

**BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN**

**CONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH
PERIOD ENDED SEPTEMBER 30, 2021
TOGETHER WITH THE
INDEPENDENT AUDITOR'S REVIEW REPORT**

**BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
(AMMAN – JORDAN)**

**FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021
(REVIEWED NOT AUDITED)**

TABLE OF CONTENTS

Review Report	<u>Statement</u>
Consolidated Condensed Interim Statement of Financial Position	A
Consolidated Condensed Interim Statement of Profit or Loss	B
Consolidated Condensed Interim Statement of Comprehensive Income	C
Consolidated Condensed Interim Statement of Owners' Equity	D
Consolidated Condensed Interim Statement of Cash Flows	E
	<u>Page</u>
Notes to the Consolidated Condensed Interim Financial Statements	1-25



REVIEW REPORT

To the Chairman and the Members of the Board of Directors
Bank of Jordan
(Public Shareholding Company)
Amman – Jordan

Review Report on the Consolidated Condensed Interim Financial Statements

We have reviewed the accompanying consolidated condensed interim statement of financial position of **Bank of Jordan (Public Shareholding Company)** as of September 30, 2021, and consolidated condensed interim statements of profit or loss and other comprehensive income for the three-month and nine-month period ended on September 30, 2021, the consolidated condensed interim statement of changes in owners' equity and the consolidated condensed interim statement of cash flows for the nine months ended on September 30, 2021 and the notes to the consolidated condensed interim financial statements. Management is responsible for the preparation and fair presentation of these consolidated condensed interim financial statements in accordance with IAS (34) "Interim Financial Reporting" as adopted by the Central Bank of Jordan. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements for **Bank of Jordan (Public Shareholding Company)** as of and for the nine- months period ended on September 30, 2021 are not prepared, in all material respects, in accordance with IAS (34) "Interim Financial Reporting" as adopted by Central Bank of Jordan.

Kawasmy and Partners
KPMG

Hatem Kawasmy
License no. (656)



Amman - Jordan
October 28, 2021

**BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN**

STATEMENT A

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

<i>In Jordanian Dinar</i>		SEPTEMBER 30, 2021 (REVIEWED NOT AUDITED)	DECEMBER 31, 2020 (AUDITED)
	NOTE		
<u>Assets</u>			
Cash and balances with central banks	5	337,338,156	349,537,989
Balances with banks and financial institutions	6	149,735,135	190,722,330
Deposits with banks and financial institutions	7	89,250,904	89,525,567
Financial assets at fair value through profit or loss		15,229,856	15,157,042
Financial assets at fair value through comprehensive income		61,477,424	84,526,410
Direct credit facilities at amortized cost	8	1,480,813,909	1,466,739,098
Financial assets at amortized cost		376,514,061	348,454,969
Property and equipment – Net	9	53,215,123	53,993,594
Intangible assets		7,728,823	6,872,445
Deferred tax assets		24,682,390	21,808,399
Other assets	10	91,322,979	85,076,144
Total Assets		2,687,308,760	2,712,413,987
<u>Liabilities and Owners' Equity</u>			
<u>Liabilities:</u>			
Banks and financial institutions' deposits		68,597,347	70,762,354
Customers' deposits		1,893,234,398	1,909,187,576
Cash margins		120,822,549	119,819,309
Other provisions		5,213,748	5,302,150
Income tax provision	11	16,291,646	19,881,866
Deferred tax liabilities		48,814	48,946
Borrowed funds	12	74,866,304	84,582,326
Other liabilities	13	39,598,531	40,422,412
Total Liabilities		2,218,673,337	2,250,006,939
<u>Owners' Equity:</u>			
Equity Attributable to the Bank's Shareholders			
Authorized and Paid-up capital		200,000,000	200,000,000
Statutory reserve		99,167,606	99,190,875
Voluntary reserve		23,268	46,537
General banking risks reserve		4,054,917	2,804,326
Special reserve		5,849,743	5,849,743
Foreign currency translation differences		(13,009,685)	(12,855,521)
Fair value reserve		(4,662,066)	(6,092,218)
Retained earnings		141,466,913	165,814,735
Profit for the period after tax		27,198,793	-
Total Owners' Equity Attributable to the Bank's Shareholders		460,089,489	454,758,477
Non-controlling interests		8,545,934	7,648,571
Total Owners' Equity		468,635,423	462,407,048
Total Liabilities and Owners' Equity		2,687,308,760	2,712,413,987

Board of Director's Chairman

General Manager

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

BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

STATEMENT B

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
(REVIEWED NOT AUDITED)

In Jordanian Dinar

	Note	For the Three-Month Period Ended September 30,		For the Nine-Month Period Ended September 30,	
		2021	2020	2021	2020
		JD	JD	JD	JD
Interest income		32,248,554	32,736,781	96,644,410	103,795,598
<u>Less: Interest expense</u>		<u>4,913,905</u>	<u>6,335,993</u>	<u>15,549,454</u>	<u>23,408,129</u>
Net Interest Income		27,334,649	26,400,788	81,094,956	80,387,469
Commissions Income – Net		5,300,023	5,125,992	15,287,931	15,385,511
Net Interest and Commissions Income		32,634,672	31,526,780	96,382,887	95,772,980
Foreign currencies income		876,216	708,062	2,262,533	1,923,591
Gains from financial assets at fair value through profit or loss		(14,550)	8,862	72,814	40,582
Cash dividends from financial assets at fair value through comprehensive income		56,925	71,163	561,124	510,741
Gains from the sale of financial assets at fair value through comprehensive income – debt instruments		-	-	975,577	-
Other income		1,301,170	1,000,470	3,341,261	2,482,551
Total Income		34,854,433	33,315,337	103,596,196	100,730,445
Employees expenses		7,594,185	7,714,603	22,678,807	23,527,269
Depreciation and amortization		2,630,190	2,512,082	7,801,580	6,928,884
Other expenses		7,793,560	6,739,882	21,854,118	21,187,834
Expected credit loss on financial assets	14	602,278	7,071,682	12,012,091	27,616,553
Provision (reversal from) assets foreclosed by the Bank		(167,118)	95,871	(199,309)	60,326
Other provisions		93,493	125,994	275,192	651,909
Total Expenses		18,546,588	24,260,114	64,422,479	79,972,775
Profit for the period before income tax		16,307,845	9,055,223	39,173,717	20,757,670
<u>Less: Income tax</u>	11	<u>5,281,978</u>	<u>6,439,185</u>	<u>11,807,599</u>	<u>11,742,992</u>
Profit for the Period- Statement (C) and (D)		11,025,867	2,616,038	27,366,118	9,014,678
Attributable to:					
Bank's Shareholders		11,007,969	2,643,780	27,198,793	9,361,844
Non-Controlling Interest		17,898	(27,742)	167,325	(347,166)
		11,025,867	2,616,038	27,366,118	9,014,678
Earnings per share for the period attributable to the Banks' shareholders	15			<u>Fills/Dinar</u> 0.136	<u>Fills/Dinar</u> 0.047

Board of Director's Chairman

General Manager

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AND SHOULD BE
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BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN

STATEMENT C

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(REVIEWED NOT AUDITED)

In Jordanian Dinar

	For the Three-Month Period Ended September 30,		For the Nine-Month Period Ended September 30,	
	2021	2020	2021	2020
	JD	JD	JD	JD
Profit for the period - Statement (B)	11,025,867	2,616,038	27,366,118	9,014,678
Other comprehensive income items that may be reclassified subsequently to the consolidated condensed interim statement of profit or loss:				
Profits realized from the sale of debt instruments classified as financial assets at fair value through comprehensive income	-	-	(618,992)	-
Change in fair value of debt instruments classified as financial assets at fair value through comprehensive income	-	226,543	-	(929,532)
Foreign currencies translation differences	-	-	1,432,105	4,166,532
	-	226,543	813,113	3,237,000
Items that will not be reclassified subsequently to the consolidated condensed interim statement of profit or loss:				
(Losses) from sales of equity instruments included in the financial assets at fair value through comprehensive income	-	-	-	(39,192)
Change in fair value for equity instruments included in the financial assets at fair value through comprehensive income - Net after tax	235,570	(491,916)	2,049,144	310,703
	235,570	(491,916)	2,049,144	271,511
Total Consolidated Condensed Interim Comprehensive Income - Statement (D)	11,261,437	2,350,665	30,228,375	12,523,189
Total Comprehensive Income Attributable to:				
The Bank's Shareholders	11,243,539	2,378,408	29,331,012	10,745,812
Non-Controllers' Interest	17,898	(27,743)	897,363	1,777,377
	11,261,437	2,350,665	30,228,375	12,523,189

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED
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BANK OF JORDAN

(PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN – JORDAN

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

In Jordanian Dinar

STATEMENT D

Item	Reserves				Foreign Currencies Translation Differences	Fair Value Reserve	Retained Earnings	Profit for the Period	Total Banks' Shareholders Equity	Non-Controllers' Interest	Total Owner's Equity
	Authorized and Paid-up Capital	Statutory	Voluntary	General Banking Risks							
For the Nine-Month Period Ended September 30, 2021											
Balance - Beginning of the Period	200,000,000	99,190,875	46,537	2,804,326	(12,855,521)	(6,092,218)	165,814,735	-	454,758,477	7,648,571	462,407,048
Foreign currencies translation differences	-	(23,269)	(23,269)	-	(154,164)	-	902,769	-	702,067	730,038	1,432,105
Profit for the Period-Statement (B)	-	-	-	-	-	-	-	27,198,793	27,198,793	167,325	27,366,118
Realized gain from sale of equity instruments classified as financial assets at fair value through comprehensive income – net after tax	-	-	-	-	-	-	-	-	-	-	-
Change in fair value of equity instruments classified as financial assets through comprehensive income – net after tax	-	-	-	-	-	(618,992)	-	-	(618,992)	-	(618,992)
Total Comprehensive Income- Statement (c)	-	(23,269)	(23,269)	-	-	2,049,144	902,769	27,198,793	2,049,144	-	2,049,144
Transfer from reserves	-	-	-	-	(154,164)	1,430,152	(1,250,591)	-	29,331,012	897,363	30,228,375
Dividends distribution*	-	-	-	1,250,591	-	-	(24,000,000)	-	-	-	-
Balance - End of the Period	200,000,000	99,167,606	23,268	4,054,917	(13,009,685)	(4,662,066)	141,466,913	27,198,793	460,089,489	8,545,934	(24,000,000)
For the Nine-Month Period Ended September 30, 2020											
Balance - Beginning of the Period	200,000,000	94,065,645	134,165	2,196,491	(12,268,120)	24,954,157	99,400,640	-	414,332,721	5,774,304	420,107,025
Foreign currencies translation differences	-	(87,629)	(87,629)	(16,828)	(587,400)	-	2,821,475	-	2,041,989	2,124,543	4,166,532
Profit for the Period-Statement (B)	-	-	-	-	-	-	-	9,361,844	9,361,844	(347,166)	9,014,678
Realized gain from sale of equity instruments classified as financial assets at fair value through comprehensive income – net after tax	-	-	-	-	-	-	-	-	-	-	-
Change in fair value of debt instruments classified as financial assets at fair value through comprehensive income	-	-	-	-	-	44,325	(83,517)	-	(39,192)	-	(39,192)
Change in fair value of equity instruments classified as financial assets through comprehensive income – net after tax	-	-	-	-	-	(929,532)	-	-	(929,532)	-	(929,532)
Total Comprehensive Income- Statement (c)	-	(87,629)	(87,629)	(16,828)	-	310,703	2,737,958	9,361,844	310,703	-	310,703
Balance - End of the Period	200,000,000	93,978,016	46,536	2,170,726	(12,855,520)	24,379,653	102,147,535	9,361,844	425,078,533	7,551,681	432,630,214

* According to the ordinary general assembly meeting held on April 19, 2021 it was decided to distribute cash dividends to shareholders at the rate of 12% of the capital equivalent to JD 24,000,000.

According to the instructions of the regulatory bodies:

- The general banking risks reserve and the special reserve cannot be utilized without prior approval from the Central Bank of Jordan and the Palestine Monetary Authority.
- Retained earnings include a restricted amount of JD 24,682,390 against deferred tax benefits as of September 30, 2021 (21,808,399 as of December 31, 2020) that according to Central Bank of Jordan instructions, this restricted amount cannot be utilized through capitalization or distribution unless realized.
- Retained earnings include an amount of JD 439,810 as of September 30, 2021, which represents the effect of the early adoption of IFRS (9). These restricted amounts cannot be utilized unless realized through the actual sale.
- The fair value reserve cannot be utilized including the capitalization, distribution, write-off losses or any other commercial acts unless realized through the actual sale as instructed by the Central Bank of Jordan and Jordan Security Commission, the balance of retained earnings include an amount of JD 813,437 as of September 30, 2021, cannot be utilized through dividends distribution to the shareholders or use for any other purposes, without prior approval of central bank of Jordan resulting from the application of central bank of Jordan circular No. 10/11/1359 on January 25, 2018 and Central Bank of Jordan circular No. 13/2018 dated June 6, 2018.

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

BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN

STATEMENT E

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASHFLOWS
(REVIEWED NOT AUDITED)

In Jordanian Dinar

	Note	For the Nine-Month Period Ended September 30,	
		2021	2020
		JD	JD
Cash Flows from Operating Activities:			
Profit for the period before tax - Statement (B)		39,173,717	20,757,670
Adjustments for non-cash transaction:			
Depreciation and amortization		7,801,580	6,928,884
Expected credit loss	14	12,012,091	27,616,553
(Gain) loss from the sale of property and equipment		(85,003)	(71,232)
(Gain) from financial assets at fair value through profit or loss - unrealized		(72,814)	(40,582)
Effect of exchange rate fluctuations		(2,166,955)	(1,838,685)
Miscellaneous provisions		275,192	651,909
(Reversal from) Provision of assets foreclosed by the Bank		(199,309)	60,326
Other – Currency differences		(423,616)	(1,620,679)
Profit before Changes in Assets and Liabilities		56,314,883	52,444,164
Changes in Assets and Liabilities:			
(Increase) Decrease in restricted balances		(2,146,007)	13,148,825
Decrease in deposits with banks and other financial institutions (maturing over three months)		282,000	118,685,314
(Increase) in direct credit facilities at amortized cost		(27,007,566)	(68,157,074)
(Increase) in other assets		(5,087,948)	(5,124,591)
Increase (Decrease) in banks deposits and other financial institutions (maturing over three months)		282,000	(78,167,000)
(Decrease) customers deposits		(15,953,178)	(75,882,533)
Increase in cash margins		1,003,240	1,480,552
(Decrease) Increase in borrowed funds		(9,699,480)	42,099,111
(Decrease) in other liabilities		(1,762,448)	(4,332,165)
Net Change in Assets and Liabilities		(60,089,387)	(56,249,561)
Net Cash Flows (used in) Operating Activities before Paid Taxes, and End-of-Service Indemnity Provision		(3,774,504)	(3,805,397)
Paid income tax	11	(18,271,810)	(21,562,024)
Paid from end-of-service indemnity, lawsuits provisions and others		(255,573)	(254,611)
Net Cash flows (used in) Operating Activities		(22,301,887)	(25,622,032)
Cash Flows from Investing Activities:			
(Purchase) of financial assets at amortized cost		(88,857,626)	(90,580,412)
Maturity of financial assets at amortized cost		61,067,134	61,785,020
(Purchase) of financial assets at fair value through comprehensive income		(270,626)	-
Sale of financial assets at fair value through comprehensive income		24,937,771	4,684
(Purchase) maturity of financial derivatives		(1,197,832)	34,214
(Purchase) of property and equipment		(3,840,563)	(5,317,134)
Sale of property and equipment		166,105	216,889
(Purchase) of intangible assets		(1,975,498)	(1,663,773)
Net Cash Flows (used in) Investing Activities		(9,971,135)	(35,520,512)
Cash Flows from Financing Activities:			
Foreign currencies translation differences		1,432,105	4,166,532
Dividends distributed to shareholders		(24,185,264)	(24,795)
Net Cash Flows (used in) from Financing Activities		(22,753,159)	4,141,737
Effect of exchange rate fluctuations on cash and cash equivalents		2,166,955	1,838,685
Net (Decrease) in Cash and Cash Equivalents		(52,859,226)	(55,162,122)
Cash and cash equivalents – beginning of the period		412,918,196	434,442,966
Cash and Cash Equivalents – End of the Period	16	360,058,970	379,280,844

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BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

1. General

- Bank of Jordan was established in 1960 as a public shareholding limited company with headquarters in Amman – Jordan. On March 3, 1960, it was registered under number (1983) according to the Companies Law No. 33 for the Year 1962 with an authorized capital of JD 350,000, represented by 70,000 shares at a par value of JD 5 per share. However, the Bank's authorized and paid-up capital was increased in stages last of which took place in accordance with the resolution of the general assembly in their extraordinary meeting held on April 9, 2016, thus, the Bank's capital was increased from JD 155/1 million to become JD 200 million for which all the legal procedures related to it was completed on April 19, 2016.
- The Bank provides all financial and banking services within its scope of activities. Those services are offered through its (81) branches in Jordan, (17) branches in Palestine, and the bank branch in the Kingdom of Bahrain and its subsidiaries in Jordan and Syria (Excel for Financial Investments Company, Jordan Leasing Company, and Bank of Jordan - Syria).
- The Bank has obtained all necessary approvals from the Central Bank of Jordan and the regulatory authorities in Iraq for the establishment of a branch in Iraq. The branch is still in the establishment phase. The accompanying consolidated condensed interim financial statements were approved by the Board of directors in their meeting number 635 dated October 28, 2021

2. BASIS OF CONDENSED INTERIM FINANCIAL STATEMENTS PREPARATION

- The accompanying consolidated condensed interim financial statements for the Bank and its subsidiaries were prepared in accordance with the International Accounting Standard (IAS 34) "interim financial reporting", as adopted by Central Bank of Jordan.
The main differences between International Financial Reporting Standards that should be applied and what was adopted by the Central Bank of Jordan are as follows:
- Expected credit losses allowances are calculated in accordance with the Central Bank of Jordan (CBJ) instructions no. (13/2018) "International Financial Reporting Standard No. (9) Implementation" dated June 6, 2018, and in accordance with the Regulatory authorities instructions in the countries that the Bank operates whichever is more strict, the main significant differences are as follows:
- Debt instruments issued or guaranteed by the Jordanian government are excluded 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 calculation results in accordance to International Financial Reporting Standards (9) are compared with the instructions of the Central Bank of Jordan No. (47/2009) dated December 10, 2009, for each stage separately and the greater results are recorded.
- In accordance with the instructions of the Central Bank of Jordan and the instructions of the supervisory authorities in the countries in which the bank operates, interest and commissions are suspended on non-performing credit facilities.
- Assets foreclosed by Bank are presented at the consolidated condensed interim statement of financial position within other assets at the value that has been acquired by the Bank or the fair value, whichever is lower, and are reassessed individually on each consolidated financial statements date, and any impairment in their value is recorded as a loss in the consolidated condensed interim statement of profit or loss but the increase is not recorded, to the extent that it does not exceed the value of the previously recorded impairment. Starting the year 2015, and in accordance with the Central Bank of Jordan Circular No. 15/1/4076 dated March 27, 2014 and Circular No. 10/1/2510 dated February 14, 2017, the Bank has started to calculate gradual provision against the assets foreclosed by the bank in exchange of credit facilities that have been in possession for more than 4 years. Central Bank of Jordan issued Circular No. 10/1/16239 dated November 21, 2019 approving the extension of Circular No. 10/1/2150 dated February 14, 2017 to postpone the provision calculations until the end of year 2020 and amending the second clause of it. And in accordance with the circular of the Central Bank of Jordan 10/3/16628 dated December 27, 2020, Circular No. 10/1/2510 extended up to the end of December 31, 2021. Based on Central Bank of Jordan circular 10/3/13246 dated September 12, 2021 required gradual provisions calculations shall commence starting from the year 2022.
- Additional provisions are calculated in the consolidated condensed interim financial statements against some of the Bank's foreign investments in some neighbouring countries.

BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN

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

- The net outcome of the differences between the Central Bank of Jordan instructions and the International Financial Reporting Standards represented by having the Bank book additional allocations to comply with these instructions.
- The accompanying consolidated condensed interim financial statements were prepared on the historical cost basis except for financial assets at fair value through profit or loss, financial assets at fair value through comprehensive income, and financial derivatives which are measured at fair value at the date of the consolidated condensed interim financial statements. The hedged assets and liabilities are stated at fair value. Moreover, the financial assets and liabilities are measured at amortized cost.
- The accompanying consolidated condensed interim financial statements are presented in Jordanian Dinar "JD", being the functional currency of the Bank.
- The accompanying consolidated condensed interim financial statements do not include all the information and disclosures to the financial statements required in the annual financial statements, which are prepared in accordance with International Financial Reporting Standards. Moreover, the results of The Bank's operations for the nine-month period ended on September 30, 2021, do not necessarily represent indications of the expected results for the year ending December 31, 2021. Therefore, these consolidated condensed interim financial statements should be read with the Bank's annual report for the year ended December 31, 2020, and it does not contain the appropriation of profit for the nine-month period ended September 30, 2021, which is performed at the end of the fiscal year.

Basis of Consolidation of the condensed interim financial statements

- The consolidated condensed interim financial information includes the financial statements of the Bank and the subsidiary companies controlled by the Bank. Control is achieved whereby the Bank has the power to govern the financial and operating policies of the subsidiaries to obtain benefits from their activities. All intra-group transactions, balances, income, and expenses are eliminated in full.
- The financial statements of the subsidiary companies are prepared for the same financial period of the Bank using the same accounting policies adopted by the Bank. If the accounting policies adopted by the subsidiary companies are different from those used by the Bank, the necessary adjustments to the financial statements of the subsidiary companies are made to comply with the accounting policies used by the Bank.

The Bank has the following subsidiary companies as of September 30, 2021:

<u>Name of Subsidiary</u>	<u>Paid-up Capital</u>	<u>Bank's Ownership Percentage%</u>	<u>Subsidiary's Nature of Business</u>	<u>Place of Operation</u>	<u>Acquisition Date</u>
Excel for Financial Investments Company	JD 3,5 Million 3,000 Million (Syrian – Lira) value of investment	100	Financial Brokerage	Amman	March 23, 2006
Bank of Jordan – Syria*	JD 21/9 Million	49	Banking Activities	Syria	May 17, 2008
Jordan Leasing Company	JD 20 Million	100	Finance Lease	Amman	October 24, 2011

- The results of the subsidiary companies are incorporated into the consolidated condensed interim statement of profit or loss from the effective date of acquisition, which The Bank assumes the date on which actual control over the subsidiary is in. Moreover, the operating results of the disposed subsidiary are incorporated into the consolidated condensed interim statement of profit or loss up to the effective date of disposal which is the date on which The Bank losses control over the subsidiary companies.
- * The results of Bank of Jordan – Syria have been incorporated in the consolidated condensed interim financial statements due to The Bank's power to govern the financial and operating policies of the subsidiary.
- Non-Controller's interest represents the portion of equity not held by The Bank in the subsidiary.

BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

3. Accounting Estimates

Preparation of the consolidated condensed interim financial statements and the application of the accounting policies require the Bank's management to perform assessments and assumptions that affect the amounts of financial assets, financial liabilities, change in Fair Value reserve and contingent liabilities disclosures. Moreover, these assessments and assumptions affect revenues, expenses, provisions and the changes in fair value reserves in the consolidated condensed interim financial statements and within owners' equity. In particular, this requires the Bank's management to issue significant judgments and assumptions to assess the future cash flows amounts and their timing. Moreover, the before mentioned assessments are necessarily based on assumptions and factors with varying degrees of consideration and uncertainty. In addition, actual results may differ from assessments due to the changes arising from the conditions and circumstances of those assessments in the future.

We believe that the estimates and judgments adopted in the preparation of the consolidated condensed interim financial statements for the nine months ended September 30, 2021 preparation are consistent with the estimates and judgments adopted in the preparation of the annual consolidated financial statement for the year ended December 31, 2020.

4. SIGNIFICANT ACCOUNTING POLICIES

A. Applied Accounting Policies

The accounting policies adopted in the consolidated condensed interim financial statement for the nine – month period ended September 30, 2021 are consistent with those adopted for the year ended December 31, 2020, except for the following new and revised standards, which became applicable on January 1st, 2021 as follow:

<u>New standard or amendments</u>	<u>Application date</u>
Interest Rate Benchmark Reform-Phase 2 (Amendments to IFRS9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 1, 2021

The adoption of the above standards has not affected the amounts or disclosures in the interim condensed consolidated financial statements.

B – New Standards and Interpretations not adopted yet

A number of new standards, amendments to standards and interpretations that were issued but not yet effective, and were not applied when preparing these consolidated condensed interim financial statements:

<u>New standard or amendments</u>	<u>Application Date</u>
Loss-making contracts (a contract in which the total cost required to fulfill the contract is higher than the economic benefit that can be obtained from it) - the cost of implementing the contract (amendments to IAS 37)	January 1, 2022
Annual amendments to IFRS 2018-2020	January 1, 2022
Property and equipment: obtained prior to the required or intended use of property and equipment (amendments to IAS 16)	January 1, 2022
The reference to the conceptual framework (amendments to IFRS 3)	January 1, 2022
Classification of liabilities into current or non-current liabilities (Amendments to IAS 1)	January 1, 2023
IFRS 17 “Insurance Contracts” and Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Sale or grant of assets between an investor and an affiliate company or a joint venture (amendments to IFRS 10 and IAS 28)	Available for optional application / application date postponed

Management does not expect that there will be a material impact from adopting the above standards upon implementation.

BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

5. Cash and Balances with Central Banks

<i>In Jordanian Dinar</i>	September 30, 2021	December 31, 2020
Cash at vaults	73,620,237	66,521,033
Balances at Central Banks:		
- Current accounts and demand deposits	110,369,885	78,251,193
- Term and notice deposits	59,867,760	112,910,906
- Certificates of deposit	-	282,000
- Statutory cash reserve	93,596,208	91,663,345
	337,454,090	349,628,477
<u>Less: Expected credit loss</u>	(115,934)	(90,488)
	337,338,156	349,537,989

- Statutory cash reserve amounted to JD 93,596,208 as of September 30, 2021 (JD 91,663,345 as of December 31, 2020).
- Except for the statutory cash reserve, restricted balances amounted to JD 2,232,760 as of September 30, 2021 (JD 2,275,906 as of December 31, 2020).
- Term and notice deposits include JD 10,635,000 maturing within a period exceeding three months as of September 30, 2021 (JD 10,635,000 As of December 31, 2020).

6. Balances with Banks and Financial Institutions

This item consists of the following:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
<i>In Jordanian Dinar</i>	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Current accounts and demand deposits	-	-	125,591,137	172,137,756	125,591,137	172,137,756
Deposits maturing within 3 months or less	20,000,000	15,000,000	4,149,260	3,588,480	24,149,260	18,588,480
	20,000,000	15,000,000	129,740,397	175,726,236	149,740,397	190,726,236
<u>Less: Expected credit loss</u>	(1,348)	(69)	(3,914)	(3,837)	(5,262)	(3,906)
	19,998,652	14,999,931	129,736,483	175,722,399	149,735,135	190,722,330

- Non-interest-bearing balances at banks and financial institutions amounted to JD 67,572,223 as of September 30, 2021 (JD 50,413,347 as of December 31, 2020).
- Restricted balances at banks and financial institutions amounted to JD 3,294,069 as of September 30, 2021 (JD 3,037,779 as of December 31, 2020).

BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

7. Deposits with banks and financial institutions

This item consists of the following:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
<i>In Jordanian Dinar</i>						
Deposits maturing within 3 to 6 months	-	-	282,000	564,000	282,000	564,000
Deposits maturing within 6 to 9 months	-	-	-	-	-	-
Deposits maturing within 9 months to 1 year	-	-	-	-	-	-
Deposits maturing within more than 1 year	89,000,000	89,000,000	-	-	89,000,000	89,000,000
	89,000,000	89,000,000	282,000	564,000	89,282,000	89,564,000
Less: Expected credit loss	(31,080)	(38,428)	(16)	(5)	(31,096)	(38,433)
	88,968,920	88,961,572	281,984	563,995	89,250,904	89,525,567

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

BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

8. Direct Credit Facilities at Amortized Cost

This item consists of the following:

<i>In Jordanian Dinar</i>	September 30, 2021	December 31, 2020
Individual (Retail Customers):	590,921,642	557,702,675
Overdraft accounts	15,290,786	13,786,902
Loans and discounted bills*	547,282,469	518,981,439
Credit cards	28,348,387	24,934,334
Real estate loans	271,900,089	259,123,143
Corporate:	621,184,362	621,426,028
Large corporate customers	366,391,494	375,831,841
Overdraft accounts	86,211,440	65,042,272
Loans and discounted bills*	280,180,054	310,789,569
SMEs	254,792,868	245,594,187
Overdraft accounts	53,430,293	50,666,441
Loans and discounted bills*	201,362,575	194,927,746
Government and public sector	164,184,181	181,364,510
Total	1,648,190,274	1,619,616,356
<u>Less: expected credit loss provision</u>	<u>(154,591,567)</u>	<u>(141,725,555)</u>
<u>Less: Interest in suspense</u>	<u>(12,784,798)</u>	<u>(11,151,703)</u>
Net Direct Credit Facilities at amortized cost	1,480,813,909	1,466,739,098

- * Net of interest and commission received in advance amounting to JD 14,781,139 as of September 30, 2021 (JD 16,427,772 as of December 31, 2020).
- Non-performing credit facilities amounted to JD 140,627,340 representing (8/5%) of the direct credit facilities balance as of September 30, 2021 (JD 137,962,291 representing (8/5%) as of December 31, 2020).
- Non-performing credit facilities after deducting the suspended interest amounted to JD 127,859,541 representing (7/8%) of direct credit facilities after deducting the suspended interest as of September 30, 2021 (JD 126,812,522 representing (7/8%) as of December 31, 2020).
- Credit facilities granted to and guaranteed by the Jordanian Government amounted to JD 2,724,331 representing (00/2%) of total direct credit facilities as of September 30, 2021 (JD 12,813,252 representing (0/79%) as of December 31, 2020). Moreover, credit facilities granted to the public sector in Palestine amounted to JD 53,330,881 as of September 30, 2021 (JD 57,511,269 as of December 31, 2020). Facilities granted to foreign governments amounted to JD 10,635,000 as of September 30, 2021 (JD 20,158,288 as of December 31, 2020).

BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN

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

Total direct credit facilities credit stages distribution during the period/year as follows:

In Jordanian Dinar

Item	Stage One		Stage Two		Total
	Individual Level	Collective Level	Individual Level	Collective Level	
For the period ended September 30, 2021					
Balance at the beginning of the period	672,800,674	725,428,348	67,873,963	15,551,080	1,619,616,356
New facilities During the period	80,690,954	112,310,722	4,347,699	757,965	201,140,973
Facilities paid	(113,856,467)	(48,598,010)	(3,809,595)	(1,371,108)	(174,925,747)
	639,635,161	789,141,060	68,412,067	14,937,937	1,645,831,582
Transfer to Stage One	19,828,031	5,642,101	(19,669,186)	(4,314,974)	-
Transfer to Stage Two	(79,442,082)	(21,995,036)	79,504,033	22,177,942	-
Transfer to Stage Three	(2,946,527)	(5,612,427)	(178,610)	(1,300,034)	-
Effect on the allowance at the end of the year as a result of classification changes between the three stages during the period	1,199,626	(848,379)	(11,448,120)	(363,497)	(10,615,462)
Changes due to the adjustments	46,103,084	(13,900,564)	(11,544,402)	(275,449)	20,389,977
Written-off Balances	-	-	-	-	(82,480)
Adjustment due to exchange rates fluctuations	(3,544,990)	(179,398)	(1,447,651)	(6,782)	(7,333,343)
Balance at the End of the Period	620,832,303	752,247,357	103,628,131	30,855,143	1,648,190,274

In Jordanian Dinar

Item	Stage One		Stage Two		Total
	Individual Level	Collective Level	Individual Level	Collective Level	
For the year ended December 31, 2020					
Balance at the beginning of the year	663,999,644	619,153,135	100,655,921	33,100,561	1,531,539,941
New facilities During the year	77,492,024	133,583,810	900,782	1,312,784	216,140,810
Facilities paid	(32,342,669)	(45,279,106)	(4,719,654)	(1,753,602)	(89,047,409)
	709,148,999	707,457,839	96,837,049	32,659,743	1,658,633,342
Transfer to Stage One	61,429,998	21,017,814	(61,429,998)	(19,765,834)	-
Transfer to Stage Two	(46,520,996)	(9,287,954)	47,945,747	10,194,415	-
Transfer to Stage Three	(14,702,520)	(3,161,359)	(9,622,678)	(6,464,342)	-
Effect on the allowance at the end of the year as a result of classification changes between the three stages during the year	(11,668,629)	(630,614)	(5,285,853)	(985,622)	(19,577,000)
Changes due to the adjustments	(16,673,567)	10,134,796	3,296,048	(38,184)	(1,463,472)
Written-off Balances	-	-	-	-	(595,203)
Adjustment due to exchange rates fluctuations	(8,212,611)	(102,174)	(3,866,352)	(49,096)	(17,381,311)
Balance at the End of the Year	672,800,674	725,428,348	67,873,963	15,551,080	1,619,616,356

BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN

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

- The movement on on the expected credit loss provision against direct credit facilities at collective level during the period/year was as follows:

<i>In Jordanian Dinar</i> Item	Stage One		Stage Two		Total
	Individual Level	Collective Level	Individual Level	Collective Level	
For the period ended September 30, 2021					
Balance at the beginning of the period	1,804,197	3,718,047	10,368,829	5,452,368	141,725,555
Credit loss on new balances during the period	138,459	145,074	16,757,737	5,915	21,398,145
Expected credit loss reversal of matured facilities	(235,165)	(223,079)	(251,116)	(9,851)	(7,968,287)
	1,707,491	3,640,042	26,875,450	5,448,432	155,155,413
Transfer to Stage One	219,783	793,060	(93,043)	(63,164)	-
Transfer to Stage Two	(277,602)	(120,987)	324,933	995,278	-
Transfer to Stage Three	(14,238)	(37,762)	(2,035)	(22,041)	-
Effect on the allowance at the end of the year as a result of classification changes between the three stages during the period	(192,482)	(782,520)	394,512	(814,201)	-
Changes due to the adjustments	(814,325)	(2,457,375)	(174,547)	(8,917)	3,852,587
Settled debts	-	-	-	-	(3,670,378)
Adjustment due to exchange rates fluctuations	(7,645)	(1,485)	(21,085)	(1,030)	(66,743)
Balance at the End of the period	620,982	1,032,973	27,304,185	5,534,357	(679,312)
					154,591,567
In Jordanian Dinar Item					
For the year ended December 31, 2020					
Balance at the beginning of the year	2,033,638	5,357,779	11,796,862	984,202	112,104,787
Credit loss on new balances during the year	302,216	660,668	214,720	5,331,446	12,887,610
Expected credit loss reversal of matured facilities	(120,274)	(346,518)	(1,631,171)	(18,841)	(4,867,316)
	2,215,580	5,671,929	10,380,411	6,296,807	120,125,081
Transfer to Stage One	556,325	829,225	(556,325)	(182,354)	-
Transfer to Stage Two	(104,643)	(68,643)	449,000	634,302	-
Transfer to Stage Three	(11,888)	(36,702)	(86,163)	(66,243)	-
Effect on the allowance at the end of the year as a result of classification changes between the three stages during the year	(400,893)	(728,991)	34,533	(555,607)	27,185,503
Changes due to the adjustments	(448,439)	(1,943,611)	186,924	(653,827)	(2,472,087)
Written off- Balances	-	-	-	-	(564,671)
Adjustment due to exchange rates fluctuations	(1,845)	(5,160)	(39,551)	(20,710)	(2,548,271)
Balance at the End of the year	1,804,197	3,718,047	10,368,829	5,452,368	141,725,555

BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

Expected credit loss provision:

The following is the movement on the expected credit loss provision:

	September 30, 2021					
	Corporates					
	Retail Customers	Real Estate Loans	Large Corporate Customers	SMEs	Government and Public sector	Total
<i>In Jordanian Dinar</i>						
Balance – Beginning of the period	44,619,633	10,087,652	53,891,144	32,789,039	338,087	141,725,555
Impairment loss of new facilities during the period	2,336,131	1,112,375	11,674,723	6,267,707	7,209	21,398,145
Reversed from impairment loss of the (settled) balances	(1,763,702)	(1,805,723)	(1,091,451)	(3,233,399)	(74,012)	(7,968,287)
	45,192,062	9,394,304	64,474,416	35,823,347	271,284	155,155,413
Effect on the allowance at the end of the year as a result of classification changes between the three stages during the period	2,164,814	105,546	477,215	1,105,012	-	3,852,587
Changes due to the adjustments	(2,044,363)	(413,227)	(647,495)	(415,546)	(149,747)	(3,670,378)
Settled debts	(64,467)	-	-	(2,276)	-	(66,743)
Adjustment due to exchange rates fluctuations	(25,072)	(17,256)	(532,301)	(104,683)	-	(679,312)
Balance at the End of the period	45,222,974	9,069,367	63,771,835	36,405,854	121,537	154,591,567
Distributed as follow:						
Allowance on individual level	155,782	1,045,680	63,669,243	35,970,809	121,537	100,963,051
Allowance on collective level	45,067,192	8,023,687	102,592	435,045	-	53,628,516
Balance at the End of the period	45,222,974	9,069,367	63,771,835	36,405,854	121,537	154,591,567

BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

Interest in Suspense:

The following is the movement on the interest in suspense:

<i>In Jordanian Dinar</i>	September 30, 2021				
	Retail Customers	Real Estate Loans	Corporates		Total
			Large Corporate Customers	SMEs	
Balance at the Beginning of the period	2,148,647	1,683,760	2,763,131	4,556,165	11,151,703
Add: Interest suspended during the period	251,333	469,348	845,407	874,873	2,440,961
Less: Interest in suspense reversed to revenues	(153,088)	(204,499)	(98,932)	(52,642)	(509,161)
<u>Translation differences</u>	(925)	(13,638)	(183,547)	(80,070)	(278,180)
Settled debts	(20,525)	-	-	-	(20,525)
Balance at the End of the period	2,225,442	1,934,971	3,326,059	5,298,326	12,784,798

<i>In Jordanian Dinar</i>	December 31, 2020				
	Retail Customers	Real Estate Loans	Corporates		Total
			Large Corporate Customers	SMEs	
Balance at the Beginning of the Year	1,977,386	1,251,133	2,700,185	3,981,013	9,909,717
Add: Interest suspended during the year	328,944	621,957	762,920	950,655	2,664,476
Less: Interest in suspense reversed to revenues	(132,513)	(115,065)	(144,941)	(111,891)	(504,410)
<u>Translation differences</u>	(17,670)	(74,265)	(555,033)	(240,282)	(887,250)
Written off facilities transferred to off financial position items	(7,500)	-	-	(23,330)	(30,830)
Balance at the End of the Year	2,148,647	1,683,760	2,763,131	4,556,165	11,151,703

BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

9. Property and Equipment-Net

The details of this item are as follows:

<i>In Jordanian Dinar</i>	September 30, 2021	December 31, 2020
Property and equipment (A)	36,384,759	37,163,632
Right of use assets (B)	16,830,364	16,829,962
Net	53,215,123	53,993,594

- A. The additions during the period ended September 30, 2021 amounted to JD 3,840,563 (JD 5,317,134 during the period ended September 30, 2020); the depreciation expense for the period amounted to JD 4,188,873 as of September 30, 2021 (JD 3,575,693 for the period ended September 30, 2020).
- B. The additions during the period ended September 30, 2021 amounted to JD 2,507,215 (JD 1,919,293 during the period ended September 30, 2020); the depreciation expense for the period amounted to JD 2,506,813 as of September 30, 2021 (JD 2,470,085 for the period ended September 30, 2020).

10. Other Assets

The details of this item are as follows:

<i>In Jordanian Dinar</i>	September 30, 2021	December 31, 2020
Accrued interest income	8,313,962	10,391,109
Prepaid expenses	5,386,662	3,616,227
Assets foreclosed by the Bank in repayment of non-performing debts*	62,900,740	58,067,461
Clearance cheques	1,582,348	2,427,148
Advance payments on the acquisition of lands and real estates	2,008,874	1,692,367
Paid margins	240,581	255,912
Prepaid tax expenses	6,257,125	3,807,864
Financial derivatives	959,578	-
Accounts receivable and other debit balances	3,673,109	4,818,056
	91,322,979	85,076,144

* The following is the movement on the assets foreclosed by the Bank in repayment of non-performing debts:

	Foreclosed Assets	
<i>In Jordanian Dinar</i>	For the Nine- Month Period Ended September 30, 2021	For the Year Ended December 31, 2020
Balance at the Beginning of the Period/Year	68,067,305	64,202,177
Additions	6,605,117	7,516,737
Disposals	(1,971,147)	(3,651,609)
End of the period/year balance	72,701,275	68,067,305
Impairment provision of assets foreclosed by the Bank**	(9,800,535)	(9,999,844)
Balance at the End of the Period/Year	62,900,740	58,067,461

BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

** The movement of provision for assets foreclosed by The Bank was as follow:

	For the Nine- Month Period Ended on September 30, 2021	For the Year Ended on December 31, 2020
	JD	JD
Balance at the Beginning of the Period/Year	9,999,844	10,357,640
(Reversed) during the Period/Year	(199,309)	(357,796)
Balance at the End of the Period/Year	9,800,535	9,999,844

- According to the Jordanian Banks' Law, buildings and plots of lands foreclosed by the Bank in repayment of debts from clients should be sold within two years from the foreclosure date. However, the Central Bank of Jordan may extend this period for two more years in exceptional cases.

- Starting from the year 2015, the Bank has started to calculate gradual provision against the assets foreclosed by the bank in exchange of credit facilities that have been in possession for more than 4 years according to Central Bank of Jordan Circular No. 15/1/4076 dated March 27, 2014 and Circular No. 10/1/2510 dated February 14, 2017. Central Bank of Jordan issued Circular No. 10/1/16239 dated November 21, 2019 approving the extension of Circular No. 10/1/2150 dated February 14, 2017 to postpone the provision calculations until the end of year 2020 and amending the second clause of it. And in accordance with the circular of the Central Bank of Jordan 10/3/16628 dated December 27, 2020, Circular No. 10/1/2510 extended up to the end of December 31, 2021. Based on Central Bank of Jordan circular 10/3/13246 dated September 12, 2021 required gradual provisions calculations shall commence starting from the year 2022.

11. Income Tax

Income tax provision

The movement on the income tax provision is as follows:

<i>In Jordanian Dinar</i>	September 30, 2021	December 31, 2020
Balance at the Beginning of the Period/Year	19,881,866	23,803,895
Income tax paid	(18,271,810)	(22,692,105)
Accrued Income tax	14,681,590	18,770,076
Balance at the end of the period/year	16,291,646	19,881,866

Income tax in the consolidated condensed interim statement of profit or loss represents the following:

<i>In Jordanian Dinar</i>	For the Nine-Month Period Ended on September 30, 2021	2020
Income tax on current period profit	14,681,590	10,212,983
Prior years income tax	-	200,213
Deferred tax assets for the period – addition	(6,445,051)	(2,022,842)
Amortization of deferred tax assets	3,571,060	3,352,638
	11,807,599	11,742,992

- The legal income tax rate in Jordan is 38% for banks, knowing that the legal income tax rate in Palestine in which the bank has investments and branches is 15%, and in Syria (a subsidiary company) 25% and subsidiaries in Jordan 28%.

**BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN**

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

- A final settlement was reached with the Income and Sales Tax Department in Jordan up to the end of 2018, and the bank submitted its annual tax returns for the years 2019, 2020 and paid the required amounts according to the law, however, no final settlement was reached with the Income and Sales Tax Department for those years yet. In the opinion of management and its legal and tax advisors, the bank will not have any obligations in excess of the provisions that were booked in the consolidated condensed interim financial statements.
- A final settlement has been reached with the income tax and VAT departments on the Bank's results in Palestine until the end of the year 2018. The Bank submitted its tax returns for the years 2019 and 2020 and has paid the required amounts according to the law. And in the opinion of the management and the tax consultant, it is sufficient to pay the tax liabilities.
- A final settlement was reached with the Income and Sales Tax Department up to the end of the year 2019 regarding Excel for Financial Investments Company (subsidiary company). Furthermore, the Company has submitted its tax returns for the year 2020 and paid related taxes declared in which still not been reviewed by the Income and Sales Tax department. In the opinion of the Company's management and its tax consultant, the allocated provisions in the consolidated condensed interim financial statements are sufficient to meet any tax obligations.
- Jordan Leasing Company (subsidiary) has reached a final settlement with the Income and Sales Tax Department up to the year 2019 except for the year 2018, Moreover, the Company has submitted its tax returns for the years 2018 and 2020 and paid the declared taxes, however, it has not been reviewed by the Income and Sales Tax Department yet. In the opinion of the Company's management and its tax consultant, the allocated provisions in the consolidated condensed interim financial statements are sufficient to meet any tax obligations.
- The Bank calculated the accrued income tax for the period ended September 30, 2021, for the Bank and its subsidiary Companies and external branches. In the opinion of the management and its tax consultant, the balance is sufficient to meet the tax commitments as of that date.

BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

12. Borrowed Funds

The details of this item are as follows:

<i>In Jordanian Dinar</i>		<u>Number of Installments</u>		<u>Periodic Installments Maturity</u>	<u>Collaterals</u>	<u>Price of Borrowing Interest</u>
<u>September 30, 2021</u>	<u>Amount</u> <u>JD</u>	<u>In Total</u>	<u>The Remaining</u>			
Borrowing from the Central Bank of Jordan*	44,361,501	24-108	6-67	Monthly	Treasury bonds and bills	0%-1%
Borrowing from Jordan mortgage refinance company**	15,000,000	1	1	One payment	Assigning mortgage bounds for the company	4,15%
Rent lease obligations***	15,504,803	800	461	Quarterly and annually	None	5,5%
Total	74,866,304					

<u>December 31, 2020</u>	<u>Amount</u> <u>JD</u>	<u>In Total</u>	<u>The Remaining</u>	<u>Periodic Installments Maturity</u>	<u>Collaterals</u> <u>JD</u>	<u>Price of Borrowing Interest</u>
Borrowing from the Central Bank of Jordan*	46,968,903	24 - 108	15 - 76	Monthly	Treasury Bonds and bills	0% - 1 %
Borrowing from Jordan mortgage refinance company **	15,000,000	1	1	One payment	Assigning mortgage bounds for the company	4,15%
Borrowing from external banks	7,090,000	1	1	One payment	None	Average
Rent lease obligations***	15,523,423	791	491	Quarterly, semi-annual, annually	None	5,75%
Total	84,582,326					

* The above amounts were re-financial to the bank's customers within the SME and large corporates at interest rates ranging from 2% to 5%.

- This balance is borrowed at fixed interest rates and there is no variable interest borrowings at floating interest rates, zero interest borrowings related to loans issued by the Central Bank of Jordan amounted 31,835,233 JD as of September 30, 2021(33,128,585 JD as of December 31, 2020).

** This item represents borrowing from Jordan Mortgage Refinance Company which is due in one payment in three years.

BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

***** Lease obligations – Against right of use of assets – leased :**

<i>In Jordanian Dinar</i>	September 30, 2021	December 31, 2020
Maturity analysis - undiscounted contractual cash flows		
Less than one year	3,161,404	3,131,027
From one year to five years	8,873,034	10,518,639
More than five years	8,783,207	7,258,618
Total undiscounted lease obligations	20,817,565	20,908,284
Discounted lease obligations included in the statement of financial position	15,504,803	15,523,423
Within one year	2,229,892	2,081,138
More than one year	13,274,911	13,442,285

13. Other Liabilities

The details of this item are as follows:

<i>In Jordanian Dinar</i>	September 30, 2021	December 31, 2020
Accrued interest payable	2,883,881	5,469,474
Accepted deferred cheques	7,426,489	7,521,812
Temporary deposits	5,652,751	6,844,610
Dividends payable	2,311,738	2,126,474
Deposits on safe boxes	173,910	174,168
Margins against sold real estate	280,700	26,700
Financial derivatives	-	238,254
Expected credit loss provision against indirect credit facilities *	7,683,481	8,845,153
Other liabilities	13,185,581	9,175,767
	39,598,531	40,422,412

BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN – JORDAN

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

* Indirect credit facilities balances (off balance sheet item) distribution at collective level during the period/year was as follows:

<i>In Jordanian Dinar</i>	Item	As of September 30, 2021					
		Stage One		Stage Two		Stage Three	Total
		Individual	Collective	Individual	Collective		
	Balance at the Beginning of the period	362,976,823	65,621,764	27,917,115	462,355	11,566,466	468,544,523
	New exposures during the period	36,304,483	9,153,859	6,666,110	36,450	1,260,559	53,421,461
	Accrued exposures	(33,511,043)	(1,301,831)	(4,238,363)	(23,258)	(639,747)	(39,714,242)
		<u>365,770,263</u>	<u>73,473,792</u>	<u>30,344,862</u>	<u>475,547</u>	<u>12,187,278</u>	<u>482,251,742</u>
	Transferred to stage one	2,487,839	192,417	(2,708,343)	(192,417)	220,504	-
	Transferred to stage two	(16,987,048)	(530,693)	16,987,048	530,693	-	-
	Transferred to stage three	(951,878)	(193,649)	(65,215)	(47,142)	1,257,884	-
	Effect as a result of classification changes between the three stages during the period	3,325,944	163,660	(1,782,065)	(121,317)	(1,035,910)	550,312
	Changes due to the adjustments	37,642,658	(3,752,205)	(15,713,745)	(6,608)	-	18,170,100
	Written off -facilities	-	-	-	-	-	-
	Adjustments due to exchange rates fluctuations	(1,570,525)	-	(132,468)	-	(318)	(1,703,311)
	Balance at the End of the period	<u>389,717,253</u>	<u>69,353,322</u>	<u>26,930,074</u>	<u>638,756</u>	<u>12,629,438</u>	<u>499,268,843</u>

<i>In Jordanian Dinar</i>	Item	As of December 31, 2020					
		Stage One		Stage Two		Stage Three	Total
		Individual	Collective	Individual	Collective		
	Balance at the Beginning of the Year	546,467,533	48,633,570	53,033,126	637,617	12,604,062	661,375,908
	New exposures during the year	43,318,143	5,166,342	831,531	8,632	-	49,324,648
	Accrued exposures	(149,449,044)	(5,164,839)	(18,396,150)	(66,295)	(1,245,261)	(174,321,589)
		<u>440,336,632</u>	<u>48,635,073</u>	<u>35,468,507</u>	<u>579,954</u>	<u>11,358,801</u>	<u>536,378,967</u>
	Transferred to stage one	26,886,685	407,648	(26,886,685)	(407,648)	-	-
	Transferred to stage two	(28,802,500)	(261,573)	28,803,370	261,573	(870)	-
	Transferred to stage three	(53,740)	(111,897)	(985,925)	(55,324)	1,206,886	-
	Effect as a result of classification changes between the three stages during the year	(8,110,801)	375,933	(6,154,212)	77,098	(997,153)	(14,809,135)
	Changes due to the adjustments	(65,007,809)	16,576,580	(921,207)	6,702	-	(49,345,734)
	Adjustments due to exchange rates fluctuations	(2,271,644)	-	(1,406,733)	-	(1,198)	(3,679,575)
	Balance at the End of the Year	<u>362,976,823</u>	<u>65,261,764</u>	<u>27,917,115</u>	<u>462,355</u>	<u>11,566,466</u>	<u>468,544,523</u>

BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

* Expected credit loss provision distribution against indirect credit facilities at collective level during the period/year was as follows

<i>In Jordanian Dinar</i>		As of September 30, 2021					
		Stage One		Stage Two		Stage Three	Total
Item		Individual	Collective	Individual	Collective		
Balance at the Beginning of the period		590,584	460,649	158,736	5,617	7,629,567	8,845,153
Credit loss on new exposures during the period		35,289	16,879	26,723	315	100,215	179,421
Impairment loss over accrued exposures		(57,463)	(9,611)	(47,078)	(284)	(736,805)	(851,250)
		568,410	467,917	138,372	5,648	6,992,977	8,173,324
Transferred to stage one		31,842	2,330	(23,631)	(2,330)	(8,211)	-
Transferred to stage two		(44,674)	(3,713)	44,674	3,713	-	-
Transferred to stage three		(1,203)	(1,347)	(1,920)	(574)	5,044	-
Effect on the provision at the end of the period – as a result of classification changes between the three stages during the period		(25,092)	(1,674)	97,703	(314)	30,992	101,615
Changes due to the adjustments		(201,684)	(335,643)	(40,181)	(761)	-	(578,269)
Adjustment due to exchange rates fluctuations		(12,878)	-	(303)	-	(8)	(13,189)
Balance at the End of the period		314,721	127,870	214,714	5,382	7,020,794	7,683,481

<i>In Jordanian Dinar</i>		As of December 31, 2020					
		Stage One		Stage Two		Stage Three	Total
Item		Individual	Collective	Individual	Collective		
Balance at the Beginning of the year		1,259,826	635,663	465,483	7,912	7,837,969	10,206,853
Credit loss on new exposures during the year		35,774	36,129	6,445	106	386,631	465,085
Impairment loss over accrued exposures		(160,064)	(67,915)	(184,755)	(832)	(718,707)	(1,132,273)
		1,135,536	603,877	287,173	7,186	7,505,893	9,539,665
Transferred to stage one		179,988	5,077	(179,988)	(5,077)	-	-
Transferred to stage two		(57,124)	(3,447)	57,692	3,447	(568)	-
Transferred to stage three		(990)	(1,630)	(18,324)	(242)	21,186	-
Effect on the provision at the end of the year – as a result of classification changes between the three stages during the period		(172,592)	846	31,249	219	103,379	(36,899)
Changes due to the adjustments		(518,521)	(144,074)	(17,303)	84	(102)	(679,916)
Adjustment due to exchange rates fluctuations		24,287	-	(1,763)	-	(221)	22,303
Balance at the End of the Year		590,584	460,649	158,736	5,617	7,629,567	8,845,153

14. Expected Credit Loss on Financial Assets

<i>In Jordanian Dinar</i>	For the Nine-Month Period	
	Ended September 30,	
	2021	2020
Cash with central banks	33,666	49,579
Balances with banks and financial institutions	2,982	79,794
Deposits at banks and financial institutions	(7,337)	(33,012)
Debt instruments at fair value through comprehensive income- debt securities	(212,204)	586,805
Direct credit facilities at amortized cost	13,612,067	25,253,369
Financial assets at amortized cost	(268,600)	1,651,601
Indirect credit facilities	(1,148,483)	28,417
	12,012,091	27,616,553

BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

15. Earnings per Share from Profit for the Period

The details of this item are as follows:

<i>In Jordanian Dinar</i>	For the Nine-Month Period Ended September 30,	
	2021	2020
Profit for the period (Bank's shareholders)	27,198,793	9,361,844
Weighted average number of shares	200,000,00	200,000,000
Earnings per share (Bank's shareholders):		
Basic/ Dilluted	0.136	0.047

16. Cash and Cash Equivalents

The details of this item are as follows:

<i>In Jordanian Dinar</i>	September 30,	
	2021	2020
Cash and balances with central banks maturing within 3 months	326,819,090	300,766,037
<u>Add:</u> Balances with banks and other financial Institutions maturing within 3 months	149,740,397	200,473,125
<u>Less:</u> Banks and financial institutions' deposits maturing within 3 months	(17,377,480)	(27,512,744)
Restricted balances	(99,123,037)	(94,445,574)
	360,058,970	379,280,844

17. Capital Management and Liquidity

A. Capital Management

Capital Components:

- Paid-up Capital:

The paid-up capital of Bank of Jordan consists of (200) million ordinary shares at a nominal value of JD 1 per share. The Bank maintains capital, statutory reserves, and retained earnings to meet the growth in its operations and the requirements of branching locally and regionally.

- Regulatory Capital:

Regulatory capital is considered a control tool according to the requirements of regulatory authorities and Basel (III) for the purposes of achieving control over the adequacy of capital and the ratio of regulatory capital to risky and weighted assets and market risk. Regulatory capital consists of:

- (Paid-up capital, legal reserve, voluntary reserve, and retained earnings).
- (Undisclosed reserves, general banking risks reserve, special reserve subordinated debts, and the positive fair value reserve at 100% and deduct regulatory adjustments according Basel III).
- Foreign currency translation differences.

- Regulatory Authorities' Requirements:

The regulatory authorities' instructions entail that the minimum capital shall be JD (100) million. Moreover, banks have been requested to increase their capital adequacy ratio to no less than 12% according to the Central Bank of Jordan instructions. And for the purposes of classifying the bank within the first category, the capital adequacy ratio must not be less than 14%, and in the event that if the bank is classified among the D-SIBS banks, the capital adequacy ratio should not be less than (14%+ the capital required from locally important banks according to the category to which the bank belongs) The ratio of owners' equity to total risk weighted assets must not be less than 6%.

The ratio of owners' equity to total assets (financial leverage ratios) must not be less than 4%.

BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

- Achieving the Objectives of Capital Management:

The Bank's management aims to achieve the capital management objectives through developing (enhancing) the Bank's activities, achieving a surplus in operating profits and revenues, and optimally investing available funds. All of this is geared towards reaching the targeted growth in owners' equity through the increase in the compulsory reserve at 10% of the profits earned, voluntary reserve at 20%, and retained earnings.

The organizational capital and capital adequacy according to Basel III was as follows:

<i>In Jordanian Dinar</i>	In Thousands of JD	
	September 30, 2021	December 31, 2020
<u>Regulatory capital for ordinary shares holders (CETI):</u>		
Authorized and paid-up capital	200,000	200,000
Statutory reserve	99,168	99,191
Voluntary reserve	23	47
Other reserves	5,850	5,850
Fair value reserve	(4,662)	(6,092)
Retained earnings	113,214	140,561
Profit for the period	27,366	-
Minority interest in the capital of subsidiaries	4,482	3,236
Less: Regulatory capital adjustments	(45,421)	(41,536)
Total Primary Capital for ordinary shareholders (CETI)	400,020	401,257
<u>Additional Capital Items</u>		
Provision balances against debt instruments included in (Stage 1) not exceeding 1.25% of total risk weighted assets	2,642	7,405
General banking risk reserve	4,055	2,804
Total additional capital	6,697	10,209
Total regulatory capital	406,717	411,466
Total risk weighted assets	2,122,833	2,156,718
Capital adequacy ratio (%)	19.16%	19.08%
Regulatory capital for ordinary shareholders (CETI) (%)	18.84%	18.60%
Capital adequacy for first layer (%)	18.84%	18.60%

B. Liquidity Coverage Ratio:

The average liquidity coverage ratio reached to 191.3 % for the nine-month period ended September 30, 2021 compared to 204.2% as of September 30, 2021.

18. Information on the Bank's Business Segments

1. The Bank's business segments are:

The Bank is organized for management purposes in a manner that allows measurement of its segments according to reports used by its Chief Executive Officer and main decision-makers through the following main segments:

- Retail Banking: includes following up on individual customers' accounts, granting them loans, credit, credit cards, and other services.
- Corporate Banking: includes following up on deposits, credit facilities, and other banking services pertinent to corporate customers.
- Treasury: includes providing dealing and treasury services and management of the Bank's funds.
- Financial Brokerage Services: includes providing purchase and sale of customers' portfolios on their behalf, custody of investments, financial consultations, custody service, and management of initial public offerings.

BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

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

Information about Bank business segments distributed in accordance with the activities is as follows:

	Total				
	For the nine Months ended September 30,				
	Individual (Retail Customers)	Corporation	Treasury	Financial Brokerage	Other
<i>In Jordanian Dinar</i>					
Total Revenues	43,933,864	38,424,256	17,909,689	229,729	3,098,658
(Expense) Reversed from expected credit losses allowance for financial assets	(1,649,296)	(10,372,720)	9,863	62	-
Segments operations results	42,284,568	28,051,536	17,919,552	229,791	3,098,658
Other expenses	(30,707,560)	(12,110,965)	(1,442,781)	(151,410)	(7,997,672)
Profit before tax	11,577,008	15,940,571	16,476,771	78,381	(4,899,014)
Income tax	(3,716,377)	(4,092,388)	(4,344,872)	(21,943)	367,981
Net profit for the period	7,860,631	11,848,183	12,131,899	56,438	(4,531,033)
					27,366,118
<i>Other information</i>					
Capital Expenditures	2,296,021	173,590	-	-	1,370,952
Depreciation and amortization	4,566,629	195,597	14,252	13,059	3,012,043
<i>In Jordanian Dinar</i>					
Total Assets	795,440,741	708,041,120	1,029,031,856	1,535,559	153,259,484
Total Liabilities	1,713,838,087	348,418,900	114,971,198	360,315	41,084,837
					2,218,673,337
					2,250,006,939
					September 30, 2021
					December 31, 2020
					2,712,413,987
					2,250,006,939

BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

2. Information about Geographical Distribution:

This item represents the geographical distribution of the Bank's activities. The Bank conducts its activities mainly in Jordan, representing local activities. Additionally, the Bank performs international activities in Middle East, Europe, Asia, United States, Far East, which represent, international operation.

The following is the geographical distribution of the Bank's revenues, assets, and capital expenses according to geographical location:

<i>In Jordanian Dinar</i>	Inside the Kingdom		Outside the Kingdom		Total	
	September 30		September 30		September 30	
	2021	2020	2021	2020	2021	2020
Total Revenues	93,597,602	101,009,728	26,446,197	35,246,276	120,043,799	136,256,004
Capital Expenditures	2,597,326	4,647,050	1,243,237	670,084	3,840,563	5,317,134

<i>In Jordanian Dinar</i>	Inside the Kingdom		Outside the Kingdom		Total	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
Total Assets	1,826,336,811	1,874,618,417	860,971,949	837,795,570	2,687,308,760	2,712,413,987

BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

19. Related parties Transactions

Within its normal activities, the Bank entered into transactions with its major shareholders, members of the Board of Directors, executive management and the associate Company at the commercial rates of interest and commission. Moreover, all loans and advances with related parties are performing.

- The following are summaries of balances and transactions with related parties during the period:

In Jordanian Dinar	Related party					Total	
	Subsidiaries*	Board of Directors Members	Executives Management	Staff Provident Fund	Other Parties	September 30,	December 31,
						2021	2020
Consolidated Statement of Financial Position Items:							
<u>Assets:</u>							
Investments	45,415,294	-	-	-	-	45,415,294	45,415,294
Credit Facilities	-	2,361,925	1,586,831	-	1,929,491	5,878,247	4,730,412
Deposits	277,987	-	-	-	-	277,987	576,234
Cash Margins	3,982,000	-	-	-	-	3,982,000	3,982,000
<u>Liabilities:</u>							
Customer Deposits	17,875,053	606,430	3,951,049	2,058,578	14,900,607	39,391,717	55,317,831
Bank Deposits	7,858,842	-	-	-	-	7,858,842	8,659,272
Borrowed funds	3,467,327	-	-	-	-	3,467,327	3,561,616
<u>Off-Statement of financial position Items</u>							
Letters of guarantee	761,407	10,000	50,000	-	5,103,600	5,925,007	5,820,436
Letters of credits and Acceptances	-	-	-	-	758,771	758,771	2,302,281
In Jordanian Dinar							
						Total	
						For the Nine-Month period ended	
						2021	2020
Consolidated Statement of Profit or Loss Items:							
Credit interest and commission	5,562	75,657	65,308	304	106,713	JD	JD
Debit interest and commission	583,154	20,376	81,356	18,808	158,675	253,544	318,813
						862,369	3,031,829

Interest rates:

- Credit interest rates against facilities in JOD range from 1.5% (represent the minimum price for interest margin against 100% cash margin) to 10%
- No Credit interests in foreign currency.
- Debit interest rates for JOD range from 0.0025% to 3.227 %
- Debit interest rates for foreign currency range from 0.17 % to 0.4%

* Balances and transactions with subsidiary companies are excluded from the consolidated financial statements, but presented for clarification purposes only.

- Investment in subsidiary - Syria shown at cost, noting that the bank has accounted for this investment impairment in its records.

- Related parties count that have been granted facilities are 40 customers as of September 30, 2021.

Bank's Executive Management Salaries and Remunerations Summary is as follows

In Jordanian Dinar	For the Nine period ended	
	2021	2020
Salaries and benefits	1,730,990	1,778,073
Transportation and board secretary	20,250	13,500
Board of directors membership, transportation and bonuses	446,678	387,338
Total	2,197,918	2,178,911

BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

20. Fair Value Hierarchy

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

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

	Fair Value					
Financial Assets/Financial Liabilities	September 30, 2021	December 31, 2020	The Level of Fair Value	Evaluation Method and Inputs Used	Important Intangible Inputs	The Relationship Between Fair Value and the Important Intangible Inputs
	JD	JD				
Financial Assets at Fair Value						
Financial Assets at Fair Value Through Income Statement						
Shares that have an available market price	95,817	32,883	Level One	Stated Rates in financial markets	Does Not Apply	Does Not Apply
Shares that do not have an available market price	134,039	124,159	Level Two	Financial Statements issued by companies		
Right to receive at fair value	15,000,000	15,000,000	Level One	Determind price	Does Not Apply	Does Not Apply
Total	15,229,856	15,157,042				
Financial Assets at Fair Value through Comprehensive Income						
Shares that have available market price	12,184,818	9,999,393	Level One	Stated Rates in financial markets	Does Not Apply	Does Not Apply
Shares that do not have available market price	49,292,606	49,182,554	Level Two	Financial Statements issued by companies	Does Not Apply	Does Not Apply
Total	61,477,424	59,181,947				
Bonds that have available market price	-	25,344,463	Level One	Stated Rates in financial markets	Does Not Apply	Does Not Apply
Total	-	25,344,463				
Forward Contracts (Foreign Currency)	959,578	-	Level One	Stated Rates in financial markets	Does Not Apply	Does Not Apply
Total	77,666,858	99,683,452				
Total Financial Assets at Fair Value	-	238,254	Level One	Stated Rates in financial markets	Does Not Apply	Does Not Apply
	-	238,254				

There were no transfers between level 1 and level 2 during the third quarter of 2021.

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

Except as detailed in the table below, we believe that the carrying amount of financial assets and liabilities shown in the consolidated condensed interim financial statements of the Bank approximate their fair value, because the Bank's management believes that the carrying value of the items is equivalent to the fair value, and this is due to either short-term maturity interest rates that have been repricing during the year.

In Jordanian Dinar	September 30, 2021		December 31, 2020		The Level of Fair Value
	Book Value	Fair Value	Book Value	Fair Value	
Financial Assets of non-specified Fair Value					
Balances at central banks	263,833,853	263,844,648	283,107,444	283,121,142	Level Two
Balances at banks and financial institutions	149,740,397	149,752,647	190,726,236	190,748,749	Level Two
Deposits at banks and financial institutions	89,282,000	90,390,079	89,564,000	90,818,151	Level Two
Loans, bills and other	1,464,909,366	1,468,908,348	1,465,186,407	1,469,103,909	Level Two
Financial assets at amortized cost	376,945,331	379,832,328	349,154,840	353,782,663	Level Two
Total Financial Assets of non-specified Fair Value	2,344,710,947	2,352,728,050	2,377,738,927	2,387,574,614	
Financial Liabilities of non-specified Fair Value					
Deposits at banks and financial institutions	68,597,347	68,725,597	70,762,354	70,906,640	Level Two
Customers' deposits	1,893,234,398	1,895,822,282	1,909,187,576	1,914,526,143	Level Two
Cash insurance	120,822,549	120,833,346	119,819,309	119,821,325	Level Two
Total Financial Liabilities of Non-specified Fair Value	2,082,654,294	2,085,381,225	2,099,769,239	2,105,254,108	

The fair value for the financial assets and liabilities for the level 2 and level 3 were determined in accordance to agreed pricing models, which reflects the credit risk of the parties that are dealing with it.

(C) Non-Financial Assets and Liabilities not Measured at Fair Value but its fair Value disclosed in the Consolidated Financial Statements:

In Jordanian Dinar	September 30, 2021		December 31, 2020		The Level of Fair Value
	Book Value	Fair Value	Book Value	Fair Value	
Other assets	72,701,275	117,916,714	68,067,305	114,485,914	Level Two
	72,701,275	117,916,714	68,067,305	114,485,914	

The above items set out the fair value of non-financial assets that are determined on the basis of prices of similar instruments in an inactive market.

BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

21. Commitments and Contingent Liabilities

A- Contingent Liabilities:

<i>In Jordanian Dinar</i>	September 30, 2021	December 31, 2020
	JD	JD
Letters of credit:	31,905,876	52,308,450
Acceptances	24,652,559	18,627,450
Letters of guarantee:		
-Payment	31,091,449	35,257,524
-Performance	46,919,544	46,805,604
-Other	29,654,505	29,979,782
Un-utilized direct and indirect credit facilities limits	335,044,910	285,565,713
Total	499,268,843	468,544,523

- The provision for expected credit losses in accordance with the requirements of IFRS (9) on off-balance sheet items (unfunded) amounted to JD 7,683,481 as of September 30, 2021 (JD 8,845,153 as of December 31, 2020).

B- Contractual Obligations:

<i>In Jordanian Dinar</i>	September 30, 2021	December 31, 2020
Contracts for purchasing of property and equipment*	771,840	1,125,912
Contracts for operating and financing lease**	15,504,803	15,523,423
Total	16,276,643	16,649,335

* These commitments mature in less than 1 year.

** These commitments mature between 1 year to 10 years.

22. Lawsuits against the Bank

The Bank is a defendant in lawsuits demanding cancellation of the Bank's claims against others, lifting of real estate mortgages, compensation for damages, and non-cashing of cheques. These lawsuits amounted to JD 6,651,196 as of September 30, 2021 (JD 7,910,297 as of December 31, 2020). In the opinion of the management and legal counsel, no material financial liability is likely to be incurred as a result of these lawsuits in excess of the provision recorded which amounted to JD 764,386 as of September 30, 2021 (JD 832,435 as of December 31, 2020). However, amounts that will probably be paid by the Bank as a result of dismissal or amicable settlement of these lawsuits will be taken to the consolidated condensed interim Statement of profit or loss or against the recorded provision when paid.

23. COVID-19 Outbreak and Its Implications

- A- As a result of the COVID-19 outbreak, the bank has taken several procedures and measures from the start of the pandemic, and during the year 2020 and the Nine-month period ended September 30, 2021, with no changes on the policies, estimates, and judgments during the period ended September 30, 2021, the procedures are as follows:

Restructuring and postponing the credit facilities installments in accordance with the Central Bank of Jordan instructions for taking appropriate measures to face the pandemic.

BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

- B- Measuring the potential risk for the customer's economic sectors on the bank group level, which was done through following the Central Bank of Jordan issued instructions that measure the impact of COVID-19 on the bank's portfolio to assess the expected situation of the pandemic through the classification of the degree of effect on customers/ sectors to three stages as follows:
- 1- High impact: customers/ sectors expected to be classified under non-performing debts (stage 3) after 2-3 months.
 - 2- Medium impact: customers/ sectors expected to be classified under non-performing debts (stage 3) after 6 months.
 - 3- Low impact: customers/ sectors expected to be classified under non-performing debts (stage 3) after 9 Months.
- In light of the event, business centers have performed a study on their corporate, SMEs, and individual customers' accounts based on certain indicators as shown below:
- 1) **Corporate and SMES portfolio:**
Business centres for corporate and SMEs have studied several indicators which includes cash flows, customers' financial position, and the economic activity to provide the level of impact on the customers, The Credit Risk Department has listed this class of customers in stage 3 and elevated their risk degree to 8 and the probability of default to 100% to reach the calculation of expected credit loss for each sector/customer.
 - 2) **Individual portfolio:**
Business centres for individuals have studied the customers and affected sectors, The Credit Risk Department has listed this class of customers in stage 3 and elevated their probability of default to 100% to reach the calculation of expected credit loss for each sector/customer.
- C- The bank has reassessed the impact of the pandemic on their customers by the end of the year 2020 and compared it with the first assessment made at the start of the pandemic which estimated the size of the expected credit loss which was reflected on the consolidated condensed interim financial statements.
- D- The expected credit losses were estimated based on a set of expected economic conditions as at that date given the rapid development for the situation, the Bank took into account the effect of high volatility on future macroeconomic factors when determining the severity and likelihood of economic scenarios to determine expected credit losses. This volatility was reflected by modifying the basic scenarios building methods and weights specific to these scenarios. Future factors used are determined from the statistical distribution of credit cycle index factors, which can be derived from a number of observable historical factors such as risk returns, credit growth, credit margins, or assumptions as well as forward-looking, the Bank has updated the macroeconomic factors used in calculating the probability of default to reflect the Corona Virus (COVID-19) pandemic impacts results in coordination with Moody's, which was identified from the statistical distributions of credit cycle index factors. The Bank performs continuous studies and reviews over these factors and scenarios.
- E - In addition, Bank of Jordan management has paid particular attention to the impact of the Coronavirus (COVID-19) on the qualitative and quantitative factors when determining the significant increase in credit risk and assessing indicators of impairment of risk in potential sectors affected. This has resulted in a decrease in the classification of some credit exposures, recognition of expected credit losses, and provisions for impairment as stated in the consolidated condensed interim financial statements notes.