

ARAB BANKING CORPORATION (JORDAN)  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - JORDAN

CONSOLIDATED CONDENSED INTERIM  
FINANCIAL INFORMATION  
FOR THE NINE-MONTH PERIOD  
ENDED SEPTEMBER 30, 2023  
TOGETHER WITH THE REVIEW REPORT

ARAB BANKING CORPORATION (JORDAN)  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - JORDAN  
CONSOLIDATED CONDENSED INTERIM  
FINANCIAL INFORMATION  
FOR THE NINE-MONTH PERIOD  
ENDED SEPTEMBER 30, 2023  
TOGETHER WITH THE REVIEW REPORT

TABLE OF CONTENTS

	<u>Page</u>
Review Report	1
Consolidated Condensed Interim Statement of Financial Position	2
Consolidated Condensed Interim Statement of Profit or Loss	3
Consolidated Condensed Interim Statement of Comprehensive Income	4
Consolidated Condensed Interim Statement of Changes in Owners' Equity	5
Consolidated Condensed Interim Statement of Cash Flows	6
Notes on the Consolidated Condensed Interim Financial Information	7 - 29

## Independent Auditor's Review Report

AM/ 003305

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

### **Introduction**

We have reviewed the accompanying consolidated condensed interim statement of financial position of the Arab Banking Corporation (A Public Shareholding Limited Company) as of September 30, 2023, and the related consolidated condensed interim statements of profit or loss and other comprehensive income for the three-months and the nine-months period ended September 30, 2023, and the consolidated condensed interim statement of changes in owners' equity and cash flows for the nine-months then ended and the summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of these consolidated condensed interim financial information in accordance with International Accounting Standard number (34) related to "Interim Financial Reporting" as adopted by the Central Bank Jordan. Our responsibility is to express a conclusion on this consolidated condensed 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 interim financial information performed by the Independent Auditor". A review of consolidated condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard (34) related to "Interim Financial Reporting" as adopted by the Central Bank Jordan.

### **Other Matter Paragraph**

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

Amman – The Hashemite Kingdom of Jordan  
October 23, 2023

  
Deloitte & Touche (M.E.) - Jordan

**Deloitte & Touche (M.E.)**  
ذيلويت آند توش (الشرق الأوسط)  
010401

ARAB BANKING CORPORATION (JORDAN)  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN - JORDAN  
CONSOLIDATED CONDENSED INTERIM STATEMENT  
OF FINANCIAL POSITION

	Note	September 30, 2023 (Reviewed)	December 31, 2022 (Audited)
<u>Assets</u>		JD	JD
Cash and balances at the Central Bank of Jordan	5	87,723,058	59,743,320
Balances at banks and financial institutions	6	199,429,884	116,654,302
Deposits at banks and financial institutions	7	-	7,532,571
Direct credit facilities - net	11	705,727,633	766,122,745
Financial assets at fair value through other comprehensive income	8	93,667,040	145,260,349
Financial assets at amortized cost	9	188,362,207	140,522,255
Financial assets at amortized cost - Mortgaged	10	30,987,906	47,518,001
Property and equipment - net		33,295,308	33,059,659
Intangible assets - net		1,200,130	1,254,297
Right of use assets		2,753,915	2,926,289
Deferred tax assets		8,043,268	8,071,489
Other assets	12	19,139,828	22,133,962
Total Assets		<u>1,370,330,177</u>	<u>1,350,799,239</u>
<u>Liabilities And Owner's Equity</u>			
Liabilities:			
Banks' and financial institutions' deposits		182,917,961	138,696,896
Customers' deposits	13	837,169,263	841,914,436
Margin accounts	14	44,564,851	50,294,894
Borrowed Funds		101,798,108	124,757,215
Sundry provisions		3,209,162	3,096,646
Income tax provision	15/a	4,577,355	2,283,188
Deferred tax liabilities		545,620	461,371
Lease liabilities		2,576,629	2,819,028
Other liabilities	16	27,779,938	22,703,554
Total Liabilities		<u>1,205,138,887</u>	<u>1,187,027,228</u>
<u>Owner's Equity</u>			
<u>Bank's Shareholders Equity</u>			
Subscribed and paid-in capital	17	110,000,000	110,000,000
Share premium		66,943	66,943
Statutory reserve	18	30,762,318	30,762,318
Voluntary reserve	18	197,281	197,281
Fair value reserve	19	(265,097)	(1,081,938)
Retained earnings	20	19,427,407	23,827,407
Profit for the period		5,002,438	-
Total Owners' Equity		<u>165,191,290</u>	<u>163,772,011</u>
Total Liabilities and Owners' Equity		<u>1,370,330,177</u>	<u>1,350,799,239</u>

THE ACCOMPANYING NOTES FROM (1) TO (30) CONSTITUTE AN INTEGRAL PART OF THESE  
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION.

ARAB BANKING CORPORATION (JORDAN)  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – JORDAN  
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS  
(REVIEWED NOT AUDITED)

	Note	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
		2023	2022	2023	2022
		(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
		JD	JD	JD	JD
Interest income		25,127,867	18,256,704	72,081,217	49,588,232
Interest expense		(15,337,705)	(9,092,595)	(41,377,681)	(23,344,319)
<b>Net Interest Income</b>		9,790,162	9,164,109	30,703,536	26,243,913
Net commission income		781,791	899,199	2,106,044	2,348,885
<b>Net Interest and Commission Income</b>		10,571,953	10,063,308	32,809,580	28,592,798
Gain from exchange of foreign currencies		383,631	272,660	840,661	710,855
Gain from financial assets at fair value through other comprehensive income		-	-	40,675	29,500
Other income – net		710,489	887,532	2,260,140	2,064,496
<b>Total Income</b>		11,666,073	11,223,500	35,951,056	31,397,649
<b>Expenses:</b>					
Employee expenses		3,966,390	3,788,136	12,168,430	11,018,684
Depreciation and amortization		858,424	927,600	2,653,034	2,686,055
Other expenses		2,654,275	2,322,974	7,671,091	6,948,324
Provision for expected credit loss on financial assets	21	1,811,117	2,164,859	5,316,752	5,868,995
Sundry provisions		42,540	42,540	112,517	209,009
<b>Total Expenses</b>		9,332,746	9,246,109	27,921,824	26,731,067
<b>Profit for the Period Before Tax</b>		2,333,327	1,977,391	8,029,232	4,666,582
Income tax expense	15/a	(890,577)	(518,216)	(3,026,794)	(851,142)
<b>Profit for the Period</b>		1,442,750	1,459,175	5,002,438	3,815,440
Earnings Per Share for the period attributable to Bank's Shareholders		JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and Diluted	22	0.013	0.013	0.045	0.035

THE ACCOMPANYING NOTES FROM (1) TO (30) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION.

ARAB BANKING CORPORATION (JORDAN)  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – JORDAN  
CONSOLIDATED CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME  
(REVIEWED NOT AUDITED)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023 (Reviewed)	2022 (Reviewed)	2023 (Reviewed)	2022 (Reviewed)
	JD	JD	JD	JD
Profit for the period	1,442,750	1,459,175	5,002,438	3,815,440
<b><u>Other comprehensive income items:</u></b>				
<b><u>Other comprehensive income items which may be subsequently transferred to consolidated condensed interim statement of profit or loss</u></b>				
Net Change in valuation reserve of financial assets at fair value through other comprehensive income after tax – Debt Instruments	(2,579)	(1,623,864)	652,727	(4,606,161)
Gain in fair value for derivatives	96,708	257,494	165,722	405,732
<b><u>Items not to be subsequently transferred to consolidated condensed interim statement of profit or loss</u></b>				
Net Change in valuation reserve of financial assets at fair value through other comprehensive income after tax – Equity Instruments	(1,167)	450	(1,608)	60,524
<b>Total Comprehensive Income for the Period</b>	<u>1,535,712</u>	<u>93,255</u>	<u>5,819,279</u>	<u>(324,465)</u>

THE ACCOMPANYING NOTES FROM (1) TO (30) CONSTITUTE AN INTEGRAL PART OF THESE  
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION.

ARAB BANKING CORPORATION (JORDAN)  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – JORDAN  
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY  
(REVIEWED AND NOT AUDITED)

			Reserves					
	Subscribed and Paid in Capital	Share Premium	Statutory Reserve	Voluntary Reserve	Fair Value Reserve	Retained Earnings	Profit for the Period	Total
<b><u>For the Nine-Months Ended September 30, 2023</u></b> <b><u>(Reviewed)</u></b>	JD	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the period (Audited)	110,000,000	66,943	30,762,318	197,281	(1,081,938)	23,827,407	-	163,772,011
Distributed dividends – (Note 17)	-	-	-	-	-	(4,400,000)	-	(4,400,000)
Total comprehensive income for the period	-	-	-	-	816,841	-	5,002,438	5,819,279
<b>Balance - End of the Period (Reviewed)</b>	<u>110,000,000</u>	<u>66,943</u>	<u>30,762,318</u>	<u>197,281</u>	<u>(265,097)</u>	<u>19,427,407</u>	<u>5,002,438</u>	<u>165,191,290</u>
<b><u>For the Nine-Months Ended September 30, 2022</u></b> <b><u>(Reviewed)</u></b>								
Balance - beginning of the period (Audited)	110,000,000	66,943	29,892,408	197,281	3,570,478	24,627,485	-	168,354,595
Distributed dividends – (Note 17)	-	-	-	-	-	(6,600,000)	-	(6,600,000)
Total comprehensive income for the period	-	-	-	-	(4,139,905)	-	3,815,440	(324,465)
<b>Balance - End of the Period (Reviewed)</b>	<u>110,000,000</u>	<u>66,943</u>	<u>29,892,408</u>	<u>197,281</u>	<u>(569,427)</u>	<u>18,027,485</u>	<u>3,815,440</u>	<u>161,430,130</u>

- An amount of JD 8,043,268 is restricted against deferred tax assets as of September 30, 2023 (JD 8,071,489 as of December 31, 2022), including the capitalization or distribution, except for what is actually realized, according to the Central Bank of Jordan and Jordan Securities Commission instructions.
- The retained earnings balance included a restricted amount of JD 2,761 as of September 30, 2023 and December 31, 2022, which represents the effect of the early adoption of IFRS 9.

THE ACCOMPANYING NOTES FROM (1) TO (30) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION.

ARAB BANKING CORPORATION (JORDAN)  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – JORDAN  
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS  
(REVIEWED NOT AUDITED)

		For the Nine Months Ended September 30,	
	Note	2023 (Reviewed) JD	2022 (Reviewed) JD
<b>Operating Activities:</b>			
Profit for the period before income tax		8,029,232	4,666,582
Depreciation and amortization		2,653,034	2,686,055
Provision for expected credit loss on financial assets	21	5,316,752	5,868,995
(Gain) loss from disposal of property and equipment		(76,771)	563,911
(Gain) from sale of seized assets		(52,999)	-
Sundry provisions		112,517	209,009
Accrued interest		6,818,082	1,404,793
Effect of exchange rate fluctuations in cash and cash equivalents		169,421	31,029
<b>Profit before Changes in Assets and Liabilities</b>		<b>22,969,268</b>	<b>15,430,374</b>
<b>Changes in Assets and Liabilities:</b>			
Decrease in deposits at banks and financial institutions that mature after three months		7,533,150	18,399,710
Decrease (increase) in direct credit facilities		55,136,194	(54,430,836)
(Increase) decrease in other assets		(1,175,493)	6,687,319
Increase in bank's and financial institution deposits that mature after three months		65,750,358	53,890,706
(Decrease) increase in customers' deposits		(4,745,173)	77,303,711
(Decrease) in cash margins		(5,730,043)	(2,211,741)
Increase in other liabilities		2,726,437	1,149,742
<b>Net Cash Flows from Operating Activities before Income Tax</b>		<b>142,464,698</b>	<b>116,218,985</b>
Income tax paid	15/A	(1,120,801)	(5,031,179)
Sundry provisions paid		-	(4,689)
<b>Net Cash Flows from Operating Activities</b>		<b>141,343,897</b>	<b>111,183,117</b>
<b>Investing Activities</b>			
(Purchase) of financial assets at amortized cost		(55,352,103)	(72,428,754)
Sale and maturity of financial assets at amortized cost and mortgaged		24,044,234	62,803,448
(Purchase) of property and equipment		(2,127,675)	(1,952,591)
(Purchase) of intangible assets		(336,044)	(82,713)
Proceeds from sale of property and equipment		238,997	92,238
(Purchase) of financial assets at fair value through other comprehensive income		(3,024,329)	(24,328,197)
Sale and maturity of financial assets at fair value through other comprehensive income		55,664,166	10,316,351
<b>Net Cash Flows from (used in) Investing Activities</b>		<b>19,107,246</b>	<b>(25,580,218)</b>
<b>Financing Activities</b>			
Dividends paid to shareholders		(4,371,061)	(6,531,268)
Payments against lease contracts		(663,956)	(748,706)
(Decrease) increase in Borrowed funds		(22,959,107)	16,131,500
<b>Net Cash Flows (used in) from Financing Activities</b>		<b>(27,994,124)</b>	<b>8,851,526</b>
<b>Net Increase in Cash and Cash Equivalents</b>		<b>132,457,019</b>	<b>94,454,425</b>
Effect of exchange rate fluctuations on cash and cash equivalents		(169,421)	(31,029)
<b>Cash and cash equivalents - beginning of the year</b>		<b>39,318,535</b>	<b>(31,559,716)</b>
<b>Cash and Cash Equivalents - End of the Period</b>	23	<b>171,606,133</b>	<b>62,863,680</b>

THE ACCOMPANYING NOTES FROM (1) TO (30) CONSTITUTE AN INTEGRAL PART OF THESE  
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION.



ARAB BANKING CORPORATION (JORDAN)  
(A PUBLIC SHAREHOLDING LIMITED COMPANY)  
AMMAN – JORDAN  
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION  
(REVIEWED NOT AUDITED)

---

**1. Incorporation and Activities**

Arab Banking Corporation (Jordan) was established as a public shareholding company on January 21, 1990 in accordance with the Companies Law No (1) of 1989 with headquarter in Amman.

The Bank provides banking services through its head office in Amman and its 22 branches in Jordan and the subsidiary Company and office.

The Bank's shares are listed in Amman Stock Exchange.

The Bank and its subsidiary "the Group" financial statements are consolidated in the Arab Banking Corporation – Bahrain financial statements.

**2. Basis of Preparation**

- The consolidated condensed interim financial information of the Bank were prepared as of September 30, 2023 in accordance with International Accounting Standard Number (34) (Interim Financial Reporting), as adopted by the Central Bank of Jordan.

The main differences between the IFRSs as they should be applied and what has been adopted by the Central Bank of Jordan are as follows:

- a. Provisions for expected credit losses are calculated in accordance with IFRS 9 and according to instructions of Central Bank of Jordan's, whichever is more conservative. The material differences are as follows:
  - Elimination of debt instruments issued or guaranteed by the Jordanian government in addition to any other credit exposures with or guaranteed by the Jordanian Government, so that credit exposures with or guaranteed by the Jordanian Government are treated without credit losses.
  - When calculating credit losses against credit exposures, the calculated results according to IFRS (9) are compared with the instructions of the Central Bank of Jordan No. (2009/47) dated December 10, 2009 for each stage separately and the more severe results are adopted.
  - In special cases, the Central Bank of Jordan approves of special arrangements for the calculation and booking of provision for expected credit losses for customers' direct credit facilities over a certain period.
  - Facilities related to government project extracts (financing government receivables) are excluded from classification when calculating provisions.
- b. Interest and commissions on non-performing credit facilities granted to clients are suspended, in accordance with the instructions of the Central Bank of Jordan.

- c. Seized assets to the Bank are shown in the consolidated condensed interim statement of financial position, among other assets at their current value when it sized 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 condensed interim statement of profit or loss and other comprehensive income to the extent of not exceeding the previously recorded impairment value. In accordance with central Bank of Jordan's generalization (10/3/16234) dated October 10, 2022 the calculation of the gradual provision for the sized assets against debts has been suspended. Provided that the allocated provisions for the expropriated seized assets in violation of the terms included in the banking law maintained, and that only the allocated provision is released against any of the violating real estate that are disposed of.
- The reporting currency of the consolidated condensed interim financial statements is the Jordanian Dinar, which is the functional currency of the Bank.
- The consolidated condensed interim financial information do 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, 2022. The results of the nine months ended September 30, 2023 do not indicate the expected results for the year ended December 31, 2023. There was no appropriation of the profit for the nine months ended September 30, 2023 which is usually performed at year end.

**- Significant Accounting Judgments and key Sources of Uncertainty Estimates:**

Preparation of the consolidated condensed interim financial information and application of the accounting policies require Bank's management to make Judgments, estimates, and assumptions that affect the amounts of financial assets, 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 condensed interim statement of comprehensive income and within shareholders' equity. In particular, Bank's management requires judgments to be made to estimate the amounts and timing of future cash flows. These mentioned estimates are necessarily based on multiple assumptions and many factors with varying degrees of estimation and uncertainty. Meanwhile, the actual results may differ from estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

The critical judgements and estimates used in the preparation of these consolidated condensed interim financial information are consistent with those used in the preparation of the Bank's annual financial statements for the year ended December 31, 2022.

**3. Significant Accounting Policies**

The accounting policies used in the preparation of the consolidated condensed interim financial information for the period ended on September 30, 2023 are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2022. However, the Bank has adopted the following amendments and interpretations that apply for the first time in 2023 and have not materially affected the amounts and disclosures in the consolidated condensed interim financial information for the period and prior years, which may have an impact on the accounting treatment of future transactions and arrangements.

### **Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current**

The amendments to IAS (1) affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or noncurrent is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services amendments are applied retrospectively.

### **Amendments to IAS (1) Presentation of Financial Statements and IFRS Practice Statement (2) Making Materiality Judgements - Disclosure of Accounting Policies**

The amendments change the requirements in IAS (1) with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS (1) are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement (2) amendments are applied retrospectively.

### **Amendments to IAS (8) Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates**

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error.
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The IASB added two examples (4&5) to the Guidance on implementing IAS (8), which accompanies the Standard. The IASB has deleted one example (3) as it could cause confusion in light of the amendments.

### **Amendments to IAS (12) Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS (16) at the commencement date of a lease.

Following the amendments to IAS (12), an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS (12).

The Board also adds an illustrative example to IAS (12) that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities.
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset.

The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

#### **4. Basis of Consolidation financial statements**

- The consolidated condensed interim financial statements include the financial statements of the bank and its subsidiary company that is under its control. Control is achieved when the bank has the ability to control the financial and operating policies of the subsidiaries in order to obtain benefits from their activities. As for the in process transactions, they appear under other assets or other liabilities in the statement of financial position consolidated condensed interim financial.
- The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.
- When the Bank has less than the majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power.
- Transactions, balances, revenues and expenses are eliminated between the Bank and the subsidiary.
- The financial statements of the subsidiary are prepared for the same financial year, using the same accounting policies adopted by the Bank. If the accounting policies adopted by the company are different from those used by the Bank, the necessary adjustments to the financial statements of the subsidiary are made to comply with the accounting policies followed by the Bank.
- The results of the subsidiary are incorporated into the consolidated statement of income from the effective date of acquisition, which is the date on which actual control over the subsidiaries is assumed by the Bank. Moreover, the operating results of the disposed subsidiary are incorporated into the consolidated statement of income up to the effective date of disposal, which is the date on which the Bank loses control over its subsidiary.
- Non-controlling interests represent that part of the equity that is not owned by the Bank. Non-controlling interests are presented in the net assets of the subsidiary are presented separately in the Bank's statement of equity.

The Bank's subsidiary as of September 30, 2023 is as follows:

- Arab Co-operation for Financial Investments (ABCI)

Arab Co-operation for Financial Investments is wholly owned by the Bank. The Company's objective is to perform brokerage investments on behalf of its clients, in addition to providing financial consultation services on stock exchange investing. Its paid-up capital amounted to JD 15,600,000, total assets amounted to JD 41,555,417 and total liabilities amounted to JD 16,660,257 as at September 30, 2023. Its total revenue amounted to JD 2,622,218 and total expenses amounted to JD 2,232,381 for the nine months ended September 30, 2023, before excluding any transactions, balances, revenue, and expenses between the Company and the Bank.

Control is achieved when the Bank:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect the investee's returns.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

When the Bank has less than the majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of the other voting rights;
- Potential voting rights held by the Company, other vote holders, or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

When the Bank loses control of the subsidiary, the Bank performs the following:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the book value of any non-controlling interests.
- Derecognizes the accumulated transfer difference in Owners' Equity.
- Derecognizes the fair value to the next controlling party.
- Derecognizes the fair value of any investment retained.
- Derecognizes any gain or loss in the income statement.
- Reclassifies owners' equity already booked in other comprehensive income to the profit or loss statement, as appropriate.

**5. Cash and Balances at Central Bank of Jordan**

The details of this item are as follows

	September 30, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Cash on hand	6,574,580	6,729,607
<b>Balances at Central Bank of Jordan:</b>		
Current accounts and demand deposits	1,730,694	12,025,413
Time and notice deposits	20,000,000	-
Statutory cash reserve	39,017,784	40,988,300
Certificates of deposits	20,400,000	-
Total balances at Central Bank of Jordan	81,148,478	53,013,713
Total	87,723,058	59,743,320

- The statutory cash reserve amounted to JD 39,017,784 as of September 30, 2023 (JD 40,988,300 as of December 31, 2022).
- There are no restricted balances except for the statutory cash reserve as of September 30, 2023 and December 31, 2022.
- Balances with the Central Bank of Jordan are classified as part of the first stage in accordance with the requirements of IFRS 9, and there are no transfers between stages (1,2 and 3) or written-off balances during the nine months period ended September 30, 2023.

## **6. Balances at Banks and Financial Institutions**

The details of this item are as follows:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	September 30, 2023 (Reviewed)	December 31, 2022 (Audited)	September 30, 2023 (Reviewed)	December 31, 2022 (Audited)	September 30, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	193,756	107,383	6,252,428	44,485,966	6,446,184	44,593,349
Deposits maturing within or less than 3 months	70,152,465	41,718,645	122,847,388	30,355,475	192,999,853	72,074,120
Total	70,346,221	41,826,028	129,099,816	74,841,441	199,446,037	116,667,469
Provision of balances at banks and financial institutions	(9,651)	(3,112)	(6,502)	(10,055)	(16,153)	(13,167)
Total	70,336,570	41,822,916	129,093,314	74,831,386	199,429,884	116,654,302

- Non-interest-bearing balances at banks and financial institutions amounted to JD 4,191,776 as of September 30, 2023 (JD 4,311,358 as of December 31, 2022).
- There are no restricted balances as of September 30, 2023 and December 31, 2022.

## **7. Deposits at Banks and Financial Institutions**

The details of this item are as follows:

	Local Banks and financial institutions		Foreign Banks and financial institutions		Total	
	September 30, 2023 (Reviewed)	December 31, 2022 (Audited)	September 30, 2023 (Reviewed)	December 31, 2022 (Audited)	September 30, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD	JD	JD	JD	JD
Deposits maturing during the period:						
From 3 months to 6 months	-	-	-	7,533,150	-	7,533,150
Total	-	-	-	7,533,150	-	7,533,150
Impairment losses	-	-	-	(579)	-	(579)
Net of deposits at Banks and financial institutions	-	-	-	7,532,571	-	7,532,571

- There are no deposits maturing within a period longer than nine months as of September 30, 2023 and December 31, 2022.
- There are no restricted deposits as of September 30, 2023 and December 31, 2022.

**8. Financial Assets at Fair Value Through Other Comprehensive Income**

The details of this item are as follows:

	September 30, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Shares listed in active markets	1,251,105	1,250,705
Shares not listed in active markets	3,337,099	2,899,316
Governmental and guaranteed financial bonds	76,014,270	115,299,365
Jordanian treasury bills	-	15,652,517
Other financial bonds	13,072,683	10,162,899
	<u>93,675,157</u>	<u>145,264,802</u>
<u>Less:</u> Impairment loss	<u>(8,117)</u>	<u>(4,453)</u>
	<u>93,667,040</u>	<u>145,260,349</u>

- There were no transfers between stages (1, 2, and 3) or written-off balances during the nine-month period ended September 30, 2023 and the year ended December 31, 2022.

**9. Financial Assets at Amortized Cost**

The details of this item are as follows:

	September 30, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Unquoted Financial Assets:		
Jordanian Treasury bills	13,598,446	18,830,972
Governmental and guaranteed financial bonds	159,776,979	106,706,487
Other financial bonds	15,000,000	15,000,000
	<u>188,375,425</u>	<u>140,537,459</u>
<u>Less:</u> Impairment loss on financial assets at amortized cost	<u>(13,218)</u>	<u>(15,204)</u>
<b>Total</b>	<u>188,362,207</u>	<u>140,522,255</u>
	September 30, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Bonds and treasury bills analysis:		
Fixed return	188,375,425	140,537,459
Variable return	-	-
<b>Total</b>	<u>188,375,425</u>	<u>140,537,459</u>
	September 30, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Bond Analysis IFRS 9:		
Stage (1)	188,375,425	140,537,459
Stage (2)	-	-
Stage (3)	-	-
<b>Total</b>	<u>188,375,425</u>	<u>140,537,459</u>

## **10. Financial Assets at Amortized Cost - Mortgaged**

The details of this item are as follows:

	September 30, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Governmental and guaranteed financial bonds	30,987,906	47,518,001
Total	30,987,906	47,518,001

On April 4, 2021, the Bank sold three Jordanian treasury bonds with a nominal value of JD 31,000,000 to Arab Bank. The agreed-upon repurchase price of these bonds was JD 34,455,130, the proceeds, which amounted to JD 33,766,027, were recorded as borrowed funds at an interest rate of 5.88% per annum. The Bank did not recognize this transaction as a sale transaction since the bank reserves the right to repurchase these bonds on October 3, 2025.

## **11. Direct Credit Facilities - Net**

The details of these items are as follows:

	September 30, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
<b>Individuals (Retail)</b>		
Overdrafts*	26,680,760	30,426,813
Loans and bills **	396,673,834	396,142,220
Credit cards	3,565,004	3,602,393
<b>Real Estate loans</b>	64,801,601	65,454,857
<b>Corporate</b>		
Overdrafts*	68,261,584	62,471,947
Loans and bills **	144,205,346	206,420,842
<b>Small and medium enterprises</b>		
Overdrafts*	5,000,394	5,238,876
Loans and bills **	19,027,075	19,983,912
<b>Government and public sector **</b>	65,363,151	66,862,888
<b>Total</b>	793,578,749	856,604,748
Less: Interest in suspense	(22,751,603)	(22,351,209)
Less: Expected credit loss	(65,099,513)	(68,130,794)
<b>Direct and transferred credit facilities – net</b>	705,727,633	766,122,745

\* Net of interest and commission received in advance amounting to JD 9,869 as of September 30, 2023 against JD 12,282 as of December 31, 2022.

\*\* Net of interest and commissions received in advance amounting to JD 92,249 as of September 30, 2023 against JD 139,612 as of December 31, 2022.

- The non-performing credit facilities amounted to JD 83,019,297 which represents (10.46%) of gross direct credit facilities as of September 30, 2023 against an amount of JD 84,103,461 which represents (9.818%) of gross facilities as of December 31, 2022.
- The non-performing credit facilities after deducting the suspended interest amounted to JD 60,267,694 which represents (7.819%) of gross direct credit facilities after deducting the suspended interest as of September 30, 2023 against an amount of JD 61,752,252 which represents (7.402%) of its gross as of December 31, 2022.
- The credit facilities granted to the Jordanian government with guarantee amounted to JD 65,363,151 which represents (8.237%) of the gross credit facilities as of September 30, 2023 against an amount of JD 66,862,888 which represents (7.806%) as of December 31, 2022 of gross facilities.



The following is the movement on direct credit facilities on collective basis as at the end of the period:

For the Nine Months Ended September 30, 2023 (Reviewed)

	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period	262,526,849	447,788,005	40,058,124	22,128,309	84,103,461	856,604,748
New credit facilities during the period	69,935,935	63,222,780	1,318,688	393,216	4,514,663	139,385,282
Settled facilities	(120,367,974)	(61,594,356)	(3,750,033)	(2,967,633)	(1,624,200)	(190,304,196)
Transferred to Stage 1	-	3,418,339	-	(3,097,498)	(320,841)	-
Transferred to Stage 2	(2,043,967)	(12,224,951)	2,043,967	12,385,400	(160,449)	-
Transferred to Stage 3	(125,095)	(4,244,142)	(452,449)	(3,613,076)	8,434,762	-
Adjustments resulting from reclassifications between the three stages	870,846	(250,962)	26,745	(825,615)	(26,936)	(205,922)
Written-off facilities	-	-	-	-	(11,901,163)	(11,901,163)
Total balance at the end of the period	<u>210,796,594</u>	<u>436,114,713</u>	<u>39,245,042</u>	<u>24,403,103</u>	<u>83,019,297</u>	<u>793,578,749</u>

For the year Ended December 31, 2022 (Audited)

	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	223,435,496	407,238,514	52,415,207	22,418,598	66,258,023	771,765,838
New credit facilities during the year	97,705,981	170,282,796	23,338,565	2,011,907	4,600,526	297,939,775
Settled facilities	(58,261,718)	(121,142,280)	(24,718,829)	(2,565,471)	(3,863,868)	(210,552,166)
Transferred to Stage (1)	511,532	5,024,475	(511,532)	(4,649,690)	(374,785)	-
Transferred to Stage (2)	(900,881)	(9,437,519)	900,881	9,658,934	(221,415)	-
Transferred to Stage (3)	-	(2,572,123)	(11,344,161)	(4,016,961)	17,933,245	-
Adjustments resulting from reclassifications between the three stages	36,439	(1,605,858)	(22,007)	(729,008)	(45,960)	(2,366,394)
Written-off facilities	-	-	-	-	(182,305)	(182,305)
Total balance at the end of the year	<u>262,526,849</u>	<u>447,788,005</u>	<u>40,058,124</u>	<u>22,128,309</u>	<u>84,103,461</u>	<u>856,604,748</u>

The following is the movement on the expected credit loss on collective basis as at the end of the period:

For the Nine Months Ended September 30, 2023 (Reviewed)

	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period	1,424,631	2,501,980	4,382,190	1,699,524	58,122,469	68,130,794
New facilities during the period	373,692	564,350	1,425,480	173,069	1,560,999	4,097,590
Settled facilities	(643,614)	(442,546)	(190,529)	(180,381)	(1,347,802)	(2,804,872)
Transferred to Stage 1	-	29,039	-	(25,735)	(3,304)	-
Transferred to Stage 2	(40,413)	(1,239,704)	40,413	1,261,497	(21,793)	-
Transferred to Stage 3	(7,162)	(1,650,564)	(131,183)	(2,216,381)	4,005,290	-
Effect on total exposures due to change in the classification between stages	38,084	2,793,415	99,025	1,376,633	(340,937)	3,966,220
Written-off facilities	-	-	-	-	(8,290,219)	(8,290,219)
Total balance at the end of the period	<u>1,145,218</u>	<u>2,555,970</u>	<u>5,625,396</u>	<u>2,088,226</u>	<u>53,684,703</u>	<u>65,099,513</u>

For the year ended December 31, 2022 (Audited)

	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	1,728,672	2,218,724	10,143,371	1,657,326	45,348,414	61,096,507
New facilities during the year	739,269	1,066,965	3,900,879	276,017	1,481,160	7,464,290
Settled facilities during the year	(1,039,077)	(734,766)	(2,670,402)	(436,314)	(1,865,853)	(6,746,412)
Transferred to Stage 1	1,280	21,759	(1,280)	(19,229)	(2,530)	-
Transferred to Stage 2	(20,568)	(919,713)	20,568	946,288	(26,575)	-
Transferred to Stage 3	-	(1,616,388)	(10,043,266)	(1,960,897)	13,620,551	-
Effect on total exposures due to change in the classification between stages	15,055	2,465,399	3,032,320	1,236,333	(420,918)	6,328,189
Written-off facilities	-	-	-	-	(11,780)	(11,780)
Total balance at the end of the year	<u>1,424,631</u>	<u>2,501,980</u>	<u>4,382,190</u>	<u>1,699,524</u>	<u>58,122,469</u>	<u>68,130,794</u>

The following is the movement on expected credit loss according to the sectors on collective basis as of the end of the period:

	Individuals	Real Estate	Large Corporate Customers	SMEs	Government and public sector	Gross
<u>For the Nine Months Ended September 30, 2023 (Reviewed)</u>	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	24,689,835	826,598	40,516,982	2,092,680	4,699	68,130,794
Impairment loss on the new facilities during the period	1,966,165	162,824	1,430,758	537,844	-	4,097,591
Settled facilities	(1,154,047)	(311,826)	(1,227,534)	(110,672)	(793)	(2,804,872)
Transferred to Stage 1	(2,641,560)	(12,885)	(35,393)	(12,182)	-	(2,702,020)
Transferred to Stage 2	(858,567)	(1,605)	35,393	(126,163)	-	(950,942)
Transferred to Stage 3	3,500,127	14,490	-	138,345	-	3,652,962
Impact on the provision due to change in classification between the stages during the period	3,637,427	8,582	213,215	106,995	-	3,966,219
Written off facilities	(116,127)	-	(7,695,040)	(479,052)	-	(8,290,219)
Total balance as of the end of the period (Reviewed)	<u>29,023,253</u>	<u>686,178</u>	<u>33,238,381</u>	<u>2,147,795</u>	<u>3,906</u>	<u>65,099,513</u>
	Individuals	Real Estate	Large Corporate Customers	SMEs	Government and public sector	Gross
<u>For the year Ended December 31, 2022 (Audited)</u>	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year (Audited)	21,493,729	567,178	37,054,558	1,981,042	-	61,096,507
Impairment loss on the new facilities during the year	2,162,370	164,694	4,950,219	182,308	4,699	7,464,290
Settled facilities	(2,057,929)	(31,249)	(4,443,563)	(213,671)	-	(6,746,412)
Transferred to Stage 1	(2,357,027)	(104,169)	(14,939)	(4,349)	-	(2,480,484)
Transferred to Stage 2	(598,762)	(16,257)	(9,867,906)	(156,072)	-	(10,638,997)
Transferred to Stage 3	2,955,789	120,426	9,882,845	160,421	-	13,119,481
Impact on the provision due to change in classification between the stages during the year	3,103,445	125,975	2,955,768	143,001	-	6,328,189
Written-off facilities	(11,780)	-	-	-	-	(11,780)
Total balance as of the end of the year (Audited)	<u>24,689,835</u>	<u>826,598</u>	<u>40,516,982</u>	<u>2,092,680</u>	<u>4,699</u>	<u>68,130,794</u>

- The amount of provisions no longer needed as a result of the settlement and payment of debts and which were converted to other debts is JD 2,003,673 as of September 30, 2023 against JD 2,391,236 as of December 31, 2022.

Interest in Suspense:

The movement on interest in suspense is as follows:

	Individuals	Real Estate	Companies		Total
			Large Corporate Customers	SMEs	
<u>For the Nine Months Ended September 30, 2023</u> <u>(Reviewed)</u>	JD	JD	JD	JD	JD
Balance – beginning of the period	9,941,172	490,537	10,763,643	1,155,857	22,351,209
<u>Add:</u> Suspended interest during the period	1,755,943	127,700	2,502,430	97,945	4,484,018
<u>Less:</u> Interest in suspense reversed to income	(286,982)	(69,085)	(100,491)	(16,122)	(472,680)
Written-off suspended interest	(194,357)	(111,873)	(2,880,229)	(424,485)	(3,610,944)
Balance - End of the Period	<u>11,215,776</u>	<u>437,279</u>	<u>10,285,353</u>	<u>813,195</u>	<u>22,751,603</u>
 <u>For the Year Ended December 31, 2022 (Audited)</u>					
Balance – beginning of the year	8,737,795	386,792	7,145,861	1,069,686	17,340,134
<u>Add:</u> Suspended interest during the year	1,685,511	106,569	3,650,076	112,571	5,554,727
<u>Less:</u> Interest in suspense reversed to income	(345,526)	-	(1,201)	(26,400)	(373,127)
Written-off suspended interest	(136,608)	(2,824)	(31,093)	-	(170,525)
Balance - End of the Year	<u>9,941,172</u>	<u>490,537</u>	<u>10,763,643</u>	<u>1,155,857</u>	<u>22,351,209</u>

## **12. Other Assets**

The details of this item are as follows:

	September 30, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Revenue and interest under collection	5,110,505	8,972,504
Prepaid expenses	1,377,396	759,250
Seized assets by the Bank against due debts *	2,679,676	3,034,678
Assets / gain of unrealized financial derivatives	754,933	465,904
Other receivables/brokerage company	123,513	88,259
Land held for sale/brokerage company	1,696,734	1,696,734
Discounted letter of credits	-	75,640
Seized assets sold in installments	3,822,675	3,822,675
Other	3,574,396	3,218,318
Total	19,139,828	22,133,962

\* The details of the movement on the seized assets by the bank against debt are as follows:

	September 30, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Balance at the beginning of the period / year	3,034,678	3,270,042
Additions	-	73,925
Disposals	(355,002)	(309,289)
Balance - End of the Year	2,679,676	3,034,678

\* The regulations of Central Bank of Jordan require to dispose the seized assets by the Bank by a maximum period of two years from the date of its acquisition. In exceptional cases, the Central Bank may extend this period to a maximum of two consecutive years.

- The provision for the seized assets was JD 201,322 as of September 30, 2023 (JD 201,322 as of December 31, 2022) for assets which have been in possessed by the Bank for a period longer than four years.

### **13. Customers' Deposits**

This item consists of the following:

	Individual	Large Corporate Customers	Small and Medium Companies	Government and Public Sector	Total
	JD	JD	JD	JD	JD
<b><u>For the nine months ended as of September 30, 2023 (Reviewed)</u></b>					
Current and demand deposits	40,781,808	43,013,870	10,232,750	111,121	94,139,549
Saving accounts	20,010,907	249,114	444,468	85	20,704,574
Time and notice deposits	331,648,432	267,700,019	14,339,684	108,637,005	722,325,140
Total	392,441,147	310,963,003	25,016,902	108,748,211	837,169,263

### **For the year ended as of December 31, 2022 (Audited)**

Current and demand deposits	49,425,795	61,503,771	10,688,854	644,914	122,263,334
Saving accounts	21,551,728	282,174	299,556	85	22,133,543
Time and notice deposits	309,126,999	280,847,274	10,565,453	96,977,833	697,517,559
Total	380,104,522	342,633,219	21,553,863	97,622,832	841,914,436

- Jordan Government and public sector deposits amounted to JD 108,748,211 as of September 30, 2023 which represent (12.99%) of total customers' deposits against JD 97,622,832 which represent (11.595%) as of December 31, 2022.
- Non-interest-bearing deposits amounted to JD 87,749,946 which represent (10.482%) of total deposits as of September 30, 2023 against JD 98,512,567 which represent (11.701%) as of December 31, 2022.
- Restricted deposits amounted to JD 99,513,901 as of September 30, 2023 which represent (11.887%) of total deposits against JD 97,528,567 which represent (11.584%) as of December 31, 2022.
- Dormant accounts amounted to JD 8,789,837 as of September 30, 2023 against JD 33,268,206 as of December 31, 2022).

### **14. Margin Accounts**

This item consists of the following:

	September 30, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Margins on direct credit facilities	35,932,685	41,779,992
Margins on indirect credit facilities	5,757,123	4,985,310
Other margins	2,875,043	3,529,592
Total	44,564,851	50,294,894

## **15. Income Tax**

### **a. Income Tax Provision**

The movement on the income tax provision is as follows:

	September 30, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Balance at the beginning of the period / year	2,283,188	7,256,848
Income tax paid	(1,120,801)	(5,031,415)
Accrued income tax	3,414,968	57,755
Prior year tax deposits	-	-
Balance at the end of the period	<u>4,577,355</u>	<u>2,283,188</u>

Income tax expense appearing in the statement of profit or loss represents the following:

	For the Nine Months Ended	
	2023 (Reviewed)	2022 (Reviewed)
	JD	JD
Accrued income tax on the profit of the period	3,414,968	(938,703)
Deferred tax assets for the period	(953,882)	(1,618,981)
Amortization of deferred tax assets	565,708	3,408,826
	<u>3,026,794</u>	<u>851,142</u>

- The legal tax rate for banks in Jordan is 35% and 3% as national contribution. For subsidiaries, it is 24%, and 4% as national contribution.
- A final settlement was reached with the Income Tax Department of the Bank up to the year 2020, while the tax declaration for the years 2021 and 2022 was submitted and no decision was issued by the Income and Sales Tax Department.
- The subsidiary Company has reached a final settlement with The Income Tax Department up to the year submitted for 2020 and the tax declaration for the years 2021 and 2022. No final decision was issued by the Income Tax Department as of the date of these consolidated financial statements.
- A provision for income tax has been calculated and recorded for the nine months ended on September 30, 2023 for the Bank and its subsidiary. In the opinion of the management and the tax advisor, no obligations will arise that exceed the provision recorded in the consolidated condensed interim financial information.

## **16. Other Liabilities**

The details for this item are as follows:

	September 30, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Interest payable	10,500,494	7,544,411
Revenue received in advanced	277,657	159,413
Accounts payable	5,579,123	7,211,264
Accrued and unpaid expenses	1,921,696	1,786,305
Unrealized derivatives losses / liability	76,810	202,424
Certified cheques withdrawn by the bank	2,198,671	987,073
Provision for expected credit losses on off - statements financial position items	482,845	429,095
Board of directors remunerations	68,345	89,243
Transfers held for payment	2,198,862	1,004,954
Deferred income	285,411	329,639
Other	4,190,024	2,959,733
<b>Total</b>	<b>27,779,938</b>	<b>22,703,554</b>

## **17. Paid-up Capital**

The paid-up capital amounted to JD 110,000,000, divided into 110,000,000 shares at a par value of JD 1 per share as of September 30, 2023 and December 31, 2022.

### Distributed dividends:

The general assembly decided on their meeting held on April 13, 2023 to distribute cash dividends with an amount of JD 4,400,000 from its subscribed and paid-up capital (JD 6,600,000 with 6% as of December 31, 2022).

## **18. Reserves:**

The details of the reserves as of September 30, 2023 and December 2022 are as follows:

### **a. Statutory Reserve**

The total amount in this balance represents what has been transferred from profits before taxes at a rate of 10% during the period as well as previous years according to the Bank's regulations. This amount is not distributable among shareholders.

### **b. Voluntary Reserve**

The total amount in this balance represents what has been transferred from profits before taxes at a rate of no more than 20% during the period as well as previous years. The voluntary reserve is used in situations specified by the board of directors and the general assembly and the general assembly has the authority to distribute all or part of this reserve as dividends to shareholders.

## **19. Fair Value Reserve – Net**

This item consists of the following:

	September 30, 2023 (Reviewed)	December 31, 2022(Audited)
	JD	JD
Balance at the beginning of the year	(1,081,938)	3,570,478
Gain (losses) Unrealized	1,317,486	(7,503,896)
Deferred tax liabilities	(84,250)	1,876,070
Deferred tax assets	(416,395)	975,410
Balance at the End of the Period/ Year	<b>(265,097)</b>	<b>(1,081,938)</b>



## **20. Retained Earnings**

This item consists of the following:

	September 30, 2023(Reviewed)	December 31, 2022(Audited)
	JD	JD
Balance at the beginning of the period / year	23,827,407	24,627,485
Profit for the year	-	6,669,832
Transferred from / to reserves	-	(869,910)
Distribution of cash dividends	(4,400,000)	(6,600,000)
Balance at the End of the period / year	<u>19,427,407</u>	<u>23,827,407</u>

- An amount of JD 8,043,268 is restricted against deferred tax assets as of September 30, 2023 (JD 8,071,489 as of December 31, 2022), including the capitalization or distribution, except for what is actually realized, according to the Central Bank of Jordan and Jordan Securities Commission instructions.
- The retained earnings balance included a restricted amount of JD 2,761 as of September 30, 2023 and December 31, 2022, which represents the effect of the early adoption of IFRS (9), except for what is actually realized from the sales transactions.

## **21. Expected Credit Loss Provision on Financial Assets**

This item consists of the following:

	For the Nine Months Ended September 30,	
	2023 (Reviewed)	2022 (Reviewed)
	JD	JD
Deposits and balances at banks and financial institutions	2,407	14,679
Financial assets at fair value through other comprehensive income	3,664	670
Financial assets at amortized cost	(1,986)	9,223
Direct credit facilities	5,258,938	5,701,801
Discounted letter of credits	(20)	(90)
Interests and revenues under collection	-	(3,037)
Off-balance-sheet items	53,749	145,749
<b>Total</b>	<u>5,316,752</u>	<u>5,868,995</u>

## **22. Earnings Per Share for the Bank's Shareholders**

The details for this item are as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023 (Reviewed)	2022 (Reviewed)	2023 (Reviewed)	2022 (Reviewed)
	JD	JD	JD	JD
Profit for the period	1,442,750	1,459,175	5,002,438	3,815,440
Weighted average number of shares	110,000,000	110,000,000	110,000,000	110,000,000
Earnings Per Share for the Bank's Shareholders:	JD/Fills	JD/Fills	JD/Fills	JD/Fills
Basic and diluted	<u>0.013</u>	<u>0.013</u>	<u>0.045</u>	<u>0.035</u>

### **23. Cash and Cash Equivalents**

The details for this item are as follows:

	For the Nine Months Ended as of September 30,	
	2023	2022
	(Reviewed)	(Reviewed)
	JD	JD
Cash and balances with Central Bank of Jordan maturing within three months	87,723,058	52,539,703
<u>Add:</u> Balances at banks and financial institutions maturing within three months	199,446,037	105,972,397
<u>Less:</u> Banks' and financial institutions' deposits maturing within three months	(115,562,962)	(95,648,420)
<b>Total</b>	<b>171,606,133</b>	<b>62,863,680</b>

### **24. Related Parties Transactions**

The accompanying consolidated condensed interim financial information include the financial information of the Bank and of the following subsidiary:

<u>Company name</u>	<u>Ownership</u> %	Paid-up capital	
		September 30, 2023	December 31, 2022
		(Reviewed)	(Audited)
		JD	JD
Arab Cooperation for Financial Investments Company Ltd	100	<u>15,600,000</u>	<u>15,600,000</u>

All balances and transactions between the Bank and the subsidiary have been eliminated.

The Group entered into transactions with the Parent, affiliate companies, directors, senior management, and their related subsidiaries in the ordinary course of business at commercial interest and commission rates.

All loans and advances granted to related parties are performing loans and are free of any impairment provisions.

The details for this item are as follows:

	Related party				Total	
	Parent and affiliated companies	Senior management	Bank's employees	Board of Directors	September 30, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD	JD	JD	JD	JD
<b><u>Consolidated Statements of Financial Position Items:</u></b>						
Direct credit facilities	-	2,336,648	11,688,503	10,882	14,036,033	13,543,591
Balance at banks and financial institutions	63,000,778	-	-	-	63,000,778	13,585,922
Deposits at banks and financial institutions	103,070,677	-	-	-	103,070,677	37,653,136
Customers' deposits	-	2,364,442	1,687,564	278,881	4,330,887	5,459,092
Borrowed funds	3,545,000	-	-	-	3,545,000	9,217,000

**Off-Consolidated statement of financial position items**

Letters of guarantee	50,539,116	-	-	-	50,539,116	18,203,086
Letters of credit	10,933,138	-	-	-	10,933,138	6,063,293
Interest rate swap contracts	13,825,500	-	-	-	13,825,500	10,635,000
Currency swap contracts	-	-	-	-	-	14,401,575

For the Nine Months Ended as of September 30,	
2023	2022
(Reviewed)	(Reviewed)
JD	JD

**Consolidated statements of Profit or Loss Items:**

Interest and commission income	2,262,713	35,176	212,811	-	2,510,700	516,826
Interest and commission expense	(3,932,495)	(101,131)	(60,379)	(2,761)	(4,096,766)	(557,379)

\* Interest rates on credit facilities range between 3% to 8.72% while interest rates on customers' deposits range between 0.01% to 6.65%.

\* In addition to what was disclosed in the above table, the total balance of credit facilities provided to related parties in the bank amounted to JD 6,824,676 and they numbered 112 clients against acceptable guarantees amounted to JD 4,668,039. The interest rates payable on credit facilities range from 2% to 14% Commission rates range from 0.5% to 1%.

Compensation of the benefits of the senior management is as follows:

	For the Nine Months Ended as of September 30,	
	2023 (Reviewed)	2022 (Reviewed)
	JD	JD
Salaries and bonuses	2,246,508	2,353,118

## 25. Segment Analysis

### a. Information on Group business segment:

For management purposes, the Bank's operations have been classified into the following major operating segments, measured in accordance with the reports used by the chief executive officer and the main decision maker:

- Retail banking.
- Corporate banking.
- Treasury.

The following are the information of the bank's business segments:

					Total	
					For the nine months ended as of September 30,	
					2023	2022
					(Reviewed)	(Reviewed)
	Retail	Corporate	Treasury	Other	JD	JD
	JD	JD	JD	JD	JD	JD
Total income	34,762,540	19,163,021	23,007,932	395,244	77,328,737	54,741,968
Provision for expected credit loss on financial assets	(4,012,546)	(782,281)	(521,925)	-	(5,316,752)	(5,868,995)
Business segments results	15,915,845	8,034,859	6,283,092	287,991	30,521,787	25,319,645
Unallocated segmental expenses					(22,492,555)	(20,653,063)
Profit before tax					8,029,232	4,666,582
Income tax					(3,026,794)	(851,142)
Net profit for the period					5,002,438	3,815,440
Capital expenditures					(2,463,719)	(2,035,304)
Depreciation and amortization					(2,653,034)	(2,686,055)
					September 30	December 31,
					2023 (Reviewed)	2022 (Audited)
					JD	JD
Segmental assets	443,243,215	246,011,339	635,877,236	-	1,325,131,790	1,306,309,696
Unallocated segmental assets	-	-	-	45,198,387	45,198,387	44,489,543
Total Assets	443,243,215	246,011,339	635,877,236	45,198,387	1,370,330,177	1,350,799,239
Segmental liabilities	627,689,319	301,530,627	258,517,616	-	1,187,737,562	1,176,947,512
Unallocated segmental liabilities	-	-	-	17,401,325	17,401,325	10,079,716
Total Liabilities	627,689,319	301,530,627	258,517,616	17,401,325	1,205,138,887	1,187,027,228

## 26. Capital Adequacy Ratio

The capital adequacy ratio is calculated in accordance with the instructions of the Central Bank of Jordan based on the decisions of Basel III. The following is the capital adequacy ratio compared to the previous period:

	September 30, 2023 (Reviewed) Thousands JD	December 31, 2022 (Audited) Thousands JD
<b>Common equity shareholder rights</b>		
Subscribed capital (paid)	110,000	110,000
Retained earnings less proposed dividends Plus profit for the period	24,427	19,425
Cumulative change in fair value of financial assets	(265)	(1,082)
Share premium	67	67
Statutory reserve	30,762	30,762
Voluntary reserve	197	197
<b>Total Capital of Common Shares</b>	<b>165,188</b>	<b>159,369</b>
<b>Regulatory amendments (deduction from capital)</b>		
Goodwill and intangible assets	(1,200)	(1,254)
Deferred tax assets	(8,043)	(8,071)
<b>Total Primary Capital</b>	<b>155,945</b>	<b>150,044</b>
<b>Additional Capital</b>		
<b>Total Capital (Tier1)</b>	<b>155,945</b>	<b>150,044</b>
<b>Tier 2</b>		
General ranking risk reserve/stage (1) IFRS 9	4,203	4,302
<b>Total Supplementary Capital</b>	<b>4,203</b>	<b>4,302</b>
<b>Total Regulatory Capital</b>	<b>160,148</b>	<b>154,346</b>
<b>Total Risk-Weighted Assets</b>	<b>841,453</b>	<b>884,198</b>
Capital adequacy ratio (%)	%19.03	17.46%
Primary Capital adequacy Ratio (%)	%18.53	16.97%

## **27. Contingent Liabilities and Commitments**

This item consists of the following:

	September 30, 2023 (Reviewed)	December 31,2022 (Audited)
	JD	JD
Letters of credit:		
Import LCs	48,359,160	77,282,080
Export LCs	1,557,729	2,702,644
Acceptances	8,392,756	8,973,417
Letters of guarantee:		
Payments	21,920,394	24,618,727
Performance	66,070,207	43,344,599
Other	36,271,601	19,366,310
Unutilized credit facilities	62,745,243	33,539,046
Futures contracts in Foreign Currency	56,046,928	59,465,509
Interest rate swap contracts	13,825,500	10,635,000
Total	<u>315,189,518</u>	<u>279,927,332</u>

## **28. Lawsuits Raised Against the Bank**

The lawsuits raised against the Bank amounted to JD 4,482,553 as of September 30, 2023 (JD 4,479,454 as of December 31, 2022). In the opinion of management and the legal advisors, no material liability will arise as a result of these lawsuits in excess of the amount already provisioned for, which amounted to JD 159,376 as of September 30, 2023 (JD 159,376 as of December 31, 2022).

## 29. Fair Value Hierarchy

### a. Fair value of financial assets and financial liabilities that are measured at fair value on a recurring 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 how to determine the fair value of these financial assets and liabilities (evaluation methods and inputs used).

	Fair Value		The Level of Fair Value	Evaluation Method and Inputs used	Significant Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
	September 30, 2023 (Reviewed)	December 31, 2022 (Audited)				
	JD	JD				
<b>Financial Assets</b>						
Financial assets at fair value through other comprehensive income:						
Bonds	76,014,270	130,951,882	Level 2	According to the latest financial information available	N/A	N/A
Quoted Shares in active markets	14,315,671	11,409,151	Level 1	Quoted prices in financial markets	N/A	N/A
Unquoted Shares in active markets	3,337,099	2,899,316	Level 2	According to the latest financial information available	N/A	N/A
Total	93,667,040	145,260,349				
<b>Total Financial Assets at Fair Value</b>	<u>93,667,040</u>	<u>145,260,349</u>				
<b>Unrealized gains on financial assets</b>	754,933	465,904	Level 2	According to the latest financial information available	N/A	N/A
<b>Financial liabilities</b>						
Unrealized losses on financial derivatives	76,810	202,424	Level 2	According to the latest financial information available	N/A	N/A
<b>Total liabilities at fair value</b>	<u>76,810</u>	<u>202,424</u>				

There were no transfers between level 1 and level 2 during the period ended September 30, 2023 and December 31, 2022.

### b. Fair value of financial assets and financial liabilities that are not measured at fair value on an ongoing basis:

Except for what is set out in the table below, we believe that the carrying amount of financial assets and liabilities shown in the consolidated condensed interim financial information of the Bank approximates their fair value:

	September 30, 2023		December 31, 2022		The level of Fair Value
	Book value JD	Fair value JD	Book value JD	Fair value JD	
<b>Financial Assets of Non-specified Fair Value</b>					
Term and notice deposits and certificate of deposits at the Central Bank of Jordan	40,400,000	40,432,877	-	-	Level 2
Current accounts, and balances at Banks and Financial Institutions	199,446,037	200,152,313	124,200,619	124,549,655	Level 2
Direct credit facilities at amortized costs	793,578,749	795,038,299	856,604,748	860,719,619	Level 2
Other financial assets at amortized costs	219,363,331	221,277,592	188,055,460	190,614,472	Level 2
<b>Total Financial Assets of Non-specified Fair Value</b>	<u>1,252,788,117</u>	<u>1,256,901,081</u>	<u>1,168,860,827</u>	<u>1,175,883,746</u>	
<b>Financial Liabilities of Non-specified Fair Value</b>					
Banks' and Financial Institutions' deposits	182,917,961	184,943,133	138,696,896	138,696,896	Level 2
Customers' deposits	837,169,263	844,766,484	841,914,436	841,914,436	Level 2
Cash margin	44,564,851	44,564,952	50,294,894	50,294,894	Level 2
Borrowed funds	101,798,108	102,676,107	124,757,215	124,757,215	Level 2
<b>Total Financial Liabilities of Non-specified Fair Value</b>	<u>1,166,450,183</u>	<u>1,176,950,676</u>	<u>1,155,663,441</u>	<u>1,155,663,441</u>	

## 30. Approval on Consolidated Condensed Interim Financial Information

The consolidated condensed interim financial information was approved by the Bank's board of directors on October 15, 2023.