%) with a maturity of 3-6 months .

A. Cumulative movement on financial assets at amortized cost :

As of 30 June 2023 (Reviewed And Unaudited):

	Stage 1 Individual JD	Stage 2 Individual JD	Stage 3 JD	Total JD
Balance at the beginning of the period	393,671,885	3,016,672	1,818,373	398,506,930
New investments during the period	13,298,715	-	-	13,298,715
Matured investments	(44,329,504)	(889,672)	-	(45,219,176)
Balance at the end of the period	362,641,096	2,127,000	1,818,373	366,586,469

As of 31 December 2022 (Audited):

	Stage 1 Individual JD	Stage 2 Individual JD	Stage 3 JD	Total JD
Balance at the beginning of the year	268,622,313	-	1,818,373	270,440,686
New investments during the year	180,555,181	3,016,672	-	183,571,853
Matured investments	(55,505,609)	-	-	(55,505,609)
Balance at the end of the year	393,671,885	3,016,672	1,818,373	398,506,930

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B. Cumulative movement on the expected credit loss:

As of 30 June 2023 (Reviewed And Unaudited):

	Stage 1	Stage 2		
	Individual	Individual	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the period	142,555	184,090	1,818,373	2,145,018
Expected credit loss on new investments during the period	57,622	-	-	57,622
Expected credit loss recovered from matured investments	(57,841)	(54,292)	-	(112,133)
Adjustments	(38,181)	(69,979)	-	(108,160)
Balance at the end of the period	104,155	59,819	1,818,373	1,982,347

As of 31 December 2022 (Audited):

	Stage 1	Stage 2		
	Individual	Individual	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the year	170,264	-	1,818,373	1,988,637
Expected credit loss on new investments during the year	36,782	184,090	-	220,872
Expected credit loss recovered from matured investments	(7,905)	-	-	(7,905)
Adjustments	(56,586)	-	-	(56,586)
Balance at the end of the year	142,555	184,090	1,818,373	2,145,018

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(15) Investments in associates

This item consists of the following:

Company Name	Country of incorporation	Percentage of ownership	Nature of activity	Acquisition date	Joint			
					Cost		Value under equity method	
					30 June 2023	31 December 2022	30 June 2023	31 December 2022
		%			JD	JD	JD	JD
<u>Associates</u>					(Reviewed and Unaudited)	(Audited)	(Reviewed and Unaudited)	(Audited)
Jordan Center for International Trading Co.	Jordan	28.4	Commercial	1983	1,070,507	1,070,507	1,569,906	1,554,240
Islamic Insurance Co.	Jordan	33.3	Insurance	1995	4,625,908	4,625,908	8,060,301	7,782,690
Total associates					5,696,415	5,696,415	9,630,207	9,336,930

Investments in associates are measured using equity method, Fair value of these investments as at 30 June 2023 amounted to JD 8,135,730 compared to JD 8,153,270 as at 31 December 2022.

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(16) Investments in Real Estate

	Joint	
	30 June 2023	31 December 2022
	JD	JD
	(Reviewed And Unaudited)	(Audited)
Investments in real estate *	110,647,669	113,696,192
Total	110,647,669	113,696,192

* Investment in real estate are presented at fair value, with a book value (cost) of JD 107,665,578 as at 30 June 2023 compared to JD 109,407,879 as at 31 December 2022.

- Movements on investments in real estate were as follow:

	30 June 2023 (Reviewed And Unaudited)		
	Lands	Buildings	Total
	JD	JD	JD
Balance at the beginning of the period	67,225,609	46,470,583	113,696,192
Disposals	(3,048,523)	-	(3,048,523)
Net Investments in real estate at the end of the period	64,177,086	46,470,583	110,647,669

	31 December 2022 (Audited)		
	Lands	Buildings	Total
	JD	JD	JD
Balance at the beginning of the year	70,771,125	48,252,521	119,023,646
Disposals *	(5,230,892)	(300,081)	(5,530,973)
Revaluation difference	1,685,376	(1,481,857)	203,519
Net Investments in real estate at the end of the year	67,225,609	46,470,583	113,696,192

- 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 30 June 2023 and 31 December 2022. The fair value was determined based on recent market transactions as well as independent appraisers' information and professional judgments.

* On 22 December 2022, one of the lands was transferred from investments in real estate (joint investment accounts) to the bank's self-assets, due to the bank's desire to use it for the purpose of establishing an electricity generation plant to serve its branches, where the approval of the Real Estate Investment Committee was obtained to sell the property based on the average real estate estimates of three accredited real estate valuers amounted to 240,373 JD, and the book value of the property at the date of the transfer amounted to 134,020 JD, and as a result of this transfer, a profit for joint investment account holders amounted to 106,354 JD. There was no fundamental change in the value of these assets at the beginning and end of the financial period. These assets are indivisible and did not result in any differences in foreign currency, and the prior approval of the Central Bank of Jordan was taken according to the instructions.

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(17) Other Assets

	30 June 2023	31 December 2022
	JD	JD
	(Reviewed And Unaudited)	(Audited)
Accrued revenues	5,335,491	2,692,593
Prepaid expenses	6,501,832	367,939
Temporary debit accounts	9,045,046	7,965,934
Stationery and publications	588,343	627,479
Stamps	76,220	69,322
Credit card accounts	9,427,027	8,352,247
Settlement guarantee fund deposits	48,000	25,000
Refundable deposits	357,296	351,980
Reposessed assets by the Bank against debts- net*	45,128,675	42,820,248
Others	370,737	66,209
Total	76,878,667	63,338,951

* The following is a summary of the movement for the assets owned by the bank in settlement of reposessed assets by the Bank against debts:

	30 June 2023	31 December 2022
	JD	JD
	(Reviewed And Unaudited)	(Audited)
Beginning balance for the period / year	45,056,818	37,378,971
Additions	4,159,178	12,719,324
Disposals	(1,935,497)	(5,041,477)
Ending balance for the period / year	47,280,499	45,056,818
Provision for acquired assets *	(588,589)	(612,731)
provision for impairment in acquired assets	(1,563,235)	(1,623,839)
Total	45,128,675	42,820,248

* A provision was calculated against the infringement reposessed real estate at the rate of 5% of the total book values of those real estate during the year 2022, and according to the Central Bank of Jordan Circular No. (10/3/16234) dated 10 October 2022, the calculation of the impairment provision for the infringement reposessed real estate was stopped and the balance was released existing allowance against any of the infringing reposessed real estate that is disposed of.

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(18) Customers' Current and on Demand Accounts

30 June 2023 (Reviewed And Unaudited)					
	Retail	Large corporates	Small and Medium Enterprises	Government and public sector	Total
	JD	JD	JD	JD	JD
Current accounts	825,824,493	18,665,359	246,471,120	22,719,062	1,113,680,034
On demand accounts	266,065,116	346,984	1,010,862	62,530	267,485,492
Total	1,091,889,609	19,012,343	247,481,982	22,781,592	1,381,165,526

31 December 2022 (Audited)					
	Retail	Large corporates	Small and Medium Enterprises	Government and public sector	Total
	JD	JD	JD	JD	JD
Current accounts	820,449,773	19,207,829	257,806,231	28,203,834	1,125,667,667
On demand accounts	262,423,818	919,321	994,789	-	264,337,928
Total	1,082,873,591	20,127,150	258,801,020	28,203,834	1,390,005,595

Government and public sector deposits inside the Kingdom amounted to JD 22,781,592 representing 1.65% of the total customers' current and on demand accounts as at 30 June 2023 compared to JD 28,203,834 representing 2.03% as at 31 December 2022.

Dormant accounts amounted to JD 17,005,741 as of 30 June 2023 compared to JD 14,229,016 as of 31 December 2022.

The restricted accounts amounted to JD 7,298,952 representing 0.53% of the total customers' current and on demand accounts as of 30 June 2023 compared to JD 7,153,085 representing 0.51% as of 31 December 2022 of the total customers' current and on demand accounts.

(19) Other provisions

This item consists of the following

30 June 2023 (Reviewed and Unaudited)					
	Beginning Balance for the period	Appropriated during the period	Transferred to (from) during the period	Utilized during the period	Ending Balance for the period
	JD	JD	JD	JD	JD
End of service indemnity provision	5,200,000	-	-	(1,974,476)	3,225,524
Legal case held against bank provision	75,000	-	-	-	75,000
Employees' vacation provision	3,800,000	-	-	-	3,800,000
Expected credit losses provision against Contingent liabilities -(Note 39-B) Joint	736,810	-	(278,929)	-	457,881
Expected credit losses provision against Contingent liabilities -(Note 39-B) Self	5,842,350	-	102,924	-	5,945,274
Total	15,654,160	-	(176,005)	(1,974,476)	13,503,679

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	31 December 2022 (Audited)				
	Beginning Balance for the year	Appropriated during the year	Transferred to (from) during the year	Utilized during the year	Ending Balance for the year
	JD	JD	JD	JD	JD
End of service indemnity provision	4,350,000	850,000	-	-	5,200,000
Legal cases held against bank provision	75,000	-	-	-	75,000
Employees' vacation provision	3,600,000	200,000	-	-	3,800,000
Expected credit losses provision against Contingent liabilities -(Note 39-B) Joint	2,132,047	-	(1,395,237)	-	736,810
Expected credit losses provision against Contingent liabilities -(Note 39-B) Self	6,403,296	-	(560,946)	-	5,842,350
Total	16,560,343	1,050,000	(1,956,183)	-	15,654,160

(20) Income Tax Provision

A- Bank's Income Tax Provision:

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

	30 June 2023 JD (Reviewed And Unaudited)	31 December 2022 JD (Audited)
Beginning balance for the period / year	31,300,247	32,652,979
Income tax paid	(27,642,116)	(28,749,724)
Income tax expense	14,993,632	35,180,593
Income tax paid in advance for the year 2022	-	(7,783,601)
Ending balance for the period / year	18,651,763	31,300,247

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

	30 June	
	2023	2022
	JD	JD
	(Reviewed And Unaudited)	(Reviewed And Unaudited)
Income tax expense for the profit of the period	14,993,632	19,529,002
Less: deferred tax assets (formed during the period)	(23,548)	
Total	14,970,084	19,529,002

Income tax was calculated in accordance with Income Tax Law No. (38) of 2018 and its amendments, to become 35% income tax in addition to 3% national contribution, a total of 38% for the Bank.

The Bank reached a final settlement up to end of 2020 and the Bank submitted the income tax declarations for the years 2021 and 2022, but the Income and Sales Tax Department has not reviewed the records up to the date of this interim condensed consolidated financial statements.

There are no pending cases concerning the bank with the Income Tax Court, and in the opinion of the bank's administration and its tax consultant, the tax allocations taken are sufficient as of 30 June 2023.

Subsidiary Companies:

Al Samaha Financing and Investment Company Ltd:

The Company reached a final settlement with the income tax department up to end of 2018, the Company submitted the income tax declaration for the years 2019,2020,2021 and 2022, the income and sales tax department has not reviewed the records up to the date of this interim condensed consolidated financial statements .

Sanabel Al-Khair for financial investment Company Ltd:

The Company reached a final settlement with the income tax department up to end of 2020, and the Company submitted the income tax declaration for the years 2021 and 2022. The income and sales tax department has not reviewed the records up to the date of this interim condensed consolidated financial statements.

Omaryeh school company Ltd:

The Company reached final settlement with the income tax department up to end of 2018, the Company submitted the income tax declaration for the years 2019,2020,2021 and 2022, the income tax department has not reviewed the records up to the date of this interim condensed consolidated financial statements.

Future Applied Computer Technology Company Ltd:

The Company reached final settlement with the income tax department up to end of 2020 , the Company submitted the income tax declaration for the years 2021 and 2022, the income and sales tax department has not reviewed the records up to the date of this interim condensed consolidated financial statements.

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21) Other Liabilities

This item consists of the following:

	30 June 2023 JD (Reviewed And Unaudited)	31 December 2022 JD (Audited)
Accepted cheques	401,856	632,593
Revenues received in advance	464,858	1,489,248
Al Qard Al Hasan Fund	2,506,508	2,522,980
Temporary deposits	1,866,185	1,342,299
Miscellaneous credit balances	1,503,719	1,576,988
Cheques against notes payables	4,917,303	5,704,024
Investments deposit profits	8,785,354	-
Banker's cheques	7,654,250	6,823,072
Accounts payable	1,307,636	1,270,121
Collection bills	3,245,575	3,569,151
Cards limits - received in advance	7,777,334	6,147,168
others	7,139,100	2,291,665
Total	47,569,678	33,369,309

(22) Unrestricted Investment Accounts

A- This item consists of the following:

	30 June 2023 (Reviewed And Unaudited)					
	Retail	Large corporates	Small and Medium Enterprises	Government and public sector	Banks	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	629,936,998	4,282,449	8,406,935	276	22,627,818	665,254,476
Notice accounts	8,020,797	-	3,241,441	659,077	12,496,952	24,418,267
Term accounts	2,201,713,978	49,464,163	211,489,682	167,880,433	40,000,000	2,670,548,256
Total	2,839,671,773	53,746,612	223,138,058	168,539,786	75,124,770	3,360,220,999
Depositors' share from Investment returns	41,840,377	1,282,645	4,346,149	3,729,082	850,923	52,049,176
Total unrestricted investment accounts	2,881,512,150	55,029,257	227,484,207	172,268,868	75,975,693	3,412,270,175

	31 December 2022 (Audited)					
	Retail	Large corporates	Small and Medium Enterprises	Government and public sector	Banks	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	634,656,330	580,959	8,099,703	278	24,204,359	667,541,629
Notice accounts	8,818,494	-	4,163,348	641,666	8,045,265	21,668,773
Term accounts	2,107,740,965	60,016,758	191,594,253	172,390,043	30,000,000	2,561,742,019
Total	2,751,215,789	60,597,717	203,857,304	173,031,987	62,249,624	3,250,952,421
Depositors' share from Investment returns	66,190,642	2,167,236	6,338,253	6,670,997	756,495	82,123,623
Total unrestricted investment accounts	2,817,406,431	62,764,953	210,195,557	179,702,984	63,006,119	3,333,076,044

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Unrestricted investment accounts share of profits is calculated as follows:

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

Profit distributed percentage for Jordanian Dinars on unrestricted investment accounts was (4.00% - 5.90%) as at 30 June 2023 compared to (3.34% - 5.55%) as at 31 December 2022, Profit distributed percentage of foreign currencies on unrestricted investment accounts was (3.33% - 4.17%) as at 30 June 2023 compared to (2.00% - 3.33%) as at 31 December 2022.

Profit distributed percentage for Jordanian Dinars on saving and notice accounts was 2.8% as at 30 June 2023 compared to 3.34% as at 31 December 2022, Profit distributed percentage of foreign currencies on saving and notice accounts was 2.1% as at 30 June 2023 compared to 2.0% as at 31 December 2022.

Unrestricted investment accounts (Government of Jordan and Public Sector) inside the Kingdom amounted to JD 172,268,868 representing 5.05 % of the total unrestricted investment accounts as at 30 June 2023 compared to JD 179,702,984 representing 5.39 % as at 31 December 2022.

Dormant accounts amounted to JD 35,854,168 as at 30 June 2023 compared to JD 42,388,562 as at 31 December 2022.

The withdrawal restricted investment accounts amounted to JD 6,119,526 representing 0.18 % of the total unrestricted investment accounts as at 30 June 2023 compared to JD 4,536,979, representing 0.14 % as at 31 December 2022.

The balance of the mutual insurance fund included in the unrestricted investment accounts amounted to 53,178,529 JD as of 30 June 2023 (2022: 54,352,361 JD) (Note 24-b).

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

	Joint	
	30 June 2023	31 December 2022
	JD	JD
	(Reviewed And Unaudited)	(Audited)
Investment accounts holders' reserve – Subsidiaries	10,892,876	11,301,692
Investment accounts holders' reserve – Associates	3,933,792	3,640,515
Total	14,826,668	14,942,207
Non-Controlling Interests-investment account holders	38,361	38,956

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(23) Fair Value Reserve -net

A- Joint

	Joint	
	30 June 2023	31 December 2022
	JD (Reviewed And Unaudited)	JD (Audited)
Financial assets evaluation at fair value through joint investment		
accounts holders' equity reserve	(3,155,093)	(1,947,742)
Investments evaluation in real estate reserve	1,848,896	2,658,754
Total	(1,306,197)	711,012

Movement on the fair value reserve\ joint investment accounts holders' equity were as follows:

	30 June 2023 (Reviewed and Unaudited)		
	Financial assets at fair value	Investments in real estate	Total
	JD	JD	JD
Balance at the beginning of the period *	(3,141,520)	4,288,313	1,146,793
Unrealized losses	(1,947,339)	(349,590)	(2,296,929)
Deferred tax assets (liabilities)	1,933,766	(1,133,195)	800,571
Profits transferred to the consolidated income statement	-	(956,632)	(956,632)
Balance at the end of the period	(3,155,093)	1,848,896	(1,306,197)

	31 December 2022 (Audited)		
	Financial assets at fair value	Investments in real estate	Total
	JD	JD	JD
Balance at the beginning of the year	(2,968,345)	6,284,657	3,316,312
Unrealized (losses) profits	(173,175)	1,261,242	1,088,067
Deferred tax assets (liabilities)	1,193,778	(1,629,559)	(435,781)
Profits transferred to the consolidated income statement	-	(3,257,586)	(3,257,586)
Balance at the end of the year	(1,947,742)	2,658,754	711,012

* The fair value reserve beginning balance includes the prior year deferred tax liabilities of JD 435,781 .

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B- Self

	Self	
	30 June 2023	31 December 2022
	JD (Reviewed And Unaudited)	JD (Audited)
Financial assets evaluation reserve at fair value through owner's equity – self	3,580,380	2,928,070
Total	3,580,380	2,928,070

Movement on the fair value reserve / owner's equity (shareholders equity) were as follows:

	Financial assets at fair value	
	30 June 2023	31 December 2022
	JD (Reviewed And Unaudited)	JD (Audited)
Beginning Balance for the period / year *	4,722,693	4,951,340
Unrealized (losses) profits	1,057,409	(228,647)
Deferred tax liabilities	(2,194,427)	(1,794,623)
Profits transferred to retained earnings	(5,295)	-
Ending Balance for the period / year	3,580,380	2,928,070

* The fair value reserve beginning balance includes the prior year deferred tax liabilities of JD 1,794,623.

(24) Provision for future expected risks

A- Movement on provision for future risks were as follows :

	30 June 2023	31 December 2022
	JD (Reviewed And Unaudited)	JD (Audited)
Beginning balance for the period / year	15,155,371	25,000,000
Transfer to provision for expected credit loss-joint	-	(9,844,629)
Ending Balance for the period / year	15,155,371	15,155,371

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B. Mutual Insurance Fund

Movement on the Mutual Insurance Fund were as follows:

	30 June 2023	31 December 2022
	JD	JD
	(Reviewed And Unaudited)	(Audited)
Beginning balance for the period / year	54,352,361	50,448,766
Add: profits for the years 2021 and 2022	1,470,391	1,155,864
Add: insurance premiums collected during the period / year	4,995,922	10,508,047
Add: amounts recovered from prior years losses	99,128	213,330
Less: insurance premiums paid during the period / year	(7,060,355)	(6,357,548)
Less: income tax fund's for the years 2021 and 2022	(662,135)	(1,104,317)
Less: fund's committee members remunerations	(16,783)	(16,000)
Less: consulting fees during the period / year	-	(1,740)
Less: losses written off during the period / year	-	(494,041)
Ending balance for the period / year	53,178,529	54,352,361

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.

The bank expanded the coverage of the insured segment as of 1 July 2023 to include those who debts due amount (equal JD 200 thousand or less) instead of (JD 150 thousand or less) after obtaining the approval of the Central Bank of Jordan.

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

- Death of subscriber.
- The subscriber's physical disability, fully or partially.
- The subscriber's insolvency due to lack of income sources for at least one year, without having an asset or possessing the leased estate to settle his debt and has no opportunity to obtain income source in the upcoming year that enable the debtor to settle his debt or to continue in the finance lease and based on the bank's decision about it.
- As of the beginning of 2018, the group has applied the accrual basis instead of cash basis with regards to insurance premiums received from subscribers.
- Mutual insurance fund covers financing granted by the Bank (financing granted from joint investment accounts and Al Wakala Bi Al Istithmar accounts (Investments Portfolio)).
- The balance of the mutual fund insurance is among the unrestricted investment accounts(note 22).

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C. Provision for expected credit losses- Deferred sales receivables and other receivables - joint (note 8)

	30 June 2023	31 December 2022
	JD	JD
	(Reviewed And Unaudited)	(Audited)
Provision for expected credit loss - Bank	118,771,394	120,329,949
Expected credit loss provision - for Al samaha funding and investment company Ltd .	824,865	824,865
Expected credit loss provision - for Al omariah school company Ltd.	1,054,439	1,054,439
Total	120,650,698	122,209,253

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

	30 June 2023	31 December 2022
	JD	JD
	(Reviewed And Unaudited)	(Audited)
Balance at the beginning of the period / year	127,947,727	119,661,999
Transferred from provision of expected future risk (Note 24 A)	-	9,844,629
Provision from subsidiaries	-	6,113
Recovered from provision for expected credit losses - joint	(2,000,000)	-
Written-off	-	(1,565,014)
Others	(13,878)	-
Balance at the end of the period/ year	125,933,849	127,947,727

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(25) Deferred Sales Revenues

	Joint		self		Total	
	For the six months ended 30 June		For the six months end 30 June		For the six months end 30 June	
	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD
	(Reviewed And Unaudited)	(Reviewed And Unaudited)	(Reviewed And Unaudited)	(Reviewed And Unaudited)	(Reviewed And Unaudited)	(Reviewed And Unaudited)
Individuals (Retail):						
Murabaha to the purchase orderer	27,906,352	23,749,632	-	-	27,906,352	23,749,632
Deferred sales	481,002	458,718	-	-	481,002	458,718
Ijarah Mawsoofa Bil Thimma	334,700	272,951	-	-	334,700	272,951
Istisna'a	6,651	8,030	-	-	6,651	8,030
Real Estate Financing	14,268,617	14,458,342	-	-	14,268,617	14,458,342
Corporate:						
International Murabaha	259,632	119,714	-	-	259,632	119,714
Murabaha to the purchase orderer	9,230,093	8,576,860	-	-	9,230,093	8,576,860
Ijarah Mawsoofa Bil Thimma	-	899	-	-	-	899
Istisna'a	534,824	687,077	-	-	534,824	687,077
Small and Medium Enterprises:						
Murabaha to the purchase orderer	4,390,457	4,305,317	-	-	4,390,457	4,305,317
Deferred sales	504	282	-	-	504	282
Ijarah Mawsoofa Bil Thimma	2,134	4,923	-	-	2,134	4,923
Istisna'a	30,305	15,197	-	-	30,305	15,197
Government and public sector	19,662,010	21,326,411	-	-	19,662,010	21,326,411
Total	77,107,281	73,984,353	-	-	77,107,281	73,984,353

(26) Financing Revenues

	Joint		Self		Total	
	For the Six Months Ended on 30 June		For the Six Months Ended on 30 June		For the Six Months Ended on 30 June	
	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD
	(Reviewed And Unaudited)	(Reviewed And Unaudited)	(Reviewed And Unaudited)	(Reviewed And Unaudited)	(Reviewed And Unaudited)	(Reviewed And Unaudited)
Individuals (Retail):						
Diminishing Musharaka	295,744	270,169	1,565	3,788	297,309	273,957
Total	295,744	270,169	1,565	3,788	297,309	273,957

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

	Joint	
	For the Six Months Ended on 30 June	
	2023	2022
	JD (Reviewed And Unaudited)	JD (Reviewed And Unaudited)
Dividends distribution income	666,398	546,827
Total	666,398	546,827

(28) Gain from Financial Assets at Amortized Cost

	Joint	
	For the Six Months Ended on 30 June	
	2023	2022
	JD (Reviewed And Unaudited)	JD (Reviewed And Unaudited)
Islamic Sukuk	10,253,591	4,825,483
Islamic banks portfolio	105,462	151,914
Total	10,359,053	4,977,397

(29) Dividends from subsidiaries and associates

	Joint			
	Ownership percentage	Distribution percentage	30 June 2023	30 June 2022
	%	%	JD (Reviewed And Unaudited)	JD (Reviewed And Unaudited)
Subsidiaries				
Al Samaha Financing and Investment Company Ltd.	100.0	5.0	600,000	600,000
Associates				
Jordanian Center for International Trading Co.	28.4	5.0	67,480	48,200
Islamic Insurance Co.	33.3	8.0	400,000	400,000
Total			1,067,480	1,048,200

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(30) Revenue from Investments in Real Estate

	Joint	
	For the Six Months Ended on 30 June	
	2023	2022
	JD	JD
	(Reviewed And Unaudited)	(Reviewed And Unaudited)
Net rent income from investment in real estate	284,156	484,966
Net income from sale of investment in real estate	956,666	2,014,439
Revenues from investments in real estate	1,240,822	2,499,405

(31) Share of Unrestricted Investment Accounts Holders

	For the Six Months Ended on 30 June	
	2023	2022
	JD	JD
	(Reviewed And Unaudited)	(Reviewed And Unaudited)
Banks and Financial Institutions	551,631	439,303
Customers:		
Saving Accounts	3,129,211	3,302,655
Notice Accounts	140,375	116,899
Term Accounts	48,227,959	28,890,756
Total	52,049,176	32,749,613

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

	For the Six Months Ended on 30 June	
	2023	2022
	JD	JD
	(Reviewed And Unaudited)	(Reviewed And Unaudited)
Bank's share as Mudarib	37,032,495	49,286,652
Bank's share as Rab Mal	30,234,394	24,046,397
Total	67,266,889	73,333,049

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(33) Bank's Self-financed Revenue

	For the Six Months Ended on 30 June	
	2023	2022
	JD	JD
	(Reviewed And Unaudited)	(Reviewed And Unaudited)
Financing revenues – Note (26)	1,565	3,788
Dividends from financial assets at the fair value through owner's equity	13,804	11,447
Losses from financial assets at fair value through consolidated income statement	(3,328)	-
Total	12,041	15,235

(34) Basic Earnings Per Share (EPS)

	For the Six Months Ended on 30 June	
	2023	2022
	(Reviewed And Unaudited)	(Reviewed And Unaudited)
Profit for the period after income tax (JD)	32,008,524	33,031,609
Weighted average number of shares (share)	200,000,000	200,000,000
Basic earnings per share (JD/Fils)	0/160	0/165

- The bank has not issued any new shares or convertible financial instruments that may lead to a reduced share.

(35) Cash and Cash Equivalents

	For the Six Months Ended on 30 June	
	2023	2022
	JD	JD
	(Reviewed And Unaudited)	(Reviewed And Unaudited)
Cash and balances with the Central Bank maturing within 3 months*	697,809,526	807,048,161
Add: Balances at banks and financial institutions maturing within 3 months	83,804,627	57,713,487
Less: Balances at banks and financial institutions maturing within 3 months	(23,903,340)	(48,465,255)
Total	757,710,813	816,296,393

*statoury reserve includes (note 4).

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(36) Related Parties Transactions

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

Company Name	Ownership	Paid-in Capital	
		30 June 2023	31 December 2022
		JD (Reviewed And 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 parent company, 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	30 June	31 December
					2023	2022
					JD	JD
					(Reviewed And Unaudited)	(Audited)
Interim condensed consolidated statement of financial position items:						
Deferred sales receivables	-	1,221,574	1,725,730	9,368,675	12,315,979	12,580,475
Financing of employees housing/ Musharaka	-	-	-	1,462,772	1,462,772	825,476
Deposits	182,454	9,690,744	2,511,542	4,784,468	17,169,208	13,282,615
Off consolidated statement of financial position items:						
Guarantees and Letters of credit	-	217,102	518,460	3,355,143	4,090,705	4,096,534
					For the period ended on 30 June	
					2023	2022
					JD	JD
					(Reviewed And Unaudited)	(Reviewed And Unaudited)
Interim condensed Consolidated income statement items:						
Paid expenses	-	2,878,357	512,755	3,728,056	7,119,168	5,509,642
Received revenues	13	64,066	44,229	174,131	282,439	376,794
Paid Profits	-	189,497	32,460	9,863	231,820	128,514

- Murabaha rate on granted financing ranged between 3% - 4.75% annually as at 30 June 2023 (2022: 3.0% - 4.75%).
- Musharaka profit rate of financing granted to the employees ranged between 2.0% - 4.8% annually as at 30 June 2023 (2022: 2.0% - 4.8%).
- Guarantees commission rate ranged between 1% - 4% annually as at 30 June 2023 (2022: 1% - 4%). Letters of credit commission rate ranged between 1/4% - 3/8% quarterly as 30 June 2023 (2022: 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 Six Months Ended on 30 June	
	2023	2022
	JD	JD
	(Reviewed And Unaudited)	(Reviewed And Unaudited)
Salaries, remuneration and transportation *	3,465,000	1,433,017
Total	3,465,000	1,433,017

* According to the instructions of corporate governance for banks No.(2/2023) dated 14 February 2023, the salaries of facilities managers, the head of the treasury and the financial institutions of the senior executive management were included.

(37) Risk Management

Banks are exposed to several risks because of the operations they provide to their customers and as a result, the need arose for banks to effectively and efficiently manage the risks that they may be exposed to by using the best available methods to manage risks in line with the nature and size of the risks they may be exposed to.

The Bank undertakes the risk management function through a comprehensive risk management framework approved by the Bank's Board of Directors and senior management to identify, measure, follow up and monitor the relevant risk categories and prepare reports on them, and maintain where needed sufficient capital to meet these risks. These measures take into account the appropriate steps to adhere to the provisions and principles of Islamic law, and this had a great impact in mitigating the effects of the Coronavirus pandemic and the resulting impact on some sectors and increasing the likelihood of default for impacted customers through the necessary precautions to deal with the pandemic and taking adequate allocations for expected credit losses and to maintain sufficient capital to deal with these risks that the Bank may be exposed to.

The risks that the Bank may be exposed to are managed according to the general provisions for managing the risks approved by the Board of Directors according to the following principles:

1. Manage risk through a central, non-executive, independent of business and business support departments, which is the risk management department.
2. Using the three defense lines model to manage risk in our bank, so that it is the first line of defense from the business and support departments, which is the body responsible for the risks to which our bank may be exposed (Risk Owners) and the application of approved controls, and the second line of defense from the Risk Management Department, the Compliance Control Department, the Information Security Department, the Internal Control Department, and the Credit and Sharia Compliance Department, which are the bodies

concerned with providing complementary expertise, support, monitoring, identifying the necessary control controls and continuing to improve them, in cooperation and coordination with the Risk Management Department. The third line of defense consists of the Internal Audit Department and the Internal Sharia Audit Department, which are the bodies concerned with providing independent and objective assurance and providing advice to senior management and the Board of Directors on the adequacy and effectiveness of governance and risk management, including internal control, to support the achievement of organizational goals and to promote and facilitate the process of continuous improvement.

3. Identify risks that our bank might be exposed to and determine the material risks based on the materiality test that is carried out by the Risk Management Department.
4. Determining the acceptable level of risk for all material risks that our bank may be exposed to, and it is prohibited to exceed it under any circumstances except with the approval of the Board of Directors.
5. Seeking to use highly efficient measurement methods to measure all material risks and determine the capital required.
6. Monitor all risks that our bank may be exposed to on an ongoing basis and prepare the risk profile in accordance with the type of risk and the degree of its materiality.
7. Use of enterprise risk management systems (ERMs) which assist in dealing with risk management.
8. Applying instructions of central bank of Jordan , the requirements of Basel committee on Banking Supervision Standards and Islamic financial services board and best professional practices in risk management.
9. Disseminating culture of risk management for all the functional and administrative levels in our bank.

The main objective of our bank's risk management is to provide a safe business environment that works to achieve our bank's strategic objectives, by achieving a set of goals as follows:

1. Capital:

Maintaining a safe level of capital through adhering to the minimum levels of capital adequacy in accordance with the instructions of the Central Bank of Jordan.

Maintaining high and high quality capital capable of absorbing losses at any time and in accordance with the requirements of Basel 3 and Islamic financial services board (IFSB) and the relevant Central Bank of Jordan instructions.

Leverage ratio remains within safe levels by adhering to the minimum level in accordance with the instructions of the Central Bank of Jordan.

2. Quality of Assets:

The percentage of non-performing accounts remains within the limits set by the Board of Directors.

Maintain sufficient provisions to meet expected credit losses.

The absence of a concentration that exceeds the limits approved at the level of the customer / investment / economic sector / period.

3. Liquidity:

Having sufficient levels of liquidity to meet the needs of customers in normal and stress conditions.

Commitment to the minimum levels of the legal liquidity ratio for total currencies, the Jordanian dinar, the liquidity coverage ratio, and the net stable funding ratio.

4. Internal Control and Control Systems:

Meet the requirements mentioned in the Central Bank of Jordan instructions related to the internal control and control systems.

Reviewing the operations carried out in our bank and ensuring that the necessary controls are specified in a manner commensurate with the approved risk appetite and the nature and size of risks that our bank may be exposed to.

Achieving risk management objectives such as compliance with laws and regulations, acceptable ethical behaviour, internal control, information and technology security, sustainability and quality assurance.

5. An effective risk management reporting system:

Having an effective system for risk data and preparing reports on risk management and submitting them to the senior executive management and the Board of Directors.

Commitment to what is mentioned in the instructions of the Central Bank of Jordan regarding dealing with domestic systemically important banks (D-SIB's) regarding data and preparing reports on risk management issued by the Basel Committee for Banking Supervision.

6. Bank security and safety:

Laying down the necessary precautionary measures in coordination with the Bank's occupational safety and health committee to maintain health and safety of the Bank employees and customers.

Setting a special approved guidance to use in the event of the spread of diseases and epidemics.

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Availability of occupational safety and health manual and disaster and emergency response plans.

Readiness of a Bank's alternative site (the disaster recovery site) in addition to other alternative sites.

The Risk Management Department reports directly to the Risk Management Committee of the Board of Directors and indirectly to the CEO / General Manager of the Bank, and defines the responsibilities of the Risk Management Department according to the following:

1. Supervising the stages of the risk management process in our bank.
2. Identify the risks that our bank might be exposed to and evaluating them to determine the material risks.
3. Preparing and updating material risk policies that include approved risk appetite and risk management strategies.
4. Define risk management strategies according to the type of risk, its size and the acceptable level for each of them, taking into account the levels of capital, liquidity and human resources available in terms of the efficiency and adequacy of staff to manage the risks to which our bank may be exposed.
5. Use and develop high-efficiency measurement methods to measure all material risks and determine the required capital.
6. Analyzing the operations carried out in our bank and ensuring that the necessary controls are determined in proportion to the approved risk appetite and the type and size of risks.
7. Monitor the risks that our bank may be exposed to on an ongoing basis, and prepare the risk structure according to the type of risk and the degree of its materiality.
8. Supervising Enterprise Risk Management Solutions (ERM).

Acceptable risk limits:

The Bank determines the acceptable level of risk and approves them by the Board of Directors. The actual level is monitored and compared with the acceptable level of risk on a regular basis. It is considered one of the most important elements of governance in the risk management process, in line with the business model adopted by the Bank.

1- credit risk

- Managing credit risk system:

The main activity of our bank is the granting of funds and providing banking services to various customers. As a result, our bank is exposed to credit risk, which is defined as the inability or willingness of the customer to fulfill his contractual obligations to the bank. Credit risks are the main risks to which our bank is exposed to, which requires the availability of resources to manage these risks effectively.

Credit risk management based on several principles, most notably:

1. The segregation of duties between business, credit, and entities granting facilities in the core banking system.
2. Clearly define the criteria for granting credit to all customers in the credit policy, according to the nature of the customer.
3. Preparing the due diligence study for all credit applications, regardless of the nature of the customer, the amount of financing, the size and type of credit risk mitigations.
4. Determine the profit rate on facilities based on the degree of risk to which our bank is exposed to.
5. Determine the matrix of authorities granted to all related parties to the credit approval process according to the nature of the customer.
6. Determine the role of all entities related to the credit approval process according to the nature of the customer, in a manner that enhances corporate governance for managing credit risk.
7. Implement the requirements of the Basel Committee on Banking Supervision Standards and Best Professional Practices in Credit Risk Management in line with the instructions of the Central Bank of Jordan in particular.

- Credit study, Control and Follow-up:

The credit application is prepared by the business departments, and the credit department makes due diligence in studying credit applications, and then the credit application is presented to the credit authority body, in order to achieve the principle of segregation of duties.

The evaluation of customers of large, small and medium entities and high net worth individuals through the internal credit rating system (Moody's), at the level of the Obligor Risk Rating (ORR), and at the level of Facility Risk Rating (FRR).

The customer level credit rating (ORR) represents the creditworthiness of the customer and reflects the probability of default (PD).

The credit rating at the level of Facility Risk Rating (FRR) represents the quality of the credit risk mitigations provided by the customer, which reflects the loss given default ratio (LGD).

Financing applications for retail customers who are granted consuming financings are evaluated according to the Retail Credit Scoring system.

Granting of funds (automated system, branch committee, management committees) is determined according to the authorization matrix approved by the Board of Directors and senior management on the basis of the amount, completion of grant conditions and the degree of risk of the funding request.

- **Methodology of applying the Islamic Accounting Standard (30) - impairment and credit losses and onerous commitments (FAS 30)**

1. Internal credit rating system:

The Bank has an internal rating system to improve the quality of the credit process, as the classification process relies on "operational" qualitative and "financial" quantitative criteria to assess the creditworthiness of customers.

The credit rating system aims to:

- Improving the quality of the credit decision by relying on the internal credit rating.
- Calculate the customer probability of default.
- Pricing credit facilities in a manner consistent with the size of the risks to which our bank is exposed.
- Measuring the credit risks to which our bank exposed to in a standard way at the customer level and at the level of the credit portfolio.
- Improving the quality of the credit portfolio by setting the limits on the credit portfolio according to the internal credit classification.
- Monitor the credit portfolio through the internal credit rating.

Internal credit rating system mechanism:

- The classification process is carried out by analyzing basic inputs such as financial statements and customers' descriptive data according to an approved classification and evaluation methodology to determine the creditworthiness of the customer.
- The credit department confirms the customer's credit rating with the customer's current circumstances and approves the credit rating.
- A second review of the compatibility of the credit rating with the credit risk of the customer is carried out by the risk management department for applications of high credit risk.
- Ensure that customers' information are updated when a new credit request is received, or at least annually.

2. Scope of application / expected credit loss:

The expected credit loss measurement model was applied to the Bank according to the requirements of the standard as follows:

1. Direct and indirect credit facilities.
2. Sukuk recorded at amortized cost.
3. Islamic finance products that bear the characteristics of debt (principal and return).
4. Credit exposures to banks and financial institutions.
5. Ijarah Muntahia Bittamleek receivables.

3. Governance of Application of Islamic Accounting Standard (30):

A. Board of Directors

The Bank's board of directors and committees roles represented in the following:

Approve the methodology of applying the standard and related policies.

Approve the business model through which the objectives and principles of acquisition and classification of financial instruments are determined.

Ensuring the existence and implementation of effective control systems through which the roles of the related parties are defined.

Ensure the availability of infrastructure to ensure the application of the standard that includes (human resources / internal credit rating systems / automated systems to calculate expected credit losses, etc.), so that it is able to reach the results that ensure adequate hedging against expected credit losses.

B. Executive Management

The role of the executive management is as follows:

Preparing the methodology for applying the standard according to the requirements of the regulatory authorities.

Preparing the business model in accordance with the bank's strategic plan.

Ensure compliance with the approved methodology for applying the standard.

Supervising the systems used to implement the standard.

Calculating the necessary provisions to meet the expected credit losses according to the instructions of the Central Bank of Jordan.

Monitor the size of the expected credit losses and ensure the adequacy of its provisions.

Preparing the required reports for the relevant authorities.

Communicate with the company providing the system with any updates that may occur to the calculation forms and tools or any other inquiries in particular.

4. Definition and mechanism for calculating and monitoring probability of default (PD), exposure at default (EAD), and loss given default (LGD):

A. Default Definition:

The concept of default has been defined for the purposes of applying the standard as follows:

1. The presence of past dues on the customer for a period of 90 days or more, or the presence of clear indicators of their near default or bankruptcy.
2. Delay in the payment of profits and / or principal of the sukuk by the issuer of the sukuk for a period of 90 days or more.
3. Default of the banks whom our bank maintains their balances.

B. The mechanism for calculating expected credit losses (ECL) on financial instruments:

The external classification of international rating agencies was adopted to calculate the probability of default for the financial instrument, and the loss on default was calculated based on the best professional practices in this field, so that the geographical distribution, the economic sector and the capital structure of the issuer of this instrument are taken.

C. Calculating Probability of Default:

Probability of default (PD): The percentage of the debtor's probability of default or delay in fulfilling the payment of installments or obligations on the specified dates within the next 12 months.

Individual basis:

1. Countries:

The probability of default for countries issued by the international rating company S&P has been approved according to the approved credit scores and to the exposure currency (local currency / foreign currency). The probability of default is updated annually, taking into account the existence of a minimum probability of default of 0.03% based on the guidelines of the Basel Committee on Banking Supervision.

2. Banks and financial institutions:

The probability of default for banks and financial institutions issued by the international rating company S&P has been approved according to the approved credit scores. The probability of default is updated annually, taking into account the existence of a minimum probability of default of 0.03% based on the guidelines of the Basel Committee on Banking Supervision.

3. Large, medium and small companies and high net worth individuals:

The probability of default through the economic cycle (TTC PD) is extracted from the internal credit rating system.

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The probability of default through the economic cycle (TTC PD) is converted to probability of default to a specific point in time (PIT PD) through a statistical model known as the Vasicek Model, which takes into account the following:

- Forecasts of macroeconomic indicators.
- Current and historical macroeconomic indicators.
- Credit assets correlation in each credit score (in accordance with the guidelines of the Basel Committee on Banking Supervision in particular).

Collective Basis:

Collective basis portfolio:

For the purposes of calculating the credit loss for customers in the collective portfolio, the portfolio has been divided into four sub-portfolios according to their risk shared characteristics, as follows:

- The commercial portfolio of unrated customers.
- Real-Estate financing portfolio.
- Vehicles financing portfolio.
- Personal financing portfolio.

Calculating the probability of default (PIT PD) using the system by analyzing historical data.

D. Calculating Exposure at Default:

- Direct credit facilities:

The credit exposure value has been calculated at default, equal to the balance of the credit facilities (drawn and undrawn) as at the date of the financial statements.

- Indirect Credit Facilities:

The credit exposure value was calculated at default, equal to the full indirect credit facilities (drawn and undrawn) without applying any credit conversion factor (CCF).

E. Calculating Loss Given Default:

Loss given default represents a part of the exposure that our Bank may lose when a customer defaults, after collecting recoveries when the customer defaults.

The Bank's customers are divided according to the segments as follows:

1. Individual basis:

1-1 The Jordanian government: using a percentage of loss given default of (0%) for the issued sukuk and the finances granted to the Jordanian government or guaranteed by it according to the instructions of the Central Bank of Jordan regarding to FAS 30.

1-2 Countries: The percentage of loss given default was used based on the geographical area of the countries.

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1-3 Banks and financial institutions:

- Using loss given defaults in accordance with the decisions of Basel and the policy adopted by the Bank.
- If the exposure to banks and financial institutions is located in a geographical area, the percentage of loss assuming default is different, then the higher percentage is taken.

1-4 Companies: Using the loss-to-default ratio based on the division of the product type in the credit portfolio.

2. Collective basis

Using the rate of loss given default for dealers at the collective basis level based on the division of the credit portfolio.

The adoption of hair cut ratios for credit risk mitigants at the individual basis and the collective base levels.

F. The main economic indicators that were used in calculating the expected credit loss (ECL):

Macroeconomic factors are included in the calculation of expected credit loss, as the Risk Management Department determines the weights of macroeconomic scenarios in line with changes in economic conditions in Jordan and adjusts them whenever the need arises, provided that they are presented to the Risk Management Committee emanating from the Board of Directors, and Board of Directors for adaption.

The mechanism for calculating the impairment provision according to the instructions of the Central Bank of Jordan regarding the classification of credit facilities No. (47/2009) (Dated December 10, 2009):

First: Credit facilities of low risk and no provisions are calculated on them, and they have the following characteristics:

- Funds granted to and guaranteed by the Government of the Kingdom of Jordan
- Financing secured by 100% cash insurance.
- Financing guaranteed by 100% an acceptable bank guarantee.

Second: Credit facilities acceptable risks and no provisions are calculated on them. They have the following characteristics:

- Strong financial positions and sufficient cash flows.
- Documented by contracts and covered by duly accepted guarantees.
- Good sources of reimbursement.
- Active account movement and regular payment of the principal amount and returns.
- Efficient client management.

Third: Credit facilities under monitoring (requiring special care) and impairment provisions are calculated on them at a rate ranging from (1.5% for sales - 15% for personal finances, Al Qard Al Hasan and visa cards), and any of the following applies to them:

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Existence of dues for a period of more than (60) days and less than (90) days for the original credit facilities.

Exceeding the granted ceiling balance by (10%) or more, for a period of more than (60) days and less than (90) days.

Credit facilities that were previously classified as non-performing credit facilities and were removed from the framework of non-performing credit facilities according to an original rescheduling, or due full payment.

Acceptable risk credit facilities that have been restructured twice within a year.

Credit facilities that have expired for a period of more than (60) days and less than (90) days and have not been renewed.

The absence of at least an annual credit study on the client based on certified financial statements (for companies that are required to prepare such data in accordance with the provisions of the Companies Law) and a financial statement for the rest of the clients on an annual basis in accordance with the provisions of the law.

Fourth: Non-performing credit facilities, to which any of the following applies:

It has passed since its due date, or one of its installments has become due, or the payment of the principal amount and/or profits has not been regular for the following periods:

Credit facilities substandard from (90) days to (179) days.

Doubtful credit facilities from (180) days to (359) days.

loss credit facilities from (360) days or more.

The granted credit limit exceeded by (10% or more) for a period of (90) days or more.

Credit facilities that have expired for a period of (90) days or more and have not been renewed.

Credit facilities granted to any client declared bankrupt or to any company declared to be in liquidation.

Credit facilities that have been structured for three times within a year.

Current and on demand accounts that are exposed for a period of (90) days or more.

- The mechanism for calculating the provision for non-performing credit facilities:

1 -Credit facilities not covered by acceptable in-kind guarantees:

An impairment provision is gradually prepared that covers the entire principal of non-performing credit facilities within one year from the date of stopping payments, as follows:

(%.25) when the definition of substandard credit facilities applies.

(%.50) when the definition of doubtful credit facilities applies.

(100%) when applying the definition of loss credit facilities.

2- Credit facilities covered by acceptable in-kind guarantees:

An impairment provision covering the entire principal of non-performing credit facilities is prepared as follows:

A- If the value of the accepted guarantee is equal to or more than the original credit facilities, an impairment provision shall be prepared that covers the entire facility over a period of (5) years at a rate of 20% annually from the original credit facilities.

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B- If the value of the accepted guarantee is less than the principal of the credit facilities, an impairment provision is prepared as follows:

(%100) of the part not covered by an acceptable guarantee in the first year, or (20%) of the original facilities, whichever is greater.

The remaining amount of the required impairment allowance shall be prepared equally over the following four years.

The following are excluded from non-performing credit facilities when preparing impairment provision:

The part of non-operating credit facilities covered by cash collateral.

The part guaranteed by the Jordanian Loan Guarantee Company for the first year from the customer's cessation of payment, and the bank must prepare an impairment provision that covers these credit facilities starting from the second year, so that this provision is distributed equally over the years from the second to the fifth.

- It is not permissible to disclose current and on demand accounts except in the narrowest limits and for short periods. If they continue to exist, an impairment provision is prepared as follows:

Days past due	30-59 days	60-89 days	90 or more days
Impairment provision	3%	15%	100%

- An impairment provision is prepared against the due credit facilities within the items (credit cards, personal finances, and personal loans and advances) as follows:

Days past due	60-89 days	90-119 days	120-179 days	180-269 days	270 or more days
Impairment provision	15%	25%	50%	75%	100%

- Ijarah Muntahia Bittamleek receivables classification

- Performing receivables from 30 to 59 days.
- Watch list debts from 60 to 89 days.
- Non- performing receivables from 90 days and forward.

- impairment provision for Muntahia Bittamleek receivables

- Performing receivables 25%.
- Watch list receivables 50%.
- Non- performing receivables 100%.

Credit risk mitigation against Credit Exposures (CRM) :

The quantity and quality of the required collaterals depends on the credit risk assessment of the counterparty. It is also possible to adjust or reduce the risk exposure related to the debtor, concerned party or any other obligor using the credit risk mitigation techniques applicable in the Islamic banks. These include (asset mortgage, third party guarantee, earnest sales, good faith deposit, cash margins, and shares mortgage).

Credit risk mitigations against credit exposure were as follows:

- Cash margins
- Bank guarantees
- Real estate collaterals
- Vehicles and machinery mortgages
- Jordan Loan Guarantee Corporation

2- Liquidity Risks

Liquidity risk is defined as the Bank's inability to provide the required liquidity to cover its obligations at their respective due dates. Bank manage such risks throughout the following:

1. Maintaining reasonable liquidity to cover outgoing cash flows.
2. Diversifying sources of financing.
3. Establishing the Assets and Liabilities committee .
4. Distribution of financing among various sectors and geographical areas to mitigate concentration risk.
5. Liquidity management is based on natural and emergency circumstances including using and analyzing assets and various financial ratios maturities.
6. Monitoring liquidity by following up on emergency financing plans metrics periodically.
7. Preparing internal liquidity pressure scenarios to address liquidity risks.

- The bank is obligated to measure liquidity risks in accordance with the instructions of the central bank of Jordan and as follow:

Liquidity Coverage Ratio (LCR)

The monthly average Liquidity Coverage Ratio (LCR) according to the instructions of the Central Bank of Jordan for the period from 1 January 2023 to 30 June 2023 is (204.8%) (Minimum rate according to the Central Bank is 100%) .

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**Components of the Liquidity Coverage Ratio (LCR) calculation as of 30 June 2023
(Reviewed And Unaudited):**

Component	Before applying adjustments and haircuts ratio	After applying adjustments and haircuts ratio
	JD	JD
Assets level one	810,552,876	810,552,876
Assets level two *	10,127,552	5,063,776
Total High Quality Liquid Assets	820,680,428	815,616,652
Cash outflows	27,570,198,389	537,130,717
Cash inflows	287,756,325	133,458,454

* The maximum amount of level 2 liquid assets is JD 355,358,783 (40% of gross high quality liquid assets).

Liquidity Coverage Ratio (LCR) calculation as of 30 June 2023 (Reviewed And Unaudited):

Component	After applying adjustments and haircuts ratio
	JD
Total high quality liquid assts after adjustments	815,616,652
Net cash outflows	403,672,263
Liquidity coverage ratio	202.0%

Legal Liquidity Ratio (LLR):

The daily average of the legal liquidity ratio (LLR) in total currencies and in the Jordanian dinar, from 1 January 2023 to 30 June 2023 (121% and 112%), respectively. (The minimum for this percentage according to the instructions of the Central Bank of Jordan is 100% and 70%, respectively).

3- Market Risks:

Market risk is the risk of loss resulting from fluctuations in the market price, which relates to equity instruments in the trading book, exchange rates, market rate of return, commodity and inventory prices, the Bank seeks to mitigate these risks throughout the following:

- 1) Diversifying and distributing investments among various sectors and geographical areas.
- 2) Analyzing rate of returns trends and expected exchange rates and investments.
- 3) Establishing limits to investments on the level of the country, currency, market, instrument and counter party.
- 4) Adapting the currency positions in accordance with Central Bank of Jordan regulations.
- 5) Studying and analyzing the risks related to new investments and clearing them through detailed reports before accepting them.

- 6) Complying with the policies, procedures and instructions of the relevant regulatory authorities.
- 7) Calculating value at risk (VaR) to measure the risks of changes in stock prices and foreign currencies.

A. Rate of return risks

Rate of return risk results from the decline in the rate of return on investments compared to the local market increase in the rate of return "interest" and the Bank's inability to increase the rate of return on granted facilities with fixed rate of return (Murabaha).

The Bank manages these risks through out the following:

- 1) Managing the rate of return gaps and cost of assets and liabilities according to various maturity dates.
- 2) Studying the investments return trends.

B. Foreign currency risks

Foreign currency risk is the risk arising from the change in the foreign currency prices that the Bank maintains. Foreign currencies are managed on the basis of spot trading and foreign currencies positions are monitored on a daily basis against the approved limit for each currency, since the Bank's policy in managing foreign currencies, is to clear customer's current positions and cover required positions according to customer's needs.

Bank's investment policy stipulate that the maximum limit of the foreign currencies positions shall not exceed 15% of the total shareholder's equity (at a maximum limit of 5% of the shareholder's equity for each currency except for US Dollars) in order to cover the customers' needs in terms of letters of credit, transfers and bills under collection and not for speculation or trading purposes.

C. Equity price risks

Equity price risks result from a change in the fair value of investments in equity. The Bank seeks to manage these risks through diversifying investments in various geographical areas and economic sectors.

D. Commodity risks

Commodity risks arise from the fluctuations in the value of marketable assets. These risks are related to the current and future fluctuations and market values of specific assets. The Bank is exposed to fluctuations of fully paid commodity prices after the commencement of Salam contracts and to the fluctuations in the remaining value of the leased assets at the end of the lease term.

4. Non- Compliance risks

Compliance risks represents sanctions on matters related to legal and/ or decided by the regulatory authorities or financial losses or reputational risks and/ or financial crimes risks and/ or fraud and bribery and corruption risks and/or legitimate non-compliance risks, which the Bank might face because of non-compliance with laws, regulations, standards, codes of conduct, proper banking practices and decisions and Fatwas issued by the Sharia supervisory board. In order to protect the bank from these risks, the Compliance Control Department ensures that the bank and its internal policies comply with all laws, regulations, instructions, orders, codes of conduct, standards and proper banking practices issued by local and international supervisory authorities, by setting and developing a compliance control policy and guidelines, preparing and developing the general anti-money laundering policy and preparing procedures work procedures regarding internal and external laws, regulations and instructions, preparing a charter of professional conduct and holding the necessary training courses.

5. Operational Risks

Operational risks are the risks of loss arising from inadequacy or failure in internal operations, personnel or systems, or from external events. This includes legal risk and Islamic Shari'a non-compliance risk and excludes strategic and reputational risks. The Bank seeks to limit these risks throughout the following:

Reviewing the bank's operations and preparing documented policies and procedures that all necessary controls are included to reduce the probability and/or the impact of operational events.

Building a database of all errors, losses and operational events that occur with the Bank in order to evaluate and analyze them, identify weaknesses and work to raise the efficiency of the applied control procedures to reduce their recurrence in the future.

Automatically applying the Risk and Control Self-Assessment (RCSA) methodology using the operational risk management system (GRC) with the aim of improving the control environment and assisting senior management and internal audit in identifying high-risk areas and weaknesses in internal control systems.

Prepare and monitor the Key Risk Indicators (KRI's) automatically using the operational risk management system (GRC) for the Bank's main operations and develop corrective action plans in case they exceed the acceptable risk limits.

Preparing, updating and examining a Business Continuity Plan (BCP) and a Disaster Recovery Plan (IT DR) to reduce the exposures and interruptions faced by the bank, and a recovery plan to reduce the effects and losses resulting from crises and/or disasters - God forbid.

Legal department reviews all contracts and related documents used by the Bank.

The Shariah Supervisory Board of our Bank reviews and approves the contracts, agreements and operations forms related to all of our Bank's transactions, with the aim of ensuring that the mentioned contracts, agreements and operations are free of legal prohibitions.

The Information Technology department, in coordination and cooperation with the Information Cyber Security department, set the necessary policies and procedures to maintain the security and confidentiality of information in the Bank, and the authority to access programs and systems in the Bank.

The safety and health committee sets the necessary, instructions and conditions to insure a good work environment, in addition to educating employees of the need to follow the conditions of safety and health on ongoing basis.

6. Reputational Risks

Reputational risks is being viewed by the Bank as negative impression on the Bank's reputation which might lead to potential losses in the sources of funding and loss of customers to competitive banks.

The Bank seeks to limit these risks throughout a set of policies and procedures to enhance the customers' confidence and providing a good banking services and maintaining banking confidentiality and avoid undertaking illegal acts or financing unfavorable sectors and provides suitable information security controls.

7. Strategic risks

It is the risk arising from the current and future impact on income or capital resulting from negative business decisions, improper implementation of decisions, or failure to respond to economic changes.

8. Information Technology risk:

The increased use of information technology has led to improvement in the effectiveness and efficiency of the operations and services provided by our bank, but it has also brought with it new risks related to information technology.

Under the supervision of the Information Technology Governance Committee and the Board Risk Committee, Our bank manages these risks to avoid exposure to them or mitigate their impact, through continuous monitoring and evaluation of the risks associated with information technology and its impact on banking operations and services in terms of the added value of technical solutions compared to their cost, In terms of quality and quality of projects with a technical basis and evaluation of their results on the bank's business and improving the level of performance compared to security and technical events that may result from its operation.

There are a number of outputs for the information technology risk management process according to the instructions for governing information and accompanying technology issued by the Central Bank of Jordan and according to the instructions of COBIT 2019, the most important of which is the detailed risk register for each technical process or banking service, risk scenarios, risk indicators and risk assessment of outsourcing parties.

9. Stress testing:

Application methodology:

Our bank stress testing methodology includes identifying all types of risks our bank may face under stressful conditions, and assessing the Bank's ability to withstand these risks according to stress scenarios.

Role and Integrity of stress tests with risk management governance, risk culture and capital planning:

The role of the Board of Directors and senior management is to establish test objectives, identify the scenarios required for each type of risk, and assess the results and needed actions based on the results. Especially the ones which have an integral role in the decision-making (capital planning).

Scenario selection mechanism, including key assumptions related to macroeconomic variables:

The Bank carries out sensitivity scenarios analysis determined based on the Central Bank of Jordan instructions in addition to other scenarios based on the assumption and proposal of the Bank to measure the degree of tolerance.

The mechanism of using the tests results in decision making at the appropriate administrative level, including the strategic decisions of the Board of Directors and the senior executive management:

The Risk Management Department prepares a summary of the results of the stress tests and raises them to the concerned parties, indicating the final impact of the tests within specific grades (low / medium / high) and whom is authorized party to make related decisions.

Governance application of stress tests:

The Bank identifies parties related to stress testing (Board of Directors / Risk Management Committee, Assets and Liabilities Committee, Risk Management Department, Business and other supervisory departments) and their respective responsibility for achieving complementarity and judgment in carrying out the required tests.

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A. Distribution of exposure according to economic sector:

1. Financial instruments total exposure distribution :

As at 30 June 2023 (Reviewed And Unaudited):

	Financial	Industrial	Commercial	Real estate	Agriculture	Shares	Individuals	Government and public sector	Others	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central bank of Jordan	-	-	-	-	-	-	-	481,606,872	-	481,606,872
Balances at banks and financial institutions	75,508,500	-	-	-	-	-	-	-	-	75,508,500
Investments and Al-Wakala B/ Al Istithmar accounts	43,746,127	-	-	-	-	-	-	-	-	43,746,127
Credit facilities	27,644,428	247,185,036	302,324,742	537,630,823	35,462,549	-	857,589,315	984,449,022	189,264,534	3,181,550,449
Financial assets	24,898,243	-	-	-	-	-	-	341,688,226	-	366,586,469
Within financial assets at fair value through income statement	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through comprehensive income	-	-	-	-	-	-	-	-	-	-
Within financial assets at amortized cost	24,898,243	-	-	-	-	-	-	341,688,226	-	366,586,469
Encumbered financial assets (Debt instruments)	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	171,797,298	247,185,036	302,324,742	537,630,823	35,462,549	-	857,589,315	1,807,744,120	189,264,534	4,148,998,417
Guarantees	7,993,000	11,553,505	19,415,552	-	1,942,662	-	37,719,153	-	55,372,800	133,996,672
Letter of credits	2,862,588	43,643,313	6,565,790	-	589,184	-	2,593,383	-	4,886,018	61,140,276
Acceptances	-	489,000	813,460	-	1,073,661	-	104,204	-	5,308,656	7,788,981
Utilized limits	5,500	37,228,884	53,226,386	-	5,055,010	-	47,493,837	-	26,119,563	169,129,180
Grand Total	182,658,386	340,099,738	382,345,930	537,630,823	44,123,066	-	945,499,892	1,807,744,120	280,951,571	4,521,053,526

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As at 31 December 2022 (Audited):

	Financial	Industrial	Commercial	Real estate	Agriculture	Shares	Individuals	Government and public sector			Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central bank of Jordan	-	-	-	-	-	-	-	526,481,153	-	-	526,481,153
Balances at banks and financial institutions	34,424,407	-	-	-	-	-	-	-	-	-	34,424,407
Investments and Al-Wakala Bi Al Istithmar accounts	46,439,500	-	-	-	-	-	-	-	-	-	46,439,500
Credit facilities	26,082,518	242,637,257	284,338,094	540,231,789	37,313,009	-	839,346,888	1,010,739,069	185,285,416	3,165,974,040	3,165,974,040
Financial assets	31,857,472	-	-	-	-	-	-	366,649,458	-	-	398,506,930
Within financial assets at fair value through income statement	-	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Within financial assets at amortized cost	31,857,472	-	-	-	-	-	-	366,649,458	-	-	398,506,930
Encumbered financial assets (Debt instruments)	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-
Total	138,803,897	242,637,257	284,338,094	540,231,789	37,313,009	-	839,346,888	1,903,869,680	185,285,416	4,171,826,030	4,171,826,030
Guarantees	7,530,080	12,305,726	16,775,808	-	1,353,179	-	28,652,248	-	64,116,724	130,733,765	130,733,765
Letter of credits	2,862,587	42,048,932	4,470,215	-	1,029,327	-	4,943,613	-	20,427,026	75,781,700	75,781,700
Acceptances	-	-	1,641,724	-	814,683	-	330,860	-	10,331,081	13,118,348	13,118,348
Unutilized limits	5,500	41,512,832	44,188,280	-	4,647,675	-	53,597,646	-	54,737,637	198,689,570	198,689,570
Grand total	149,202,064	338,504,747	351,414,121	540,231,789	45,157,873	-	926,871,255	1,903,869,680	334,897,884	4,590,149,413	4,590,149,413

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2. Distribution of exposures according to the stages of classification in accordance with FAS 30:

As at 30 June 2023 (Reviewed and unaudited):

	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Financial	176,090,907	560,345	2,127,000	-	3,880,134	182,658,386
Industrial	199,539,343	3,064,420	129,017,856	347,603	8,130,516	340,099,738
Commercial	182,348,627	6,423,817	158,871,626	923,814	33,778,046	382,345,930
Real estate	100,686,364	341,963,873	56,779,652	15,880,927	22,320,007	537,630,823
Agriculture	26,241,337	846,226	16,769,275	100,674	165,554	44,123,066
Shares	-	-	-	-	-	-
Individuals	120,140,125	704,739,754	41,831,240	30,173,528	48,615,245	945,499,892
Government and public sector	1,807,744,120	-	-	-	-	1,807,744,120
Others	167,608,207	11,768,453	78,946,483	827,322	21,801,106	280,951,571
Total	2,780,399,030	1,069,366,888	484,343,132	48,253,868	138,690,608	4,521,053,526

As at 31 December 2022 (Audited) :

	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Financial	142,545,682	752,149	3,021,672	1,973	2,880,588	149,202,064
Industrial	231,381,764	2,849,379	92,217,789	214,731	11,841,084	338,504,747
Commercial	182,601,755	6,683,729	131,989,665	1,199,552	28,939,420	351,414,121
Real estate	105,500,967	352,285,727	51,409,242	13,804,845	17,231,008	540,231,789
Agriculture	24,232,921	1,109,522	19,473,221	160,515	181,694	45,157,873
Shares	-	-	-	-	-	-
Individuals	132,204,713	687,302,858	34,469,337	27,519,084	45,375,263	926,871,255
Government and public sector	1,903,869,680	-	-	-	-	1,903,869,680
Others	204,482,615	24,211,005	86,731,582	1,146,598	18,326,084	334,897,884
Total	2,926,820,097	1,075,194,369	419,312,508	44,047,298	124,775,141	4,590,149,413

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B. Distribution of exposure according to geographical distribution:

1. Geographic regions total exposure distribution:

As at 30 June 2023 (Reviewed and unaudited):

	Inside the Kingdom		Other Middle East Countries		Europe		Asia		Africa		America		Other countries		Total	
	JD		JD		JD		JD		JD		JD		JD		JD	
Balances with central bank of Jordan	481,606,872		-		-		-		-		-		-		481,606,872	
Balances at banks and financial institutions	3,561,309		7,619,123		3,416,189		52,129		-		29,097,377		-		43,746,127	
Investments and Al-Wakala Bi Al Istithmar accounts	-		75,508,500		-		-		-		-		-		75,508,500	
Sales receivables, other receivables, financing and Al-Qard Al-hasan	3,149,359,118		27,253,456		4,937,875		-		-		-		-		3,181,550,449	
Financial assets	342,486,326		20,154,770		-		2,127,000		1,818,373		-		-		366,586,469	
Within financial assets at fair value through income statement	-		-		-		-		-		-		-		-	
Within financial assets at fair value through comprehensive income	-		-		-		-		-		-		-		-	
Within financial assets at amortized cost	342,486,326		20,154,770		-		2,127,000		1,818,373		-		-		366,586,469	
Encumbered financial assets (Debt instruments)	-		-		-		-		-		-		-		-	
Other assets	-		-		-		-		-		-		-		-	
Total	3,977,013,625		130,535,849		8,354,064		2,179,129		1,818,373		29,097,377		-		4,148,998,417	
Guarantees	132,731,883		1,264,789		-		-		-		-		-		133,996,672	
Letter of credits	57,799,766		3,340,510		-		-		-		-		-		61,140,276	
Acceptances	7,788,981		-		-		-		-		-		-		7,788,981	
Utilized limits	169,009,429		119,751		-		-		-		-		-		169,129,180	
Total	4,344,343,684		135,260,899		8,354,064		2,179,129		1,818,373		29,097,377		-		4,521,053,526	

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As at 31 December 2022 (Audited):

	Inside the Kingdom	Other Middle East Countries	Europe	Asia	Africa	America	Other countries	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central bank of Jordan	526,481,153	-	-	-	-	-	-	526,481,153
Balances at banks and financial institutions	1,540	7,469,974	6,737,114	286,563	-	19,929,216	-	34,424,407
Investments and Al-Wakala Bi Al Istithmar accounts	-	46,439,500	-	-	-	-	-	46,439,500
Sales receivables, other receivables, financing and Al-Qard Al-hasan	3,140,110,261	20,932,545	4,931,234	-	-	-	-	3,165,974,040
Financial assets	366,649,458	26,402,530	-	3,636,569	1,818,373	-	-	398,506,930
Within financial assets at fair value through income statement	-	-	-	-	-	-	-	-
Within financial assets at fair value through comprehensive income	-	-	-	-	-	-	-	-
Within financial assets at amortized cost	366,649,458	26,402,530	-	3,636,569	1,818,373	-	-	398,506,930
Encumbered financial assets (Debt instruments)	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total	4,033,242,412	101,244,549	11,668,348	3,923,132	1,818,373	19,929,216	-	4,171,826,030
Guarantees	128,422,304	2,282,471	-	28,990	-	-	-	130,733,765
Letter of credits	75,781,700	-	-	-	-	-	-	75,781,700
Acceptances	13,118,348	-	-	-	-	-	-	13,118,348
Unutilized limits	198,689,570	-	-	-	-	-	-	198,689,570
Total	4,449,254,334	103,527,020	11,668,348	3,952,122	1,818,373	19,929,216	-	4,590,149,413

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2. Distribution of exposures according to the stages of classification in accordance with FAS 30:

As at 30 June 2023 (Reviewed and unaudited):

	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Inside the Kingdom	2,613,649,645	1,065,419,046	482,216,132	48,253,868	134,804,994	4,344,343,685
Other Middle East Countries	129,245,815	3,947,842	-	-	2,067,241	135,260,898
Europe	8,354,064	-	-	-	-	8,354,064
Asia	52,129	-	2,127,000	-	-	2,179,129
Africa	-	-	-	-	1,818,373	1,818,373
America	29,097,377	-	-	-	-	29,097,377
Total	2,780,399,030	1,069,366,888	484,343,132	48,253,868	138,690,608	4,521,053,526

As at 31 December 2022 (Audited):

	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Inside the Kingdom	2,791,817,093	1,075,194,369	416,295,836	44,047,298	121,899,738	4,449,254,334
Other Middle East Countries	102,469,990	-	-	-	1,057,030	103,527,020
Europe	11,668,348	-	-	-	-	11,668,348
Asia	935,450	-	3,016,672	-	-	3,952,122
Africa	-	-	-	-	1,818,373	1,818,373
America	19,929,216	-	-	-	-	19,929,216
Total	2,926,820,097	1,075,194,369	419,312,508	44,047,298	124,775,141	4,590,149,413

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C. Reclassified exposures:

1. Total reclassified exposures :

As at 30 June 2023 (Reviewed And Unaudited):

	Stage 2		Stage 3		Total	
	Total exposure	Reclassified exposures	Total exposure	Reclassified exposures	reclassified exposures	Percentage
	JD	JD	JD	JD	JD	
Balances with central bank of Jordan	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	1,921,836	-	-	-
Investments and Al-Wakala Bi Al Istithmar accounts	-	-	-	-	-	-
Sales receivables, other receivables, financing and Al-Qard Al-hasan	450,274,230	143,036,202	127,961,547	33,732,150	176,768,352	31%
Financial assets	2,127,000	-	1,818,373	-	-	-
Within financial assets at fair value through income statement	-	-	-	-	-	-
Within financial assets at fair value through comprehensive income	-	-	-	-	-	-
Within financial assets at amortized cost	2,127,000	-	1,818,373	-	-	-
Encumbered financial assets (Debt instruments)	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total	452,401,230	143,036,202	131,701,756	33,732,150	176,768,352	30%
Guarantees	29,937,814	4,284,223	6,657,611	1,771,779	6,056,002	17%
Letter of credits	9,267,016	1,394,193	-	-	1,394,193	15%
Acceptances	82,250	-	-	-	-	-
Unutilized limits	40,908,690	16,917,860	331,241	586,194	17,504,054	42%
Grand total	532,597,000	165,632,478	138,690,608	36,090,123	201,722,601	30%

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As at 31 December 2022 (Audited):

	Stage 2		Stage 3		Total		Percentage
	Total exposure	Reclassified exposures	Total exposure	Reclassified exposures	reclassified exposures		
	JD	JD	JD	JD	JD		
Balances with central bank of Jordan	-	-	-	-	-	-	
Balances at banks and financial institutions	-	-	1,000,309	829,754	829,754	83%	
Investments and Al-Wakala Bi Al Istithmar accounts	-	-	-	-	-	-	
Sales receivables, other receivables, financing and Al-Qard Al-hasan	391,909,965	138,689,133	115,430,682	44,363,140	183,052,273	36%	
Financial assets	3,016,672	-	1,818,373	-	-	-	
Within financial assets at fair value through income statement	-	-	-	-	-	-	
Within financial assets at fair value through comprehensive income	-	-	-	-	-	-	
Within financial assets at amortized cost	3,016,672	-	1,818,373	-	-	-	
Encumbered financial assets (Debt instruments)	-	-	-	-	-	-	
Other assets	-	-	-	-	-	-	
Total	394,926,637	138,689,133	118,249,364	45,192,894	183,882,027	36%	
Guarantees	26,738,671	3,241,181	6,109,035	287,612	3,528,793	11%	
Letter of credits	3,780,877	-	-	-	-	-	
Unutilized limits	37,913,621	16,927,288	416,742	185,432	17,112,720	45%	
Grand total	463,359,806	158,857,602	124,775,141	45,665,938	204,523,540	35%	

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2. Expected credit lossess for reclassified exposures:

As at 30 June 2023 (Reviewed And Unaudited):

	Reclassified exposures			ECL for reclassified exposures					
	Total		Total reclassified exposures from stage 3	Exposures within stage 2		Exposures within stage 3		Collective	Total
	reclassified exposures from stage 2	reclassified exposures from stage 3		Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central bank of Jordan	-	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-	-
Investments and Al-Wakala Bi Al Istithmar accounts	-	-	-	-	-	-	-	-	-
Sales receivables, other receivables, financing and Al-Qard Al-hasan	143,036,202	33,732,150	176,768,352	5,058,834	731,675	77,566	701,731	6,569,806	
Financial assets	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through income statement	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through comprehensive income	-	-	-	-	-	-	-	-	-
Within financial assets at amortized cost	-	-	-	-	-	-	-	-	-
Encumbered financial assets (debt instruments)	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	143,036,202	33,732,150	176,768,352	5,058,834	731,675	77,566	701,731	6,569,806	
Guarantees	4,284,223	1,771,779	6,056,002	49,506	882	8,767	22,666	81,821	
Letter of credits	1,394,193	-	1,394,193	3,751	-	-	-	3,751	
Acceptances	-	-	-	-	-	-	-	-	-
Unutilized limits	16,917,860	586,194	17,504,054	56,829	3,542	3,905	1,911	66,187	
Grand total	165,632,478	36,090,123	201,722,601	5,168,920	736,099	90,238	726,308	6,721,565	

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As at 31 December 2022 (Audited):

	Reclassified exposures			ECL for reclassified exposures				
	Total		Total reclassified exposures	Exposures within stage 2		Exposures within stage 3		Total
	reclassified exposures from stage 2	reclassified exposures from stage 3		Individual	Collective	Individual	Collective	
	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central bank	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	829,754	829,754	-	-	354,002	-	354,002
Investments and Al-Wakala Bi Al Istithmar accounts	-	-	-	-	-	-	-	-
Sales receivables, other receivables, financing and Al-Qard Al-hasan	138,689,133	44,363,140	183,052,274	13,693,319	1,126,462	202,017	746,524	15,768,322
Financial assets	-	-	-	-	-	-	-	-
Within financial assets at fair value through income statement	-	-	-	-	-	-	-	-
Within financial assets at fair value through comprehensive income	-	-	-	-	-	-	-	-
Within financial assets at amortized cost	-	-	-	-	-	-	-	-
Encumbered financial assets (debt instruments)	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total	138,689,133	45,192,894	183,882,028	13,693,319	1,126,462	556,019	746,524	16,122,324
Guarantees	3,241,181	287,612	3,528,793	18,536	401	749	54	19,740
Letter of credits	-	-	-	-	-	-	-	-
Acceptances	-	-	-	-	-	-	-	-
Unutilized limits	16,927,288	185,432	17,112,720	189,499	2,440	1,217	628	193,784
Grand total	158,857,602	45,665,938	204,523,541	13,901,354	1,129,303	557,985	747,206	16,335,848

(37) Segment information

A. Information about the 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:

Retails accounts:

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

Institutions 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. The below table illustrate the information on the Bank's business sectors distributed according to its activities:

	Total				
	For the six months ending on 30 June (Reviewed And Unaudited)				
	Retails	Institutions	Investment in assets	Treasury	Others
	JD	JD	JD	JD	JD
Total revenues (joint and self financed)	76,858,994	41,127,150	7,676,140	17,504,980	484,848
Net income of subsidiaries and share of profit from investments in associates	-	-	749,903	-	-
Deposits guarantee fees (joint and self financed)	(2,752,220)	(1,461,896)	(269,224)	(626,830)	(17,362)
Revenue and share of the unrestricted accounts and non-controlling from the net income of subsidiaries and share of investment from profits of associates	(28,113,807)	(17,572,463)	(749,903)	(6,362,906)	-
Segment results	45,992,967	22,092,791	7,406,916	10,515,244	467,486
Allocated expenses	(21,638,084)	(10,790,711)	(2,123,617)	(4,944,384)	-
Profits before tax	24,354,883	11,302,080	5,283,299	5,570,860	467,486
Income tax	(7,176,291)	(4,868,226)	(772,142)	(2,034,318)	(119,107)
Profit after tax	17,178,592	6,433,854	4,511,157	3,536,542	348,379
Sector assets	1,711,916,174	1,344,284,892	1,439,777,895	815,154,528	-
Investment in associates	-	-	9,630,207	-	-
Unallocated assets	-	-	-	-	181,479,538
Total assets	1,711,916,174	1,344,284,892	1,449,408,102	815,154,528	181,479,538
Segment liabilities	3,973,401,759	820,033,942	-	23,903,340	-
Unallocated liabilities	-	-	-	-	181,661,832
Total liabilities, joint investment accounts holders' equity, non-controlling interests and provision against future risks	3,973,401,759	820,033,942	-	23,903,340	181,661,832
Capital expenditures	-	-	-	-	3,011,994
Depreciation and amortization	-	-	-	-	3,599,430

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(38) Capital Management

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

According to the Central Bank of Jordan instruction based on the decisions by Islamic Financial Services Board, the bank should maintain sufficient capital to face the risks that related to the bank's business, which is credit risks, market risks and operational risks, the capital adequacy ratio should be at least 12.5% according to the established instructions.

The Bank achieves its capital objectives throughout the following:

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

Capital adequacy ratio was calculated as at 30 June 2023 in accordance with standard number (15) issued by Islamic Financial Services Board, based on Central Bank of Jordan instruction number (72/2018) dated 4 February 2018.

	30 June 2023	31 December 2022
	Thousands JD (Reviewed And Unaudited)	Thousands JD (Audited)
Common Equity Tier I	470,895	459,084
Paid-in capital	200,000	200,000
Statutory reserve	120,472	120,472
Voluntary reserve	64,602	64,602
Retained earnings	82,580	82,574
Accumulated change in full fair value	2,075	1,983
Profits for the period after tax less expected dividends distribution	12,009	-
Intangible assets	(7,368)	(7,058)
Deferred tax assets	(774)	(751)
10% or less of investments in Banks, financial institutions and Takaful companies capital	(494)	(494)
10% or more of investments in Banks, financial institutions and Takaful companies capital, beyond unified regulatory scope.	(2,207)	(2,244)
Additional Tier I	-	-
Additional Tier II	6,642	10,069
Expected credit loss stage 1 (self) and the bank share from expected credit loss stage 1 (mixed) (not to exceed 1.25% of risky assets)	6,642	10,069
Total regulatory capital	477,537	469,153
Risk Weighted Assets (RWA)	2,282,380	2,212,230
Common Equity Tier I Ratio	20.63%	20.75%
Additional Tier I Ratio	-	-
Tier I Ratio	20.63%	20.75%
Tier II Ratio	0.29%	0.46%
Capital Adequacy Ratio	20.92%	21.21%

- Financial leverage percentage has reached (19.02%) as of 30 June 2023 (31 December 2022: 18.46%).

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

Contingent Credit Commitments

	30 June 2023	31 December 2022
	JD	JD
	(Reviewed And Unaudited)	(Audited)
Letters of credit	61,140,276	75,781,700
Acceptances	7,788,982	13,118,348
Guarantees:	133,996,672	130,733,765
Payment	44,502,985	42,504,266
Performance	61,065,241	57,456,050
Others	28,428,446	30,773,449
Unutilized Limits/ Direct	104,289,517	121,088,843
Unutilized Limits/ Indirect	64,839,662	77,600,727
Total	372,055,109	418,323,383

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A. Cumulative movement on indirect facilities (Commitments and Contingent Liabilities):

As of 30 June 2023 (Reviewed And Unaudited):

	Stage 1		Stage 2		Total
	Collective	Individual	Collective	Individual	
	JD	JD	JD	JD	JD
Balance at the beginning of the period	302,369,720	40,994,717	67,040,378	1,392,791	418,323,383
New exposures during the period	132,521,032	20,171,672	58,600,508	731,476	217,266,570
Matured exposures	(176,020,304)	(17,931,840)	(62,275,501)	(582,022)	(263,534,844)
Transferred (from) to stage1	4,762,412	593,151	(4,605,017)	(490,553)	-
Transferred (from) to stage2	(21,955,561)	(489,105)	22,106,671	489,605	-
Transferred (from) to stage3	(113,282)	(32,126)	(1,967,836)	(244,729)	-
Balance at the end of the period	241,564,017	43,306,469	78,899,203	1,296,568	372,055,109

As of 31 December 2022 (Audited):

	Stage 1		Stage 2		Total
	Collective	Individual	Collective	Individual	
	JD	JD	JD	JD	JD
Balance at the beginning of the year	196,827,280	44,124,921	157,190,012	1,386,528	407,159,455
New exposures during the year	284,078,967	28,720,160	61,130,166	1,149,610	381,457,929
Matured exposures	(249,856,114)	(31,489,952)	(80,149,129)	(1,339,494)	(370,294,001)
Transferred (from) to stage 1	90,894,197	220,345	(90,644,197)	(218,695)	-
Transferred (from) to stage 2	(19,507,472)	(414,952)	19,753,067	415,402	-
Transferred (from) to stage 3	(67,138)	(165,805)	(239,541)	(560)	-
Balance at the end of the year	302,369,720	40,994,717	67,040,378	1,392,791	418,323,383

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B. Cumulative movement on the expected credit loss for indirect facilities (Commitments and Contingent Liabilities)(note 19):

As of 30 June 2023 (Reviewed And Unaudited):

	Stage 1		Stage 2		Stage 3	Total
	Collective	Individual	Collective	Individual		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period	1,018,191	195,018	488,864	186,056	4,691,031	6,579,160
Expected credit loss on new exposures during the period	331,833	123,041	461,934	124,044	3,978,141	5,018,993
Expected credit loss from matured exposures	(63,025)	(246,760)	(343,884)	(49,703)	(3,104,966)	(3,808,338)
Transferred (from) to stage 1	45,870	154,457	(13,850)	(90,822)	(95,655)	-
Transferred (from) to stage 2	(67,217)	(4,398)	110,086	4,423	(42,894)	-
Transferred (from) to stage 3	(313)	(518)	(12,358)	(24,059)	37,248	-
Impact on ending balance provision due to change in staging classification through the period	(42,984)	(152,564)	(98,576)	43,865	431,488	181,229
Changes resulting from Adjustments	(622,217)	129,900	(49,718)	12,438	(1,038,292)	(1,567,889)
Balance at the end of the period	600,138	198,176	542,498	206,242	4,856,101	6,403,155

As of 31 December 2022 (Audited):

	Stage 1		Stage 2		Stage 3	Total
	Collective	Individual	Collective	Individual		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	936,258	143,576	2,160,502	116,112	5,178,895	8,535,343
Expected credit loss on new exposures during the year	935,087	154,165	436,620	144,230	4,654,009	6,324,111
Expected credit loss from matured exposures	(300,904)	(73,460)	(366,239)	(70,850)	(4,473,511)	(5,284,964)
Transferred (from) to stage 1	1,703,624	30,585	(1,597,700)	(29,026)	(107,483)	-
Transferred (from) to stage 2	(115,067)	(2,391)	208,036	2,841	(93,419)	-
Transferred (from) to stage 3	(340)	(681)	(1,626)	(1)	2,648	-
Impact on ending balance provision due to change in staging classification through the year	(1,702,195)	(29,327)	(183,010)	27,427	31,215	(1,855,890)
Changes resulting from Adjustments	(438,272)	(27,449)	(167,719)	(4,677)	(501,323)	(1,139,440)
Balance at the end of the year	1,018,191	195,018	488,864	186,056	4,691,031	6,579,160

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(40) Lawsuits Filed Against the Bank

The lawsuits filed against the Bank (self) amounted to JD 62,101 as of 30 June 2023 with a provision of JD 6,450 (provision booked amounted to JD 75,000) compared to JD 58,650 as of 31 December 2022 with a provision of JD 10,000. The lawsuits filed against the Bank (joint) as of 30 June 2023 amounted to JD 2,350,019 with a provision of JD 28,245 compared to JD 2,270,313 as of 31 December 2022 with a provision of JD 62,245. 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.

(41) 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.