

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

CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION FOR THE
NINE-MONTHS PERIOD ENDED
SEPTEMBER 30, 2021
TOGETHER WITH THE REVIEW REPORT

CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
SEPTEMBER 30, 2021

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Report on the Review of Condensed Consolidated Financial Information

AM/009489

To the Chairman and Members of the Board of Directors
Cairo Amman Bank
(A Public Shareholding Limited Company)
Amman – The Hashemite Kingdom of Jordan

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Cairo Amman Bank (A Public Shareholding Limited Company) as of September 30, 2021 and the related condensed consolidated interim statements of profit or loss, comprehensive income for the three and nine months period ended September 30, 2021, changes in owners' equity and cash flows for the nine-month period then ended and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard IAS (34) relating to interim financial reporting as adopted by the Central Bank of Jordan. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material aspects, in accordance with International Accounting Standards IAS (34) relating to condensed interim financial reporting as adopted by Central Bank of Jordan.

Other Matters

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

Amman – The Hashemite Kingdom of Jordan
October 26, 2021


Deloitte & Touche (M.E.) – Jordan
ديلويت أند توش (الشرق الأوسط)
010101

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

	Note	September 30, 2021 (Reviewed not audited)	December 31, 2020 (Audited)
		JD	JD
Assets			
Cash and balances at Central Banks	5	334,116,149	312,961,419
Balances at banks and financial institutions	6	119,911,675	154,796,630
Deposits at banks and financial institutions	7	99,037,478	79,864,376
Financial assets at fair value through profit or loss	8	8,086,258	7,406,964
Financial assets at fair value through other comprehensive income	9	63,384,721	49,648,977
Financial assets at amortized cost - net	10/A	731,918,759	739,784,106
Financial assets pledged as collateral	10/B	39,617,000	73,141,000
Direct credit facilities - net	11	1,971,870,354	1,793,871,484
Property and equipment - net		43,010,916	42,602,959
Intangible assets - net		5,143,387	5,193,184
Right of use assets - net		24,966,655	27,432,242
Deferred tax assets	15	12,261,773	13,316,167
Other assets	12	53,838,261	53,215,969
Total Assets		3,507,163,386	3,353,235,477
Liabilities And Owners' Equity			
Liabilities:			
Banks and financial institutions' deposits		309,207,170	234,181,337
Customers' deposits	13	2,282,167,374	2,226,430,437
Margin accounts		67,814,298	56,958,241
Borrowed funds	14	317,666,305	314,384,118
Subordinated Loans		18,540,350	18,540,350
Sundry provisions		12,190,629	12,894,571
Income tax provision	15	14,951,336	16,002,794
Lease liabilities		24,070,503	26,266,292
Deferred tax liabilities		848,786	808,967
Other liabilities	16	73,231,879	71,479,421
Total Liabilities		3,120,688,630	2,977,946,528
Owners' Equity			
Bank's Shareholders' Equity			
Authorized and paid-up capital		190,000,000	190,000,000
Statutory reserve		82,047,879	82,047,879
General banking risk reserve		4,341,429	3,897,183
Cyclical fluctuations reserve		10,894,653	10,894,653
Fair value reserve - net	17	2,241,877	(5,988,630)
Foreign Currencies Translation Reserve		(3,188,744)	(3,188,744)
Retained earnings	18	66,345,535	88,960,274
Profit for the period - after tax		23,468,491	-
Total Bank's Shareholders' Equity		376,151,120	366,622,615
Non-controlling interest		10,323,636	8,666,334
Total Owners' Equity		386,474,756	375,288,949
Total Liabilities and Owners' Equity		3,507,163,386	3,353,235,477

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONDENSED
CONSOLIDATED INTERIM FINANCIAL INFORMATION AND SHOULD BE READ WITH THEM
AND WITH THE ACCOMPANYING REVIEW REPORT.

CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
(REVIEWED NOT AUDITED)

	Note	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
		2021	2020	2021	2020
		JD	JD	JD	JD
Interest income	19	43,013,058	42,287,635	129,061,444	128,535,695
Interest expense	20	14,575,884	14,956,379	42,880,438	50,317,880
Net interest income		28,437,174	27,331,256	86,181,006	78,217,815
Net commission income		5,225,489	4,825,023	15,203,753	13,390,268
Net interest and commission income		33,662,663	32,156,279	101,384,759	91,608,083
Gain from foreign currencies		1,011,179	1,078,083	3,264,467	3,363,439
(Loss) Gain from financial assets at fair value through profit or loss	21	(376,752)	18,313	1,631,004	(1,651,079)
Dividends from financial assets at fair value through other comprehensive income	9	-	-	2,603,331	2,152,730
Other income		1,325,551	1,624,838	5,226,265	4,326,675
Gross profit		35,622,641	34,877,513	114,109,826	99,799,848
Employees' expenses		10,931,039	10,423,158	32,439,086	31,480,564
Depreciation and amortization		1,953,958	2,325,855	5,956,957	6,901,348
Other expenses		9,422,806	9,215,722	26,264,195	26,951,702
Expected credit loss	22	4,541,267	2,770,055	16,030,847	13,000,000
Impairment repossessed assets (Released from) impairment provision on financial assets at fair value through other comprehensive income	12	- (4,158,000)	-	175,000 (4,158,000)	-
Sundry provisions		245,971	193,794	731,877	889,965
Total expenses		22,937,041	24,928,584	77,439,962	79,223,579
Profit for the period before tax		12,685,600	9,948,929	36,669,864	20,576,269
Income tax expense	15	(4,780,884)	(3,994,776)	(13,349,945)	(8,907,890)
Profit for the period		7,904,716	5,954,153	23,319,919	11,668,379
Attributable to:					
Bank's shareholders		7,930,896	6,085,387	23,468,491	12,243,769
Non-controlling interest		(26,180)	(131,234)	(148,572)	(575,390)
Profit for the period		7,904,716	5,954,153	23,319,919	11,668,379
		JD/ Fils	JD/ Fils	JD/ Fils	JD/ Fils
Basic and diluted earnings per share (Bank's shareholders)	23	0/042	0/032	0/124	0/064

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CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(REVIEWED NOT AUDITED)

	For the Three Months		For the Nine Months	
	Ended September 30,		Ended September 30,	
	2021	2020	2021	2020
	JD	JD	JD	JD
Profit for the period	7,904,716	5,954,153	23,319,919	11,668,379
Other comprehensive income items: Items which will not be transferred subsequently to the condensed consolidated statement of profit or loss:				
Change in fair value reserve after tax	(994,073)	971,808	8,340,368	(4,764,540)
Total comprehensive income for the Period	6,910,643	6,925,961	31,660,287	6,903,839
Total comprehensive income for the period attributable to:				
Bank's shareholders	6,936,823	7,057,195	31,808,859	7,479,229
Non-controlling interest	(26,180)	(131,234)	(148,572)	(575,390)
Total comprehensive income for the Period	6,910,643	6,925,961	31,660,287	6,903,839

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CAIRO AMMAN BANK
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 AMMAN - THE HASHEMITE KINGDOM OF JORDAN

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

	Authorized and Paid-up Capital		General Reserve #		Cyclical Fluctuations Reserve		Fair Value Reserve - Net		Foreign Exchange Reserve		Retained Earnings		Profit for the Period		Total Shareholders' Equity		Non-controlling Interests		Total Owners' Equity		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
For The Nine Months Ended September 30, 2021																					
Balance at beginning of the period (Audited)	190,000,000	82,047,879	3,897,183	10,894,653	(5,988,630)	8,340,368	(3,188,744)	88,960,274	-	23,468,491	31,808,859	(22,800,000)	366,622,615	8,666,334	(148,572)	375,288,949					
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	(22,800,000)	-	-	-	-	(22,800,000)	-	-	-	-	-
Cash dividends distributed	-	-	-	-	-	-	-	-	-	-	(444,246)	-	-	-	-	(444,246)	-	-	-	-	-
Transferred to reserves**	-	-	444,246	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in non-controlling interests - Net	-	-	-	-	-	-	-	-	-	-	519,646	-	-	-	-	519,646	-	-	-	-	-
Loss from sale of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	(109,861)	-	-	-	-	-	-	-	(109,861)	-	-	-	-	-
Balance at September 30, 2021 (Reviewed)	190,000,000	82,047,879	4,341,429	10,894,653	2,351,738	(3,188,744)	66,235,674	23,468,491	376,151,120	10,323,636	386,474,756										
For The Nine Months Ended September 30, 2020																					
Balance at beginning of the period (Audited)	190,000,000	79,007,427	3,854,197	10,894,653	(7,848,900)	(4,764,540)	73,967,732	-	12,243,769	7,479,229	349,875,109	9,354,257	359,229,366								
Total comprehensive income for the period	-	-	-	-	-	(4,764,540)	-	-	-	-	12,243,769	-	-	-	-	(575,390)	-	-	-	-	-
Loss from sale of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	85,200	-	-	-	(85,200)	-	-	-	-	(85,200)	-	-	-	-	-
Balance at September 30, 2020 (Reviewed)	190,000,000	79,007,427	3,854,197	10,894,653	(12,528,240)	-	73,882,532	12,243,769	357,354,338	8,778,867	366,133,205										

* The general banking risk reserve and the negative balance of the fair value reserve are restricted from use without a prior approval from the Central Bank of Jordan.

** This item transferred to reserves and related items of bank branches in Palestine.

- As of September 30, 2021, the restricted retained earnings balance resulting from the early implementation of IFRS 9 amounted to JD 13,051,154.

- The retained earnings balance includes deferred tax assets amounting to JD 12,261,773 and is restricted from use in accordance with The instructions of The Central Bank of Jordan.

- The Bank cannot use a restricted amount of JD 1,155,916 which represents the remaining balance of the general banking risk reserve included in retained earnings in accordance with the instructions of the Central Bank of Jordan.

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CAIRO AMMAN BANK
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CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(REVIEWED NOT AUDITED)

	Note	For the Nine Months Ended September 30,	
		2021	2020
Cash Flows from Operating Activities		JD	JD
Profit before tax for the period		36,669,864	20,576,269
Adjustments for:			
Depreciation and amortization		5,956,957	6,901,348
Provision for expected credit loss	22	16,030,847	13,000,000
Sundry provisions		731,877	889,965
(Released from) impairment provision on financial assets at fair value through other comprehensive income		(4,158,000)	-
(Gain) loss from valuation of financial assets at fair value through profit or loss		(1,080,301)	2,074,609
(Gain) loss from sale of property and equipment		937	(3,038)
Impairment repossessed assets		175,000	-
(Gain) from sale of repossessed assets		(779,183)	-
Effect of exchange rate changes on cash and cash equivalents		(3,091,821)	(3,185,380)
Cash flow from operating activities before changes in net assets		50,456,177	40,253,773
(Increase) decrease in deposits at banks and financial institutions		(19,353,307)	9,849,205
Decrease in financial assets at fair value through profit or loss		401,007	197,419
(Increase) in direct credit facilities		(193,942,494)	(190,423,428)
Decrease (increase) in other assets		2,447,478	(337,081)
Increase (decrease) in banks and financial institution deposits (maturing after more than three months)		13,847,700	(17,955,000)
Increase in customers deposits		55,736,937	48,370,785
Increase (decrease) in Cash margins		10,856,057	(1,495,739)
(Decrease) increase in other liabilities		(422,082)	14,248,844
Net cash flows (used in) operating activities before income tax and sundry provisions		(79,972,527)	(97,291,222)
Income tax paid	15	(14,678,012)	(15,500,933)
Sundry provisions paid		(1,435,819)	(531,422)
Net cash flows (used in) operating activities		(96,086,358)	(113,323,577)
Cash Flows from Investing Activities			
(Purchase) of financial assets at fair value through other comprehensive income		(1,053,253)	(339,738)
Sale of financial assets at fair value through other comprehensive income		1,186,699	-
(Purchase) of other financial assets at amortized cost		(141,395,588)	(151,540,099)
Maturity and sale of other financial assets at amortized cost		183,234,505	76,226,524
Sale of investments in subsidiaries		2,325,520	-
(Purchase) of property and equipment		(4,930,857)	(4,805,323)
(Transferred from) assets acquired by the bank		-	(1,522,176)
Sale of property and equipment - net		2,550	77,236
(Purchase) of intangible assets		(1,387,747)	(756,615)
Net cash flows from (used in) investing activities		37,981,829	(82,660,191)
Cash Flows from Financing Activities			
Increase in borrowed funds		144,956,938	401,779,703
Borrowed funds settled		(141,674,751)	(309,118,252)
Dividends distributed to shareholders		(22,800,000)	-
Net cash flows (used in) from financing activities		(19,517,813)	92,661,451
Effect of exchange rate changes on cash and cash equivalents		3,091,821	3,185,380
Net (decrease) in cash and cash equivalents		(74,530,521)	(100,136,937)
Cash and cash equivalents - beginning of the period		324,193,573	287,803,962
Cash and cash equivalents - End of the Period	24	249,663,052	187,667,025

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(REVIEWED NOT AUDITED)

1. General

- Cairo Amman Bank was established as a public shareholding company, registered and incorporated in Amman - Jordan in 1960, in accordance with the Jordanian Companies Laws and Regulations No. (12) for the year 1964.
- The Bank provides its banking and financial services through its head office located in Amman and its 96 branches located in Jordan, 21 branches in Palestine, one branch in Bahrain and through its subsidiaries.
- The Bank's shares are listed on the Amman Stock Exchange.
- The condensed consolidated interim financial statements were approved by the Bank's Board of Directors on October 26, 2021.

2. Basis of Preparation

- The accompanying condensed consolidated interim financial information have been prepared in accordance with the International Accounting Standard No. (34) "Interim Financial Reporting" as adopted by the Central Bank of Jordan.
- The accompanying condensed consolidated interim financial information have been prepared in accordance with the historical cost basis, except the financial assets and the financial liabilities that have been recorded at fair value at the date of interim financial information.

The main differences between IFRS that should be applied and what have been adopted by the Central Bank of Jordan is as follow:

- a. When calculating credit losses against credit exposures, the calculation results in accordance with International Financial Reporting Standards (9) are compared with the calculation as per the instructions of the Central Bank of Jordan. for each stage separately and the stricter results are recorded, the main differences are:
 - Exclusion of the Debt instruments issued or guaranteed by the Jordanian Government, so that credit exposures issued or guaranteed by the Jordanian Government are treated with no credit losses.
 - When calculating credit losses against credit exposures, the results of the calculation are compared in accordance with International Financial Reporting Standard No. (9) with the instructions of the Central Bank of Jordan No. (47/2009) dated December 10, 2009 for each stage separately, and the stricter results are recorded.
 - In some special cases, the Central Bank of Jordan agrees to special arrangements for calculating an allowance for expected credit losses for clients of direct credit facilities over a specified period.
- b. Interests, returns and commissions shall be suspended on non-performing credit facilities and Funds granted to clients in accordance with the instructions of the Central Bank of Jordan.

c. Assets foreclosed to the Bank are shown in the consolidated statement of financial position, among other assets at their current value when it foreclosed to the Bank or at their fair value, whichever is lower. Furthermore, they are revaluated on the date of the consolidated condensed interim financial statements separately, and any decrease in its value is recorded in the consolidated condensed interim statement of profit or loss and consolidated comprehensive income while no increase in its value is recorded as revenue, in which, any subsequent increase is taken to the consolidated statement of profit or loss and other comprehensive income to the extent of not exceeding the previously recorded impairment value. A gradual provision has been taken for real estate acquired in exchange for debts according to the Central Bank of Jordan's generalization (10/1/16239) dated November 21, 2020, which is 5% of the total book value of these real estates from the year of 2021 until the required percentage is reached (50% of these properties by the end of the year 2030).

- Specific provisions have been recorded in accordance with the instructions of the Central Bank of Jordan against the bank's foreign investments in foreign countries.
- The reporting currency of the condensed consolidated interim financial information is the Jordanian Dinar, which is the functional currency of the Bank.
- The condensed consolidated interim financial information does not include all notes and information presented in the annual financial statements and should be read with the bank's annual report for the year ended December 31, 2020. The results of the nine months ended September 30, 2021 do not indicate the expected results for the fiscal year ending December 31, 2021. Also, Allocations of profits have not been made as of September 30, 2021 as conducted at the end of the fiscal year.

The consolidated financial information includes the financial information of the Bank and its subsidiaries under its control. Moreover, control is achieved when the Bank has the power to govern the financial and operating policies of its subsidiaries in order to obtain benefits from their activities. Transactions, balances, income and expenses between the Bank and its subsidiaries are eliminated.

- The Bank owns the following subsidiaries as of September 30, 2021:

Company's Name	Paid-up Capital JD	Ownership Percentage %	Nature of Operation	Country of Operation	Ownership Date
Al-Watanieh for Financial Services Company	5,500,000	100	Investment Brokerage and Portfolio Management	Jordan	1992
Al-Watanieh Securities Company	1,600,000	100	Investment Brokerage	Palestine	1995
Tamallak For Financial Leasing Company	5,000,000	100	Finance Leasing	Jordan	2013
Safa Bank*	53,175,000	74.6	Islamic Banking	Palestine	2016

- * During the period, the bank sold 3,280,000 shares of the shares invested in Safa Bank at its par value of \$1/share (0.709 JD/share). This transaction resulted in a decrease in the Bank's ownership percentage in Safa Bank to reach 74.6% as on September 30, 2021 (79% as on December 31, 2020) conditions have been completed and approvals were obtained from the regulatory authorities regarding this transaction.

- The most important financial information for the subsidiaries as of September 30, 2021 is as follows:

	Al-Watanieh Financial Services Company (Awraq)		Al-Watanieh Securities Company	
	September 30, 2021	December 31, 2020	September 30, 2020	December 31, 2021
	JD	JD	JD	JD
Total Assets	22,260,229	21,942,637	2,706,156	3,260,604
Total Liabilities	11,814,102	12,468,139	1,542,424	2,129,460
Net Assets	10,446,127	9,474,498	1,163,732	1,131,144
	For the Period Ended September 30,		For the Period Ended September 30,	
	2021	2020	2021	2020
	JD	JD	JD	JD
Total Revenues	1,881,516	1,113,246	207,622	108,118
Total Expenses	600,380	512,299	175,034	226,031
	Tamallak For Financial Leasing Company		Safa Bank	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
	JD	JD	JD	JD
Total Assets	42,992,010	39,007,713	267,174,368	227,655,276
Total Liabilities	36,797,633	33,402,365	226,467,344	186,362,418
Net Assets	6,194,377	5,605,348	40,707,024	41,292,858
	For the Period Ended September 30,		For the Period Ended September 30,	
	2021	2020	2021	2020
	JD	JD	JD	JD
Total Revenues	1,571,973	1,138,140	4,977,430	2,277,645
Total Expenses	753,879	2,216,336	5,563,264	5,019,232

3. Significant accounting policies:

The accounting policies used in preparing the condensed consolidated interim financial information for the period ending on September 30, 2021 are identical with the accounting policies that were followed in preparing the consolidated financial information for the year ended December 31, 2020. However, it has adopted a set of the following amendments and interpretations that are effective for the first time in 2021, which has no impact on the Bank's condensed consolidated interim financial information:

Interest Rate Benchmark-phase 2

Effective from January 1, 2021, the Bank has implemented Interest Rate Benchmark Reform - Phase 2 amendments which address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IFRS 7, IFRS 4, IFRS 16 and IAS 39 relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities and hedge accounting.

The amendments require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability. In addition, it provides certain exceptions to hedge accounting requirements.

The bank performed a preliminary study in relation to exposure to cash flow and fair value hedges and non-derivative financial assets and liabilities linked to Inter Bank Offered Rate maturing *beyond* the year 2021 and it was found that there is no material impact of the interest rate reform on the Bank's results.

4. Significant Accounting Judgments and key Sources of Uncertainty Estimates:

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

We believe that the estimates used in the preparation of these condensed interim financial information are consistent with those used in the annual consolidated financial information for the year ended December 31, 2020 except for the changes in note (3).

The impact of the Coronavirus ("Covid-19")

The outbreak of Novel Coronavirus (Covid-19) in early 2020 in most countries has caused widespread disruptions to business, and economic. Also, this event is witnessing continuous and rapid developments, which required the Group's management to conduct an evaluation of the expected effects on the Group's business inside and outside the kingdom, perform a study to review and evaluate potential risks, in addition to providing additional disclosures in the interim consolidated financial statements as of September 30, 2021. Accordingly, the Bank during 2020 has taken the following measures to contain the crisis:

a. The Bank's plan to address the new Coronavirus (COVID-19) pandemic

Before announcing any case of infection in Jordan, the Supreme Committee for Emergency has taken all necessary measures to ensure its business continuity and customer service in the event of any emergency, through the formation of a specialized team to manage the crisis of the Coronavirus spread in coordination with various sector heads and executives to ensure the implementation of a set of procedures, the most important of which are the following:

- Providing alternative locations for staff distribution to ensure work continuity and to maintain social distancing among employees.
- Activating the remote work feature for sensitive jobs in order to ensure the continuity of the provision of customer service through electronic channels and ATMs.
- Maintaining the safety of both employees and clients by taking all measures related to the sterilization of branches and workplaces.
- The bank has developed a monitoring plan to respond to disruption data and available alternatives periodically.

b. The impact of the new coronavirus (COVID-19) outbreak on the results of the Bank's operations

- In order to assess the crisis expected impact on assumptions used for the determination of ECLs during the year, a set of assumptions was used, based on the interplay of two main pillars that enable the Bank to monitor the impact of the crisis on its business. These two pillars are the following:
- Global practices related for calculating CL According to International Financial Reporting Standard No. (9), and the amendment of the calculation models developed for this purpose in a manner that leads to taking into account the impact of (COVID-19) epic , and reaching reasonable expectations for the expected outputs of the impact.
- In addition to the assumptions outlined above, Management Overlay in evaluating the impact on certain sectors or specific customers based on studying each sector or customers separately.

The affected sectors have been divided into three main levels:

- Unaffected (low-risk) sectors
- Moderately affected sectors (medium risk)
- Highly affected sectors (high risk)

Reference has been made to the historical global economic indicators according to data maintained by Moody's, relating to economic crises, including: The crisis related to the economic downturn that occurred in 2002, as a result of the events of September 11th, whose impact was of medium intensity. As such, this was relatively relied upon for the sectors moderately affected. In addition, the crisis related to the economic downturn that occurred in 2008, which had a significant impact and was relatively relied upon for the sectors that were highly affected. Accordingly, the following proposals have been made:

Impacting scenario ratios

According to the instructions of the Central Bank of Jordan regarding the application of International Financial Reporting Standard No. (9), banks have conducted several scenarios when calculating the ECL, so that the final outcome of the results represents the "expected weighted CL for the scenarios". In this respect, the Bank adopts three scenarios: Base Scenario, Upturn Scenario, and Downturn Scenario. The weights of these scenarios are determined based on the results of the Normal Distribution Curve.

Probability of Default (PD) Ratios Scenarios

The Bank's sectors have been divided into the above-mentioned three levels, according to the Bank's estimates by the Business Sectors Division most affected by the severity of the impact according to the current conditions.

With Business Sectors Department coordination for the purpose of determining the most affected in order to reflect the impact of the epic on the calculation models.

During 2020, the Bank's proposed methodology updated by the bank, and the best practices adopted by various banks on this side are to be reconnaissance. The recommendation was that the effects of the crisis at the level of many countries have included all sectors due to its overlapping impact within several sectors. Therefore, all economic sectors have necessarily been greatly affected by the crisis. Accordingly, based on this recommendation, the following scenario has been adopted at the level of all economic sectors of the components of the portfolio, and the following weights have been applied:

The following weights for scenarios were adopted by the Bank to as a response to the spread of COVID-19 and as follows:

	<u>Weight %</u>
Upturn Scenario	10%
Baseline Scenario	30%
Downturn Scenario	60%

Loss Given Default (LGD)

During the period, the Bank has not adjusted the loss given default percentage calculated for all scenarios and stages related to all accounts based on the historical data approved by the bank regarding default conditions and the volume of recovery that were obtained by Moody's, noting that the cash flow expected from the guarantees in exchange for the facilities granted have been reassessed.

Management Overlay

Logical expectations have been reached by the Bank regarding the outputs of this event, moreover, reflecting the Bank's management overlay in assessing the impact on some sectors or some clients depending on the study of each sector or customer separately.

c. The effect of the coronavirus (COVID-19) outbreak on the Bank's liquidity level

All relative scenarios to the stressful situation have been made by the Bank, knowing that the Bank has comfortable levels enabling it to respond to market condition, moreover the procedures adopted by the Central Bank of Jordan have a significant impact by enhancing the liquidity of the Jordanian Banking System.

5. Cash and Balances at Central Banks

This item consists of the following:

	September 30, 2021 (Reviewed not audited)	December 31, 2020 (Audited)
	JD	JD
Cash on hand	152,152,039	110,015,206
Balances at Central Banks:		
Current and demand accounts	47,335,484	34,385,870
Time and notice deposits	22,135,000	63,918,998
Statutory cash reserve	112,647,149	104,658,821
Total Balances at Central Banks:	182,117,633	202,963,689
Provision for expected credit loss (central banks)	(153,523)	(17,476)
Net Balances at Central Banks:	181,964,110	202,946,213
Total	334,116,149	312,961,419

- Restricted balances amounted to JD 10,635,000 as of September 30, 2021 (JD 10,635,000 as of December 31, 2020).

In addition to the statutory cash reserve as stated above.

- There are no balances that mature in a period more than three months as of September 30, 2021 and December 31, 2020.

- All balances at the Central Bank of Jordan are classified within first stage in accordance with the requirements of IFRS (9) and there is no transitions between stages 1, 2 and 3 or any written off balances as of September 30, 2021.

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

	September 30, 2021 (Reviewed not audited)	December 31, 2020 (Audited)
	JD	JD
Balance- beginning of the period /year	17,476	3,979
Provision for the expected credit loss during the period / year	136,047	13,497
Total	153,523	17,476

6. Balances at Banks and Financial Institutions

This item consists of the following:

	September 30, 2021 (Reviewed not audited) JD	December 31, 2020 (Audited) JD
Local Banks and Financial Institutions:		
Current and demand accounts	1,898,907	862,998
Deposits maturing within 3 months or less	33,215,999	54,012,296
Total	35,114,906	54,875,294
Foreign Banks and Financial Institutions:		
Current and demand accounts	53,354,657	70,867,991
Deposits maturing within 3 months or less	31,769,437	29,138,880
Total	85,124,094	100,006,871
	120,239,000	154,882,165
Less: Provision for expected credit loss (Banks balances)	(327,325)	(85,535)
Total	119,911,675	154,796,630

- Non-interest bearing balances at banks and financial institutions amounted to JD 55,253,564 as of September 30, 2021 (JD 71,730,989 as of December 31, 2020).

- All balances at banks and financial institutions are classified within the stage 1 in accordance of IFRS (9), moreover, there is no transitions between stages (1, 2 and 3) or written off balances as of September 30, 2021.

- There are no restricted balances as of September 30, 2021 and December 31, 2020.

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

	September 30, 2021 (Reviewed not audited) JD	December 31, 2020 (Audited) JD
Beginning balance for the period / year	85,535	51,367
Provision for the expected credit loss during the period / year	241,790	34,168
Total	327,325	85,535

7. Deposits at Banks and Financial Institutions

This item consists of the following:

	September 30, 2021 (Reviewed not audited) JD	December 31, 2020 (Audited) JD
Deposit maturing within:		
More than 3 to 6 months	-	31,750,001
More than 6 to 9 months	31,000,000	6,029,926
More than 9 to 12 months	9,098,834	-
More than 12 months	59,460,900	42,426,500
Total	99,559,734	80,206,427
<u>Less:</u> provision for expected credit loss (deposits at banks)	(522,256)	(342,051)
Total	99,037,478	79,864,376

- All deposits at banks and financial institutions are classified within the first phase according to IFRS (9), moreover, there is no transitions between stages (1, 2 and 3) or written off balances as of September 30, 2021.
- There are no restricted deposits as of September 30, 2021 and December 31, 2020.

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

	September 30, 2021 (Reviewed not audited) JD	December 31, 2020 (Audited) JD
Beginning balance for the period /year	342,051	239,076
Provision for the expected credit loss during the period / year	180,205	102,975
Total	522,256	342,051

8. Financial Assets at Fair Value through Profit or Loss

This item consists of the following:

	September 30, 2021 JD	December 31, 2020 JD
Corporate shares	8,086,258	7,406,964
	8,086,258	7,406,964

9. Financial Assets at Fair Value through Other Comprehensive Income

This item consists of the following:

	September 30, 2021 (Reviewed not audited)	December 31, 2020 (Audited)
	JD	JD
Quoted shares*	56,937,131	43,528,787
Unquoted shares**	6,447,590	6,120,190
	63,384,721	49,648,977

- Dividends on investments amounted to JD 2,603,331 for the nine months ended September 30, 2021 (JD 2,152,730 for the nine months ended September 30, 2020).

* During the period, the Bank released the impairment provision against its investment in one of the neighboring countries amounting to JD 4,158,000 as of December 31, 2020, the release was due to the increase in the fair value and indicators associated with the investment.

**Fair value calculation for unquoted investments are based on the most recent financial data available.

10/A Financial Assets at Amortized Cost - Net

This item consists of the following:

	September 30, 2021 (Reviewed not audited)	December 31, 2020 (Audited)
	JD	JD
Quoted Investments		
Foreign government treasury bills	6,089,533	-
Foreign government treasury bonds	8,075,474	2,916,349
Corporate debt securities	22,079,457	24,450,252
Total quoted investments	36,244,464	27,366,601
Unquoted Investments		
Governmental treasury bills	17,428,526	9,770,801
Governmental treasury bonds	627,931,810	640,782,315
Corporate debt securities	51,000,000	63,000,000
Total unquoted investments	696,360,336	713,553,116
Total	732,604,800	740,919,717
<u>Less: Provision for expected credit loss</u>	<u>(686,041)</u>	<u>(1,135,611)</u>
	731,918,759	739,784,106
Analysis of bonds:		
Fixed income rate	732,604,800	740,919,717
Total	732,604,800	740,919,717

10/B Financial Assets Pledged as Collateral

This item consists of the following:

	September 30, 2021 (Reviewed not audited)		December 31, 2020 (Audited)	
	Financial Assets Pledged as Collateral	Related Financial Liabilities	Financial Assets Pledged as Collateral	Related Financial Liabilities
	JD	JD	JD	JD
Financial assets pledged	<u>39,617,000</u>	<u>40,350,928</u>	<u>73,141,000</u>	<u>77,175,195</u>

These bonds were collateralized against the funds borrowed from the Central Bank of Jordan for SMEs and industrial financing loans.

The Movement on the provision for expected credit loss for financial assets at amortized cost is as follows:

	September 30, 2021 (Reviewed not audited)	December 31, 2020 (Audited)
	JD	JD
Balance- beginning of the period /year	1,135,611	760,286
(Released from) provision for expected credit loss during the period / year	<u>(449,570)</u>	<u>375,325</u>
Total	<u>686,041</u>	<u>1,135,611</u>

11. Direct Credit Facilities - Net

This item consists of the following:

	September 30, 2021 (Reviewed not audited)	December 31, 2020 (Audited)
	JD	JD
Consumer lending	9,698,405	13,865,546
Overdrafts	735,574,712	688,937,832
Loans and bills *	15,939,440	15,145,311
Credit cards	7,862,060	7,184,597
Others	280,066,765	249,897,163
Real-estate mortgages		
Corporate lending	117,630,556	63,466,034
Overdrafts	499,090,853	461,375,204
Loans and bills *		
Small and medium enterprises lending "SMEs"	20,693,506	18,432,092
Overdrafts	174,951,749	166,356,629
Loans and bills *	<u>217,887,798</u>	<u>204,171,887</u>
Lending to public and governmental sectors	<u>2,079,395,844</u>	<u>1,888,832,295</u>
Total	(10,206,865)	(13,082,278)
Less: Suspended interest	<u>(97,318,625)</u>	<u>(81,878,533)</u>
Less: Provision for expected credit loss	<u>1,971,870,354</u>	<u>1,793,871,484</u>

Net- Direct Credit Facilities

* Net after deducting the amount of interest received in advance amounting to JD 3,884,422 as of September 30, 2021

(JD 4,132,557 as of December 31, 2020).

- Non-performing credit facilities, in accordance with the instructions of the Central Bank of Jordan, amounted to JD 107,052,602

as of September 30, 2021 (JD 109,313,840 as of December 31, 2020), representing 5.15% (December 31, 2020: 5.79%)

of gross direct credit facilities granted.

- Non-performing credit facilities, net of suspended interest, amounted to JD 96,980,598 as of September 30, 2021 (JD 96,423,451

as of December 31, 2020), representing 4.69% (December 31, 2020: 5.14%) of gross direct credit facilities granted after excluding the suspended interest.

- Credit facilities granted to the Government of Jordan amounted to JD 31,504,984 as of September 30, 2021 (JD 55,167,746 as of

December 31, 2020), representing 1.52% (December 31, 2020: 2.31%) of gross direct credit facilities granted.

- Credit facilities granted to the public sector in Palestine amounted to JD 83,697,326 as of September 30, 2021 (JD 87,151,326 as

of December 31, 2020), representing 4.03% (December 31, 2020: 4.61%) of gross direct credit facilities granted.

The movement on the provision for expected credit loss is as follows:

For the Nine Months Ended September 30, 2021 (Reviewed not audited)

	Consumer		Residential		Corporates		Government and		Total
	Loans		Large		SMEs		Public Sector		
	JD	JD	JD	JD	JD	JD	JD	JD	
Gross Balance - beginning of the period / year	40,334,148	9,136,154	18,537,650	13,186,398	684,183	81,878,533			
Credit loss on new facilities during the period	2,916,506	2,143,904	2,575,844	1,266,102	583,033	9,485,389			
(Reversed) credit loss on settled facilities	(4,857,781)	(1,064,337)	(4,608,762)	(2,790,300)	(191,252)	(13,512,432)			
Transferred to stage 1	2,171,884	455,426	626,211	433,468	(314,630)	3,372,359			
Transferred to stage 2	1,490,448	295,480	(240,076)	1,017,080	314,630	2,877,562			
Transferred to stage 3	(3,662,331)	(750,906)	(386,135)	(1,450,548)	-	(6,249,920)			
Effect on the provision at the end of the period - resulting from the reclassification between the three stages during the period	2,151,950	1,557,908	799,812	202,917	1,409,496	6,122,083			
Changes resulting from adjustments	7,092,082	534,501	5,031,662	1,190,338	-	13,848,583			
Written off facilities	(49,362)	-	(437,168)	-	-	(486,530)			
Valuation differences	(17,002)	-	-	-	-	(17,002)			
Gross Balance - End of the Period	47,570,542	12,308,130	21,899,038	13,055,455	2,485,460	97,318,625			

For the Year Ended December 31, 2020 (Audited)

Balance as of January 1, 2020	38,795,804	6,648,056	9,294,100	9,485,381	3,011,508	67,234,849			
Credit loss on new facilities during the year	6,531,796	2,434,479	3,158,768	3,170,245	302,256	15,597,544			
(Reversed) credit loss on settled facilities	(1,445,653)	(628,716)	(1,511,048)	(1,857,983)	(102,005)	(5,545,405)			
Transferred to stage 1	5,703,439	862,710	1,023,097	262,069	4,111	7,855,426			
Transferred to stage 2	1,669,907	327,479	(602,141)	85,470	1,544,104	3,024,819			
Transferred to stage 3	(7,373,346)	(1,190,189)	(420,956)	(347,539)	(1,548,215)	(10,880,245)			
Effect on the provision at the end of the year - resulting from the reclassification between the three stages during the year	(466,651)	955,034	5,532,326	2,435,990	(1,382,754)	7,073,945			
Changes resulting from adjustments	179,769	(291,971)	1,835,071	(157,600)	(1,144,822)	420,447			
Written off facilities	(3,395,729)	(24,787)	-	(10,760)	-	(3,431,276)			
Valuation differences	134,812	44,059	228,433	121,125	-	528,429			
Balance at the End of the Year	40,334,148	9,136,154	18,537,650	13,186,398	684,183	81,878,533			

Suspended Interest

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

For the period ended September 30, 2021 (Reviewed not audited)

	Consumer		Residential Loans		Corporates		SMEs		Government and Public Sector		Total
	JD		JD		Large		JD		JD		JD
Gross Balance at the beginning of the period/year	2,331,972		621,534		7,949,234		2,179,538		-		13,082,278
Suspended interest on new exposures during the period	437,415		186,048		736,928		200,513		-		1,560,904
Suspended interest on settled exposures transferred to revenue during the period	(251,347)		(91,551)		(135,620)		(133,842)		-		(612,360)
Transferred to stage 1	28,207		7,017		4,763		361		-		40,348
Transferred to stage 2	47,913		(2,441)		22,763		25,544		-		93,779
Transferred to stage 3	(76,120)		(4,576)		(27,527)		(25,905)		-		(134,128)
Suspended interest on written off exposures	-		-		(3,823,956)		-		-		(3,823,956)
Gross Balance at the End of the Period	2,518,040		716,031		4,726,585		2,246,209		-		10,206,865

For the year ended December 31, 2020 (Audited)

Balance at the beginning of the year	2,149,457		411,444		6,606,420		1,722,329		199,155		11,088,805
Suspended interest on new exposures during the year	513,021		258,208		1,458,881		757,766		-		2,987,876
Suspended interest on settled exposures transferred to revenue during the year	(255,492)		(46,239)		(116,067)		(300,338)		(199,155)		(917,291)
Transferred to stage 1	124,810		11,565		-		618		-		136,993
Transferred to stage 2	39,953		23,377		(24,075)		41,375		199,155		279,785
Transferred to stage 3	(164,763)		(34,942)		24,075		(41,993)		(199,155)		(416,778)
Suspended interest on written off exposures	(75,014)		(1,879)		-		(219)		-		(77,112)
Balance at the End of the Year	2,331,972		621,534		7,949,234		2,179,538		-		13,082,278

12. Other Assets

This item consists of the following:

	September 30, 2021		December 31, 2020	
	JD	(Reviewed not audited)	JD	(Audited)
Accrued income	15,910,849		18,892,012	
Prepaid expenses	8,758,952		7,448,232	
Reposessed assets - net*	14,346,047		10,844,136	
Accounts receivable - net	4,578,185		4,627,668	
Clearing checks	5,422,863		6,318,939	
Settlement guarantee fund	39,000		25,000	
Refundable deposits	609,971		609,531	
Deposits at Visa International	3,062,901		2,559,511	
Others	1,109,493		1,890,940	
Total	53,838,261		53,215,969	

Movement on repossessed assets is as follows:

	September 30, 2021 (Reviewed not audited)	December 31, 2020 (Audited)
	JD	JD
Balance - beginning of the year	12,556,317	13,624,736
Additions	4,825,228	502,086
Transferred to property & equipment **	-	(1,522,176)
Disposals	<u>(1,148,317)</u>	<u>(48,329)</u>
Total	16,233,228	12,556,317
Impairment of repossessed assets	(496,275)	(496,275)
Impairment of repossessed assets as per the Central Bank of Jordan instructions	<u>(1,390,906)</u>	<u>(1,215,906)</u>
Balance - End of the Year	<u>14,346,047</u>	<u>10,844,136</u>
A summary of the movement on repossessed assets previous:		
Balance - beginning of the year	1,712,181	1,685,900
Additions	<u>175,000</u>	<u>26,281</u>
Balance - End of the Period / Year	<u>1,887,181</u>	<u>1,712,181</u>

* Central Bank of Jordan instructions requires to dispose of shares and real estates that are foreclosed assets against debts during two years from the date of acquisition. However, in some special cases the Central Bank has the authority to extend the period to two consecutive years at maximum.

** This item represents the part that has been transferred from repossessed assets at cost to property and equipment during the period ended September 30, 2021.

13. Customers Deposits

This item consists of the following:

	September 30, 2021 (Reviewed not audited)	December 31, 2020 (Audited)
	JD	JD
Current and demand accounts	606,853,283	612,812,559
Saving deposits	601,853,377	562,460,861
Time and notice deposits	<u>1,073,460,714</u>	<u>1,051,157,017</u>
Total	<u>2,282,167,374</u>	<u>2,226,430,437</u>

- The Government of Jordan and the public sector deposits inside the Kingdom amounted to JD 271,119,796 equivalent to 11.88 % of total deposits as of September 30, 2021 (JD 338,093,612 equivalent to 15.19% of total deposits as of December 31, 2020).

- There are no restricted deposits as of September 30, 2021 and December 31, 2020.

- Non-interest bearing deposits amounted to JD 550,801,628 as of September 30, 2021 (JD 496,395,865 as of December 31, 2020) representing 24.14 % (December 31, 2020: 23%) of total deposits.

- Dormant accounts amounted to JD 56,410,537 as of September 30, 2021 (JD 58,140,668 as of December 31, 2020).

14. Borrowed Funds

This item consists of the following:

	Amount	No. of Installments		Payable	Maturity	Collaterals	Interest Rate
		Total	Outstanding				
September 30, 2021 (Reviewed not audited)							
	JOD						
Amounts borrowed from overseas investment company (OPIC)	15,598,000	1	1	At maturity	2034	None	4.845%-4.895%
Amounts borrowed from French Development Agency	1,418,000	20	8	Semi- annually	2025	None	3.358%
Amounts borrowed from Central Bank of Jordan	5,700,000	10	4	Annually	2028	None	2.700%
Amounts borrowed from Central Bank of Jordan	80,571,219	392	392	At maturity / per Loan	2021-2035	Treasury bonds	0.5% - 1.75%
Amounts borrowed from Central Bank of Jordan	34,379,346	361	361	At maturity / per Loan	2024 - 2022	None	0.000%
Amounts borrowed from Central Bank of Jordan	888,000	14	5	Semi- annually	2028	None	2.500%
Amounts borrowed from European Bank for Reconstruction and Development	21,270,000	4	4	Semi- annually	2022	None	2.020%
Amounts borrowed from European Bank for Reconstruction and Development	8,102,857	7	4	Semi- annually	2025	None	5.500%
Amounts borrowed from Central Bank of Jordan	3,485,000	20	16	Semi- annually	2030	None	2.8%
Jordan Mortgage Refinance Company	10,000,000	1	1	At maturity	2024	None	5.000%
Jordan Mortgage Refinance Company	30,000,000	1	1	At maturity	2024	None	5.750%
Amounts borrowed from Central Bank of Jordan	3,941,315	34	34	Semi- annually	2039	None	3.000%
Jordan Mortgage Refinance Company	10,000,000	1	1	At maturity	2022	None	5.350%
Amounts borrowed from Central Bank of Jordan	6,250,000	1	1	At maturity	2021	Treasury bonds	2.000%
Amounts borrowed from Central Bank of Jordan	22,500,000	1	1	At maturity	2021	Treasury bonds	2.000%
Amounts borrowed from Central Bank of Jordan	11,600,928	1	1	At maturity	2021	Treasury bonds	2.000%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	1,519,286	7	3	Semi- annually	2023	None	2.200%
Amounts borrowed from French Development Agency	10,714,580	20	19	Semi- annually	2031	None	1.273%
Palestine Monetary Authority	3,482,745	1	1	-	None	None	0.500%
Ethiad Bank	3,885,000	8	8	Quarterly	2024	None	3.750%
Societe Generale de Banque Jordanie	300,000	8	8	Quarterly	2024	None	5.000%
Housing Bank for Trade and Finance	30,926,433	Overdraft	-	-	2021	None	3.500%
Arab Jordan Investment Bank	59,372	Overdraft	-	-	2021	None	5.750%
Amounts borrowed from International Financial Markets (FMI)	<u>1,074,224</u>	1	1	-	None	None	-
Total	<u>317,666,305</u>						
December 31, 2020 (Audited)							
Amounts borrowed from overseas investment company (OPIC)	15,598,000	1	1	At maturity	2034	None	4.895%-4.845%
Amounts borrowed from French Development Agency	1,595,250	20	9	Semi- annually	2025	None	3.358%
Amounts borrowed from Central Bank of Jordan	6,650,000	10	6	Annually	2028	None	2.700%
Amounts borrowed from Central Bank of Jordan	64,397,097	263	263	At maturity / per Loan	2021-2035	Treasury Bills	1.75% - 0.5%
Amounts borrowed from Central Bank of Jordan	34,536,095	243	243	At maturity / per Loan	2022 - 2024	None	0.000%
Amounts borrowed from Central Bank of Jordan	1,223,952	14	7	Semi- annually	2028	None	2.500%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	1,011,429	7	1	Semi- annually	2021	None	4.750%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	10,128,571	7	5	Semi- annually	2025	None	5.500%
Amounts borrowed from Central Bank of Jordan	3,895,000	20	18	Semi- annually	2030	None	2.8%
Jordan Mortgage Refinance Company	10,000,000	1	1	At maturity	2024	None	5.000%
Jordan Mortgage Refinance Company	30,000,000	1	1	At maturity	2024	None	5.750%
Amounts borrowed from Central Bank of Jordan	3,941,315	34	34	Semi- annually	2039	None	3.000%
Jordan Mortgage Refinance Company	10,000,000	1	1	At maturity	2022	None	5.350%
Amounts borrowed from Central Bank of Jordan	8,333,333	1	1	At maturity	2021	Treasury Bills	2.000%
Amounts borrowed from Central Bank of Jordan	12,613,636	1	1	At maturity	2021	Treasury Bills	2.000%
Amounts borrowed from Central Bank of Jordan	6,250,000	1	1	At maturity	2021	Treasury Bills	2.000%
Amounts borrowed from Central Bank of Jordan	33,582,090	1	1	At maturity	2021	Treasury Bills	2.000%
Amounts borrowed from Central Bank of Jordan	13,550,136	1	1	At maturity	2021	Treasury Bills	2.000%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	2,532,143	7	5	Semi- annually	2023	None	2.240%
Amounts borrowed from French Development Agency	7,823,929	20	20	Semi- annually	2031	None	1.273%
Palestine Monetary Authority	3,652,748	1	1	-	None	None	0.500%
Ethiad Bank	1,300,000	8	8	Quarterly	2024	None	3.750%
Societe Generale de Banque Jordanie	177,778	45	8	Monthly	2021	None	5.250%
Housing Bank for Trade and Finance	30,468,727	1	1	-	2021	None	3.500%
Arab Jordan Investment Bank	48,665	1	1	-	2021	None	6.500%
Amounts borrowed from International Financial Markets (FMI)	<u>1,074,224</u>	1	1	-	None	None	-
Total	<u>314,384,118</u>						

15. Income Tax

A. Income Tax Provision

The movement on income tax provision during the period / year is as follows:

	September 30, 2021 (Reviewed not audited)	December 31, 2020 (Audited)
	JD	JD
Balance - beginning of the period/ year	16,002,794	16,954,411
Income tax paid	(14,678,012)	(17,454,437)
Income tax expense	13,626,554	16,502,820
Balance - End of the Period/ Year	14,951,336	16,002,794

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

	For the Nine Months Ended September 30,	
	2021	2020
	JD	JD
Income tax for the period	13,626,554	9,505,998
Deferred tax assets	(32,377)	(7,439)
Deferred tax liabilities	(244,232)	(590,669)
Income tax on current period profit	13,349,945	8,907,890

- The income tax rate on banks in Jordan is 38% and varies between 0%-31% in countries that the bank has branches and companies in. Banks in Palestine are subject to an income tax rate of 15% and VAT of 16%.
- The Bank has reached a final settlement with the Income and Sales Tax Department up to the end of the year 2018 for the Bank's branches in Jordan. The Income and Sales Tax Department did not review 2019 AND 2020 records up to the date of these condensed consolidated interim financial information.
- A final settlement was reached with the tax authorities for the Bank's branches in Palestine until the end of the year 2017.
- A final settlement has been reached with the Income and Sales Tax Department up to the end of the year 2014 for Al-Watanieh Financial Services Company. In addition, the Sales and Income Tax Department reviewed the Company's records for the years 2015, 2016 and 2017, and estimated the accrued tax amount for these years at JD 1,361,990 for the amounts paid. The Company objected this estimate in specialized courts and it is still visible in the primitive court in initiating data phase. Whereas the income and sales tax department has accepted the self assessment tax return for the year 2018 & 2019.
- Al-Watanieh Securities Company - Palestine has reached a final settlement with the Income and Sales Tax Department up to the year 2019.
- Tamallak for Financial Leasing Company had reached a final settlement with the Income and sales tax Department until the year 2018. Furthermore, the Income Tax Department did not review 2020 records, up to the date of these condensed consolidated interim financial information.
- In the opinion of the Bank's management, income tax provisions as of September 30, 2021 are sufficient to meet any future tax obligations.

The movement on the deferred tax assets is as follows:

	September 30, 2021 <u>(Reviewed not audited)</u>	December 31, 2020 <u>(Audited)</u>
	JD	JD
Balance - beginning of the period / year	13,316,167	9,325,649
Additions during the period / year	368,460	5,848,544
Disposal during the period / year	<u>(1,422,854)</u>	<u>(1,858,026)</u>
Balance - end of the Period / Year	<u><u>12,261,773</u></u>	<u><u>13,316,167</u></u>

- Deferred tax is calculated using the tax rates that are expected to be applied when the deferred tax assets will be realized or the deferred tax liabilities will be settled.

16. Other Liabilities

This item consists of the following:

	September 30, 2021 <u>(Reviewed not audited)</u>	December 31, 2020 <u>(Audited)</u>
	JD	JD
Accrued interest	12,144,441	10,134,602
Accrued income	535,051	374,106
Accounts payable	11,762,090	10,984,966
Accrued expenses	11,878,162	8,445,873
Temporary deposits	22,112,505	27,312,979
Checks and withdrawals	5,872,792	6,523,346
Others	<u>6,125,208</u>	<u>4,880,670</u>
	70,430,249	68,656,542
Provision for expected credit loss on indirect credit facilities	<u>2,801,630</u>	<u>2,822,879</u>
Total	<u><u>73,231,879</u></u>	<u><u>71,479,421</u></u>

Disclosure of movement on the provision of expected credit loss and other liabilities:

	September 30, 2021 <u>(Reviewed not audited)</u>	December 31, 2020 <u>(Audited)</u>
	JD	JD
Balance - beginning of the period / year	2,822,879	2,374,728
(Released from) provision for expected credit loss on indirect credit facilities	<u>(21,249)</u>	<u>448,151</u>
Total	<u><u>2,801,630</u></u>	<u><u>2,822,879</u></u>

17. Fair Value Reserve - Net

This item consists of the following:

	September 30, 2021 (Reviewed not audited)	December 31, 2020 (Audited)
	JD	JD
Balance - beginning of the period / year	(5,988,630)	(7,848,900)
Unrealized (loss) gain	9,654,616	1,418,027
Loss from sale financial assets at fair value through other comprehensive income transferred to retained earnings	(109,861)	85,200
Deferred tax assets	(1,242,052)	369,450
Deferred tax liabilities	(72,196)	(12,407)
Balance - end of the Period / Year	<u>2,241,877</u>	<u>(5,988,630)</u>

18. Retained Earnings

This item consists of the following:

	September 30, 2021 (Reviewed not audited)	December 31, 2020 (Audited)
	JD	JD
Balance - beginning of the period / year	88,960,274	73,967,732
Profit for the year	-	18,161,180
Transferred to Statutory reserve	-	(3,040,452)
Transferred from general banking risk reserve	(444,246)	(42,986)
Dividends distributed to shareholders	(22,800,000)	-
Change in non-controlling interests - Net	519,646	-
Transferred as a result of financial assets at through other comprehensive income sale	109,861	(85,200)
Balance - end of the period / year	<u>66,345,535</u>	<u>88,960,274</u>

- Retained earnings balance as of September 30, 2021 include unrealized gains amounting to JD 13,051,154 resulting from the early implementation of IFRS 9. This amount is not available for distribution in accordance with the Securities Commission instructions, except for the amounts realized through the sale of the financial assets.

- Retained earnings include deferred tax assets amounted to JD 12,261,773 as of September 30, 2021 against JD 13,316,167 as of December 31, 2020 which is not available for distribution in accordance with the Central Bank of Jordan instructions.

- The Bank cannot use a restricted amount of JD 1,155,916 which represents the remaining balance of the general banking risk reserve included in retained earnings in accordance with the instructions of the Central Bank of Jordan.

19. Interest Income

This item consists of the following:

	For the Nine Months	
	Ended September 30,	
	2021	2020
Direct Credit Facilities:	JD	JD
Overdrafts	14,447,766	14,735,136
Loans and bills	80,888,025	79,357,028
Credit cards	2,142,718	1,988,921
Balances at Central Banks	32,444	175,797
Balances and deposits at banks and financial institutions	1,946,301	2,726,723
Financial assets at amortized cost	28,835,141	29,283,900
Other	769,049	268,190
	<u>129,061,444</u>	<u>128,535,695</u>

20. Interest Expense

This item consists of the following:

	For the Nine Months	
	Ended September 30,	
	2021	2020
Banks and financial institutions deposits	JD	JD
	4,453,420	6,490,294
Customers' deposits:		
Current accounts and demand deposits	1,646,871	1,557,401
Saving accounts	2,055,136	1,864,308
Time and notice deposits	25,685,485	30,470,108
Cash margins	340,772	583,947
Loans and borrowings	6,592,766	6,951,355
Deposits guarantee fees	2,105,988	2,400,467
Total	<u>42,880,438</u>	<u>50,317,880</u>

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

This item consists of the following:

	Realized Gain		Unrealized (Loss)		Stock Dividends		Total	
	JD		JD		JD		JD	
Companies shares	263,422		1,080,301		287,281		1,631,004	
Total	263,422		1,080,301		287,281		1,631,004	
Companies shares	(92,674)		(2,074,609)		93,283		(2,074,000)	
Bonds	422,921		-		-		422,921	
Total	330,247		(2,074,609)		93,283		(1,651,079)	

For the Nine Months Ended September 30, 2021

Companies shares

Total

For the Nine Months Ended September 30, 2020

Companies shares

Bonds

Total

22. Expected Credit Loss

This item consists of the following:

	For the Nine Months Ended September 30,	
	2021	2020
Balances at central banks	136,047	4,516
Balances at banks and financial institutions	241,790	58,485
Deposits at banks and financial institutions	180,205	(202,858)
Financial assets at amortized cost	(449,570)	(36,666)
Direct credit facilities	15,943,624	13,220,414
Indirect credit facilities	(21,249)	(43,891)
Total	16,030,847	13,000,000

Balances at central banks

Balances at banks and financial institutions

Deposits at banks and financial institutions

Financial assets at amortized cost

Direct credit facilities

Indirect credit facilities

Total

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

This item consists of the following:

	For the Nine Months Ended September 30,	
	2021	2020
	JD	JD
Profit for the period attributable to shareholders (JD)	23,468,491	12,243,769
Weighted average number of shares (share)	190,000,000	190,000,000
	(JD/ Fils)	(JD/ Fils)
Basic and diluted earnings per share for the period - (Bank's Shareholders)	<u>0/124</u>	<u>0.064</u>

- The weighted average number of shares was calculated on the basic and diluted profit attributed to the shareholders of the Bank based on the authorized number of shares for the nine months ended September 30, 2021 and 2020.

24. Cash and Cash Equivalents

This item consists of the following:

	For the Nine Months Ended September 30,	
	2021	2020
	JD	JD
Cash and balances at Central Banks maturing within three months	334,269,672	303,135,831
<u>Add</u> : Balances at banks and financial institutions maturing within three month	120,239,000	94,231,004
<u>Less</u> : Banks and financial institutions' deposits maturing within three months	(194,210,620)	(199,064,810)
Restricted balances	<u>(10,635,000)</u>	<u>(10,635,000)</u>
Total	<u>249,663,052</u>	<u>187,667,025</u>

25. Balances and Transactions with Related Parties

The condensed consolidated interim financial information includes the financial information of the Bank the following subsidiaries:

Company Name	Ownership	Paid in Capital	
		2021	2020
		JD	JD
Al-Watanieh Financial Services Company Limited Liability	100	5,500,000	5,500,000
Al-Watanieh Securities Company private shareholding	100	1,600,000	1,600,000
Tamallak for Financial Leasing Company	100	5,000,000	5,000,000
Safa Bank*	74.6	53,175,000	53,175,000

* During the period, the bank sold 3,280,000 shares of the shares invested in Safa Bank with a face value of \$1/share (0.709 JD/share). This transaction resulted in a decrease in the bank's ownership percentage in Safa Bank to reach 74.6% as on September 30, 2021 (79% as on December 31, 2020) and all conditions have been completed and approvals have been obtained from the regulatory authorities regarding this transaction.

The Bank executed transactions with subsidiaries, major shareholders, directors and senior management in the ordinary course of business at commercial interest and commission rates.

All the credit facilities to related parties are performing facilities with no associated provision amounts.

The following related party transactions took place during the period/ year:

	Related Parties			Total	
	Board of Directors and Relatives	Executive Management	Other *	September 30, 2021	December 31, 2020
	JD	JD	JD	JD	JD
Statement of Financial Position Items:					
Direct credit facilities	34,414,366	2,894,397	22,365,804	59,674,567	66,932,582
Deposits at the Bank	52,357,908	2,502,206	21,032,405	75,892,519	119,537,989
Cash Margins	641,390	24,076	608,711	1,274,177	62,628
Off Statement of Financial Position Items:					
Indirect credit facilities	1,477,786	300	608,711	2,086,797	4,252,715
For the Nine Months Ended September 30,					
				2021	2020
Statement of Profit or Loss Items:					
				JD	JD
Interest and commission income	541,781	104,421	633,197	1,279,399	3,996,110
Interest and commission expense	1,670,070	14,181	377,459	2,061,710	1,479,515

* Others include the rest of bank employees and their relatives up to the third degree.

- Credit interest rates on credit facilities in Jordanian Dinar range between 3.75% -13.54%
- Credit interest rates on credit facilities in foreign currency range between 4% - 4.75%
- Debit interest rates on deposits in Jordanian Dinar range between zero% - 5.75%
- Debit interest rates on deposits in foreign currency range between zero% - 2.1%

Salaries, wages and bonuses of executive management amounted to JD 2,511,510 as of September 30, 2021 (JD 2,583,113 as of September 30, 2020).

26. Segmental analysis

A. Information on the Bank's Segments:

For management purposes the Bank is organized into three major business segments which are measured according to reports used by the general manager and key decision makers at the Bank, through the following major sectors:

- Retail banking: Principally handling individual customers' deposits, and providing consumer type loans, overdrafts, credit cards facilities and funds transfer facilities;
- Corporate banking: Principally handling loans and other credit facilities and deposit and current accounts for corporate and institutional customers;
- Treasury: Principally providing money market, trading and treasury services, as well as the management of the Bank's funding operations

Following is the Bank's segment information:

					Total	
					For the Nine Months Ended September 30,	
	Retail Banking	Corporate Banking	Treasury	Other	2021	2020
	JD	JD	JD	JD	JD	JD
Gross Income	70,994,694	44,616,055	38,336,960	3,042,555	156,990,264	150,117,728
Expected credit loss	(10,474,735)	(5,468,890)	(87,222)	-	(16,030,847)	(13,000,000)
Impairment of repossessed assets (Released from) impairment provision on financial assets at fair value through other comprehensive income	-	-	-	(175,000)	(175,000)	-
Sundry provisions	-	-	4,158,000	-	4,158,000	-
Segment result	44,325,617	23,857,013	26,853,794	6,293,678	101,330,102	85,909,883
Unallocated costs					64,660,238	65,333,614
Profit before taxes					36,669,864	20,576,269
Income tax					(13,349,945)	(8,907,890)
Profit for the period					23,319,919	11,668,379

Other information

Capital expenditure					6,318,604	5,561,938
Depreciation and amortization					5,956,957	6,901,348

					September 30,	December 31,
					2021	2020
					JD	JD
Total segment assets	986,028,640	985,841,714	1,408,333,813	126,959,219	3,507,163,386	3,353,235,477
Total segment liabilities	1,016,172,031	1,225,155,840	754,965,428	124,395,331	3,120,688,630	2,977,946,528

B. Geographical Information:

The following table shows the distribution of the Bank's profit assets and capital expenditure by geographical segment, the Bank operates in Jordan and Palestine.

Below is the distribution of the revenues, assets and capital expenditures as per the geographical information:

	Inside Jordan		Outside Jordan		Total	
	September 30,		September 30,		September 30,	
	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD
Total revenue	133,964,693	119,566,204	23,025,571	30,551,524	156,990,264	150,117,728
Capital expenditures	5,483,916	2,532,017	834,688	3,029,921	6,318,604	5,561,938

	Inside Jordan		Outside Jordan		Total	
	September 30,	December 31,	September 30,	December 31,	September 30,	December 31,
	2021	2020	2021	2020	2021	2020
	JD	JD	JD	JD	JD	JD
Total assets	2,648,720,493	2,534,322,286	858,442,893	818,913,191	3,507,163,386	3,353,235,477

27. Contingent Liabilities and Commitments

This item consists of the following:

	September 30, 2021 (Reviewed not audited)	December 31, 2020 (Audited)
	JD	JD
Letters of credit	55,798,212	46,987,960
Acceptances	19,083,453	10,691,097
Letters of guarantee:		
- Payments	25,836,201	26,079,007
- Performance	18,048,451	16,346,471
- Other	15,563,654	16,086,063
Irrevocable commitments to extend credit	240,431,566	142,591,250
Total	374,761,537	258,781,848

28. Lawsuits

In the normal course of business, the Bank appears as a defendant in a number of lawsuits amounting to JD 19,532,483 and 39,211,662 as of September 30, 2021 and December 31, 2020 respectively. In the opinion of the Bank's management and legal counsel, the Bank maintains adequate provisions against the lawsuits.

During the period ending on September 30, 2021, cases against the group related to one of the bank's branches in the State of Palestine (Wadi Al-Tuffah Branch) were settled for an amount of 18.8 million Jordanian dinars.

Provisions against the cases amounted to JD 1,677,779 and JD 2,746,501 as of September 30, 2021 and December 31, 2020, respectively.

On January 1, 2019 multiple civil lawsuits have been filed at US courts against multiple banks and financial institutions claiming financial compensation using the US antiterrorism law for damages allegedly resulting from attacks by groups listed under the US sanctions list in 2001. These lawsuits have been filed at courts hours before their filing deadline and have been filed by an attorney office which has filed several similar complaints against other banking institutions on behalf of the same plaintiffs claiming the damages. Cairo Amman Bank is one of the banks that aforementioned lawsuit has been filed against. The lawsuit is still in the preliminary phase.

In the opinion of management and legal counsel, no provisions should be recorded for the lawsuits filed at US courts against the Bank as of September 30, 2021 as the Bank has consulted with legal consultants specialized in US courts and concluded that the legal status of the lawsuits is in favor of the Bank and that there are no legal or judicial grounds for the lawsuits. As the Legal specialist attorney believe that the legal status of the bank is favorable in regard to this lawsuit.

29. Statutory Reserve

The Bank did not deduct the statutory reserves during the period due to the fact that these are condensed consolidated intrem financial information.

30. Fair value levels

A. The fair value of financial assets and financial liabilities of the Bank specified at fair value on an ongoing basis.

Some financial assets and liabilities of the Bank are measured at fair value at the end of each fiscal period. The following table shows information about how the fair value of these financial assets and liabilities is determined (valuation methods and used inputs).

Financial Assets / Financial Liabilities	Fair Value		The Level of Fair Value	Valuation Method and Inputs Used	Important Intangible Inputs	Relation between Fair Value and Significant Intangible Inputs
	September 30, 2021	December 31, 2020				
	JD	JD				
Financial Assets at Fair Value in Through Profit or Loss						
Companies shares	8,086,258	7,406,864	Level I	Prices issued in market values	Not Applicable	Not Applicable
Total	8,086,258	7,406,864				
Financial Assets at Fair Value in Other Comprehensive Income						
Quoted shares	56,937,131	43,528,787	Level I	Prices issued in market values Comparing the market value with a similar financial instrument	Not Applicable	Not Applicable
Unquoted shares	6,447,590	6,120,190	Level II		Not Applicable	Not Applicable
Total	63,384,721	49,648,977				
Total Financial Assets at Fair Value	71,470,979	57,055,941				

There were no transfers between the first level and second level during period.

B. The fair value of financial assets and financial liabilities of the Bank (non-specific fair value on an ongoing basis):

Except as set out in the table below, we believe that the carrying value of financial assets and financial liabilities in the financial statements of the Bank approximates their fair value, as the Bank's management believes that the carrying value of the items listed below approximate their fair value, due to either their short-term maturity or repricing of interest rates during the year.

	September 30, 2021		December 31, 2020		Fair Value Level
	Book Value	Fair Value	Book Value	Fair Value	
	JD	JD	JD	JD	
Financial Assets with an Unspecified Fair Value					
Balances at Central Banks	182,117,633	182,118,519	202,946,213	202,949,704	Level II
Balances at Banks and other Financial Institutes	119,911,675	120,088,989	154,796,630	154,997,851	Level II
Deposits at Banks and other Financial Institutes	99,037,478	99,763,027	79,864,376	81,173,358	Level II
Loans, bills and other	1,971,870,354	1,978,111,555	1,793,871,484	1,801,653,751	Level II
Financial assets at amortized costs	731,918,759	740,684,658	739,784,106	749,380,157	Level I and Level II
Financial assets pledged as collateral	39,617,000	39,617,000	73,141,000	73,141,000	
Total Financial Assets with an Unspecified Fair Value	3,144,472,899	3,160,383,748	3,044,403,809	3,063,295,821	
Financial Liabilities with an Unspecified Fair Value					
Banks and financial institutes deposits	309,207,170	312,726,490	234,181,337	235,508,039	Level II
Customer Deposits	2,282,167,374	2,289,466,861	2,226,430,437	2,234,057,132	Level II
Cash margin	67,814,298	67,814,298	56,958,241	56,959,891	Level II
Borrowed funds	317,666,305	318,991,919	314,384,118	315,227,909	Level II
Subordinated Loans	18,540,350	18,540,350	18,540,350	18,876,114	Level II
Total Financial Liabilities with an Unspecified Fair Value	2,995,395,497	3,007,539,938	2,850,494,483	2,860,629,085	

For the above-mentioned items, the second and third level financial liabilities and financial assets have been determined at fair value according to the agreed-upon pricing model, which reflects the credit risk of the parties dealt with.