

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

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

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

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Report on the Review of Condensed Consolidated Financial Information

AM/009489

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

Introduction

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

Scope of Review

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

Conclusion

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

Other Matters

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

Amman – The Hashemite Kingdom of Jordan
October 26, 2021


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

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

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

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

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

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

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

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

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

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

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

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

| | Authorized and Paid-up Capital | | General Banking Risk Reserve** | | Cyclical Fluctuations Reserve | | Fair Value Reserve - Net | | Foreign Exchange Reserve | | Retained Earnings | | Profit for the Period | | Total Shareholders' Equity | | Non-controlling Interests | | Total Owners' Equity | | |
|---|--------------------------------|-------------------|--------------------------------|-------------------|-------------------------------|--------------------|--------------------------|-------------------|--------------------------|-------------------|--------------------|-------------|-----------------------|-------------|----------------------------|----|---------------------------|----|----------------------|----|--|
| | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | |
| For The Nine Months Ended September 30, 2021 | | | | | | | | | | | | | | | | | | | | | |
| Balance at beginning of the period (Audited) | 190,000,000 | 82,047,879 | 3,897,193 | 10,894,653 | (5,988,630) | (3,188,744) | 88,960,274 | - | 23,468,491 | 31,808,859 | (22,800,000) | 1,905,874 | 9,656,334 | 375,288,949 | | | | | | | |
| Total comprehensive income for the period | - | - | - | - | 8,340,368 | - | - | - | (22,800,000) | - | - | - | - | (148,572) | 31,660,287 | | | | | | |
| Cash dividends distributed | - | - | - | - | - | - | - | - | - | - | (444,246) | - | - | - | (22,800,000) | | | | | | |
| Transferred to reserves** | - | - | - | - | 444,245 | - | - | - | - | - | - | - | - | - | - | | | | | | |
| Change in non-controlling interests - Net | - | - | - | - | - | - | - | - | - | - | 519,646 | - | - | - | 1,905,874 | | | | | | |
| Loss from sale of financial assets at fair value through other comprehensive income | - | - | - | - | - | (109,861) | - | - | - | - | - | - | - | - | - | | | | | | |
| Balance at September 30, 2021 (Reviewed) | 190,000,000 | 82,047,879 | 4,341,429 | 10,894,653 | 2,351,738 | (3,188,744) | 66,235,674 | 23,468,491 | 37,615,120 | 10,323,656 | 386,474,756 | | | | | | | | | | |
| For The Nine Months Ended September 30, 2020 | | | | | | | | | | | | | | | | | | | | | |
| Balance at beginning of the period (Audited) | 190,000,000 | 79,007,427 | 3,854,197 | 10,894,553 | (7,848,900) | (4,764,540) | 73,967,732 | - | 12,243,769 | 7,479,229 | 9,354,257 | 359,229,366 | | | | | | | | | |
| Total comprehensive income for the period | - | - | - | - | (4,764,540) | - | - | - | 12,243,769 | 7,479,229 | (575,390) | 6,903,839 | | | | | | | | | |
| Loss from sale of financial assets at fair value through other comprehensive income | - | - | - | - | - | 85,200 | (85,200) | - | - | - | - | - | | | | | | | | | |
| Balance at September 30, 2020 (Reviewed) | 190,000,000 | 79,007,427 | 3,854,197 | 10,894,653 | (12,528,240) | 85,200 | 73,882,532 | 12,243,769 | 357,354,338 | 8,778,867 | 366,133,205 | | | | | | | | | | |

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

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

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

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

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

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CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(REVIEWED NOT AUDITED)

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

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INTERIM FINANCIAL INFORMATION AND SHOULD BE READ WITH THEM AND WITH
THE ACCOMPANYING REVIEW REPORT.

CAIRO AMMAN BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
(REVIEWED NOT AUDITED)

1. General

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

2. Basis of Preparation

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

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

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

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

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

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

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

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

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

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

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

3. Significant accounting policies:

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

Interest Rate Benchmark-phase 2

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

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

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

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

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

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

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

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

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

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

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

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

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

The affected sectors have been divided into three main levels:

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

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

Impacting scenario ratios

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

Probability of Default (PD) Ratios Scenarios

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

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

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

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

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

Loss Given Default (LGD)

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

Management Overlay

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

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

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

5. Cash and Balances at Central Banks

This item consists of the following:

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

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

In addition to the statutory cash reserve as stated above.

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

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

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

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

6. Balances at Banks and Financial Institutions

This item consists of the following:

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

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

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

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

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

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

7. Deposits at Banks and Financial Institutions

This item consists of the following:

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

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

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

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

8. Financial Assets at Fair Value through Profit or Loss

This item consists of the following:

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

9. Financial Assets at Fair Value through Other Comprehensive Income

This item consists of the following:

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

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

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

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

10/A Financial Assets at Amortized Cost - Net

This item consists of the following:

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

10/B Financial Assets Pledged as Collateral

This item consists of the following:

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

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

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

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

11. Direct Credit Facilities - Net

This item consists of the following:

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

* Net after deducting the amount of interest received in advance amounting to JD 3,884,422 as of September 30, 2021 (JD 4,132,557 as of December 31, 2020).

- Non-performing credit facilities, in accordance with the instructions of the Central Bank of Jordan, amounted to JD 107,052,602 as of September 30, 2021 (JD 109,313,840 as of December 31, 2020), representing 5.15% (December 31, 2020: 5.75%) of gross direct credit facilities granted.

- Non-performing credit facilities, net of suspended interest, amounted to JD 96,980,598 as of September 30, 2021 (JD 96,423,451 as of December 31, 2020), representing 4.69% (December 31, 2020: 5.14%) of gross direct credit facilities granted after excluding the suspended interest.

- Credit facilities granted to the Government of Jordan amounted to JD 31,504,984 as of September 30, 2021 (JD 55,167,746 as of December 31, 2020), representing 1.52% (December 31, 2020: 2.31%) of gross direct credit facilities granted.

- Credit facilities granted to the public sector in Palestine amounted to JD 83,697,326 as of September 30, 2021 (JD 87,151,326 as of December 31, 2020), representing 4.03% (December 31, 2020: 4.61%) of gross direct credit facilities granted.

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

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

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

For the Year Ended December 31, 2020 (Audited)

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

Suspended Interest

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

| | Consumer | | Residential Loans | | Corporates | | SMEs | | Government and Public Sector | | Total |
|---|------------------|--|-------------------|--|------------------|--|------------------|--|------------------------------|--|-------------------|
| | JD | | JD | | Large | | JD | | JD | | JD |
| For the period ended September 30, 2021 (Reviewed not audited) | | | | | | | | | | | |
| Gross Balance at the beginning of the period/year | 2,331,972 | | 621,534 | | 7,949,234 | | 2,179,538 | | - | | 13,092,278 |
| Suspended interest on new exposures during the period | 437,415 | | 186,048 | | 736,928 | | 200,513 | | - | | 1,560,904 |
| Suspended interest on settled exposures transferred | (251,347) | | (91,551) | | (135,620) | | (133,842) | | - | | (612,360) |
| to revenue during the period | | | | | | | | | | | |
| Transferred to stage 1 | 28,207 | | 7,017 | | 4,763 | | 361 | | - | | 40,348 |
| Transferred to stage 2 | 47,913 | | (2,441) | | 22,763 | | 25,544 | | - | | 93,779 |
| Transferred to stage 3 | (76,120) | | (4,576) | | (27,527) | | (25,905) | | - | | (134,128) |
| Suspended interest on written off exposures | - | | - | | (3,823,956) | | - | | - | | (3,823,956) |
| Gross Balance at the End of the Period | 2,518,040 | | 716,031 | | 4,726,585 | | 2,246,209 | | - | | 10,206,865 |
| For the year ended December 31, 2020 (Audited) | | | | | | | | | | | |
| Balance at the beginning of the year | 2,149,457 | | 411,444 | | 6,606,420 | | 1,722,329 | | 199,155 | | 11,088,805 |
| Suspended interest on new exposures during the year | 513,021 | | 258,208 | | 1,458,881 | | 757,766 | | - | | 2,987,876 |
| Suspended interest on settled exposures transferred | (255,492) | | (46,239) | | (116,067) | | (300,336) | | (199,155) | | (917,291) |
| to revenue during the year | | | | | | | | | | | |
| Transferred to stage 1 | 124,810 | | 11,565 | | - | | 618 | | - | | 136,993 |
| Transferred to stage 2 | 39,953 | | 23,377 | | (24,075) | | 41,375 | | 199,155 | | 279,785 |
| Transferred to stage 3 | (164,763) | | (34,942) | | 24,075 | | (41,993) | | (199,155) | | (416,778) |
| Suspended interest on written off exposures | (75,014) | | (1,879) | | - | | (219) | | - | | (77,112) |
| Balance at the End of the Year | 2,331,972 | | 621,534 | | 7,949,234 | | 2,179,538 | | - | | 13,082,278 |

12. Other Assets

This item consists of the following:

| | September 30, 2021 | | December 31, 2020 | |
|--------------------------------|--------------------|------------------------|-------------------|-----------|
| | JD | (Reviewed not audited) | JD | (Audited) |
| Accrued income | 15,910,849 | | 18,892,012 | |
| Prepaid expenses | 8,758,952 | | 7,448,232 | |
| Reposessed assets - net* | 14,346,047 | | 10,844,136 | |
| Accounts receivable - net | 4,578,165 | | 4,627,668 | |
| Clearing checks | 5,422,863 | | 6,318,939 | |
| Settlement guarantee fund | 39,000 | | 25,000 | |
| Refundable deposits | 609,971 | | 609,531 | |
| Deposits at Visa International | 3,062,901 | | 2,559,511 | |
| Others | 1,109,493 | | 1,890,940 | |
| Total | 53,838,261 | | 53,215,969 | |

Movement on repossessed assets is as follows:

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

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

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

13. Customers Deposits

This item consists of the following:

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

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

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

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

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

14. Borrowed Funds

This item consists of the following:

| | Amount | No. of Instalments | | Payable | Maturity | Collaterals | Interest Rate |
|---|--------------------|--------------------|-------------|------------------------|-------------|----------------|-----------------|
| | | Total | Outstanding | | | | |
| September 30, 2021 (Reviewed not audited) | | | | | | | |
| | JO | | | | | | |
| Amounts borrowed from overseas investment company (OPIC) | 15,598,000 | 1 | 1 | At maturity | 2034 | None | 4.845% - 4.895% |
| Amounts borrowed from French Development Agency | 1,418,000 | 20 | 8 | Semi-annually | 2025 | None | 3.358% |
| Amounts borrowed from Central Bank of Jordan | 5,700,000 | 10 | 4 | Annually | 2028 | None | 2.700% |
| Amounts borrowed from Central Bank of Jordan | 60,571,219 | 392 | 392 | At maturity / per Loan | 2021-2035 | Treasury bonds | 0.5% - 1.75% |
| Amounts borrowed from Central Bank of Jordan | 34,379,346 | 361 | 361 | At maturity / per Loan | 2024 - 2022 | None | 0.000% |
| Amounts borrowed from Central Bank of Jordan | 888,000 | 14 | 5 | Semi-annually | 2028 | None | 2.500% |
| Amounts borrowed from European Bank for Reconstruction and Development | 21,270,000 | 4 | 4 | Semi-annually | 2022 | None | 2.020% |
| Amounts borrowed from European Bank for Reconstruction and Development | 8,102,857 | 7 | 4 | Semi-annually | 2025 | None | 5.500% |
| Amounts borrowed from Central Bank of Jordan | 3,485,000 | 20 | 16 | Semi-annually | 2030 | None | 2.8% |
| Jordan Mortgage Refinance Company | 10,000,000 | 1 | 1 | At maturity | 2024 | None | 5.000% |
| Jordan Mortgage Refinance Company | 30,000,000 | 1 | 1 | At maturity | 2024 | None | 5.750% |
| Amounts borrowed from Central Bank of Jordan | 3,941,315 | 34 | 34 | Semi-annually | 2039 | None | 3.000% |
| Jordan Mortgage Refinance Company | 10,000,000 | 1 | 1 | At maturity | 2022 | None | 5.350% |
| Amounts borrowed from Central Bank of Jordan | 6,250,000 | 1 | 1 | At maturity | 2021 | Treasury bonds | 2.000% |
| Amounts borrowed from Central Bank of Jordan | 22,500,000 | 1 | 1 | At maturity | 2021 | Treasury bonds | 2.000% |
| Amounts borrowed from Central Bank of Jordan | 11,600,928 | 1 | 1 | At maturity | 2021 | Treasury bonds | 2.000% |
| Amounts borrowed from European Bank for Reconstruction and Development (EBRD) | 1,519,286 | 7 | 3 | Semi-annually | 2023 | None | 2.200% |
| Amounts borrowed from French Development Agency | 10,714,580 | 20 | 19 | Semi-annually | 2031 | None | 1.273% |
| Palestine Monetary Authority | 3,482,745 | 1 | 1 | - | None | None | 0.500% |
| Ethiad Bank | 3,885,000 | 8 | 8 | Quarterly | 2024 | None | 3.750% |
| Societe Generale de Banque Jordanie | 300,000 | 8 | 8 | Quarterly | 2024 | None | 5.000% |
| Housing Bank for Trade and Finance | 30,926,433 | Overdraft | - | - | 2021 | None | 3.500% |
| Arab Jordan Investment Bank | 59,372 | Overdraft | - | - | 2021 | None | 5.750% |
| Amounts borrowed from International Financial Markets (IFI) | 1,074,224 | 1 | 1 | - | None | None | - |
| Total | 317,666,305 | | | | | | |
| December 31, 2020 (Audited) | | | | | | | |
| Amounts borrowed from overseas investment company (OPIC) | 15,598,000 | 1 | 1 | At maturity | 2034 | None | 4.895% - 4.845% |
| Amounts borrowed from French Development Agency | 1,595,250 | 20 | 9 | Semi-annually | 2025 | None | 3.358% |
| Amounts borrowed from Central Bank of Jordan | 6,650,000 | 10 | 6 | Annually | 2028 | None | 2.700% |
| Amounts borrowed from Central Bank of Jordan | 64,397,097 | 263 | 263 | At maturity / per Loan | 2021-2035 | Treasury Bills | 1.75% - 0.5% |
| Amounts borrowed from Central Bank of Jordan | 34,536,095 | 243 | 243 | At maturity / per Loan | 2022 - 2024 | None | 0.000% |
| Amounts borrowed from Central Bank of Jordan | 1,223,952 | 14 | 7 | Semi-annually | 2028 | None | 2.500% |
| Amounts borrowed from European Bank for Reconstruction and Development (EBRD) | 1,011,429 | 7 | 1 | Semi-annually | 2021 | None | 4.750% |
| Amounts borrowed from European Bank for Reconstruction and Development (EBRD) | 10,128,571 | 7 | 5 | Semi-annually | 2025 | None | 5.500% |
| Amounts borrowed from Central Bank of Jordan | 3,895,000 | 20 | 18 | Semi-annually | 2030 | None | 2.8% |
| Jordan Mortgage Refinance Company | 10,000,000 | 1 | 1 | At maturity | 2024 | None | 5.000% |
| Jordan Mortgage Refinance Company | 30,000,000 | 1 | 1 | At maturity | 2024 | None | 5.750% |
| Amounts borrowed from Central Bank of Jordan | 3,941,315 | 34 | 34 | Semi-annually | 2039 | None | 3.000% |
| Jordan Mortgage Refinance Company | 10,000,000 | 1 | 1 | At maturity | 2022 | None | 5.350% |
| Amounts borrowed from Central Bank of Jordan | 8,333,333 | 1 | 1 | At maturity | 2021 | Treasury Bills | 2.000% |
| Amounts borrowed from Central Bank of Jordan | 12,613,636 | 1 | 1 | At maturity | 2021 | Treasury Bills | 2.000% |
| Amounts borrowed from Central Bank of Jordan | 6,250,000 | 1 | 1 | At maturity | 2021 | Treasury Bills | 2.000% |
| Amounts borrowed from Central Bank of Jordan | 33,582,090 | 1 | 1 | At maturity | 2021 | Treasury Bills | 2.000% |
| Amounts borrowed from Central Bank of Jordan | 13,550,136 | 1 | 1 | At maturity | 2021 | Treasury Bills | 2.000% |
| Amounts borrowed from European Bank for Reconstruction and Development (EBRD) | 2,532,143 | 7 | 5 | Semi-annually | 2023 | None | 2.240% |
| Amounts borrowed from French Development Agency | 7,823,929 | 20 | 20 | Semi-annually | 2031 | None | 1.273% |
| Palestine Monetary Authority | 3,652,748 | 1 | 1 | - | None | None | 0.500% |
| Ethiad Bank | 1,300,000 | 8 | 8 | Quarterly | 2024 | None | 3.750% |
| Societe Generale de Banque Jordanie | 177,778 | 48 | 8 | Monthly | 2021 | None | 5.250% |
| Housing Bank for Trade and Finance | 30,468,727 | 1 | 1 | - | 2021 | None | 3.500% |
| Arab Jordan Investment Bank | 48,665 | 1 | 1 | - | 2021 | None | 6.500% |
| Amounts borrowed from International Financial Markets (IFI) | 1,074,224 | 1 | 1 | - | None | None | - |
| Total | 314,384,118 | | | | | | |

15. Income Tax

A. Income Tax Provision

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

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

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

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

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

The movement on the deferred tax assets is as follows:

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

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

16. Other Liabilities

This item consists of the following:

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

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

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

17. Fair Value Reserve - Net

This item consists of the following:

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

18. Retained Earnings

This item consists of the following:

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

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

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

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

19. Interest Income

This item consists of the following:

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

20. Interest Expense

This item consists of the following:

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

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

This item consists of the following:

| | Realized Gain | | Unrealized (Loss) | | Stock Dividends | | Total | |
|---|----------------|--|--------------------|--|-----------------|--|--------------------|--|
| | JD | | JD | | JD | | JD | |
| <u>For the Nine Months Ended September 30, 2021</u> | | | | | | | | |
| Companies shares | 263,422 | | 1,080,301 | | 287,281 | | 1,631,004 | |
| Total | 263,422 | | 1,080,301 | | 287,281 | | 1,631,004 | |
| <u>For the Nine Months Ended September 30, 2020</u> | | | | | | | | |
| Companies shares | (92,674) | | (2,074,609) | | 93,283 | | (2,074,000) | |
| Bonds | 422,921 | | - | | - | | 422,921 | |
| Total | 330,247 | | (2,074,609) | | 93,283 | | (1,651,079) | |

22. Expected Credit Loss

This item consists of the following:

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

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

This item consists of the following:

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

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

24. Cash and Cash Equivalents

This item consists of the following:

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

25. Balances and Transactions with Related Parties

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

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

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

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

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

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

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

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

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

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

26. Segmental analysis

A. Information on the Bank's Segments:

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

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

Following is the Bank's segment information:

| | | | | | Total | |
|--|----------------|-------------------|------------|-----------|---|--------------|
| | | | | | For the Nine Months Ended September 30, | |
| | Retail Banking | Corporate Banking | Treasury | Other | 2021 | 2020 |
| | JD | JD | JD | JD | JD | JD |
| Gross Income | 70,994,694 | 44,616,055 | 38,336,960 | 3,042,555 | 156,990,264 | 150,117,728 |
| Expected credit loss | (10,474,735) | (5,468,890) | (87,222) | - | (16,030,847) | (13,000,000) |
| Impairment of repossessed assets (Released from) impairment provision on financial assets at fair value through other comprehensive income | - | - | 4,158,000 | - | 4,158,000 | - |
| Sundry provisions | - | - | - | (731,877) | (731,877) | (889,965) |
| Segment result | 44,325,617 | 23,857,013 | 26,853,794 | 6,293,678 | 101,330,102 | 85,909,883 |
| Unallocated costs | | | | | 64,660,238 | 65,333,614 |
| Profit before taxes | | | | | 36,669,864 | 20,576,269 |
| Income tax | | | | | (13,349,945) | (8,907,890) |
| Profit for the period | | | | | 23,319,919 | 11,668,379 |

Other information

| | | | | | | |
|-------------------------------|--|--|--|--|-----------|-----------|
| Capital expenditure | | | | | 6,318,604 | 5,561,938 |
| Depreciation and amortization | | | | | 5,956,957 | 6,901,346 |

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

B. Geographical Information:

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

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

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

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

27. Contingent Liabilities and Commitments

This item consists of the following:

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

28. Lawsuits

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

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

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

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

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

29. Statutory Reserve

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

30. Fair value levels

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

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

| Financial Assets / Financial Liabilities | Fair Value | | The Level of Fair Value | Valuation Method and Inputs Used | Important Intangible Inputs | Relation between Fair Value and Significant Intangible Inputs |
|--|--------------------|-------------------|-------------------------|---|-----------------------------|---|
| | September 30, 2021 | December 31, 2020 | | | | |
| | JD | JD | | | | |
| Financial Assets at Fair Value in Through Profit or Loss | | | | | | |
| Companies shares | 8,086,258 | 7,406,964 | Level I | Prices issued in market values | Not Applicable | Not Applicable |
| Total | 8,086,258 | 7,406,964 | | | | |
| Financial Assets at Fair Value in Other Comprehensive Income | | | | | | |
| Quoted shares | 56,937,131 | 43,528,787 | Level I | Prices issued in market values Comparing the market value with a similar financial instrument | Not Applicable | Not Applicable |
| Unquoted shares | 5,447,590 | 6,120,190 | Level II | | | |
| Total | 63,384,721 | 49,648,977 | | | | |
| Total Financial Assets at Fair Value | 71,470,979 | 57,055,941 | | | | |

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

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

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

| | September 30, 2021 | | December 31, 2020 | | Fair Value Level |
|--|--------------------|---------------|-------------------|---------------|----------------------|
| | Book Value | Fair Value | Book Value | Fair Value | |
| | JD | JD | JD | JD | |
| Financial Assets with an Unspecified Fair Value | | | | | |
| Balances at Central Banks | 182,117,633 | 182,118,519 | 202,946,213 | 202,949,704 | Level II |
| Balances at Banks and other Financial Institutions | 119,911,675 | 120,088,989 | 154,795,630 | 154,987,851 | Level II |
| Deposits at Banks and other Financial Institutions | 99,037,478 | 99,753,027 | 79,864,376 | 81,173,358 | Level II |
| Loans, bills and other | 1,971,870,354 | 1,978,111,555 | 1,793,871,484 | 1,801,553,751 | Level II |
| Financial assets at amortized costs | 731,918,759 | 740,684,658 | 739,784,106 | 749,380,157 | Level I and Level II |
| Financial assets pledged as collateral | 39,617,000 | 39,617,000 | 73,141,000 | 73,141,000 | |
| Total Financial Assets with an Unspecified Fair Value | 3,144,472,899 | 3,160,383,748 | 3,044,403,809 | 3,053,295,821 | |
| Financial Liabilities with an Unspecified Fair Value | | | | | |
| Banks and financial institutions deposits | 309,207,170 | 312,726,490 | 234,181,337 | 235,508,039 | Level II |
| Customer Deposits | 2,282,167,374 | 2,289,466,881 | 2,226,430,437 | 2,234,057,132 | Level II |
| Cash margin | 67,814,298 | 67,814,298 | 56,958,241 | 56,959,891 | Level II |
| Borrowed funds | 317,666,305 | 318,991,919 | 314,384,118 | 315,227,909 | Level II |
| Subordinated Loans | 18,540,350 | 18,540,350 | 18,540,350 | 18,876,114 | |
| Total Financial Liabilities with an Unspecified Fair Value | 2,995,395,497 | 3,007,539,936 | 2,850,494,483 | 2,850,629,085 | |

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