

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

CONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION FOR THE
PERIOD ENDED SEPTEMBER 30, 2022

ARAB BANKING CORPORATION (JORDAN)
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION AND
INDEPENDENT AUDITOR'S REVIEWER REPORT
FOR THE NINE-MONTHS PERIOD
ENDED SEPTEMBER 30, 2022

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's 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 Shareholders' Equity	5
Consolidated Condensed Interim Statement of Cash Flows	6
Notes on the Consolidated Condensed Financial Information	7 - 31

Independent Auditor's Review Report

AM/ 003305

To the Chairman and Board of Directors Members
Arab Banking Corporation
(A Public Shareholding Limited Company)
Amman - 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, 2022, and the related consolidated condensed interim statements of profit or loss and other comprehensive income for the three months and nine-months period ended September 30, 2022, and the consolidated condensed interim statement of changes in 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 these 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 consolidated condensed 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 in the Bank, 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 30, 2022


Deloitte & Touche (M.E.) - Jordan

Deloitte & Touche (M.E.)

ديلويت أند توش (الشرق الأوسط)

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

AMMAN - JORDAN

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

		September 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	Note	JD	JD
Assets			
Cash and balances at central Bank of Jordan	5	52,539,703	55,272,058
Balances at Banks and financial institutions	6	105,945,895	57,218,887
Deposits at Banks and financial institutions	7	5,582,940	23,978,806
Direct credit facilities at amortized cost - net	8	742,058,233	693,329,197
Financial assets at fair value through other comprehensive income	9	142,313,408	135,633,909
Financial assets at amortized cost	10	155,719,176	139,314,408
Financial assets at amortized cost - Mortgaged	11	45,137,428	51,926,112
Property and equipment – net		32,452,378	32,969,697
Intangible assets – net		1,278,144	1,556,131
Right of use assets		3,172,236	2,826,245
Deferred tax assets		7,931,282	9,067,586
Other assets	12	17,996,255	26,938,190
Total Assets		<u>1,312,127,078</u>	<u>1,230,031,226</u>
Liabilities and Owners' Equity			
Liabilities			
Banks and financial institutions deposits		149,539,126	144,058,639
Customers' deposits	13	799,998,586	722,694,875
Margin accounts		50,550,442	52,762,184
Borrowed funds		119,659,369	103,527,869
Sundry provisions		3,583,143	3,378,824
Income tax provision	14	1,286,966	7,256,848
Deferred tax liabilities		453,621	2,337,442
Lease liability contracts		2,998,020	2,762,365
Other liabilities	15	22,627,675	22,897,585
Total Liabilities		<u>1,150,696,948</u>	<u>1,061,676,631</u>
Owner's Equity			
Subscribed and paid-up capital	16	110,000,000	110,000,000
Share premium		66,943	66,943
Statutory reserve	17	29,892,408	29,892,408
Voluntary reserve	17	197,281	197,281
Fair value reserve - Net	18	(569,427)	3,570,478
Retained earnings	19	18,027,485	24,627,485
Profit for the period		3,815,440	-
Total Owner's Equity		<u>161,430,130</u>	<u>168,354,595</u>
Total Liabilities And Owner's Equity		<u>1,312,127,078</u>	<u>1,230,031,226</u>

THE ACCOMPANYING NOTES FROM (1) TO (29) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION.

ARAB BANKING CORPORATION (JORDAN)
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE THREE MONTHS AND NINE MONTHS
PERIOD ENDED SEPTEMBER 30, 2022

	Note	For the Three-Months Ended September 30,		For the Nine-Months Ended September 30,	
		2022	2021	2022	2021
		(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
		JD	JD	JD	JD
Interest income		18,256,704	15,994,648	49,588,232	47,134,149
Interest expense		(9,092,595)	(6,703,963)	(23,344,319)	(19,544,527)
Net Interest Income		9,164,109	9,290,685	26,243,913	27,589,622
Net commission income		899,199	886,434	2,348,885	2,792,062
Net Interest and commission Income		10,063,308	10,177,119	28,592,798	30,381,684
Gain from foreign currencies		272,660	253,322	710,855	716,164
Gain from financial assets at fair value through other comprehensive income		-	-	29,500	4,000
Other income – net		887,532	859,811	2,064,496	2,696,707
Total Income		11,223,500	11,290,252	31,397,649	33,798,555
Expenses:					
Employees' expenses		3,788,136	3,658,991	11,018,684	10,970,375
Depreciation and amortization		927,600	598,298	2,686,055	1,749,023
Other expenses		2,322,974	1,973,052	6,948,324	5,686,539
Provision for expected credit loss on financial assets	20	2,164,859	1,010,838	5,868,995	3,619,949
Sundry provisions		42,540	81,540	209,009	166,621
Impairment provision on seized assets		-	25,165	-	75,496
Total Expenses		9,246,109	7,347,884	26,731,067	22,268,003
Profit for the period before Tax		1,977,391	3,942,368	4,666,582	11,530,552
Income tax expense	14	(518,216)	(1,688,790)	(851,142)	(4,130,953)
Profit for the Period		1,459,175	2,253,578	3,815,440	7,399,599
Earnings Per Share for the period attributable to the Bank's Shareholders		JD/fills	JD/fills	JD/fills	JD/fills
Basic & Diluted	21	0.013	0.020	0.035	0.067

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

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS AND NINE MONTHS
PERIOD ENDED SEPTEMBER 30, 2022

	For the Three-Months Ended September 30,		For the Nine-Months Ended September 30,	
	2022 (Reviewed)	2021 (Reviewed)	2022 (Reviewed)	2021 (Reviewed)
	JD	JD	JD	JD
Profit for the period	1,459,175	2,253,578	3,815,440	7,399,599
<u>Other comprehensive income items:</u>				
<u>Other comprehensive income items</u> <u>which may be reclassified to profit or</u> <u>loss in subsequent periods:</u>				
Net Change in valuation reserve of financial assets at fair value through comprehensive income after tax – Debt Instruments	(1,623,864)	(202,433)	(4,606,161)	(851,998)
Gain in the fair value of the derivatives	257,494	60,794	405,732	109,681
<u>Items not to be subsequently</u> <u>transferred to</u> <u>statement of profit or loss:</u>				
Net Change in valuation reserve of financial assets at fair value through comprehensive income after tax – Equity Instruments	450	(57)	60,524	161,354
Total Comprehensive Income for the Period	93,255	2,111,882	(324,465)	6,818,636

**THE ACCOMPANYING NOTES FROM (1) TO (29) CONSTITUTE AN INTEGRAL PART
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ARAB BANKING CORPORATION (JORDAN)
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022

	Subscribed and Paid-up Capital	Share Premium	Reserves		Fair Value Reserve - Net	Retained Earnings	Profit for the Period	Total
	JD	JD	Statutory Reserve	Voluntary Reserve	JD	JD	JD	JD
<u>For the Nine - Months Ended</u> <u>September 30, 2022</u>								
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	-	-	-	-	-	(6,600,000)	-	(6,600,000)
Total Comprehensive income for the period	-	-	-	-	(4,139,905)	-	3,815,440	(324,465)
Balance - End of the Period (Reviewed)	<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>
<u>For the Nine - Months Ended</u> <u>September 30, 2021</u>								
Balance - beginning of the period (Audited)	110,000,000	66,943	28,379,747	197,281	4,705,107	16,527,230	-	159,876,308
Gain from the sale of financial assets (OCI)	-	-	-	-	-	10,492	-	10,492
Total Comprehensive income for the period	-	-	-	-	(580,963)	-	7,399,599	6,818,636
Balance - End of the Period (Reviewed)	<u>110,000,000</u>	<u>66,943</u>	<u>28,379,747</u>	<u>197,281</u>	<u>4,124,144</u>	<u>16,537,722</u>	<u>7,399,599</u>	<u>166,705,436</u>

- An amount of JD 7,931,282 as of September 30, 2022 is restricted against deferred tax assets (JD 9,067,586 as of December 31, 2021 which represents the accumulated change in fair value including capitalization or distribution only to the extent that it is actually realized according to Jordan Securities Commission and Central Bank of Jordan instructions.
- Included in retained earnings an amount of JD 2,761 as of September 30, 2022 and December 31, 2021 which is restricted, representing the effect of IFRS 9 early adoption, except for the amounts realized through the actual sale.

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CONDENSED INTERIM FINANCIAL INFORMATION.**

ARAB BANKING CORPORATION (JORDAN)
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS
PERIOD ENDED SEPTEMBER 30, 2022

		For the Nine-Months Ended September 30,	
	Note	2022 (Reviewed) JD	2021 (Reviewed) JD
Operating Activities:			
Profit for the period before income tax		4,666,582	11,530,552
Adjustments for non-cash items			
Depreciation and amortization		2,686,055	1,749,023
Provision for expected credit loss on financial assets	20	5,868,995	3,619,949
Loss (profit) from disposed property and equipment		563,911	(1,853)
Impairment provision of seized assets		-	75,496
Sundry provisions		209,009	166,621
Accrued interests		1,404,793	2,057,166
Effect of Exchange rate fluctuation on cash and cash equivalents		31,029	40,374
Income before Changes in Assets and Liabilities		15,430,374	19,237,328
Changes in Assets and Liabilities			
Decrease (increase) in deposits at banks and financial Institutions that mature after three months		18,399,710	(4,839,045)
(Increase) in direct credit facilities		(54,430,836)	(31,245,889)
Decrease (increase) in other assets		6,687,319	(4,640,917)
Increase in Bank's and financial institutions deposits that mature after three months		53,890,706	37,683,574
Increase in customers' deposits		77,303,711	13,693,081
(Decrease) in margin accounts		(2,211,741)	(1,331,975)
Increase (decrease) in other liabilities		1,149,742	(1,104,075)
Net Cash Flows from Operating Activities before Income Tax and Paid Sundry Provision		116,218,985	27,452,082
Income tax paid	14	(5,031,179)	(4,648,526)
Sundry provisions from		(4,689)	(404,660)
Net Cash Flows from Operating Activities		111,183,117	22,398,896
Investing Activities			
(Purchase) of financial assets at amortized cost		(72,428,754)	(14,004,175)
Proceeds from maturity of financial assets at amortized cost and mortgaged - net		62,803,448	21,245,268
(Purchase) of property and equipment		(1,952,591)	(1,571,385)
(Purchase) of intangible assets		(82,713)	(245,115)
Proceeds from sale of property and equipment		92,238	4,684
(Purchase) of Financial assets at fair value through other comprehensive income		(24,328,197)	(39,036,351)
Proceeds from sale and maturity of financial assets at fair value through other comprehensive income		10,316,351	32,015,202
Net Cash Flows (used in) Investing Activities		(25,580,218)	(1,591,872)
Financing Activities			
Dividends paid to shareholders		(6,531,268)	(20,535)
Payments against Lease contracts		(748,706)	(629,532)
Increase (decrease) in borrowing funds		16,131,500	(1,719,532)
Net Cash Flows from (used in) Financing Activities		8,851,526	(2,369,599)
Net Increase in Cash and Cash Equivalents		94,454,425	18,437,425
Effect of exchange rate fluctuation on cash and cash equivalents		(31,029)	(40,374)
Cash and cash equivalents - Beginning of the Period		(31,559,716)	(14,928,943)
Cash and Cash Equivalents - End of the Period	22	62,863,680	3,468,108

THE ACCOMPANYING NOTES FROM (1) TO (29) CONSTITUTE AN INTEGRAL PART OF THESE
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION.

ARAB BANKING CORPORATION (JORDAN)
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

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 23 branches and office in Jordan and the subsidiary Company.

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 (the parent company)

2. Basis of Preparation

The accompanying consolidated condensed interim financial information for the Bank and its subsidiaries are prepared in accordance to the International Financial Reporting Standard number 34 (IFRS 34) (interim financial reports) as adopted by Central Bank of Jordan.

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

- a. Provisions for expected credit losses are calculated in accordance with IFRS 9 and the Central Bank of Jordan, whichever is higher, the material differences are as follows:
 - Exempt debt instruments and any other credit exposures issued or granted by the Jordanian government, so that credit exposures on the Jordanian Government and its guarantee are treated without credit losses, so that credit exposures is treated on the Jordanian Government and by its guarantee without credit losses.
 - When calculating the credit losses against credit exposures, the calculation results according to IFRS 9 are compared with those according to the Central Bank of Jordan's Instructions No. (2009/47) dated December 10, 2009 for each stage separately and the most severe results are taken.
 - In some / certain special cases, the Central Bank of Jordan agrees on special arrangements related to the calculation of the expected credit losses' provision of direct credit facilities customers for a given period.
 - Exempt facilities associated with government projects (financing government dues) from classification when calculating provisions.
 - b. Interest and commissions are suspended on non performing credit facilities granted to clients, in accordance with the instructions of the Central Bank of Jordan.
 - c. Assets seized by the Bank are shown in the consolidated condensed interim statement of financial position, among other assets, at their current value when seized by the Bank or at their fair value, whichever is lower. Furthermore, they are reassessed on the date of the consolidated condensed interim financial statements, and any decrease in value is recorded as a loss in the consolidated condensed interim statement of profit or loss and comprehensive income and an increase in value is not recorded as revenue. while, any subsequent increase is taken to the consolidated condensed interim statement of profit or loss and comprehensive income to the extent that it does not exceed the previously recorded impairment value. In accordance with the circular of the Central Bank of Jordan No. 10/3/13246 dated September 2, 2021, a gradual provision for seized assets was suspended. Which is 5% of total book values for those properties. Starting from the year 2022 in order to reach the desired rate which is 50% of those properties by the end of year 2030. And based on the Central Bank of Jordan circular No. 10/3/16234 dated October 10, 2022, the gradual provision for the seized assets was suspended, provided that the allocated provisions for the expropriated real estate in violation of the provisions of the Banking Law are maintained, and 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 does not include all the information and clarifications required for the annual financial statements and should be read with the Bank's annual financial statements for the year ended December 31, 2021, and the results of the nine months ended September 30, 2022 do not necessarily represent an indication of the expected results of the fiscal year ending December 31, 2022. The profit for the nine months ended September 30, 2022, which is held at the end of the fiscal year, was not allocated.

- **Significant Accounting Judgments and key Sources of Uncertainty Estimates, and Risk Management:**
- 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.

We believe that our estimates in the preparation of summary consolidated condensed interim financial information are reasonable and similar to those adopted in the preparation of consolidated financial statements for the year 2021, except for the following:

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, 2022 are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2021. However, the Bank has adopted the following amendments and interpretations which have become effective for the periods starting from or after, the 1st of January 2021, in the preparation of the Bank's consolidated condensed interim financial information and have not materially affected the amounts and disclosures in the condensed consolidated 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 IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise 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 the date of initial application.

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise 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 the beginning of that earliest period presented.

IFRS Financial Enhancements 2018-2020

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16 (a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16 (a).

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

Standards issued but not effective

At the date of authorization of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New and revised IFRSs	Effective date
<p>IFRS 17 Insurance Contracts (including the June 2020 amendments to IFRS 17)</p> <p>IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.</p> <p>IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.</p> <p>The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.</p> <p>In June 2020, the Board issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after January 1, 2023. At the same time, the Board issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after January 1, 2023.</p> <p>For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.</p>	<p>The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.</p>
<p>Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</p> <p>The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.</p> <p>The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.</p>	<p>The effective date is yet to be set. Earlier application is permitted.</p>

New and revised IFRSs	Effective date
<p>Amendments to IAS 1 – Classification of Liabilities as Current or Non-current</p> <p>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.</p> <p>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.</p>	<p>The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted.</p>
<p>Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies</p> <p>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.</p> <p>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.</p>	<p>January 1, 2023, with earlier application permitted and are applied prospectively.</p> <p>The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.</p>
<p>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.</p> <p>Amendments to IAS 8 - Definition of Accounting Estimates</p> <p>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".</p> <p>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:</p> <ul style="list-style-type: none"> • 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 <p>The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.</p>	<p>January 1, 2023, with earlier application permitted</p>

New and revised IFRSs	Effective date
Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023, with earlier application permitted

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.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the consolidated financial statements of the Group in the period of initial application.

4. Basis of Consolidation of the Financial Statements

- The accompanying consolidated condensed Interim financial statements include the financial statements of the Bank and the subsidiary under its control. Moreover, control is achieved when the Bank has the ability to control the investee company, the company is exposed to variable returns or has rights to participate in the investee company, and the Bank is able to use its authority over the investee company, which affects its revenues.
- The Bank reassesses whether 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.
- 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 Interim Condensed interim statement of Profit or Loss 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-of subsidiary are incorporated into the consolidated statement of Profit or Loss 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 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, 2022 represents the following:

- Arab Co-operation for Financial Investments (ABCI)

Arab Co-operation for Financial Investments is wholly owned by the Bank, and its objective is to carry out 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 to JD 44,915,945 and total liabilities to JD 19,634,187 as at September 30, 2022. Moreover, its total revenue amounted to JD 2,664,103 and total expenses to JD 1,794,329 for the period ended September 30, 2022, before excluding any transactions, balances, revenue, and expenses between the Company and the Bank.

Control is achieved when the Bank:

- has the 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.

In this regard, 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 holdings of the other vote holders;
- 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 transfer difference accumulated 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 Profit or Loss 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, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Cash on hand	7,075,087	5,854,467
Balances at central bank of Jordan:		
Current accounts and demand deposits	8,955,530	7,152,768
Statutory cash reserve	36,509,086	35,264,823
Time and notice deposits	-	7,000,000
Total cash at Central Bank of Jordan	45,464,616	49,417,591
Total	52,539,703	55,272,058

- The statutory cash reserve amounted to JD 36,509,086 as of September 30, 2022 (JD 35,264,823 as of December 31, 2021).
- There are no restricted balances except for the statutory cash reserve as of September 30, 2022 and December 31, 2021.
- 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 the first, second and third stages or non-performing balances during the nine-months ended September 30, 2022.

6. Balances at banks and financial institutions

The details of this item is as follows:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	September 30, 2022 (Reviewed)	December 31, 2021 (Audited)	September 30, 2022 (Reviewed)	December 31, 2021 (Audited)	September 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	148,409	113,669	11,285,678	23,030,284	11,434,087	23,143,953
Deposits maturing within or less than 3 months	66,861,710	21,786,730	27,676,600	12,296,182	94,538,310	34,082,912
Total	67,010,119	21,900,399	38,962,278	35,326,466	105,972,397	57,226,865
Impairment provision	(20,255)	(5,984)	(6,247)	(1,994)	(26,502)	(7,978)
Total	66,989,864	21,894,415	38,956,031	35,324,472	105,945,895	57,218,887

- Non-interest bearing balances at banks and financial institutions at banks and financial institutions amounted to JD 5,287,758 as of September 30, 2022 (JD 5,955,544 as of December 31, 2021).
- There are no restricted balances at the banks and financial institutions as of September 30, 2022 and December 31, 2021.

7. Deposits at banks and financial institutions

The details of this item is as follows:

	Local Banks and financial institutions		Foreign Banks and financial institutions		Total	
	September 30, 2022 (Reviewed)	December 31, 2021 (Audited)	September 30, 2022 (Reviewed)	December 31, 2021 (Audited)	September 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD	JD	JD	JD	JD
Deposits maturing during the period:						
From 3 months to 6 months	-	-	5,582,940	15,952,500	5,582,940	15,952,500
From 6 months to 9 months	-	-	-	-	-	-
From 9 months to 12 months	-	-	-	8,030,150	-	8,030,150
Total	-	-	5,582,940	23,982,650	5,582,940	23,982,650
Provision for expected credit loss	-	-	-	(3,844)	-	(3,844)
Net deposits at banks and financial institutions	-	-	5,582,940	23,978,806	5,582,940	23,978,806

- No deposit due within more than six months as of September 30, 2022 and December 31, 2021.
- There are no restricted deposits as of September 30, 2022 and December 31, 2021.
- Deposits balances with banks and financial institutions which are classified as part of the first stage amounted to JD 5,582,940 as of September 30, 2022, there are also no transfers between the first, second and third stages or written off balances during the nine-months period ended September 30, 2022.

8. Direct credit facilities at amortized cost - net

The details of this item are as follow:

	September 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Individual (Retail)		
Overdrafts*	27,960,767	25,992,294
Loans and bills **	382,623,758	351,947,836
Credit cards	3,614,118	3,844,485
Real Estate loans	66,156,274	68,314,219
Corporate		
Overdrafts*	64,471,184	70,826,444
Loans and bills **	205,876,520	175,746,958
Small and medium enterprises		
Overdrafts*	5,063,889	5,271,851
Loans and bills **	17,907,178	20,723,245
Government and public sector ***	56,254,115	49,098,506
Total	<u>829,927,803</u>	<u>771,765,838</u>
<u>Less: Interest in suspense</u>	(21,082,788)	(17,340,134)
<u>Less: Expected credit loss</u>	(66,786,782)	(61,096,507)
Direct credit facilities – net	<u>742,058,233</u>	<u>693,329,197</u>

* Net of interest and commission received in advance amounting to JD 7,842 as of September 30, 2022 (JD 13,480 as of December 31, 2021).

** Net of interest and commissions received in advance amounting to JD 143,508 as of September 30, 2022 (JD 82,935 as of December 31, 2021).

- The non-performing credit facilities amounted to JD 81,492,005 which represent 9.819% of the gross direct facilities as of September 30, 2022 (JD 66,258,023 which represent 8.585% of the granted balance as of December 31, 2021).
- The non-performing credit facilities after deducting interest suspended amounted to JD 60,409,217 which represent 7.469% of the gross direct facilities after deducting interest suspended as of September 30, 2022 (JD 48,917,889 which represent 6.484% of the granted balance as of December 31, 2021).
- The credit facilities that were granted to the Jordanian government with guarantee amounted to JD 56,245,115 which represent 6.362% as of September 30, 2022 against JD 49,098,506 which represent 6.778% as of December 31, 2021.

The movement in direct credit facilities on collective basis:

<u>For the Nine-Months Ended September 30, 2022</u>	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD		
Balance at the beginning of the period (Audited)	223,435,496	407,238,514	52,415,207	22,418,598	66,258,023	771,765,838
New credit facilities during the period	72,195,665	134,451,745	21,742,087	673,361	3,668,586	232,731,444
Settled credit facilities	(46,241,696)	(99,714,758)	(21,855,572)	(2,127,394)	(2,795,581)	(172,735,001)
Transferred to Stage (1)	177,079	5,314,528	(177,079)	(5,008,035)	(306,493)	-
Transferred to Stage (2)	(1,005,732)	(8,441,841)	1,005,732	8,634,045	(192,204)	-
Transferred to Stage (3)	-	(1,119,901)	(11,196,052)	(2,703,437)	15,019,390	-
Adjustments resulting from the reclassification between the three stages	195,264	(1,542,908)	483,824	(810,942)	(28,890)	(1,703,652)
Written off credit facilities	-	-	-	-	(130,826)	(130,826)
Adjustment due to changes in exchange rates	-	-	-	-	-	-
Total balance at the end of the period (Reviewed)	248,756,076	436,185,379	42,418,147	21,076,196	81,492,005	829,927,803

For the year Ended December 31, 2021

Balance at the beginning of the year (Audited)	215,656,551	354,271,541	57,982,731	29,205,089	62,889,091	720,005,003
New credit facilities during the year	61,517,986	178,915,914	19,106,832	2,520,469	4,176,828	266,238,029
Settled credit facilities	(58,625,478)	(125,459,760)	(17,805,089)	(4,661,002)	(6,685,894)	(213,237,223)
Transferred to Stage (1)	8,016,996	7,919,275	(8,016,996)	(7,397,342)	(521,933)	-
Transferred to Stage (2)	(2,567,971)	(6,701,879)	2,567,971	6,901,770	(199,891)	-
Transferred to Stage (3)	-	(1,274,806)	(1,553,372)	(4,320,927)	7,149,105	-
Adjustments resulting from the reclassification between the three stages	(562,588)	(431,771)	133,130	170,541	(383,473)	(1,074,161)
Written off credit facilities	-	-	-	-	(165,810)	(165,810)
Total balance at the end of the year (Audited)	223,435,496	407,238,514	52,415,207	22,418,598	66,258,023	771,765,838

The following represents the movement in expected credit loss according to the sectors on collective basis:

	Corporates	Small and medium enterprises	Individual	Mortgage Loans	Government and public sector	Total
<u>For the Nine –Months Ended as of September 30, 2022</u>	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period (Audited)	37,054,558	1,981,042	21,493,729	567,178	-	61,096,507
Impairment on new credit facilities during the period	4,501,876	400,149	1,861,429	150,697	-	6,914,151
Settled credit facilities	(3,899,695)	(172,896)	(1,651,581)	(18,749)	-	(5,742,921)
Transferred to Stage (1)	(23,592)	(319)	(1,290,209)	(28,876)	-	(1,342,996)
Transferred to Stage (2)	(9,329,242)	(73,180)	(639,604)	8,076	-	(10,033,950)
Transferred to Stage (3)	9,352,834	73,499	1,929,813	20,800	-	11,376,946
Impact on provision- as of the end of the period – resulting from the reclassification between the three stages during the period	2,526,072	55,501	1,921,246	27,752	-	4,530,571
Written off credit facilities	-	-	(11,526)	-	-	(11,526)
Adjustment due to changes in exchange rates	-	-	-	-	-	-
Total balance as of the end of the period (Reviewed)	40,182,811	2,263,796	23,613,297	726,878	-	66,786,782

	Corporates	Small and medium enterprises	Individual	Mortgage Loan	Government and public sector	Total
<u>For the year Ended as of December 31, 2021</u>	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year (Audited)	32,824,783	2,103,565	20,260,675	724,144	-	55,913,167
Impairment on new credit facilities during the year	7,398,414	275,882	2,155,396	59,846	-	9,889,538
Settled credit facilities	(3,749,659)	(480,617)	(2,653,241)	(191,191)	-	(7,074,708)
Transferred to Stage (1)	(35,334)	(9,494)	(1,258,483)	(8,621)	-	(1,311,932)
Transferred to Stage (2)	(1,194,795)	(83,139)	(810,279)	(44,985)	-	(2,133,198)
Transferred to Stage (3)	1,230,129	92,633	2,068,762	53,606	-	3,445,130
Impact on provision- as of the end of the year – resulting from the reclassification between the three stages during the year	581,020	82,212	1,748,939	(25,621)	-	2,386,550
Written off credit facilities	-	-	-	-	-	-
Adjustment due to changes in exchange rates	-	-	(18,040)	-	-	(18,040)
Total balance as of the end of the year (Audited)	37,054,558	1,981,042	21,493,729	567,178	-	61,096,507

- The amount of provisions that were no longer needed as a result of settlement and payment of debts and converted to other debts amounted to JD 1,611,959 as of September 30, 2022 (JD 2,684,260 as of December 31, 2021).

Interest in Suspense:

The movement of interest in suspense is as follows:

For the Nine-months Ended on September 30, 2022	Corporates				
	Individuals	Real Estate	Large Corporate Customers	SMEs	Total
	JD	JD	JD	JD	JD
Balance – beginning of the period (Audited)	8,737,795	386,792	7,145,861	1,069,686	17,340,134
Suspended interest during the period	1,207,109	62,311	2,809,761	79,069	4,158,250
Interest in suspense reversed to income	(275,970)	-	(1,201)	(19,125)	(296,296)
Written-off suspended interest	(110,619)	(2,824)	(5,857)	-	(119,300)
Balance - End of the Period (Reviewed)	9,558,315	446,279	9,948,564	1,129,630	21,082,788

For the Year Ended December 31, 2021					
Balance – beginning of the year (Audited)	7,874,768	322,459	4,986,869	965,808	14,149,904
Suspended interest during the year	1,519,969	64,333	2,626,285	133,503	4,344,090
Interest in suspense reversed to income	(511,344)	-	(465,121)	(29,625)	(1,006,090)
Written-off suspended interest	(145,598)	-	(2,172)	-	(147,770)
Balance - End of the year (Audited)	8,737,795	386,792	7,145,861	1,069,686	17,340,134

9. Financial assets at fair value through other comprehensive income

The details of this items are as follows:

	September 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Shares listed in active market	1,250,704	1,133,643
Shares unlisted in active market	2,774,097	2,450,379
Government guaranteed bonds	116,227,154	117,799,629
Jordanian treasury bills	15,491,788	7,018,458
Other financial bonds	6,573,165	7,234,630
	<u>142,316,908</u>	<u>135,636,739</u>
<u>Less:</u> Provision for expected credit loss	<u>(3,500)</u>	<u>(2,830)</u>
	<u>142,313,408</u>	<u>135,633,909</u>

10. Financial assets at amortized cost

The details of this item are as follows:

	September 30, 2022 (Reviewed) JD	December 31, 2021 (Audited) JD
Unquoted Financial Assets		
Jordanian treasury bills	18,643,496	-
Governmental guaranteed bonds	122,093,119	124,322,625
Other financial bonds	15,000,000	15,000,000
	155,736,615	139,322,625
Less: provision for expected credit loss	(17,439)	(8,217)
Total	155,719,176	139,314,408
Bonds and treasury bills analysis:		
Fixed return	155,736,615	139,322,625
Variable return	-	-
Total	155,736,615	139,322,625
Bond Analysis IFRS (9)		
Stage (1)	155,736,615	139,322,625
Stage (2)	-	-
Stage (3)	-	-
Total	155,736,615	139,322,625

11. Financial assets at amortized cost-Mortgaged

The details of this item are as follows:

	September 30, 2022 (Reviewed) JD	December 31, 2021 (Audited) JD
Governmental guaranteed bonds	45,137,428	51,926,112
Total	45,137,428	51,926,112

- On April 4, 2020, the Bank sold three bond of Jordanian treasury bonds with a nominal value of JD 31,000,000 to Arab Bank. The amount of repurchasing agreement for the bond reached JD 34,455,130, noting that the amount received was JD 33,766,027 which has been recorded as borrowed financial at an interest rate of 3.97% per annum, as indicated. The Bank did not recognize this transaction as sale transaction, as the bank reserved the right to repurchase these bonds on April 4, 2024.
- On September 12, 2022, the Bank sold one bond of Jordanian treasury bonds with a nominal value of JD 14,157,000 to the central Bank of Jordan. The agreed upon repurchasing amount was JD 14,236,399, the received amount was JD 14,285,714 as borrowed money with 4.5% annual interest rate. The Bank did not recognize this transaction as sale transaction, as the bank reserved the right to repurchase these bonds on October 10, 2022.

12. Other assets

The details of this item are as follow:

	September 30, 2022 (Reviewed)	December 31,2021 (Audited)
	JD	JD
Revenue and interest under collection	4,425,265	5,825,423
Prepaid expenses	1,105,951	805,119
Assets seized by the Bank against due debts *	3,034,678	3,270,042
Assets / profits of unrealized financial derivatives	546,382	23,662
Other receivables/brokerage Company	112,693	121,531
Land held for sale/brokerage Company	1,696,734	1,696,734
Discounted LC's	60,534	8,795,719
Seized assets sold in installments	3,822,675	3,822,675
Other	3,191,343	2,577,285
Total	17,996,255	26,938,190

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

- The following represents the movement of the assets seized by the Bank against due debts:

	September 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Balance at the beginning of the period	3,270,042	2,449,555
Additions	73,925	4,743,823
Disposals	(309,289)	(3,822,675)
(Expense) provision of the seized assets during the year **	-	(100,661)
Total	3,034,678	3,270,042

** The provision of the seized assets is JD 201,322 as of September 30, 2022 (JD 201,322 as of December 31, 2021) for the seized amounted to assets owned by the bank for a period exceeding four years.

13. Customers' deposits

The details of this item are as follows:

	Individual	Large corporals	Small and medium enterprises	Government and public sector	Total
	JD	JD	JD	JD	JD
<u>For the Nine -Months ended as of September 30, 2022 (Reviewed)</u>					
Current and demand deposits	49,994,875	52,951,416	13,312,676	389,234	116,648,201
Saving accounts	23,240,418	386,552	128,667	84	23,755,721
Time and notice deposits	304,918,276	241,168,110	15,896,204	97,612,074	659,594,664
Total	378,153,569	294,506,078	29,337,547	98,001,392	799,998,586

For the year ended as of December 31, 2021

(Audited)

Current and demand deposits	48,907,680	26,258,180	11,962,018	953,209	88,081,087
Saving accounts	24,487,154	314,040	521,866	221,335	25,544,395
Time and notice deposits	309,099,497	195,000,941	16,925,138	88,043,817	609,069,393
Total	382,494,331	221,573,161	29,409,022	89,218,361	722,694,875

- Jordan Government and public sector deposits amounted to JD 98,001,392 as of September 30, 2022 which represents 12.250% (JD 89,218,361 as of December 31, 2021 which represents 9.918%) of total customers' deposits.
- Non-interest bearing deposits amounted to JD 117,753,342 as of September 30, 2022 which represents 14.719% (JD 89,503,466 which represents 12.385% as of December 31, 2021) of total deposits.
- Restricted deposits amounted to JD 96,833,760 as of September 30, 2022 which represents 12.104 % (JD 97,642,364 of total deposits which represents 13.511% as of December 31, 2021).
- Dormant accounts amounted to JD 19,024,500 as of September 30, 2022 (JD 33,268,206 as of December 31, 2021).

14. Income tax

a. Income tax provision

The movement of the income tax provision is as follows:

	September 30, 2022 (Reviewed) JD	December 31, 2021 (Audited) JD
Balance at the beginning of the period/ year	7,256,848	6,456,452
Income tax paid	(5,031,179)	(4,649,029)
Accrued income tax	(938,703)	5,408,462
Prior years tax refundable deposits	-	40,963
Balance at the end of the period/ year	1,286,966	7,256,848

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

	For the Nine-Months Ended as of September 30,	
	2022 (Reviewed) JD	2021 (Reviewed) JD
Current income tax liabilities for the period	(938,703)	3,921,360
Deferred tax assets for the period	(1,618,981)	(1,072,292)
Amortization of deferred tax assets	3,408,826	1,281,885
	851,142	4,130,953

- The statutory tax rate on the banks in Jordan reaches 35%, in addition to 3% payable towards the national contribution fund and the statutory tax rate on the subsidiary reaches 24%, in addition to 4% payable towards the national contribution fund.
- The Bank has reached a final settlement with the Income and sales Tax Department for the year 2018. The tax declaration for 2019 and 2020 was submitted by the bank. Afterwards a final decision was obtained by the Income and Sales Tax Department and the decision was rejected by the bank. The 2021 tax declaration was submitted to the Income and Sales Tax Department.
- A final settlement was reached with the Income Tax Department for the subsidiary company for the year 2020, The tax declaration for the year 2021 was submitted to the Income and Sales Tax Department.
- Income tax provision for the period ended September 30, 2022 was calculated and the management's opinion and the company's tax consultant have concluded that the provision booked as of September 30, 2022 is sufficient.

15. Other liabilities

The details for this item are as follows:

	September 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Interest payable	5,479,101	5,474,467
Revenue received in advanced	74,104	46,909
Accounts payable	8,246,308	7,466,748
Unpaid and accrued expenses	1,793,600	2,306,674
Liabilities / losses on unrealized financial derivative	111,851	239,193
Certified cheques withdrawn by the bank	1,161,256	898,284
Provision for expected credit losses on off-statement of financial position items	684,971	539,221
Board of Directors remunerations	67,869	89,243
Transfers held for payment	291,934	3,303,113
Deferred revenues	112,607	66,128
Other	4,604,074	2,467,605
Total	22,627,675	22,897,585

16. Subscribed and 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, 2022 and of December 31, 2021.

Distributed Dividends:

The board of directors decided on April 21, 2022 to recommend to the general assembly the distribution of cash dividends with an amount of JD 6,600,000 at a rate of 6% of the paid-up capital.

17. Reserves

The bank did not make any transfers to statutory reserves for the period since these are consolidated condensed interim financial information as it will be done at the end of the year.

18. Fair value reserve – net

The details of this item are as follows:

	September 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Balance at the beginning of the period / year	3,570,478	4,705,107
Unrealized) losses / (gains	(6,677,268)	(1,830,047)
Deferred tax liabilities	1,883,822	738,721
Deferred tax assets	653,541	(43,303)
Balance at the End of the Period/ Year	(569,427)	3,570,478

The fair value reserve is shown in net after clearing the balance of deferred tax assets which amounted to JD 653,541 and tax liabilities are offset by 1,883,822 as of September 30, 2022 against deferred tax assets which amounted to JD 43,303 and the tax liabilities are offset by 738,721 as of December 31, 2021.

19. Retained earnings

The details of this item are as follows:

	September 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Balance at the beginning of the period/ year	24,627,485	16,527,230
Profit for the year	-	9,602,424
Gain from the sale of shares through other comprehensive income	-	10,492
Transfer from/ to reserves	-	(1,512,661)
Distributed dividends	(6,600,000)	-
Balance at the End of the Period/ Year	18,027,485	24,627,485

- An amount of JD 7,931,282 as of September 30, 2022 is restricted against deferred tax assets (JD 9,067,586 as of December 31, 2021), including the capitalization or distribution only to the extent that it is actually realized according to Jordan Securities Commission and Central Bank of Jordan instructions.
- Retained earnings includes an amount of JD 2,761 as of September 30, 2022, and December 31, 2021 which represents the effect of early implementation of the IFRS no. (9) noting that this amount may not be used except for the amounts actually realized from sales transactions.

20. Provision for expected credit loss on the financial assets

This item consists of the following:

	For the Nine-Months Ended September 30,	
	2022 (Reviewed)	2021 (Reviewed)
	JD	JD
Deposits balances at Banks and Financial Institutions	14,679	(6,399)
Financial assets at fair value through other comprehensive income	670	(4,634)
Financial assets at amortized cost	9,223	(7,291)
Direct credit facilities	5,701,801	3,869,578
Discounted letter of credits	(90)	(396)
Interests and revenues under collection	(3,037)	(12,390)
Off- statement of financial position items	145,749	(218,519)
Total	5,868,995	3,619,949

21. Basic and diluted earnings per share for the bank's shareholders

The details for this item are as follows

	For the Nine-Months Ended September 30,	
	2022 (Reviewed)	2021 (Reviewed)
	JD	JD
Profit for the period	3,815,440	7,399,599
Weighted average number of shares	110,000,000	110,000,000
Earning per share for the period attributable to the Bank's shareholders:	JD/Fills	JD/Fills
Basic and diluted	0.035	0/067

22. Cash and cash equivalents

The details of this item are as follows:

	For the Nine-Months Ended September 30,	
	2022 (Reviewed)	2021 (Reviewed)
	JD	JD
Cash and balances with Central Bank of Jordan maturing within three months	52,539,703	41,346,422
<u>Add:</u> Balances at banks and financial institutions maturing within 3 months	105,972,397	74,138,278
<u>Less:</u> Banks and financial institutions' deposits maturing within 3 months	(95,648,420)	(112,016,592)
Total	<u>62,863,680</u>	<u>3,468,108</u>

23. Businesses Segments Information:**a. Information on the Bank's business segment:**

For management purposes, the Bank was organized into the following major operating segments measured through the reports that are used by the Chief Executive Officer and the main decision maker in the bank based on the following main business segments:

- Individual accounts: This item includes following up on individual customer's deposits, and granting them credit facilities, credit cards and other services.
- Small and Medium Enterprises: This item includes following up on the client's deposits and credit facilities that are classified as such based on the volume of the granted deposits and facilities according to the Banks policies and in compliance with the regulatory bodies instructions.
- Corporate Accounts: This item includes following up on the client's deposits and credit facilities that are classified as such, based on the volume of their deposits and facilities according to the Banks policies and in compliance with the regulatory bodies instructions.
- Treasury: This item includes providing treasury and trading services, managing the Bank's funds and long terms investments at amortized costs which is maintained to collect the contractual cash flows.
- Investment and foreign exchange management: This sector includes the local and foreign investments held at fair value as well as foreign currency trading services
- Others: This sector includes all the accounts not listed within the segments mentioned above such as shareholder's affairs, investments in associates, property and equipment, general management and support units management.

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

					Total	
					For the Nine-months ended	
					September 30,	
					2022	2021
					(Reviewed)	(Reviewed)
	Retail	Corporate	Treasury	Other	JD	JD
Total revenue	26,075,456	13,475,974	15,408,628	(218,090)	54,741,968	53,343,082
Provision for expected credit loss on financial assets	(2,199,702)	(3,656,381)	(12,912)	-	(5,868,995)	(3,619,949)
Results of the segments	12,985,293	3,657,195	9,015,641	(338,484)	25,319,645	30,011,985
Unallocated segmental expenses					(20,653,063)	(18,481,433)
Profit for the period before tax					4,666,582	11,530,552
Income tax					(851,142)	(4,130,953)
Profit for the Period					3,815,440	7,399,599
Capital expenditures					(2,035,304)	(1,816,500)
Depreciation and amortization					(2,686,055)	(1,749,023)
Other information					September 30, 2022 (Reviewed)	December 31, 2021 (Audited)
Segmental assets	438,064,120	288,678,894	540,719,714	-	1,267,462,728	1,184,016,071
Unallocated segmental assets	-	-	-	44,664,350	44,664,350	46,015,155
Total Assets	438,064,120	288,678,894	540,719,714	44,664,350	1,312,127,078	1,230,031,226
Segmental liabilities	606,348,457	292,633,656	239,992,123	-	1,139,010,236	1,043,538,775
Unallocated segmental liabilities	-	-	-	11,686,712	11,686,712	18,137,856
Total Liabilities	606,384,457	292,633,656	239,992,123	11,686,712	1,150,696,948	1,061,676,631

24. Balances and Transactions with related parties

Includes related parties, as defined in IAS 24 (Related Party Disclosures); affiliated companies, major shareholders, directors, and other key management personnel of the bank, and facilities subject to the control of these parties or that are jointly controlled or affected by them significantly. The following are the balances and movements resulting from related party transactions:

The bank has entered into transactions with major shareholders, members of the board of directors and senior management within the bank's regular activities, using interest rates and commercial commissions. All credit facilities granted to related parties are considered functional and no provisions have been taken for them, except for what is mentioned below:

The group has entered into transactions with the parent company, sister companies, executive management and the subsidiary company within the normal activities of the bank and by using interest rates and the commercial commissions. that all credit facilities granted to the relevant authorities are considered operational and no provision has been taken for them.

The details for this item are as follow:

	Related parties				Total	
	Parent and sister companies	Executive management	Bank's employees	Board of Directors	September 30, 2022	December 31, 2021
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Audited)
	JD	JD	JD	JD	JD	JD

On - Consolidated Statements of Financial Position Items:

Credit facilities	-	2,128,947	11,109,546	7,812	13,246,305	12,580,146
Balance at banks and financial institutions	9,679,997	-	-	-	9,679,997	11,687,324
Banks and financial institutions deposits	37,983,900	-	-	-	37,983,900	41,449,877
Customers' deposits	-	3,102,328	2,103,707	184,878	5,390,913	6,695,753
Borrowed funds	10,635,000	-	-	-	10,635,000	7,799,000

Off – consolidated statement of financial position items:

Letters of guarantee	26,546,506	-	-	-	26,546,506	23,285,931
Letters of credit	7,064,819	-	-	-	7,064,819	7,813,299
Interest rate swap contracts	7,090,000	-	-	-	7,090,000	7,090,000
Currency swap contracts	14,068,675	-	-	-	14,068,675	10,635,000

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

Consolidated Statements of Profit or Loss Items:

Interest and commission income	303,352	28,760	184,714	-	516,826	705,407
Interest and commission expense	(428,410)	(81,628)	(44,326)	(3,015)	(557,379)	(383,106)

- Interest rates on credit facilities range between 3% to 8.872% while interest rates on customers' deposits range between 0.1% to 5%.
- In addition to what was disclosed in the above table, the total balance of credit facilities granted to the Bank's related parties amounted to JD 5,751,651 and they counted to 121 clients against acceptable guarantees amounted to JD 3,003,311. The interest rates payable on credit facilities range from 2% to 14% commission rates range from 0.5% to 1%.

Benefits and compensations of the banks executive management are as follows:

	For the Nine-Months Ended September 30,	
	2022	2021
	(Reviewed)	(Reviewed)
	JD	JD
Salaries and bonuses	<u>2,353,118</u>	<u>1,900,514</u>

25. Capital adequacy ratio

In addition to the subscribed capital, the capital includes statutory reserve, voluntary reserve, share premium, retained earnings, fair value reserve, general banking risk reserve, and treasury stocks.

The bank is committed to apply the regulators requirements regarding the capital adequacy and as follow:

1. Central Bank of Jordan instructions that capital adequacy ratio is kept at a minimum of 12%
2. Comply with the minimum limit set for paid up capital for Jordanian Banks at JD 100 million.
3. The Bank's investments in stocks and shares which should not exceed 50% of the subscribed capital.
4. The ratio of credit limits (credit concentration) to regulatory capital.
5. The Banks and Companies laws related to the deduction of the statutory reserve of 10% of the Bank's profit before tax.

	September 30, 2022 (Reviewed) Thousands JD	December 31, 2021 (Audited) Thousands JD
Common Equity Shareholder Rights		
Subscribed capital (Paid-up)	110,000	110,000
Retained earnings less proposed dividends	21,840	18,025
Cumulative change in fair value of financial assets	(569)	3,570
Share premium	67	67
Statutory reserve	29,892	29,892
Voluntary reserve	197	197
Total Capital of Common Stock	161,427	161,751
Regulatory amendments (deduction from capital)		
Goodwill and intangible assets	(1,278)	(1,556)
Deferred tax assets	(7,931)	(9,068)
Total Primary Capital	152,218	151,127
Additional capital		
Total Capital (Tier1)	152,218	151,127
General banking risk reserve / stage (1) IFRS 9	5,255	4,376
Total Supporting Capital	5,255	4,376
Total Regulatory Capital	157,473	155,503
Total Risk Weighted Assets	863,573	797,281
Capital adequacy ratio (%)	18.24%	19.50%
Primary Capital adequacy Ratio (%)	17.63%	18.96%

26. Contingent liabilities and commitments

This item consists of the following:

	September 30, 2022 (Reviewed) JD	December 31, 2021 (Audited) JD
Letters of credit:		
Import LCs	22,894,561	36,358,176
Export LCs	2,124,128	12,670,288
Acceptances	10,397,830	8,006,166
Letters of guarantee:		
Payments	21,591,391	23,008,491
Performance	46,228,850	31,369,786
Other	28,553,051	25,756,518
Unutilized granted credit limits	47,502,934	32,002,665
Futures contracts in Foreign Currency	49,760,928	47,976,524
Interest rates swap contracts	7,090,000	7,090,000
Total	236,143,673	224,238,614

27. Lawsuits raised against the bank

The lawsuits raised against the Bank amounted to JD 4,454,454 as of September 30, 2022 (JD 4,455,353 as of December 31, 2021). According to the management and legal advisor opinion, no material liability will arise as a result of these lawsuits in excess of the amounts already provided for which amounted to JD 688,413 as of September 30, 2022 and December 31, 2021.

28. Fair value hierarchy**a. Fair value of financial assets and financial liabilities that are measured at fair value on 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

Financial assets	September 30, 2022 (reviewed) JD	December 31, 2021 (audited) JD	The Level of Fair Value	Evaluation Method and Inputs	Significant Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
Financial Assets at Fair Value Through other comprehensive income:						
Bonds	131,718,942	124,818,087	Level 2	According to the latest available financial information	N/A	N/A
Quoted Shares in active markets	7,820,369	8,365,443	Level 1	Quoted prices in financial markets	N/A	N/A
Unquoted Shares in active markets	2,774,097 <u>142,313,408</u>	2,450,379 <u>135,633,909</u>	Level 2	According to the latest available financial information	N/A	N/A
Total Financial Assets at Fair Value	<u>142,313,408</u>	<u>135,633,909</u>				
Unrealized gains on financial assets	546,382	23,661	Level 2	According to the latest available financial information	N/A	N/A
Financial Liabilities						
Unrealized losses on financial derivatives	111,851 <u>111,851</u>	239,193 <u>239,193</u>	Level 2	According to the latest available financial information	N/A	N/A
Total Financial Liabilities at Fair Value	<u>111,851</u>	<u>239,193</u>				

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

b. The fair value of the financial assets and financial liabilities that don't have specific fair value on an ongoing basis

These financial instruments include cash balances and deposits with banks and central banks, direct credit facilities, other financial assets, customers deposits, bank deposits and other financial liabilities.

The fair value of the financial instruments does not significantly differ from its booked value.

29. Approval on consolidated condensed interim financial information

The consolidated condensed interim financial information was approved by the bank Board of Directors on October 27, 2022.