

**JORDAN KUWAIT BANK
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
AMMAN – HASHEMITE KINGDOM OF JORDAN**

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**30 SEPTEMBER 2023
(REVIEWED AND UNAUDITED)**



**JORDAN KUWAIT BANK
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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**REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE CHAIRMAN AND MEMBERS OF THE BOARD OF DIRECTORS OF JORDAN KUWAIT BANK
(A PUBLIC LIMITED SHAREHOLDING COMPANY)**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Jordan Kuwait Bank (the “Bank”) and its subsidiaries (together the “Group”) as of 30 September 2023 and the related interim condensed consolidated statements of income and comprehensive income for the three and nine months period ended 30 September 2023, and the interim condensed consolidated statements of changes in equity and cash flows for the nine months period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (34) “interim financial reporting” as amended by the Central Bank of Jordan instructions. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.


Scope of Review

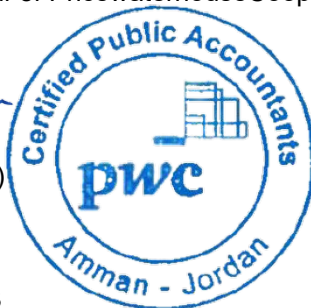
We conducted our review in accordance with the International Standard on Review Engagements (2410) "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for 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 International Accounting Standard (34) as amended by the Central Bank of Jordan instructions.

For and on behalf of PricewaterhouseCoopers “Jordan”


Hazem Sababa
License No (802)



Amman, Jordan
31 October 2023



JORDAN KUWAIT BANK
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

	Note	30 September 2023 (Reviewed and unaudited) JD	31 December 2022 (Audited) JD
Assets			
Cash and balances with Central Banks	4	1,134,682,306	480,714,381
Balances at banks and financial institutions	5	335,010,662	123,435,953
Direct credit facilities, net	6	2,029,806,810	1,922,640,437
Financial assets at fair value through profit or loss	7	22,574,882	20,958,094
Financial assets at fair value through other comprehensive income	8	99,810,477	94,984,592
Financial assets at amortised cost	9	977,152,707	617,988,602
Property and equipment, net		81,455,161	36,013,560
Intangible assets, net		11,873,951	7,239,008
Deferred tax assets		61,525,602	56,299,061
Right of use of leased assets	10	11,905,411	10,524,060
Other assets	11	174,289,149	176,141,619
Assets held for sale	27	132,222,573	-
Total assets		5,072,309,691	3,546,939,367
Liabilities and shareholders' equity			
Liabilities			
Bank and financial institutions deposits		64,935,377	107,184,993
Customers' deposits		3,442,858,328	2,418,672,958
Cash margins		130,622,082	117,926,572
Borrowed funds		380,452,549	296,598,068
Sundry provisions		18,108,654	14,454,973
Bonds		11,000,000	11,000,000
Green bonds	12	35,450,000	-
Income tax provision	13	25,744,293	18,784,419
Deferred tax liabilities		7,426,505	7,460,503
Lease liabilities	10	12,526,707	10,733,682
Other liabilities	14	140,561,707	66,567,971
Liabilities directly related to assets held for sale	27	99,775,288	-
Total liabilities		4,369,461,490	3,069,384,139
Equity			
Bank's shareholders' equity			
Authorized and paid-in capital	22	150,000,000	150,000,000
Perpetual bonds	23	89,010,000	-
Statutory reserve	24	99,983,479	99,983,479
Voluntary reserve	24	110,944,584	122,944,584
Financial assets at fair value revaluation reserve – net		5,602,214	6,887,913
Actuarial gain from remeasurement of defined post-employment benefits		1,050,169	1,050,169
Foreign currency translation reserve		(4,079,865)	-
Equity directly related to assets held for sale	27	(572,999)	-
Retained earnings		92,122,578	94,967,563
Profit for the period		51,395,844	-
Total equity – bank's shareholders		595,456,004	475,833,708
Non-controlling interest	2	107,392,197	1,721,520
Total equity		702,848,201	477,555,228
Total liabilities and equity		5,072,309,691	3,546,939,367

The accompanying notes from 1 to 28 constitute an integral part of these interim condensed consolidated financial statements and should be read in conjunction with them and with the accompanying review report.



JORDAN KUWAIT BANK
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE NINE AND THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

	NOTE	FOR THE NINE MONTHS ENDED 30 SEPTEMBER		FOR THE THREE MONTHS ENDED 30 SEPTEMBER	
		2023	2022	2023	2022
		JD (REVIEWED AND UNAUDITED)	JD (REVIEWED AND UNAUDITED)	JD (REVIEWED AND UNAUDITED)	JD (REVIEWED AND UNAUDITED)
Interest income		186,485,875	114,014,034	67,191,894	41,951,497
Less: Interest expense		88,746,410	41,771,629	35,681,817	16,763,424
Net Interest Income		97,739,465	72,242,405	31,510,077	25,188,073
Net commission income	15	55,809,952	7,422,378	26,379,550	2,717,628
Net Interest and Commission Income		153,549,417	79,664,783	57,889,627	27,905,701
Gain from foreign currencies		19,055,610	2,441,881	8,908,089	842,754
Gain from financial assets at fair value through profit and loss	7	4,373,277	4,151,918	565,521	419,988
Gain from sale of debt instruments at fair value through other comprehensive income	8	-	24,581	-	-
Cash dividends from financial assets at fair value through other comprehensive income	8	2,115,804	1,662,208	76,039	81,259
(Loss) from sale of financial assets at amortised cost – debt instruments	9	-	(24,772)	-	-
Other income		13,876,110	14,956,193	5,354,835	2,407,391
Gross Income		192,970,218	102,876,792	72,794,111	31,657,093
Employees expenses		37,186,383	24,443,135	13,259,320	7,645,001
Depreciation and amortization		5,408,109	3,557,756	1,926,908	1,173,752
Expected credit losses - financial assets		34,721,050	26,742,975	11,983,786	7,802,854
Sundry provisions		3,611,352	1,630,000	1,305,436	590,930
Other expenses		38,951,497	29,107,829	16,588,984	8,458,324
Total Expenses		119,878,391	85,481,695	45,164,434	25,670,861
Result of acquisition	26,27	15,492,283	-	-	-
Income for the period before income tax		88,584,110	17,395,097	27,729,677	5,986,232
Less: Income tax		16,481,845	6,146,678	4,598,916	2,332,678
Income for the period		72,102,265	11,248,419	23,130,761	3,653,554
Attributable to:					
Bank's shareholders		51,395,844	11,301,405	15,051,997	3,703,261
Non-controlling interest		20,706,421	(52,986)	8,078,764	(49,707)
Earnings per share for the period - basic and diluted					
Bank's shareholders	16	0.343	0.075	0.100	0.025

The accompanying notes from 1 to 28 constitute an integral part of these interim condensed consolidated financial statements and should be read with in conjunction them and with the accompanying review report.



JORDAN KUWAIT BANK
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE AND THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

	FOR THE NINE MONTHS ENDED 30 SEPTEMBER		FOR THE THREE MONTHS ENDED 30 SEPTEMBER	
	2023	2022	2023	2022
	JD	JD	JD	JD
	(REVIEWED AND UNAUDITED)	(REVIEWED AND UNAUDITED)	(REVIEWED AND UNAUDITED)	(REVIEWED AND UNAUDITED)
Profit for the period	72,102,265	11,248,419	23,130,761	3,653,554
Other comprehensive income items:				
Items that may be reclassified to profit or loss in subsequent periods after tax:				
Foreign currency translation differences	(7,286,342)	-	5,090	-
Net change in the valuation reserve of financial assets at fair value through comprehensive income after tax- debt instruments	(712,802)	(3,539,396)	(818,547)	(501,290)
Total items that may be reclassified to profit or loss in subsequent periods	(7,999,144)	(3,539,396)	(813,457)	(501,290)
Items that will not be reclassified to profit or loss in subsequent periods:				
Net change in the valuation reserve of financial assets at fair value through comprehensive income after tax - equity instruments	(625,416)	1,529,083	(911,018)	49,827
Total Items that will not be reclassified to profit or loss in subsequent periods	(625,416)	1,529,083	(911,018)	49,827
Total Comprehensive income for the period	63,477,705	9,238,106	21,406,286	3,202,091
Attributable to:				
Bank's Shareholders	46,028,140	9,339,894	13,372,811	3,188,425
Non-Controlling interest	17,449,565	(101,788)	8,033,475	13,666

The accompanying notes from 1 to 28 constitute an integral part of these interim condensed consolidated financial statements and should be read in conjunction with them and with the accompanying review report.



JORDAN KUWAIT BANK
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

	Bank's Shareholders Equity												
	Reserves				Financial Assets – valuation reserve	Actuarial gain from re-measurement of defined post-employment benefits	Foreign currency translation reserve	Equity directly related to assets held for sale	Retained Earnings	Income for the period	Total Equity – Bank's Shareholders	Non-controlling interest	Total
	Authorized and paid-in capital	Perpetual bonds	Statutory	Voluntary									
JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
For the nine months ended 30 September 2023 (reviewed and unaudited)													
Balance - Beginning of the period	150,000,000	-	99,983,479	122,944,584	6,887,913	1,050,169	-	-	94,967,563	-	475,833,708	1,721,520	477,555,228
Profit for the period	-	-	-	-	-	-	-	-	-	51,395,844	51,395,844	20,706,421	72,102,265
Net change in the fair value of financial assets through comprehensive income	-	-	-	-	(1,287,839)	-	-	-	-	-	(1,287,839)	(50,379)	(1,338,218)
Foreign currency translation differences	-	-	-	-	-	-	(4,079,865)	-	-	-	(4,079,865)	(3,206,477)	(7,286,342)
Total comprehensive income	-	-	-	-	(1,287,839)	-	(4,079,865)	-	-	51,395,844	46,028,140	17,449,565	63,477,705
Non-controlling interest resulted from the acquisition	-	-	-	-	-	-	-	-	-	-	-	88,221,112	88,221,112
Equity directly related to assets held for sale	-	-	-	-	-	-	-	(572,999)	-	-	(572,999)	-	(572,999)
Loss from sale of equity instruments through other comprehensive income	-	-	-	-	2,140	-	-	-	(2,140)	-	-	-	-
Perpetual bonds issuance	-	89,010,000	-	-	-	-	-	-	-	-	89,010,000	-	89,010,000
Interest on perpetual bonds	-	-	-	-	-	-	-	-	(2,842,846)	-	(2,842,845)	-	(2,842,845)
Cash dividends distribution – note 22	-	-	-	(12,000,000)	-	-	-	-	-	-	(12,000,000)	-	(12,000,000)
Balance - End of the Period	150,000,000	89,010,000	99,983,479	110,944,584	5,602,214	1,050,169	(4,079,865)	(572,999)	92,122,578	51,395,844	595,456,004	107,392,197	702,848,201
For the nine months ended 30 September 2022 (reviewed and unaudited)													
Balance - Beginning of the period	150,000,000	-	97,254,251	133,444,584	7,044,559	558,921	-	-	79,094,033	-	467,396,348	277,710	467,674,058
Profit for the period	-	-	-	-	-	-	-	-	-	11,301,405	11,301,405	(52,986)	11,248,419
Net change in the fair value of financial assets through comprehensive income	-	-	-	-	(1,961,511)	-	-	-	-	-	(1,961,511)	(48,802)	(2,010,313)
Total comprehensive income	-	-	-	-	(1,961,511)	-	-	-	-	11,301,405	9,339,894	(101,788)	9,238,106
Gain from sale of equity instruments through other comprehensive income	-	-	-	-	(309,334)	-	-	-	309,334	-	-	-	-
Change in non-controlling interest as result from the increase in paid-in capital of subsidiary	-	-	-	-	-	-	-	-	-	-	-	1,518,948	1,518,948
Cash dividends distribution – note 22	-	-	-	(10,500,000)	-	-	-	-	-	-	(10,500,000)	-	(10,500,000)
Balance - End of the Period	150,000,000	-	97,254,251	122,944,584	4,773,714	558,921	-	-	79,403,367	11,301,405	466,236,242	1,694,870	467,931,112

- Included in retained earnings, an amount of JD 61,525,602 as of 30 September 2023 (JD 56,299,061 as of 31 December 2022) restricted by the Central Bank of Jordan and Jordan Securities Commission instructions, against deferred tax assets.
- Included in the retained earnings an amount of JD 188,212 as of 30 September 2023 and 31 December 2022 which cannot be used in accordance with the instructions of the Securities Commission, for the impact of the early application of International Financial Reporting Standard No. (9) during the year 2011, which represents financial assets valuation differences.
- Based on Central bank of Jordan regulation (13/2018) the general banking reserves balances which amounted to JD 14,288,875 as of 31 December 2018 was transferred to retained earnings to offset the effect of the implementation of IFRS (9) and is restricted for use.
- It is not allowed to dispose the credit amount of financial assets through other comprehensive income valuation reserve in accordance with the instructions of the Securities Commission and the Central Bank of Jordan.

The accompanying notes from 1 to 28 constitute an integral part of these interim condensed consolidated financial statements and should be read in conjunction with them and with the accompanying review report



JORDAN KUWAIT BANK
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

	For the Nine Months Ended 30 September	
	2023	2022
Note	(REVIEWED AND UNAUDITED)	(REVIEWED AND UNAUDITED)
	JD	JD
Cash flows from operating activities:		
Income for the period before income tax	88,584,110	17,395,097
Adjustments:		
Depreciation and amortization	5,270,032	3,557,756
Provision for expected credit losses on direct credit facilities	34,455,742	26,742,975
Gain from sale of financial assets at fair value through profit and loss	(1,480,361)	(4,838,834)
Net interest income	14,334,951	14,896,030
Seized assets provision	557,537	4,329,584
Sundry provisions	3,611,352	1,630,000
Amortization of right of use leased assets	2,753,807	2,201,227
Effect of exchange rate fluctuations on cash and cash equivalents	(107,002)	37,285
Cash flows from operating activities before changes in assets and liabilities	147,980,168	65,951,120
Changes in assets and liabilities:		
(Increase) in deposits at central bank	(470,908,710)	-
Decrease (increase) in deposits at banks and financial institutions more than 3 months maturity	211,574,709	(212,319)
(Increase) in assets held for sale	(132,222,573)	-
(Increase) in direct credit facilities	(141,622,115)	(184,452,326)
(Increase) in other assets	(47,363,888)	(47,838,607)
(Increase) in financial assets at fair value through profit or loss	(1,166,589)	(1,363,826)
Increase (decrease) in banks and financial institutions deposits due after three months	42,249,616	(37,614,010)
Increase in customers deposits	1,024,185,370	366,523,914
Increase in cash margins	12,695,510	15,565,588
Increase in liabilities directly related to assets held for sale	99,775,288	-
Increase in other liabilities	108,025,080	32,302,356
Net change in assets and liabilities	705,221,698	142,910,770
Net cash flows generated from operating activities before income tax and other provisions paid	853,201,866	208,861,890
Paid from other provisions	(2,596,918)	(2,851,571)
Income tax paid	(14,348,228)	(10,393,805)
Net cash flows generated from operating activities	836,256,720	195,616,514
Cash flows from investing activities:		
Equity directly related assets held for sale	(572,999)	-
(Increase) in financial assets at amortized cost	(359,164,105)	(62,522,003)
(Increase) in financial assets at fair value through other comprehensive income	(7,220,981)	(3,116,465)
(Increase) in property, equipment and intangible assets	(55,346,576)	(6,754,560)
Net cash flows used in investing activities	(422,304,661)	(72,393,028)
Cash flows from financing Activities:		
Increase in borrowed funds	83,854,481	8,889,576
Dividends distributed	(11,759,085)	(10,042,670)
Increase in green bonds	35,450,000	-
Increase in perpetual bonds	89,010,000	-
Interest paid on perpetual bonds	(2,842,846)	-
Lease liabilities paid	(2,342,133)	(2,156,755)
Foreign currency translation differences	(4,079,865)	-
Non- controlling interest	84,964,257	1,470,146
Net cash flows from (used in) generated from financing activities	272,254,809	(1,839,703)
Effect of exchange rate fluctuations on cash and cash equivalents	107,002	(37,285)
Net Increase in cash and cash equivalents	686,313,870	122,033,415
Cash and cash equivalent - beginning of the period	494,660,535	327,469,080
Cash and cash equivalent - end of the Period	1,180,974,405	449,502,495

The accompanying notes from 1 to 28 constitute an integral part of these interim condensed consolidated financial statements and should be read with them and with the accompanying review report.



(1) GENERAL INFORMATION

Jordan Kuwait Bank was established as a Jordanian public limited shareholding company under the registration number (108) on October 25, 1976 in accordance with the Jordanian Companies Law No. (13) for the year 1964.

The Head Office of the Bank is located in Omayya Bin Abdshams Street, Abdali. Tel. +962 (6) 5629400, P.O. Box 9776, Amman – 11191 Jordan. The Banks Paid up Capital amounted to JD 150 million distributed on 150 million shares, with a par value of JD 1 per share.

The Bank provides all banking and financial activities related to its activities through its head office and (64) branches inside the Kingdom and (1) foreign branch. The Bank owns subsidiaries, for finance leasing, one for brokerage services which owns a company for financial advisory services and two brokerage companies. During 2023, the bank has completed two acquisition transactions for 51.79% of Bank of Baghdad – Iraq share capital and 76.97% of BHM Capital in the United Arab Emirates (Note 2, 26 and 28).

Jordan Kuwait Bank is a Public Limited Shareholding Company and is listed on Amman Stock Exchange.

Jordan Kuwait Bank is 50.927% owned by Al Rawabi United Holding Company and the financial statements of the Bank are consolidated within the consolidated financial statements of the ultimate parent Company Kuwait Projects Holding Company (KIPCO).

These interim condensed consolidated financial statements were approved by the Bank's Board of Directors on their meeting no. (9/2023) held on 25 October 2023.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Following are the significant accounting policies used by the Group in the preparation of these interim condensed consolidated financial statements.

2-1 Basis of preparation of the interim consolidated financial reporting

The interim condensed consolidated financial statements of the Bank and its subsidiaries ('the Group') have been prepared in accordance with International Accounting Standards No. (34) ("interim financial reporting") as amended by Central Bank of Jordan instructions.



The main differences between the IFRSs as they must be applied and what has been approved by the Central Bank of Jordan are the following:

1. Some items are classified and presented in the Interim Condensed Consolidated Statement of Financial Position, Interim Condensed Consolidated Statement of Income and the Interim Condensed Consolidated Statement of Cash Flows and the related disclosure, such as credit facilities, interest in suspense, expected credit losses, investments, fair value levels, segments classification and disclosures related to risks and others, are presented and disclosed in accordance with the requirements of the Central Bank of Jordan, its instructions and circulated guidance which might not include all the requirements of IFRS such as IFRS 7, 9 and 13.
 2. Provisions for expected credit losses are recognised in accordance with the instructions of the Central Bank of Jordan (No. 13/ 2018) "Application of the IFRS (9)" dated 6 June 2018 and in accordance with the instructions of the supervisory authorities in the countries in which the bank operates, whichever is stricter. The significant differences are as follows:
 - a) Debt instruments issued or guaranteed by the Jordanian government are excluded, so that credit exposures are treated and guaranteed by the Jordanian government without credit loss.
 - b) When calculating credit losses against credit exposures, the calculation results are compared according to IFRS (9) under the instructions of the Central Bank of Jordan No. (2009/47) of 10 December 2009 for each stage separately and the stricter results are booked.
- * According to the instructions of the Central Bank of Jordan No. (47/2009) issued on 10 December 2009 regarding the classification of credit facilities and the calculation of the impairment provisions, credit facilities were classified into the following categories:

(A) Low risk Credit Facilities, no provision calculated on:

The credit facilities that have any of the following characteristics:

- 1) Granted to and Guaranteed by the Jordanian Government and to the governments of countries in which the Jordanian banks have foreign branches, provided that such facilities are held in the host country's currency.
- 2) 100% collateralized by cash margin (of the any-time outstanding amount).
- 3) 100% guaranteed by an acceptable bank guarantee.

(B) Acceptable Risk Credit Facilities, no provision calculated on:

The credit facilities that have the following characteristics:

- 1) Strong financial positions and adequate cash flows.
- 2) Legally documented and well covered by acceptable collaterals.
- 3) Good alternative cash resources for repayment.
- 4) Active movement of the relative account and timely payment of principal and interest
- 5) Competent management of the obligor.



(C) Watch-List Credit Facilities (Requiring special attention), impairment provisions are calculated on the below at a rate between 1.5% and 15%:

The credit facilities that have the following characteristics:

- 1) The existence of past dues of principal and/or interest for a period exceeding (60) days but less than (90) days.
- 2) Overdraft exceeding the approved limit by (10%) or more for a period exceeding (60) days but less than (90) days.
- 3) Credit facilities which were previously classified as non-performing loans, and then reclassified as performing loans according to rescheduling.
- 4) Acceptable risk credit facilities which have been restructured twice during the year.
- 5) Credit facilities that are more than (60) days old and less than (90) days have passed since their expiry date and have not been renewed.

The above is in addition to the conditions mentioned in detail in the instructions.

(D) Non-Performing Credit Facilities

The credit facilities that have any of the following characteristics:

- 1) The maturity of the credit facilities or of one of its instalments, irregularity of repaying of principal and/or interest of credit facilities and / or dormant overdraft have been past due for the following periods:

Category	Days Overdue	Percentage of provision for the first year
Substandard	90-179 days	25%
Doubtful	180-359 days	50%
Loss	More than 360 days	100%

- 2) Overdraft facilities exceeding approved limits by (10%) or more for a period of (90) days or more.
- 3) Credit facilities which have matured and become invalid for a period of (90) days or more and have not been renewed.
- 4) Credit facilities extended to any obligor who went bankrupt, or to companies which were subjected to liquidation.
- 5) Credit facilities which have been restructured for three times within 12 months.
- 6) Overdrawn current and on demand accounts for a period of (90) days or more.
- 7) Guarantees claimed by the beneficiary and paid by the bank on behalf of the clients, where their values have not been debited to their accounts and are still unpaid for a period of (90) days or more.

Provision is calculated on credit facilities according to the instructions of 47/2009 for this category of facilities according to the above rates and the amount of the facilities not covered by acceptable guarantees during the first year, while the provision is completed for the amount covered by 25% over a period of four years.

3. Interest and commissions are suspended on non-performing credit facilities granted to clients in accordance with the instructions of the Central Bank of Jordan and in accordance with the instructions of the supervisory authorities in the countries in which the bank operates, whichever is stricter.



4. Assets that have been seized by the Bank against debts are stated in the consolidated statement of financial position within other assets at the acquisition cost or the fair value, whichever is lesser, and are revaluated on the date of the consolidated financial statements individually. Any impairment in their value is recorded as a loss in the consolidated statement of income and any appreciation in value is not recorded as income. The subsequent increase is taken to the consolidated statement of income to the extent that it does not exceed the value of the previously recorded impairment

The Central Bank of Jordan, pursuant to Circular No. 16239/1/10 dated 10 October 2022, cancelled the above circular, and all previous circulars, which stipulate the deduction of provisions against seized assets that violates the banking law, while maintaining the provisions balances against real estate and to be released upon the disposal of such assets.

5. Cash and balances with the Central Bank item include, the cash reserve requirement item, which represents restricted balances according to the Central Bank's instructions and in accordance with the instructions of the supervisory authorities in the countries in which the Bank operates, whichever is stricter.

The consolidated financial statements have been prepared under the historical cost except for some financial instruments, which are measured at fair value at the end of each period.

The Jordanian Dinar is the presentation currency for the consolidated financial statements and is the Group's functional currency.

The interim condensed consolidated financial statements do not include all the information and explanations required for the annual financial statements prepared in accordance with the IFRS as amended by the Central Bank of Jordan instructions, and it must be read with the bank's annual report as of December 31, 2022, and the business results for the nine Months ended 30 September 2023 are not necessarily indicative of the expected results for the year ending December 31, 2023.

These interim condensed consolidated financial statements are in conformity with IFRS as amended by the Central Bank of Jordan instructions, which requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in (note 3).

- (a) New standards issued and applicable for the annual periods starting on or after 1 January 2023 which has been followed by the Group:**

IFRS 17 Insurance Contracts - IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows
- an explicit risk adjustment, and
- a contractual service margin (CSM) representing the unearned profit of the contract which is recognized as revenue over the coverage period.

The standard allows a choice between recognizing changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.



An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short-duration contracts, which are often written by non-life insurers. There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.

The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

Targeted amendments made in July 2020 aimed to ease the implementation of the standard by reducing implementation costs and making it easier for entities to explain the results from applying IFRS 17 to investors and others. The amendments also deferred the application date of IFRS 17 to 1 January 2023.

Further amendments made in December 2021 added a transition option that permits an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of IFRS 17. The classification overlay applies to all financial assets, including those held in respect of activities not connected to contracts within the scope of IFRS 17. It allows those assets to be classified in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of IFRS 9. The classification can be applied on an instrument-by-instrument basis.

Disclosure of Accounting Policies – Amendments to IAS 1- The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Definition of Accounting Estimates – Amendments to IAS 8 - The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 - The amendments to IAS 12 Income Taxes require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.



The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets.

The cumulative effect of recognizing these adjustments is recognized in retained earnings, or another component of equity, as appropriate.

IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The above amendment and interpretation did not have a material impact on the interim condensed consolidated financial statements.

(b) New standards issued and not yet applicable or early adopted by the Group for the periods starting on or after 1 January 2024:

Non-current liabilities with covenants – Amendments to IAS 1 - Amendments made to IAS 1 Presentation of Financial Statements in 2020 clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarified what IAS 1 means when it refers to the 'settlement' of a liability. The amendments were due to be applied from 1 January 2022. However, the effective date was subsequently deferred to 1 January 2023 and then further to 1 January 2024.

In October 2022, the IASB made further amendments to IAS 1 in response to concerns raised about these changes to the classification of liabilities as current or non-current.

The new amendments clarify that covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current, even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as noncurrent and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability
- information about the covenants, and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or noncurrent.



Lease liability in sale and leaseback – amendments to IFRS 16 - In September 2022, the IASB finalized narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction.

The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognizing any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28 - The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognize the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognized by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively.

*** In December 2015, the IASB decided to defer the application date of this amendment until such time.

The management is still in the process of evaluating the impact of these new amendments on the Group's financial statements, and it believes that there will be no material impact on the consolidated financial statements when they are implemented.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current year starting 1 January 2023 or future reporting periods and on foreseeable future transactions.

2.3 Basis of Consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Bank and its subsidiaries (together the "The Group").

Control exists when the bank:

- controls the subsidiaries and relevant activities,
- is exposed, or has right, to variable returns from its involvement with the subsidiaries,
- has the ability to affect those returns.

The Bank reassesses whether it controls the investee entities if facts and circumstances indicate that there are changes to one or more of the controls referred above.

If the bank's voting rights fall below a majority of the voting rights in any of the investee entities, it has the ability to control when the voting rights are sufficient to give the bank the ability to unilaterally direct the activities of the relevant subsidiary. The Bank considers all facts and circumstances when assessing whether or not the Bank has voting rights in the investee entity sufficient to give it the ability to control. Among those facts and circumstances are:



- The size of the voting rights owned by the bank in relation to the size and distribution of other voting rights.
- Potential voting rights held by the Bank and any other voting rights holders or third parties.
- Rights arising from other contractual arrangements.
- Any additional facts and circumstances that indicate that the Bank has, or does not have, current responsibility for directing the relevant activities at the time the required decisions are made, including how to vote at previous general assembly meetings.

A subsidiary is consolidated when the Bank takes control of the subsidiary and ceases when the Bank loses control of the subsidiary. Specifically, the results of operations of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date control is achieved until the date control over the subsidiary is lost.

Profits, losses and each item of comprehensive income are distributed to the owners in the entity and to the non-controlling interest shareholders. The comprehensive income of the subsidiaries is distributed to the owners in the entity and the non-controlling interest shareholders, even if this distribution will lead to the appearance of a deficit in the balance of the non-controlling interest.

Amendments are made to the financial statements of subsidiaries, when necessary, to bring their accounting policies in line with the accounting policies followed in the bank.

Non-controlling interests in subsidiaries are determined separately from the Bank's ownership rights in these entities. Non-controlling interests currently held by equity interests granted to their holders in a proportionate share of the net assets upon liquidation may initially be measured at fair value or at the proportionate share of non-controlling interests in the fair value of the identifiable net asset purchase. The measurement is chosen on the basis of acquisition. Other non-controlling interests are initially measured at fair value after acquisition. The book value of non-controlling interests is the value of these interests upon initial recognition, in addition to the share of the non-controlling interests from subsequent changes in ownership rights. Total comprehensive income is attributed to the non-controlling interests, even if this leads to a deficit in the balance of the non-controlling interests.

Changes in the Bank's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The present value of the Bank's and non-controlling interests is adjusted to reflect changes in their relative interests in subsidiaries. Any difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Bank.

When the Bank loses control of a subsidiary, the gain or loss on disposal is recognized in the income statement as the difference between the total fair value of the consideration received and the fair value of any remaining interests and the previous current value of the assets (including goodwill) less the liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognized in other comprehensive income in respect of that subsidiary are accounted for as if the Bank had directly disposed of the assets or liabilities relating to the subsidiary.

The fair value of the investment held in the former subsidiary at the date of loss of control is considered as fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when the provisions of the standard apply, or the cost of initial recognition of the investment in an associate or joint venture.



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The Bank owns the following subsidiaries:

30 September 2023 (Reviewed and unaudited):

<u>Company's Name</u>	<u>Paid-up Capital</u> JD	<u>Ownership of the Bank</u> %	<u>Nature of Operation</u>	<u>Location</u>	<u>Date of Acquisition</u>
Ejarah Finance Leasing Company	20,000,000	100	Leasing Financial	Jordan	2011
United Financial Investments Company	10,000,000	78.46	Brokerage and Investment Commercial	Jordan	In stages, starting from 2002
Bank of Baghdad	135,000,000	53.44	Bank Financial Brokerage and Investment	Iraq	2023
BHM Capital –note (28)	33,500,000	76.97%		UAE	2023

31 December 2022 (Audited):

<u>Company's Name</u>	<u>Paid-up Capital</u> JD	<u>Ownership of the Bank</u> %	<u>Nature of Operation</u>	<u>Location</u>	<u>Date of Acquisition</u>
Ejara Finance Leasing Company	20,000,000	100	Finance leasing Financial	Jordan	2011
United Financial Investments Company	10,000,000	78.3	Brokerage and Investment	Jordan	In stages, starting from 2002

The results of operations of the subsidiaries are consolidated in the consolidated statement of income from the date of acquisition, which represents the date when control over the subsidiaries is passed on to the Bank. Moreover, the results of operations of the disposed of subsidiaries are consolidated in the consolidated statement of income until the disposal date, which represents the date when the Bank loses control over the subsidiaries.



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The United Financial Investments Company owns the following subsidiaries:

Company's Name	Paid-up Capital JD	Ownership of the Bank %	Nature of Operation	Location	Date of Acquisition
Specialized Managerial Company for Investment and Financial Consultation	530,000	100	Financial consulting	Amman	2021
Mawared Company for Financial Brokerage Arab Financial Investment	3,000,000	100	Financial brokerage	Amman	2022
	4,800,000	100	Financial brokerage	Amman	2022

The proportion of non-controlling interests is JD 107,392,197 as of 30 September 2023 (JD 1,721,520: 31 December 2022). Details as follows:

	30 September 2023	31 December 2022
	JD (Reviewed and unaudited)	JD (Audited)
United Financial Investments Co UFICO	1,254,573	1,721,520
Bank of Baghdad	106,137,624	-
	107,392,197	1,721,520

(3) ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements and the application of accounting policies require the Bank's management to make estimates and judgements that affect the amounts of assets and liabilities and disclosure of contingent liabilities. These estimates and judgments affect the revenues, expenses, provisions and reserve of valuation of financial assets at fair value. In particular, it requires the Bank's management to issue critical judgements to estimate the amounts of future cash flows and their timing.

The mentioned estimates are necessarily based on multiple assumptions and factors involving varying degrees of judgment and uncertainty and that actual results may differ from the estimates as a result of changes resulting from the conditions and circumstances of those estimates in the future. Judgements, estimates and assumptions are reviewed on an ongoing basis. The impact of change in estimates is recognized in the reporting period in which this change occurs if the revision affects only that period and the effect of the change in estimates is recognized in the reporting period in which this change occurs and in future reporting periods if the revision affects both current and future periods.



The Bank's management believes that the estimates included in the consolidated financial statements are reasonable and are detailed as follows:

- **Impairment of seized assets**

Impairment of seized assets is recognized based on most recent property valuation approved by accredited valuers for the purposes of calculating the impairment. The impairment provisions for seized assets is reviewed periodically.

- **Expected credit loss provisions.**

The Bank's management is required to use significant judgments and estimates to estimate future cash flows amounts and timings and estimate the risks of a significant increase in credit risk for financial assets after initial recognition and future measurement information for expected credit losses.

- **Leases**

Determination of lease term: In determining the lease term, the management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The extension options (or periods after the termination options) are included only in the term of the lease if the lease is reasonably certain to be extended (or not terminated). The evaluation is reviewed in the event of a significant event or significant change in the circumstances that affect this evaluation and that are under the control of the lessee. Extension and termination of leases options: these are included in a number of leases. These conditions are used to increase operational flexibility in terms of contract management. Most of the extension and termination options held are renewable by both the Bank and the lessor.

Discounting of lease payments: Lease payments are discounted using the bank's incremental borrowing rate ("IBR"). Management applied judgements and estimates to determine the incremental borrowing rate at the start of the lease.

- **Useful lives of tangible assets and intangible assets**

Management reassessed the useful lives of tangible assets and intangible assets periodically for the purpose of calculating annual depreciation and amortization based on the overall condition of those assets and estimates of expected useful lives in the future useful lives. Impairment loss is taken to the consolidated statement.

- **Assets and liabilities than are stated at cost**

Management reviews, on a regular basis, the assets and liabilities that are stated at cost to estimate impairments, if any. Impairment losses are recognized in the consolidated statement of profit or loss for the year.

- **Income tax**

The financial year is charged with its own income tax expense in accordance with the laws and regulations, and accounting standards. Deferred tax assets and liabilities and required accounting provisions are accounted for.



- **Provision of legal cases**

A provision is made for any potential legal obligations based on the legal study prepared by the Bank's legal advisor that identifies the potential risks that may occur in the future. Such study is reviewed periodically.

(4) CASH AND BALANCES AT CENTRAL BANKS

Statutory cash reserve amounted to JD 120,148,364 as of 30 September 2023 (JD 90,547,896 as at 31 December 2022).

Certificates of deposit amounted to JD 77,900,000 as of 30 September 2023 (JD 95,450 as at 31 December 2022).

Restricted reserves with the Central Bank of Iraq amounted to IQD 158,556,509 as of 30 September 2023, and they were excluded from cash and cash equivalents for the purposes of the condensed consolidated interim cash flow statement.

The balances of the Bank of Baghdad with the branches of the Central Bank of Iraq in Sulaymaniyah and Erbil amounted to JD 9,762,637 and JD 14,740,069, respectively, as of 30 September 2023, and they were excluded from cash and cash equivalents for the purposes of the condensed consolidated interim statement of cash flows.

The expected credit losses provision on cash and balances with central banks amounted to JD 12,317,905 as of 30 September 2023, relating to the balances of a subsidiary with external central banks. There are no expected credit losses as of 31 December 2022 in accordance with the requirements of the Central Bank of Jordan related to the application of International Standard No. (9) regarding local balances.

(5) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS

Non-interest-bearing balances at banks and financial institutions amounted to JD 45,038,294 as of 30 September 2023 (JD 24,857,683 as of 31 December 2022).

The expected credit loss provision on balances with banks and financial institutions are JD 1,213,676 as of 30 September 2023 (JD 1,425 as of 31 December 2023) in accordance with International Financial Reporting Standard No. (9).

Restricted balances amounted to JD 40,723,971, as of 30 September 2023 (JD 3,557,652 as of 31 December 2022).



(6) DIRECT CREDIT FACILITIES – NET

	30 September 2023	31 December 2022
	(Reviewed and unaudited)	(audited)
	JD	JD
Individuals (retail):		
Overdraft accounts	176,182	129,642
Loans and promissory notes*	305,907,605	296,298,886
Credit cards	14,456,289	12,788,753
Real estate loans	243,167,236	263,006,274
Corporates:		
Large		
Overdraft accounts	160,203,733	119,972,299
Loans and promissory notes*	1,148,737,198	1,028,339,715
Small and Medium		
Overdraft accounts	19,898,256	36,548,126
Loans and promissory notes*	202,472,985	166,042,740
Government and public sector	178,401,352	181,960,741
	2,273,420,836	2,105,087,176
Less: Expected credit loss provision for direct credit facilities	204,919,619	152,369,385
Less: Interest in suspense	38,694,407	30,077,354
Net Direct Credit Facilities	2,029,806,810	1,922,640,437

* Net after deducting interest and commission received in advance of JD 768,749 as of 30 September 2023 (JD 296,766 as of 31 December 2022).

Credit facilities within stage 3 amounted to JD 193,885,252 which is equivalent to (8.53%) of total direct credit facilities as of 30 September 2023 (against non-performing facilities that amounted to JD 137,657,367 which is equivalent to (6.54%) of total direct credit facilities as of 31 December 2022).

Credit facilities within stage 3 net of interest and commissions in suspense amounted to JD 156,733,141 which is equivalent to (7.01%) of total direct credit facilities balance after deducting suspended interest as of 30 September 2023 (against JD 109,458,500 which is equivalent to (5.27%) of total direct credit facilities balance after deducting suspended interest as of 31 December 2022).

Direct credit facilities granted to and guaranteed by the Government of Jordan amounted to JD 103,963,543 which is equivalent to (4.57%) of total direct credit facilities as of 30 September 2023 (against JD 107,522,932 which is equivalent to (5.11%) as of 31 December 2022).



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Direct credit facilities balance

The movement on direct facilities balance in aggregate during the period/ year based on central bank of Jordan instruction:

	Stage 1		Stage 2		Stage 3	30 September 2023	31 December 2022
	Individual	Collective	Individual	Collective	Collective	(Reviewed and Unaudited)	(Audited)
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period/year	1,775,575,135	-	191,854,673	-	137,657,368	2,105,087,176	1,843,062,614
New balances during the period/year	378,616,180	-	42,039,986	-	5,194,875	425,851,041	539,298,924
Balances paid during the period/year	(275,649,275)	-	(12,001,193)	-	(45,291,998)	(332,942,466)	(272,587,225)
Transferred to Stage 1	16,024,624	-	(14,736,078)	-	(1,288,546)	-	-
Transferred to stage 2	(116,255,223)	-	116,902,878	-	(647,655)	-	-
Transferred to stage 3	(7,011,718)	-	(26,849,877)	-	33,861,595	-	-
Additions as result of acquisition during the period/year	5,605,484	-	5,419,988	-	64,399,613	75,425,085	-
Written-off facilities (transferred off the statement of financial position)	-	-	-	-	-	-	(4,687,138)
Balance at the end of the period/year	1,776,905,207	-	302,630,377	-	193,885,252	2,273,420,836	2,105,087,175



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Provision of Impairment Loss in Direct Credit Facilities

The following is the movement on the provision of impairment loss in direct credit facilities during the period/ year:

	Companies					30 September 2023	31 December 2022
	Individuals JD	Real Estate Loans JD	Large JD	Small and Medium JD	Government and Public sector JD	(Reviewed and Unaudited) JD	(Audited) JD
Balance – beginning of the period /year	24,580,459	29,214,283	88,931,601	9,007,122	635,920	152,369,385	126,245,225
Expected credit losses on balances during the period /year	7,986,529	4,253,186	28,085,964	4,942,583	-	45,268,262	56,600,248
Recoverable (savings) from expected credit losses on balances paid during the period / year	(3,255,019)	(6,787,961)	(3,641,564)	(1,612,427)	(382,206)	(15,679,177)	(27,126,031)
Additions as result of acquisition during the period/year	159,196	-	19,709,917	3,092,036	-	22,961,149	854,004
	-	-	-	-	-	-	(4,204,061)
Balance – end of the period/year	29,471,165	26,679,508	133,085,918	15,429,314	253,714	204,919,619	152,369,385
Total provisions- stage 1	11,214,077	2,922,023	7,656,703	745,538	253,714	22,792,055	33,732,006
Total provisions- stage 2	1,868,737	5,875,446	50,880,801	620,167	-	59,245,151	34,109,552
Total provisions- stage 3	16,388,351	17,882,039	74,548,414	14,063,609	-	122,882,413	84,527,827
	29,471,165	26,679,508	133,085,918	15,429,314	253,714	204,919,619	152,369,385



Disclosures according to the requirements of the Central Bank of Jordan regarding the presentation of International Financial Reporting Standard No. (9):

The following is the movement on the expected credit loss provisions of direct credit facilities in aggregate during the period/year:

A) Per economic sector:

	<u>Individuals</u>	<u>Real Estate Loans</u>	<u>Companies</u>		<u>Government and Public sector</u>	<u>Total</u>
			<u>Large</u>	<u>Small and Medium</u>		
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
For the nine months ended on 30 September 2023 (Reviewed and unaudited)						
Balance at the beginning of the period	24,580,459	29,214,283	88,931,601	9,007,122	635,920	152,369,385
Expected credit loss on new facilities during the period	7,986,529	4,253,186	28,085,964	4,942,583	-	45,268,262
Reversal from expected credit loss on paid facilities during the period	(3,255,019)	(6,787,961)	(3,641,564)	(1,612,427)	(382,206)	(15,679,177)
Transferred to stage 1	276,150	19,456	(13,367,298)	61,673	-	(13,010,019)
Transferred to stage 2	(99,752)	38,531	9,371,398	(1,262,680)	-	8,047,497
Transferred to stage 3	(176,398)	(57,987)	3,995,900	1,201,007	-	4,962,522
Additions as a result of acquisition during the period	159,196	-	19,709,917	3,092,036	-	22,961,149
Balance at the end of the period	29,471,165	26,679,508	133,085,918	15,429,314	253,714	204,919,619
Re-allocation:						
Provisions on an individual basis	<u>29,471,165</u>	<u>26,679,508</u>	<u>133,085,918</u>	<u>15,429,314</u>	<u>253,714</u>	<u>204,919,619</u>
Provisions on a collective basis	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>



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	Individuals JD	Real Estate Loans JD	Companies		Government and Public sector JD	Total JD
			Large JD	Small and Medium JD		
For 31 December 2022 (Audited)						
Balance at the beginning of the period	19,092,565	24,672,970	72,245,590	9,697,676	536,424	126,245,225
Expected credit loss on new facilities during the period	7,987,493	9,069,153	33,331,462	6,074,454	137,686	56,600,248
Reversal from expected credit loss on paid facilities during the period	(2,889,331)	(4,480,205)	(15,751,335)	(3,966,970)	(38,190)	(27,126,031)
Transferred to stage 1	294,719	119,521	716,962	125,355	-	1,256,557
Transferred to stage 2	(439,969)	(73,260)	(224,571)	1,642,811	-	905,011
Transferred to stage 3	145,250	(46,261)	(492,391)	(1,768,166)	-	(2,161,568)
Additions as result of acquisition during the period	733,299	-	-	120,705	-	854,004
Written-off facilities (transferred off the statement of financial position)	(343,567)	(47,635)	(894,116)	(2,918,743)	-	(4,204,061)
Balance at the end of the period	24,580,459	29,214,283	88,931,601	9,007,122	635,920	152,369,385
<u>Re-allocation:</u>						
Provisions on an individual basis	<u>24,580,459</u>	<u>29,214,283</u>	<u>88,931,601</u>	<u>9,007,122</u>	<u>635,920</u>	<u>152,369,385</u>
Provisions on a collective basis	-	-	-	-	-	-



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B) Per stage:

	<u>Stage 1</u> <u>Individuals</u> <u>JD</u>	<u>Stage 2</u> <u>Individuals</u> <u>JD</u>	<u>Stage 3</u> <u>JD</u>	<u>Total</u> <u>JD</u>
For the nine months ended on 30 September 2023				
(Reviewed and unaudited)				
Balance at the beginning of the period	33,732,006	34,109,552	84,527,827	152,369,385
Expected credit loss on new facilities during the period	7,203,497	17,403,135	20,661,630	45,268,262
Reversal from expected credit loss on paid facilities during the period	(5,581,050)	(1,118,442)	(8,979,685)	(15,679,177)
Transferred to stage 1	953,939	(502,972)	(450,967)	-
Transferred to stage 2	(13,759,891)	14,132,114	(372,223)	-
Transferred to stage 3	(204,067)	(5,581,645)	5,785,712	-
Additions as result of acquisition during the period	447,621	803,409	21,710,119	22,961,149
Balance at the end of the period	<u>22,792,055</u>	<u>59,245,151</u>	<u>122,882,413</u>	<u>204,919,619</u>

	<u>Stage 1</u> <u>Individuals</u> <u>JD</u>	<u>Stage 2</u> <u>Individuals</u> <u>JD</u>	<u>Stage 3</u> <u>JD</u>	<u>Total</u> <u>JD</u>
For the period ended on 31 December 2022 (Audited)				
Balance at the beginning of the year	22,701,990	23,759,318	79,783,917	126,245,225
New facilities during year	14,873,474	18,689,769	23,037,005	56,600,248
Repaid facilities during year	(5,129,860)	(9,246,442)	(12,749,729)	(27,126,031)
Transferred to stage 1	1,671,992	(511,809)	(1,160,183)	-
Transferred to stage 2	(233,119)	2,362,757	(2,129,638)	-
Transferred to stage 3	(182,317)	(945,936)	1,128,253	-
Additions as result of acquisition during the year	29,846	1,901	822,257	854,004
Written-off facilities (transferred off the statement of financial position)	-	(6)	(4,204,055)	(4,204,061)
Balance at the end of the year	<u>33,732,006</u>	<u>34,109,552</u>	<u>84,527,827</u>	<u>152,369,385</u>



Additional disclosures related to the acquisition in accordance with the International Financial Reporting Standard No. (9) - If it differs from the Central Bank of Jordan instructions

The following is a disclosure of the movement on the balance of direct credit facilities during the ending period/year:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Purchased Credit Impaired financial assets	Total
	JD	JD	JD	JD	JD
For the nine months ended on 30 September 2023					
(Reviewed and unaudited)					
Balance at the beginning of the period	1,775,575,135	191,854,673	137,657,368	-	2,105,087,176
New facilities during year	380,397,162	40,806,217	5,194,875	-	426,398,254
Repaid facilities during year	(275,649,274)	(12,001,193)	(45,839,212)	-	(333,489,679)
Transferred to stage 1	16,024,624	(14,736,078)	(1,288,546)	-	-
Transferred to stage 2	(116,255,223)	116,902,878	(647,655)	-	-
Transferred to stage 3	(7,011,718)	(26,849,877)	33,861,595	-	-
Additions as result of acquisition during the period	9,774,442	-	-	38,758,152	48,532,594
Balance at the end of the period	<u>1,782,855,148</u>	<u>295,976,620</u>	<u>128,938,425</u>	<u>38,758,152</u>	<u>2,246,528,345</u>



Economic and Geographical Distribution

As follows the direct credit facilities according to the economic sector and geographical distribution.

Sector/Geographical distribution	As at 30 September 2023 (Reviewed and unaudited)			As at 31 December 2022 (Audited)
	Within kingdom	Outside the kingdom	Total	Total
	JD	JD	JD	JD
Financial	100,470,098	75,192,592	175,662,690	132,936,386
Industrial	316,720,874	59,715,256	376,436,130	366,753,329
Trading	290,034,928	103,245,991	393,280,919	310,158,799
Real estate	186,251,348	35,360,473	221,611,821	231,494,388
Agricultural	31,805,808	1,018,563	32,824,371	37,584,225
Stocks	10,024,656	-	10,024,656	10,309,500
Individuals	236,745,219	60,312,217	297,057,436	315,995,024
Government and Public sector	178,147,638	-	178,147,638	181,324,821
Services	323,176,588	21,584,561	344,761,149	336,083,965
Total	<u>1,673,377,157</u>	<u>356,429,653</u>	<u>2,029,806,810</u>	<u>1,922,640,437</u>



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Interest in suspense

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

	<u>Companies</u>				Government and Public sector	Total
	Individuals	Real Estate Loans	Large	Small and Medium		
	JD	JD	JD	JD	JD	JD
For the nine months ended 30 September 2023 (Reviewed and unaudited)						
Balance – beginning of the period	1,977,406	8,857,656	17,872,134	1,370,158	-	30,077,354
Add: Interest suspended during the period	563,197	562,612	3,647,877	633,098	-	5,406,784
Less: Interest reversed to income	(244,490)	(130,911)	(59,002)	(286,670)	-	(721,073)
Additions as result of acquisition during the period	1,193,834	-	2,737,508	-	-	3,931,342
Balance - end of the period	<u>3,489,947</u>	<u>9,289,357</u>	<u>24,198,517</u>	<u>1,716,586</u>	-	<u>38,694,407</u>
For the year ended 31 December 2022 (audited)						
Balance – beginning of the year	1,645,929	9,459,416	15,776,397	2,648,835	-	29,530,577
Add: Interest suspended during the year	550,645	1,291,578	3,048,832	539,143	-	5,430,198
Less: Interest reversed to income	(168,318)	(1,851,771)	(770,443)	(1,609,812)	-	(4,400,344)
Interest in suspense written-off	(50,850)	(41,567)	(182,652)	(208,008)	-	(483,077)
Balance - end of the year	<u>1,977,406</u>	<u>8,857,656</u>	<u>17,872,134</u>	<u>1,370,158</u>	-	<u>30,077,354</u>



(7) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The details of this item are as follows:

	<u>30 September 2023</u>	<u>31 December 2022</u>
	(reviewed and Unaudited)	(Audited)
	JD	JD
Shares in active markets	22,574,882	20,958,094
- Unrealized losses resulting from the valuation of shares at fair value through profit or loss amounted to JD 1,480,361 as of 30 September 2023, compared to JD 4,838,834 for the period ended as of 30 September 2022.		
- Realized losses from selling shares at fair value through the profit or loss amounted to JD 208,808 for the nine months ended 30 September 2023, compared to JD 741,995 losses recorded in the consolidated income statement as of 30 September 2022.		
- Cash dividends distributed from investments above amounted to JD 2,684,108 for the nine months ended 30 September 2023, compared to JD 55,079 as of 30 September 2022 which was recorded in the consolidated income statement.		

(8) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The details of this item are as follows:

	<u>30 September 2023</u>	<u>31 December 2022</u>
	(reviewed and Unaudited)	(Audited)
	JD	JD
Quoted shares in active markets	21,358,764	22,156,014
Unquoted shares in active markets	50,908,133	50,250,068
Total shares	72,266,897	72,406,082
Quoted bonds in active markets	27,543,580	22,578,510
Total bonds	27,543,580	22,578,510
Total shares and bonds	99,810,477	94,984,592
<u>Bond analysis:</u>		
Fixed rate	27,543,580	22,578,510
Floating rate	-	-
Total	27,543,580	22,578,510

- Losses from selling shares at fair value through other comprehensive income amounted to JD 2,140 for the period ended 30 September 2023, (gains of JD 309,334 for the period ended 30 September 2022).
- No bonds at fair value through other comprehensive income were sold as of 30 September 2023 against a gain in an amount of JD 24,583 as of 30 September 2022.
- Cash dividends on the above investments amounted to JD 2,115,804 for the nine months period ended 30 September 2023, (JD 1,662,208 for the nine months ended 30 September 2022).



- Expected credit losses on debt instruments (bonds) at fair value through other comprehensive income amounted to JD 39,445 for the nine months ended 30 September 2023, (JD 11,264 as of 31 December 2022).

(9) FINANCIAL ASSETS AT AMORTIZED COST

The details of this item are as follows.

	30 September 2023	31 December 2022
	(reviewed and Unaudited)	(Audited)
	JD	JD
Financial assets with available market prices:		
Foreign government bills and treasury bonds	32,832,165	18,486,755
Total financial assets with available market prices	32,832,165	18,486,755
Less: impairment provisions for financial assets at amortized cost	(15,715,992)	(626,920)
Net financial assets with available market prices	17,116,173	17,859,835
Financial assets with no available market prices:		
Bills and treasury bonds	951,985,954	592,194,705
Corporate loans bonds	12,161,600	12,062,610
Total financial assets with no available market prices	964,147,554	604,257,315
Less: impairment provisions for financial assets at amortized cost	(4,111,020)	(4,128,548)
Net financial assets with no available market prices	960,036,534	600,128,767
Total	977,152,707	617,988,602
Analysis of bills and bonds:		
With fixed rate	989,818,119	615,681,466
With floating rate	7,161,600	7,062,604
Total	996,979,719	622,744,070

-No bonds at amortised cost were sold as of 30 September 2023, against a loss in an amount of JD 24,772 for the period ended on 30 September 2022 which has been recorded in the interim condensed consolidated income statement.

No provision for expected credit was calculated against Jordanian Government bonds and treasury bills in accordance with the application of IFRS 9 as amended by the Central Bank of Jordan.

-Financial assets at amortised cost include an amount of JD 306,355,237 against provision for expected credit loss in an amount of JD 14,337,377 which resulted from the acquisition of Bank of Baghdad.

-Financial assets at amortized cost include financial assets pledged under a repurchase agreement with the Social Security Company at a value of JD 80,020,550 as of 30 September 2023. While no bonds were pledged under repurchase agreements as of 31 December 2022, no allowance for expected credit losses was calculated on the mortgaged bonds, as they are government bonds, in accordance with the instructions of the Central Bank of Jordan regarding the application of IFRS 9.



(10) THE RIGHT OF USE OF LEASED ASSETS AND LEASE LIABILITIES

(a) The movement on right of use assets is as follows:

	30 September 2023	31 December 2022
	JD	JD
	(reviewed and Unaudited)	(Audited)
Balance at the beginning of the period / year	10,524,060	12,844,569
Add: additions during the period from acquisition	1,139,128	-
Less: cancelled contracts	80,675	-
Add: new contracts during the period / year	3,076,705	603,684
Less: depreciation during the period / year	2,753,807	2,924,193
Balance at the end of the period / year	11,905,411	10,524,060

(b) The movement on lease liabilities is as follows:

	30 September 2023	31 December 2022
	JD	JD
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	10,733,682	12,530,503
Add: additions during the period from acquisition	1,162,125	-
Add: interest expense	872,808	1,108,897
Add: new contracts during the period / year	3,076,705	603,684
Less: cancelled contract	81,600	-
Less: paid obligations	3,237,013	3,509,402
Balance at the end of the period / year	12,526,707	10,733,682

(c) Analysis of due payments:

	30 September 2023 (reviewed and unaudited)	
	1-3 Years	Over 3 Years
	JD	JD
Right to use assets	693,826	11,211,585
Lease liabilities	856,328	11,670,379

The bank used the exemption available in the standard of not capitalising the right of use assets which are short-term in nature and not significant in value.



(11) OTHER ASSETS

A-The details of this item are as follows:

	30 September 2023	31 December 2022
	(reviewed and Unaudited)	(Audited)
	JD	JD
Accrued interest and revenue	48,187,844	36,000,001
Prepaid expenses	7,596,759	3,064,335
Assets seized by the Bank against due debts, net	105,592,312	125,328,002
Clearing cheques	2,713,489	230,086
Debtors, net*	2,994,796	4,165,777
Others	7,203,949	7,353,418
Total	174,289,149	176,141,619

* Debtors balance is shown at net after deducting expected credit loss which amounted to JD 82,720 as of 30 September 2023 and 31 December 2022.

- The Central Bank of Jordan's instructions require the disposal of seized assets and seized shares within a period not exceeding two years from the start date of seizure. The Central Bank, in exceptional cases, extending this period for a maximum of two consecutive years.

B-The movement on assets seized by the Bank against due debts was as follows:

	Seized Property	Other Seized Assets*	Total
	JD	JD	JD
For the nine months period ended 30 September 2023 (Reviewed and unaudited)			
Balance at the beginning of the period / year - net	124,287,727	1,040,275	125,328,002
Additions	5,805,167	1,673,962	7,479,129
Disposals **	(26,161,401)	(495,881)	(26,657,282)
Reversal (provision) on Seized property	1,116,425	(1,673,962)	(557,537)
Balance - End of the Period / Year	105,047,918	544,394	105,592,312
For the period ended 31 December 2022 (Audited)			
Balance - beginning of the period / year - net	130,925,875	1,040,275	131,966,150
Additions	11,097,748	-	11,097,748
Disposals	(13,109,973)	-	(13,109,973)
Reversal (provision) on seized property	(4,625,923)	-	(4,625,923)
Balance - End of the Period / Year	124,287,727	1,040,275	125,328,002

* Represents shares acquired

** Profits from the sale of seized real estate amounted to JD 196,970 for the period ending 30 September 2023, as they were recorded in other income, compared to losses of JD 807,153 recorded in other expenses for the same period last year.



(12) GREEN BONDS

During the first quarter of 2023 the bank signed the agreement to issue bonds with a total face value of USD 50 million and for 5 years with the International Financial Corporation – IFC. The goal of these bonds is green financing.

30 September 2023 (reviewed and unaudited)	Amount	Borrowing Interest rate
	JD	%
Green Bonds	2,836,000	6.44%
Green Bonds	7,090,000	6.44%
Green Bonds	25,524,000	7.99%
	35,450,000	

(13) INCOME TAX

A. STATUTORY INCOME TAX RATES:

	30 September 2023	31 December 2022
	(reviewed and unaudited)	(Audited)
	JD	JD
Jordan branches	38%	38%
Cyprus branch	12.5%	12.5%
Subsidiary companies in Jordan	28%-21	28%-21
Bank of Baghdad	15%	-

B. TAX STATUS

The tax status for the bank and its subsidiaries is as follows:

Branches / Companies	Income Tax return up to end of the year	Final settlement up to end of the year	Payment to income and Sales tax Department	Years under dispute
Jordan Branches	2022	2018	Accrued tax has been paid	None
Cyprus Branch	2022	2021	Accrued tax has been paid	None
Ejarah for Finance Leasing	2022	2019	Accrued tax has been paid	None
United Company for financial investments	2022	2018	Accrued tax has been paid	None
Bank of Baghdad	2021	2021	Accrued tax has been paid	None

In the opinion of the management and the tax advisor of the bank and its subsidiaries, the bank and its branches and subsidiaries will not have any obligations that exceed the restricted provisions as on the date of the condensed consolidated interim financial statements.



C. PROVISION FOR INCOME TAX

The movement on provision for income tax was as follows:

	For the nine months ended 30 September 2023	For the year ended 31 December 2022
	(reviewed and unaudited)	(Audited)
	JD	JD
Beginning balance for the period/ year	18,784,419	9,745,645
Addition from acquisition	5,756,062	-
Income tax paid for the period/ year	14,410,075	19,838,448
Income tax accrued for the period/ year	<u>(13,206,263)</u>	<u>(10,799,674)</u>
Ending balance for the period/ year	<u>25,744,293</u>	<u>18,784,419</u>

(14) OTHER LIABILITIES

The details of this item are as follows:

	30 September 2023	31 December 2022
	(reviewed and unaudited)	(audited)
	JD	JD
Accrued interest	33,852,893	16,518,975
Inward transfers	7,504,856	2,937,649
Accounts payable	6,284	4,117,226
Accrued expenses	6,396,102	1,073,540
Obligations for credit card services	17,151,346	-
Balances and compensation of deceased customers	3,006,495	-
Temporary deposits	9,945,933	4,069,237
Temporary deposits - customers	13,519,532	5,190,822
Shareholders' deposits	4,835,329	3,990,477
Accepted and certified checks	10,807,925	8,221,310
Lock boxes deposits	574,675	531,734
Shares offering deposits	1,558,385	75,140
Expected credit losses against indirect facilities	12,004,810	9,680,098
Additional provisions	5,135,000	4,435,000
Other liabilities	14,262,142	5,726,763
	<u>140,561,707</u>	<u>66,567,971</u>



(15) COMMISSION INCOME

The details of this item are as follows:

	For the nine months ended 30 September	
	2023	2022
	(reviewed and unaudited)	(reviewed and unaudited)
	JD	JD
Commissions from direct credit facilities	2,728,097	1,634,643
Commissions from indirect credit facilities	4,358,320	3,079,558
Commissions from bank transfers	36,055,044	-
Others	8,184,745	2,708,177
Total	51,326,206	7,422,378

**(16) EARNINGS PER SHARE FOR THE PERIOD ATTRIBUTABLE TO BANK'S SHAREHOLDERS
(BASIC AND DILUTED)**

	For the nine months Ended September 30 (reviewed and unaudited)	
	2023	2022
	JD	JD
Earnings for the period attributable to the bank's Shareholders	51,395,844	11,301,405
	Share	Share
	150,000,000	150,000,000
Weighted average number of shares		
	JD/ Share	JD/ Share
Earnings per share for the period	0.343	0.075

-The basic share of the profit for the period is equal to the diluted share, as the bank has not issued any financial instruments that may lead to a reduction in the basic earnings per share.

(17) CASH AND CASH EQUIVALENTS

	September 30 (reviewed and unaudited)	
	2023	2022
	JD	JD
Balances at Central Banks maturing within three months	951,623,091	525,398,942
<u>Add:</u> Balances at banks and financial institutions due within three months	335,010,662	60,946,499
<u>Less:</u> Deposits at banks and financial institutions with maturity within three months	(64,935,377)	(134,537,140)
Restricted balances	(40,723,971)	(2,305,806)
Total	1,180,974,405	449,502,495



(18) INFORMATION ON THE BANK'S ACTIVITIES

1- BANK ACTIVITIES INFORMATION

The Bank is organized, for managerial purposes, into four major sectors. These sectors are measured according to reports used by the Executive Managers and key decision makers at the Bank. The bank owns a branch in Cyprus and a subsidiary bank in Baghdad, in addition to two subsidiary companies specializing in financial leasing, brokerage and financial investment services. The subsidiary owns two subsidiary companies specializing in financial brokerage services and financial consultations as of the date of the condensed consolidated interim financial statements.

- Individual accounts: This item includes following up on individual customer's deposits, and granting them credit facilities, credit cards, and other services.
- Corporate accounts: This item includes following up on deposits, credit facilities, and other banking services related to corporate customers.
- Treasury: This item includes providing dealing services and managing the Bank's funds.
- Others: This industry includes the activities which do not meet the definition of the Bank's business activities mentioned above.



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The following table represents information on the Bank's sectors according to activities:

					For the nine months ended 30 September (reviewed and unaudited)	
	Individuals	Corporations	Treasury	Others	2023	2022
	JD	JD	JD	JD	JD	JD
Gross income for the period	25,153,462	82,959,298	71,174,603	13,682,855	192,970,218	102,876,792
Expected credit loss	2,196,735	27,392,350	5,153,486	(21,521)	34,721,050	23,845,251
Results of Business Sector	22,956,727	55,566,948	66,021,117	13,704,376	158,249,168	79,031,541
Profit from acquisition	-	-	-	15,492,283	15,492,283	-
<u>Less: Expenditures not distributed over sectors</u>	-	-	-	85,157,341	85,157,341	61,636,444
Income before Income Tax	22,956,727	55,566,948	66,021,117	(55,960,682)	88,584,110	17,395,097
<u>Less: Income tax expense for the period</u>	-	-	-	16,481,845	16,481,845	6,146,678
Net income for the Period	22,956,727	55,566,948	66,021,117	(72,442,527)	72,102,265	11,248,419
Other information						
Capital expenditures				55,346,576	55,346,576	6,754,560
Depreciation and amortization				5,408,109	5,408,109	3,557,756
					Total	
					For period ended	
					30 September	31 December
					2023	2023
					(reviewed and	(Audited)
					unaudited)	JD
					JD	JD
Total sector's assets	494,777,335	1,535,029,475	1,434,548,728	1,607,954,153	5,072,309,691	3,546,939,367
Total sector's liabilities	1,550,570,109	2,022,910,301	445,387,926	350,593,154	4,369,461,490	3,069,384,139



2- INFORMATION ON GEOGRAPHICAL ALLOCATION

This disclosure represents the geographical distribution of the Bank's operations. The Bank performs its operations, which represent local operations, mainly in the Hashemite Kingdom of Jordan. Moreover, the Bank conducts international operations through its branch in Cyprus and Bank of Baghdad

The following are the Bank's revenue, assets, and capital expenditures according to geographic allocation:

	Inside Kingdom		Outside Kingdom		Total	
	For the period ended 30 September (reviewed and unaudited)		For the period ended 30 September (reviewed and unaudited)		For the period ended 30 September (reviewed and unaudited)	
	2023	2022	2023	2022	2023	2023
	JD	JD	JD	JD	JD	JD
Gross income for the period	147,451,514	95,968,773	45,518,704	7,798,734	192,970,218	103,767,507
Capital Expenditures	54,495,339	6,716,311	851,237	38,249	55,346,576	6,754,560
	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022
	(reviewed and unaudited)	(Audited)	(reviewed and unaudited)	(Audited)	(reviewed and unaudited)	(Audited)
	JD	JD	JD	JD	JD	JD
Total assets	<u>3,440,834,777</u>	<u>3,121,021,730</u>	<u>1,631,474,914</u>	<u>425,917,637</u>	<u>5,072,309,691</u>	<u>3,546,939,367</u>



(19) TRANSACTIONS WITH RELATED PARTIES

The Bank entered into transactions with subsidiary companies, sister companies, major shareholders, Board of Directors, and executive management within the normal banking practice and according to the normal interest rates. All the credit facilities granted to related parties are considered to be performing facilities, and no impairment provisions has been taken as at 30 September 2023.

A. The following is a summary of the transactions/balances with related parties during the period / year:

	Sister Companies JD	Board of Directors Members JD	Subsidiaries* JD	Executive Managers JD	Others* JD	Total	
						30 September 2023 JD (Reviewed and Unaudited)	31 December 2022 JD (Audited)
<u>Interim Condensed Consolidated Statement of Financial Position Items:</u>							
Direct credit facilities	38,215,100	998,860	585,989	4,011,950	-	43,811,899	43,286,375
Deposits at banks and in financial institutions	12,919,887	-	-	-	2,727,361	15,647,248	53,884,000
Customers' deposits	449,082	67,943,636	8,587,145	1,479,962	7,609,463	86,069,288	80,341,452
Deposits at banks and financial institutions	1,838,848	-	-	-	281,147	2,119,995	2,646,506
Cash margins	-	-	-	10,000	17,975	27,975	168,072
Financial assets at fair value through comprehensive income	20,088,806	-	-	-	35,766,266	55,855,072	56,981,288
Right of use assets	-	250,263	-	-	-	250,263	289,242
Lease liabilities	-	235,445	-	-	-	235,445	265,953
Bonds	-	-	5,000,000	-	-	5,000,000	5,000,000
<u>Off- Interim Condensed Consolidated Statement of Financial Position Items:</u>							
Letters of guarantee	4,719,850	-	464,908	1,000	14,280,039	19,465,797	5,398,407
Letters of credit	737,596	400,178	33,887	-	3,828,600	5,000,261	4,254,000



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							Total	
							For nine months ended 30	
							September	
						2023	2022	
						JD	JD	
						(Reviewed and	(Reviewed and	
						Unaudited)	Unaudited)	
Interim condensed consolidated								
Statement of Income items:								
Interest and commission income **	-	3,957	185,960	3,027	75,699	268,643	1,201,143	
Interest and commission expense ***	1,235,717	964,302	5,243	42,804	204	2,248,270	2,450,642	
Amortization of right of use assets	-	38,979	-	-	-	38,979	31,241	
Interest on lease liability	-	18,185	-	-	-	18,185	20,988	
Dividends distributed	750,000	-	-	-	-	750,000	-	
Operating expenses	-	249,106	-	-	346,927	596,033	-	



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- Included in the direct credit facilities granted to the members of Board of Directors and executive directors amounting to JD 106,946, representing credit facilities granted to the board of directors of Ejarah Finance lease Company (subsidiary company) as of 30 September 2023 (JD 670,351 as of 31 December 2022).
- Included in the direct credit facilities granted to the members of Board of Directors and executive directors amounting to JD 44,152, representing credit facilities granted to the board of directors of United for financial investments (subsidiary company) as of 30 September 2023 (JD 131,701 as of 31 December 2022).
- * Represents companies the bank has the right to vote on its boards of directors.
- ** Credit interest rate ranges from 1.75% to 10.75%.
- *** Debit interest rate ranges from 0.5% to 7.5%.
- The Salaries of Executive management for the Bank and the subsidiary companies amounted to JD 3,626,304 for the nine months ended 30 September 2023 (JD 2,266,352 as of 30 September 2022).

(20) COMMITMENTS AND CONTINGENT LIABILITIES

Credit commitments and contingencies:

	30 September 2023	31 December 2022
	(Reviewed and Unaudited)	(Audited)
	JD	JD
Letter of credits	53,045,847	81,917,466
Acceptances	27,413,400	46,990,610
Guarantees:		
Payments	191,591,387	136,423,673
Performance bonds	109,906,452	84,113,135
Other	13,244,903	18,251,700
Unutilized direct credit facilities ceilings	293,193,698	236,959,189
Unutilized Indirect credit facilities ceilings	103,482,753	89,256,361
Total	<u>791,878,440</u>	<u>693,912,134</u>

(21) LAWSUITS AGAINST THE BANK

The lawsuits filed against the bank and its subsidiaries amounted to JD 8,266,295 as of 30 September 2023, compared to JD 7,668,679 as of 31 December 2022. In the opinion of the management and legal advisor of the bank, the bank will not have obligations that exceed the allocated provision of JD 3,169,923 as of 30 September 2023, compared to (JD 2,303,637 as of 31 December 2022).



(22) AUTHORIZED AND PAID-IN CAPITAL AND PROPOSED DIVIDENDS

The general assembly of the Bank, approved in its meeting held on 26 April 2023, the recommendation of the Board of Directors to distribute cash dividends of 8% of the capital amounting to JD 12 million from the voluntary reserve account against 7% amounting to JD 10.5 million during 2022.

(23) PERPETUAL BONDS

During the first quarter of 2023, perpetual bonds classified as (Additional Tier I Capital) were issued, with a total value of JD 89.1 million. The bond consists of two issuances, the first is a non-public issuance of USD 90 million that is not listed on the Amman Stock Exchange, and the other is a public issuance of JD 25.2 million that was offered for public subscription.

The interest rate is 8.50% for the first 24 months, and the interest rate will float later based on the re-discount rate issued by the Central Bank of Jordan plus a margin of 1.25%, which is calculated every three months.

Note that the interest will be paid quarterly on 9/2023, 12/2023, 3/2023 and 6/2023 of each year, in addition to the fact that the bonds are negotiable on the Amman Stock Exchange.

The aim of the issuance is to support the bank's expansion plans in the region to diversify its sources of revenue in the coming years, especially with regard to recent acquisitions such as the Bank of Baghdad.

During the period, debit interest amounting to JD 2,842,846 was recorded, which was recorded directly from retained earnings.

(24) STATUTORY AND VOLUNTARY RESERVE

The bank did not deduct the statutory and voluntary reserves according to the Jordanian Companies Law as these are interim financial statements, and it will be deducted at the end of the year.



(25) FAIR VALUE HIERARCHY

A. THE FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES OF THE BANK SPECIFIED AT FAIR VALUE ON AN ONGOING BASIS:

Some financial assets and liabilities of the Bank are evaluated at fair value at the end of each fiscal period. The following table shows the information about financial assets and liabilities (evaluation methods and inputs used).

Financial Assets	Fair Value	Fair Value	Level of fair value	Valuation Method and input used	Significant intangible inputs	Relation between fair value and the significant intangible inputs
	30 September 2023 (Reviewed and unaudited) JD	31 December 2022(Unaudited) JD				
Financial Assets through net income						
Quoted prices stocks	22,574,882	20,958,094	Level 1	Quoted price from financial market	Not applicable	Not applicable
Financial Assets through other comprehensive income						
Quoted prices stocks	21,358,764	22,156,014	Level 1	Quoted price from financial market Compared to a similar financial instruments market value	Not applicable	Not applicable
Unquoted Stocks	50,908,133	50,250,068	Level 2	Quoted price from financial market	Not applicable	Not applicable
Bonds listed in active markets	27,543,580	22,578,510	Level 1	Quoted price from financial market	Not applicable	Not applicable
Total	122,385,359	115,942,686				

There were no transfers between level 1 and level 2 during the period ended 30 September 2023.



B. THE FAIR VALUE OF THE FINANCIAL ASSETS AND FINANCIAL LIABILITIES OF THE BANK (NON-SPECIFIC FAIR VALUE ON AN ONGOING BASIS):

Except what is shown in the table, we believe that the book value of the financial assets and liabilities appearing in the interim consolidated condensed financial statements for the bank are approximately close to their fair value, and that is because the bank's management believes that the book value for the items below are roughly equal to their fair value, because of their short-term maturity or because of their floating interest rates.

	30 September 2023 (Reviewed and unaudited)		31 December 2022 (Audited)		Fair Value Level
	Book Value	Fair Value	Book Value	Fair Value	
<u>Financial assets with undetermined Fair value</u>	JD	JD	JD	JD	JD
Balances with central banks	1,134,682,306	1,135,076,093	419,143,482	419,442,177	Stage 2
Balances with banks and banking institutions	335,010,662	336,626,504	123,435,953	124,661,598	Stage 2
Direct credit facilities	2,029,806,810	2,064,755,345	1,922,640,437	1,949,149,533	Stage 2
Financial assets at amortised cost	977,152,707	988,382,387	617,988,602	626,506,517	Stage 1 & 2
Total assets with undetermined fair value	<u>4,476,652,485</u>	<u>4,524,840,329</u>	<u>3,083,208,474</u>	<u>3,119,759,825</u>	
<u>Financial liabilities with undetermined Fair value</u>					
Bank and financial institutions deposits	64,935,377	67,450,487	107,184,993	108,467,136	Stage 2
Customers' deposits	3,442,858,328	3,469,123,415	2,418,672,958	2,432,062,271	Stage 2
Cash margins	130,622,082	132,708,617	117,926,572	118,990,238	Stage 2
Borrowed funds	380,452,549	383,438,710	296,598,068	298,120,341	Stage 2
Total Liabilities with undetermined fair Value	<u>4,018,868,336</u>	<u>4,052,721,229</u>	<u>2,940,382,591</u>	<u>2,957,639,986</u>	

The fair value of the financial assets and liabilities for level 2 and level 3 was determined in accordance with agreed pricing models, which reflect the credit risk of the parties dealt with.



(26) ACQUISITION OF SUBSIDIARIES

A- BANK OF BAGHDAD

During the first quarter of 2023, the bank acquired 51,79% of the outstanding shares of Bank of Baghdad. Bank of Baghdad is one of the largest private commercial banks in Iraq and is registered as a private shareholding company that was established in 1992 and the Bank's head office is in Baghdad and its current capital is IQD 250 billion. The Bank provides all banking and financial activities through its head office and (36) branches inside Iraq and (1) foreign branch in Lebanon.

The table below shows a summary of the net fair value of the acquired assets and liabilities as of 31 January 2023.

	As of 31 January 2023, Thousands of dinars
	JD
<u>Assets</u>	
Cash and balances with Banks and Central Banks	427,379
Direct credit facilities, net	48,690
Financial assets at fair value through other comprehensive income	1,908
Financial assets at amortized cost	378,501
Other assets	48,417
Total assets	904,895
<u>Liabilities and shareholders' equity</u>	
Banks and financial institutions deposits	439
Customers' deposits	668,417
Cash margins	8,276
Other liabilities	39,522
Total liabilities	716,654
Net fair value of acquisition transaction at the acquisition date	188,241
Amount in acquisition percentage of 51.79%	97,490
Purchase price	88,625
Result of acquisition	8,865
From date of acquisition until 30 September 2023 (reviewed unaudited)	JD
Profit for the period	50,526,923

Study of the purchase price distribution:

The above results are still initial and will be updated upon completion of the distribution of the acquisition purchase price study, as per IFRS 3 "Business Combinations" the bank has 12 months from the acquisition date to finalize the determination of the fair value and completing the study of the purchase price allocation.



(27) ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

In accordance with the Board of Directors' decision held on 24 September 2023, which included approving the sale of 66.97% of the capital of BHM Capital - UAE, the investment in the company was reclassified in accordance with the requirements of International Financial Reporting Standard No. (5) assets held for sale and discontinued operations, noting that during the second quarter, the acquisition of 76.972% of the company's capital was completed.

Financial assets held for sale

	30 September 2023 (Reviewed and unaudited)
	In Thousands of dinars
	JD
Cash and balances with Banks and financial institutions	72,144
Direct credit facilities, net	78,545
Financial assets through profit and loss	2,714
Intangible assets, net	7,942
Property and equipment, net	1,576
Other assets	8,864
Total assets	<u>171,785</u>
Bank's share	<u>132,223</u>

Liabilities and Shareholders' Equity directly related to assets held for sale

Bank and financial institutions deposits	71,070
Borrowed funds	19,942
Sundry provisions	3,296
Other liabilities	35,323
Total liabilities	<u>129,631</u>
Bank's share	<u>99,775</u>
Equity	<u>(744)</u>
Bank's share	<u>(573)</u>



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- The table below shows calculation of the impact resulted from the acquisition:

	As of 31 May 2023,
	In thousands of dinars
	JD
<u>Assets</u>	
Cash and balances with Banks and Central Banks	115,785
Direct credit facilities, net	63,208
Financial assets at fair value through profit or loss	2,142
Financial assets at fair value through other comprehensive income	744
Other assets	27,359
Total assets	209,238
<u>Liabilities and shareholders' equity</u>	
Customers' deposits	113,658
Borrowed funds	17,942
Other liabilities	42,347
Total liabilities	173,947
Net fair value of acquisition	35,291
Amount in acquisition percentage 76.97%	27,164
Purchase price	20,537
Bargain Purchase	6,627

(28) SUBSEQUENT EVENTS - DID NOT HAVE A FINANCIAL IMPACT ON THE THIRD QUARTER OF 2023

On 4 October 2023, 116,146,786 shares of the bank's investment in BHM Capital - a subsidiary company (66.97% of the company's capital) were sold. After the sale, the investment percentage decreased to 10% of the company's capital. The sale was carried out at a price of AED 161 million, equivalent to JD 30.6 million. As a result, profits will be recorded during the last quarter of the year at approximately JD 3 million.