

JORDAN ISLAMIC BANK

PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(REVIEWED AND UNAUDITED)

30 SEPTEMBER 2023

JORDAN ISLAMIC BANK
PUBLIC SHAREHOLDING COMPANY
AMMAN - JORDAN
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(REVIEWED AND UNAUDITED)

30 SEPTEMBER 2023

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Independent Auditor's Report

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**REVIEW REPORT ON INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF JORDAN ISLAMIC BANK
(PUBLIC SHAREHOLDING COMPANY)**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Jordan Islamic Bank (the "Bank") and its subsidiaries (together the "Group") as at 30 September 2023 and the related interim condensed consolidated statement of income and interim condensed consolidated statement of comprehensive income for the three and nine month periods then ended, and interim condensed consolidated statements of changes in owner's equity and cash flows and sources and uses of funds of Al-Qard Al-Hasan Fund for the nine months period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the Financial Accounting Standards issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as adopted by Central Bank of Jordan. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not properly prepared, in all material respects, in accordance with the Financial Accounting Standards issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) as adopted by Central Bank of Jordan.

For and on behalf of PricewaterhouseCoopers "Jordan"


Omar Kalanji
License No. (1015)

Amman, Jordan
23 October 2023



JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2023 (REVIEWED AND UNAUDITED)
STATEMENT (A)

	Notes	30 September 2023	31 December 2022
		JD (Reviewed and Unaudited)	JD (Audited)
<u>Assets</u>			
Cash and balances with central bank of Jordan	4	751,740,309	719,230,111
Balances at banks and financial institutions	5	92,925,644	43,400,535
Investment accounts at banks and financial institutions	6	-	1,417,959
Wakala Bil Istithmar Accounts	7	42,368,641	35,208,483
Deferred sales receivables and other receivables –net	8	2,931,715,834	2,982,366,595
Ijarah Muntahia Bittamleek assets – net	9	918,305,329	888,242,179
Financing – net	10	39,129,610	38,447,971
Financial assets at fair value through income statement-self financed	11	34,264	47,359
Financial assets at fair value through owner's equity – self-financed	12	19,068,295	18,008,809
Financial assets at fair value through joint investment accounts holders' equity	13	36,619,682	33,869,916
Financial assets at amortized cost	14	391,602,525	396,361,912
Investments in associates	15	9,414,713	9,336,930
Investments in real estate	16	109,785,541	113,698,192
Al Qard Al Hasan – net		26,938,943	36,127,741
Property and equipment – net		84,761,368	85,502,051
Intangible assets		8,173,856	7,058,271
Right of use assets		10,526,146	10,763,279
Deferred tax assets		774,499	750,951
Other assets	17	74,394,637	63,338,951
Total Assets		5,548,279,836	5,463,176,195
<u>Liabilities, Joint Investment Accounts Holders' Equity, Non-controlling Interests and Owner's Equity</u>			
<u>Liabilities</u>			
Banks and financial institutions' accounts		18,191,201	37,104,499
Customers' current and on demand accounts	18	1,384,169,866	1,390,005,595
Cash margins		61,628,280	58,059,637
Other provisions	19	12,964,519	15,654,160
Income tax provision	20 A	20,504,458	31,300,247
Deferred tax liabilities		1,089,095	2,230,404
Lease obligations		10,683,743	10,952,521
Other liabilities	21	42,927,124	33,369,309
Total Liabilities		1,552,168,266	1,578,676,372
<u>Joint Investment Accounts Holders' Equity</u>			
Unrestricted investment accounts	22 A	3,448,406,252	3,333,076,044
Investment accounts holders' reserve in subsidiaries and associates	22 B	15,213,936	14,942,207
Fair value reserve	23 A	(1,687,790)	711,012
Total Joint Investment accounts holders' equity		3,461,932,398	3,348,729,263
Non-controlling interests	22 B	38,994	38,956
Total joint investment accounts holders' equity and non-controlling interest		3,461,971,392	3,348,768,219
Provision against future risks	24 A	14,769,537	15,155,371
<u>Equity</u>			
<u>Owner's equity</u>			
Paid-in capital		200,000,000	200,000,000
Statutory reserve		120,471,745	120,471,745
Voluntary reserve		64,602,142	64,602,142
Fair value reserve	23 B	3,484,735	2,928,070
Retained earnings		82,579,570	132,574,276
Profit for the period after tax		48,262,449	-
Total Owner's Equity – Bank's shareholders		519,360,641	520,576,233
Total liabilities, joint investment accounts holders' equity, non-controlling interests and owner's equity		5,548,279,836	5,463,176,195
<u>Accounts Managed for Others:</u>			
Restricted investments		154,896,320	116,452,531
Al Wakala Bi Al Istithmar (Investments portfolio)		550,128,256	535,034,031
Al Wakala Bi Al Istithmar		73,509,548	75,632,438

General Manager

Chairman

The accompanying notes from (1) to (41) form an integral part of these interim condensed consolidated financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2023 (REVIEWED AND UNAUDITED)
STATEMENT (B)

	Notes	For The Three Months Ended 30 September		For The Nine Months Ended 30 September	
		2023	2022	2023	2022
		JD (Reviewed and Unaudited)	JD (Reviewed and Unaudited)	JD (Reviewed and Unaudited)	JD (Reviewed and Unaudited)
Deferred sales revenues	25	40,555,670	38,110,012	117,662,951	112,094,365
Financing revenues	26	148,876	129,992	444,620	400,161
Gain from financial assets at fair value through joint investment accounts holders' equity	27	33,462	8,863	699,860	555,690
Gain from financial assets at amortized cost	28	4,431,105	3,095,462	14,790,158	8,072,859
Dividends from subsidiaries and associates	29	-	-	1,067,480	1,048,200
Revenues from Investments in real estate	30	848,799	248,380	2,089,621	2,747,785
Revenues from Ijarah Muntahia Bittamleek assets		13,876,233	13,158,261	40,510,669	37,601,754
Revenues from other investments		1,495,287	463,572	4,209,483	1,396,804
Provision for expected credit losses - joint		(2,000,000)	-	-	-
Revenues of Joint Investment Accounts - net		59,389,432	55,214,542	181,474,842	163,917,618
Net income of subsidiaries		682,546	607,156	859,834	817,891
Share of profits from investments in associates		73,905	202,221	646,520	701,205
Total Revenues of Joint Investment Accounts		60,145,883	56,023,919	182,981,196	165,436,714
Deposits guarantee fees joint investment accounts		(1,384,648)	(1,231,132)	(4,153,993)	(3,851,546)
Share of unrestricted investment accounts holders'	31	(23,307,672)	(15,707,942)	(75,356,848)	(48,457,555)
Share of investment accounts holders' from net income of subsidiaries		(681,913)	(606,654)	(859,788)	(817,800)
Share of non-controlling interests' from net income of subsidiaries		(633)	(502)	(46)	(91)
Share of profits from investments in associates		(73,905)	(202,221)	(646,520)	(701,205)
Bank's share of the joint investment accounts revenues as Mudarib and Rab Mal	32	34,697,112	38,275,468	101,964,001	111,608,517
Bank's self-financed revenues	33	200,219	14,453	212,260	29,688
Bank's share of restricted investments revenues as Mudarib		366,211	136,036	674,631	403,233
Bank's share of restricted investments revenues as Wakeel		27,527	24,905	4,421,756	4,329,202
Banking services revenues		7,261,676	6,872,618	21,492,540	20,296,674
Foreign currency gain		1,058,465	597,418	2,173,612	1,795,952
Other income		363,752	202,478	1,869,753	2,051,658
Deposits guarantee fees – self		(1,179,090)	(1,170,000)	(3,537,277)	(3,508,851)
Gross Income		42,795,872	44,953,376	129,271,276	137,006,073
Employees expenses		(11,727,315)	(11,393,934)	(35,606,294)	(34,593,633)
Depreciation and amortization		(1,424,172)	(1,995,788)	(5,023,602)	(6,130,211)
Other expenses		(5,562,842)	(5,453,566)	(18,600,428)	(17,611,530)
Recovered from provision for expected credit losses – self		-	-	1,019,199	-
Total Expenses		(18,714,329)	(18,843,288)	(58,211,125)	(58,335,374)
Profit Before Income Tax		24,081,543	26,110,088	71,060,151	78,670,699
Income tax	20 B	(7,827,618)	(9,103,137)	(22,797,702)	(28,632,139)
Profit After Income Tax		16,253,925	17,006,951	48,262,449	50,038,560
		JD / FILS	JD / FILS	JD / FILS	JD / FILS
Basic Earnings per Share for the Period	34	0/081	0/085	0/241	0/250

General Manager

Chairman

The accompanying notes from (1) to (41) form an integral part of these interim condensed consolidated financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2023 (REVIEWED AND UNAUDITED)
STATEMENT(C)

	For the Three Months Ended 30 September		For the Nine Months Ended 30 September	
	2023	2022	2023	2022
	JD	JD	JD	JD
	(Reviewed And Unaudited)	(Reviewed And Unaudited)	(Reviewed And Unaudited)	(Reviewed And Unaudited)
Profit after tax	16,253,925	17,006,951	48,262,449	50,038,560
comprehensive income items, net after tax:				
Items that can't be transferred later to the income statement				
Change in fair value reserve of financial assets – net	(115,645)	(290,092)	541,959	(501,202)
Total of Comprehensive Income for the Period	16,138,280	16,716,859	48,804,408	49,537,358

The accompanying notes from (1) to (41) form an integral part of these interim condensed consolidated financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNER'S EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023 (REVIEWED AND UNAUDITED)

STATEMENT (D)

	Paid-in capital	Statutory Reserve	Voluntary Reserve	Fair Value Reserve *	Retained Earnings**	Profit for the Period after Tax	Total
	JD	JD	JD	JD	JD	JD	JD
For the nine months ended 30 September 2023							
Balance at 1 January 2023	200,000,000	120,471,745	64,602,142	2,928,070	132,574,276	-	520,576,233
Profit after tax	-	-	-	-	-	48,262,449	48,262,449
Change in fair value reserve	-	-	-	541,959	-	-	541,959
Total Comprehensive Income for the period after tax	-	-	-	541,959	-	48,262,449	48,804,408
Profits from sale of financial assets at fair value through owner's equity	-	-	-	(5,294)	5,294	-	-
Dividends***	-	-	-	-	(50,000,000)	-	(50,000,000)
Balance at 30 September 2023	200,000,000	120,471,745	64,602,142	3,464,735	82,579,570	48,262,449	519,380,641

* The fair value reserve balance of JD 3,464,735 as at 30 September 2023 is restricted from use, in accordance with the instructions of the securities commission.

** An amount of JD 1,000,000 from retained earnings, which was transferred from general banking risk reserve, is restricted from use without prior approval from the Central Bank of Jordan.

** An amount of JD 774,499 from retained earnings balance, which represents deferred tax assets as at 30 September 2023, is restricted from use according to the Central bank of Jordan and the Securities Commission.

*** The General Assembly approved on 27 April 2023 the distribution of cash dividends to shareholders at a rate of 25% from the paid in capital of JD 200 million share, amounted to JD 50 million through the retained earnings.

The accompanying notes from (1) to (41) form an integral part of these condensed consolidated interim financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNER'S EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023 (REVIEWED AND UNAUDITED)

STATEMENT (D)

	Paid-in capital	Statutory Reserve	Voluntary Reserve	Fair Value Reserve *	Retained Earnings**	Profit for the Period after Tax	Total
	JD	JD	JD	JD	JD	JD	JD
For the nine months ended 30 September 2022							
Balance at 1 January 2022	200,000,000	110,912,379	55,081,786	3,069,831	140,544,987	-	509,608,983
Profit after tax	-	-	-	-	-	50,038,560	50,038,560
Change in fair value reserve	-	-	-	(501,202)	-	-	(501,202)
Total Comprehensive Income for the period after tax	-	-	-	(501,202)	-	50,038,560	49,537,358
Profits from sale of financial assets at fair value through owner's equity	-	-	-	(8,155)	8,155	-	-
Dividends***	-	-	-	-	(50,000,000)	-	(50,000,000)
Balance at 30 September 2022	200,000,000	110,912,379	55,081,786	2,560,474	90,553,142	50,038,560	509,146,341

* The fair value reserve balance of JD 2,560,474 as at 30 September 2022 is restricted from use, in accordance with the instructions of the securities commission.

** An amount of JD 1,000,000 from retained earnings, which was transferred from general banking risk reserve, is restricted from use without prior approval from the Central Bank of Jordan.

** An amount of JD 674,945 from retained earnings balance, which represents deferred tax assets as at 30 September 2022, is restricted from use according to the Central bank of Jordan and the Securities Commission.

*** The general Assembly approved on 26 April 2022 the distribution of cash dividends to shareholders at a rate of 25% from the paid in capital of JD 200 million share amounted to JD 50 million through the retained earnings.

The accompanying notes from (1) to (41) form an integral part of these interim condensed consolidated financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
AS OF 30 SEPTEMBER 2023 (REVIEWED AND UNAUDITED)

STATEMENT (E)

	Notes	For The Nine Months Ended on 30 September	
		2023	2022
		JD (Reviewed And Unaudited)	JD (Reviewed And Unaudited)
Cash flows from operating activities			
Profit before tax		71,060,151	78,670,699
Adjustments for non-monetary items:			
Depreciations and amortizations		5,023,602	6,130,211
Costs of lease obligations		457,415	477,652
Recovered from provision for expected credit losses - self		(1,019,199)	-
Gain on sale of property and equipment		(3,005)	(533,277)
Gain on sale of investments in real estate		(1,410,603)	(1,973,971)
Gain from sale of repossessed real estate		(515,761)	(383,362)
Exchange rates effect on cash and cash equivalents		(1,463,089)	(1,143,080)
Profit before change in assets and liabilities		72,129,511	81,244,872
Change In Assets and Liabilities:			
Decrease in investment accounts at banks and financial institutions for more than (3) months		1,418,000	-
Decrease in wakala bil istithmar accounts		17,725,000	17,725,000
Decrease (Increase) in deferred sales receivables and other receivables		29,194,474	(109,856,198)
Increase in financing		(628,755)	(852,270)
Increase in Ijara muntahia bitamleek assets		(30,063,150)	(52,573,156)
Decrease in Al Qard Al Hasan		10,957,646	19,873,070
Increase in other assets		(10,152,498)	(2,862,604)
(Decrease) Increase in current and on demand accounts		(5,835,729)	1,374,416
Increase in cash margins		3,568,623	1,148,859
Increase (Decrease) in other liabilities		9,334,937	(2,998,113)
Net change in assets and liabilities		25,518,548	(129,020,996)
Net cash flows from (used in) operating activities before tax and other payments		97,648,059	(47,776,124)
Taxes paid	20 A	(33,617,039)	(37,020,432)
End of paid service provision	19	(2,053,731)	-
Net Cash Flows from (used in) Operating Activities		61,977,289	(84,796,556)
Cash flows from Investment Activities			
Proceeds from sale of financial assets at fair value through income statement-self		21,834	-
Purchase of financial assets at fair value through owner's income statement-self		(9,859)	(99,855)
Proceeds from sale of financial assets at fair value through owner's equity-self		6,103	6,110
Purchase of financial assets at fair value through owner's equity-self		(200,000)	-
Proceeds from sale of financial assets at fair value through joint investment accounts holders' equity		164,036	275,000
Purchase of financial assets at fair value through joint investment accounts holders' equity		(5,015,558)	(3,114,367)
Purchase of financial assets at amortized cost		(166,190,394)	(194,954,871)
Maturity of financial assets at amortized cost		171,180,895	118,662,709
Proceeds from sale of investments in real estates		3,951,060	3,624,404
Purchase of investments in real estates		(380,782)	(125,990)
Acquired repossessed real estate		(4,605,389)	(8,564,844)
Proceeds from sale of repossessed real estate		4,480,085	3,406,479
Proceeds from sale of properties and equipment		3,058	4,556,778
Purchase of properties and equipment		(2,950,663)	(2,181,482)
Purchase of intangible assets		(1,614,264)	(2,782,569)
Net cash flows from Investment Activities		(1,134,838)	(81,292,498)
Cash Flow from Financing Activities			
Increase in unrestricted investment accounts holders' equity		116,197,736	87,549,311
Dividends distributed to shareholders		(50,000,000)	(50,000,000)
Payment of lease liabilities		(1,764,654)	(1,750,988)
Net Cash Flow from Financing Activities		64,433,082	35,798,323
Net Increase (Decrease) in Cash and Cash Equivalents		125,275,533	(130,290,731)
Exchange rates effect on cash and cash equivalents		1,463,089	1,143,080
Cash and cash equivalents at the beginning of the period		726,121,519	890,471,603
Cash and Cash Equivalents at end of period	35	852,860,141	761,323,952

The accompanying notes from (1) to (41) form an integral part of these interim condensed consolidated financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY

INTERIM CONDENSED CONSOLIDATED STATEMENT OF SOURCES AND USES OF FUNDS OF AL QARD

AL HASAN FUND AS OF 30 SEPTEMBER 2023 (REVIEWED AND UNAUDITED)

STATEMENT (F)

	30 September 2023	31 December 2022
	JD	JD
	(Reviewed And Unaudited)	(Audited)
Beginning balance for the period / year	41,906,315	68,865,578
Sources of the Fund:		
Central bank account/ Al Qard Al Hasan Fund	9,994,563	24,706,391
Sources the Bank is authorized to use	37,342,616	58,068,443
Outside the Bank	2,519,336	2,522,980
Total sources of the fund's assets for the period / year	49,856,515	85,297,814
Uses of the Fund:		
Education	373,420	480,753
Medical treatment	293,010	368,855
Marriage	250,800	364,390
Overdraft accounts and other Qard al Hasan	4,577,926	12,279,058
Social advances for the Bank's employees	2,194,331	2,839,180
Central Bank of Jordan Program for Facing Corona Pandemic & Med-term agreement	100,000	100,000
Total uses for the period / year	7,789,487	16,432,236
Settled for the period / year	(18,747,133)	(43,391,499)
Ending balance for the period / year	30,948,669	41,906,315
Less: Provision for expected credit loss – self	(4,009,726)	(5,778,574)
Ending balance for the period / year– net	26,938,943	36,127,741

The accompanying notes from (1) to (41) form an integral part of these condensed consolidated interim financial statements

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2023 (REVIEWED AND UNAUDITED)

(1) General Information

Jordan Islamic Bank (the "Bank") was established as a public shareholding company on 28 November 1978 pursuant to the provisions of the Companies Law No. (12) Of 1964, Head Office is located in Amman with a capital of 200 million dinar authorized, subscribed and fully paid up at nominal value at one dinar per share.

The Bank offers banking, financial and investment services on an interest-free basis in compliance with the rules and principles of the Islamic Sharia through its Head Office, 89 branches and 22 banking offices inside the Kingdom as well as its subsidiaries. The Bank's transactions are governed by the applicable Bank's Law.

Jordan Islamic Bank shares are listed in Amman Stock Exchange - Jordan.

The bank owned by Al Baraka Group – Bahrain as 66% (the parent company), which shares are listed on the Bahrain market.

The interim condensed consolidated financial statements were authorized for issue by the Bank's Board of Directors in their No.10 meeting held on 17 October 2023.

(2) Significant Accounting Policies

1-2 Basis of Preparation of the Interim Condensed Consolidated Financial Statements:

The accompanying consolidated financial statements of the Bank and its subsidiaries financed from the Bank's funds and the joint investment funds ("the group") have been prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and it was approved by Central Bank of Jordan. In the absence of Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions relating to financial statements items, the International Financial Reporting Standards and related interpretations are applied in conformity with the Shari'a standards, pending the promulgation of Islamic Standards therefor.

The main differences between the Islamic accounting standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions as they should be applied, and the instructions of the Central Bank of Jordan can be summarized as follows:

- The provision for expected credit losses for direct facilities is recorded in accordance with the standard Impairment and Credit Losses and Onerous Commitments (FAS 30) issued by the Accounting and Auditing Organization for Islamic Financial Institutions and Central Bank of Jordan instructions No. 47 of 2009, and Which ever is stricter is taken for the stage 2 and stage 3.
- A provision was calculated against the infringing repossessed real estate at the rate of 5% of the total book values of those real estates, and according to the Central Bank of Jordan Circular No. (10/3/16234) dated October 10, 2022, the calculation of the impairment provision for the infringing repossessed real estate was stopped and the balance of the existing provision will be released for any of the infringing repossessed real estate that is got rid of.
- No expected credit losses provision is calculated on exposures of the Jordanian government or its guarantees.
- Profits are suspended on non-performing credit financing.

The consolidated financial statements have been prepared according to the historical cost basis, except for financial assets through the income statement, financial assets at fair value through owner's equity, financial assets at fair value through equity of joint investment account holders and investments in real estate, which appear at fair value on the date of the consolidated financial statements.

The consolidated financial statements are presented in Jordanian Dinars (JD) which is the functional currency of the bank.

A distinction should be made between the owner's equity (self) and joint investment accounts holders' (joint).

JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2023 (REVIEWED AND UNAUDITED)

The interim condensed consolidated financial statements do not contain all information and disclosures for annual consolidated financial statements prepared in accordance with Sharia' rules and principles determined by the Bank's Sharia Supervisory Board and in accordance with Financial Accounting Standards issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and it was approved by Central Bank of Jordan, and it shall be read in conjunction with the Bank's annual report as of 31 December 2022. In addition, the results for the nine months period ended 30 September 2023 do not necessarily indicate the expected results for the year ended 31 December 2023 and no appropriation was made for the nine months profits ended 30 September 2023 That is conducted at the end of the financial year.

2-2 Basis of consolidation of the interim condensed consolidated financial statements:

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries financed from the Bank's funds and the joint investment funds and subject to the Bank's control ("Group"). Control exists when the Bank has power to govern the financial and operational policies of subsidiaries in order to obtain benefit from their activities. All Intercompany transactions, balances, revenues, and expenses are eliminated. The financial statements of subsidiaries are prepared for the same reporting period as the Bank, using consistent accounting policies.

The results of subsidiaries' operations are consolidated in the consolidated income statement from the acquisition date, being the date, the Bank obtains control over subsidiaries. The results of operations for disposed subsidiaries shall be consolidated within the consolidated income statement until the date of disposal, which is the same date on which the Bank's loses control over subsidiaries.

The non controlling interests represent the portion not owned by the Bank or by the unrestricted investment accounts of the subsidiaries owner's equity.

The Bank owns the following subsidiaries as of 30 September 2023:

Company Name	Paid in capital JD	Bank's ownership	Nature of Business	Place of Work	Acquisition Date
Omariah Schools Company Ltd.	16,000,000	99.8%	Education	Amman	1987
Al Samaha Financing and Islamic Investment Limited Private Company.	12,000,000	100%	Financing	Amman	1998
Future Applied Computer Technology Company Ltd	5,000,000	100%	Services	Amman	1998
Sanabel Al-Khair for Financial Investments Company Ltd.	5,000,000	100%	Brokerage	Amman	2005

3-2 Changes in Accounting Policies:

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Bank's annual consolidated financial statements for the year ended 31 December 2022, except that the Bank has adopted the following new standards.

FAS 39: Financial Reporting for Zakah

This standard improves upon and supersedes FAS 9 "Zakah" issued previously. This standard aims at setting out the accounting treatment of Zakah in the books of Islamic financial institutions, including the presentation and disclosure in its financial statements.

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The standard describes the financial reporting principles applicable, depending upon Islamic financial institutions' obligation to pay Zakah. In addition, where an Islamic financial institution is not required by law or by its constitution documents to pay Zakah, it is still required to identify and disclose the amount of Zakah due in respect of the various stakeholders.

The application of this standard on the interim consolidated financial statements did not have any impact.

FAS 41: Interim Financial Report

The objective of this standard is to define the principles for interim financial reporting for all institutions that apply the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and it should be read together with other accounting standards issued by AAOIFI and generally accepted accounting principles that apply in related regulatory scopes. This standard applies to organizations that choose or are required to prepare interim financial reports in accordance with applicable laws, regulations or practices.

The application of this standard on the interim consolidated financial statements did not have any impact.

There are no new standards that are binding, and the group has not applied them as of 30 September 2023.

(3) Use of Estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the provisions as well as fair value changes reported in shareholders' equity and unrestricted account holders' equity. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ as a result of changes in conditions and circumstances of those estimates in the future.

We believe that our estimates in consolidated financial statements are reasonable and detailed as follows:

Expected credit losses for deferred sales receivables and financing: - in determining expected credit losses for financial assets, judgment is required in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial assets has increased significantly since initial recognition and incorporation of forward looking information in the measurement of expected credit losses.

Income tax provision: the fiscal period is charged with its related income tax according to the laws and accounting standards. Also, the deferred tax assets and liabilities as well as the required tax provision are estimated and recorded.

Management periodically reevaluates the financial assets carried at cost in order to assess any expected credit losses and the expected credit losses are allocated in accordance to the financing party.

A provision is set for the lawsuits raised against the Bank. This provision is based to an adequate legal study prepared by the Bank's legal advisor. Moreover, the study highlights potential risks that the Bank may encounter in the future, such legal assessments are reviewed periodically.

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(4) Cash and Balances with Central Bank

This item consists of the following:

	30 September 2023	31 December 2022
	JD	JD
	(Reviewed And Unaudited)	(Audited)
Cash in vaults	184,830,031	192,748,958
Balances at the Central Bank of Jordan:		
Current accounts	383,603,580	348,612,184
Statutory cash reserve	183,306,698	177,868,969
Total balances at the Central Bank of Jordan	566,910,278	526,481,153
Total	751,740,309	719,230,111

In compliance with Islamic Shari'a rules and the Bank's Articles of Association and bylaws, the Bank does not earn any interest on balances and current accounts held with the Central Bank of Jordan.

An amount of JD 61,851,894 and JD 35,218,347 were deducted as at 30 September 2023 and as at 31 December 2022 respectively, which represent cash balances for accounts managed on behalf of others.

There are no balances maturing within more than three months period as of 30 September 2023 and 31 December 2022.

There are no restricted balances except for the statutory cash reserve as of 30 September 2023 and 31 December 2022. which is not excluded from cash and cash equivalent.

No provision for expected credit losses is calculated on balances with the Central Bank of Jordan according to the instructions of the Central Bank of Jordan.

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(5) Balances at Banks and Financial Institutions

This item consists of the following:

	Local banks and financial Institutions		Foreign banks and financial Institutions		Total	
	31					
	30 September 2023	December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022
	JD	JD	JD	JD	JD	JD
	(Reviewed And Unaudited)	(Audited)	(Reviewed And Unaudited)	(Audited)	(Reviewed And Unaudited)	(Audited)
Current and on demand accounts	-	1,540	34,585,533	34,422,867	34,585,533	34,424,407
provision for expected credit loss	-	-	(1,563,294)	(589,873)	(1,563,294)	(589,873)
Net Current and on demand accounts	-	1,540	33,022,239	33,832,994	33,022,239	33,834,534
Unrestricted accounts maturing within 3 months or less	-	-	59,910,500	9,571,500	59,910,500	9,571,500
provision for expected credit loss	-	-	(7,095)	(5,499)	(7,095)	(5,499)
Net unrestricted accounts maturing within 3 months or less	-	-	59,903,405	9,566,001	59,903,405	9,566,001
Total	-	1,540	92,925,644	43,398,995	92,925,644	43,400,535

In compliance with Islamic Shari'a rules and the Bank's Articles of Association and bylaws, the Bank does not earn any interest on current and on demand accounts at local and foreign banks and financial institutions.

There are no restricted balances at the local and foreign banks and financial institutions as of 30 September 2023 and 31 December 2022 except for current accounts amounted to (1,916,471 JD) as of 30 September 2023 compared to (1,000,309 JD) as of 31 December 2022, which is subtracted from cash and cash equivalent.

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(6) Investment accounts at bank and financial institutions

This item consists of the following:

	Foreign banks and financial institutions	
	30 September 2023	31 December 2022
	JD	JD
	(Reviewed and Unaudited)	(Audited)
Within (3-6) months	-	1,418,000
Less: expected credit losses provision	-	(41)
Total	-	1,417,959

There are no restricted balances for foreign banks and financial institutions as of 30 September 2023 and 31 December 2022.

(7) Wakala Bil Istithmar Accounts

This item consists of the following:

	Foreign banks and financial institutions	
	30 September 2023	31 December 2022
	JD	JD
	(Reviewed And Unaudited)	(Audited)
Maturing within three month or less	24,815,000	-
Within (3-6) months	-	17,725,000
More than one year	17,725,000	17,725,000
Less: Expected credit losses provision	(171,359)	(241,517)
Total	42,368,641	35,208,483

There are no restricted balances at the foreign banks and financial institutions as of 30 September 2023 and 31 December 2022.

A. Movement on balances at banks and financial institutions, investment accounts at banks and financial institution and wakala bil istithmar accounts (notes 5,6 and 7):

As of 30 September 2023 (Reviewed and Unaudited):

	Stage 1		
	Individual	Stage 3	Total
	JD	JD	JD
Balance at the beginning of the period	79,863,598	1,000,309	80,863,907
New balances and accounts during the period	84,725,500	763	84,726,263
Balances and accounts settled	(29,469,536)	-	(29,469,536)
Transferred from restricted investment accounts	-	1,063,500	1,063,500
Adjustments due to changes exchange rates	-	(148,101)	(148,101)
Balance at the end of the period	135,119,562	1,916,471	137,036,033

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As of 31 December 2022 (Audited):

	Stage 1	Stage 2		
	Individual	Individual	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the period	87,585,121	829,754	-	88,414,875
New balances and accounts during the year	37,167,683	-	170,555	37,338,238
Balances and accounts settled	(44,889,206)	-	-	(44,889,206)
Transferred (from) to stage 3	-	(829,754)	829,754	-
Balance at the end of the period	79,863,598	-	1,000,309	80,863,907

B. movement on the expected credit losses on banks and financial institutions, investment accounts and wakala bil istithmar accounts (notes 5,6 and 7):

As of 30 September 2023 (Reviewed and Unaudited):

	Stage 1		
	Individual	Stage 3	Total
	JD	JD	JD
Balance at the beginning of the period	336,775	500,155	836,930
Expected credit loss on new balances and accounts during the period	54,595	381	54,976
Expected credit loss recovered from balances and accounts settled	(5,563)	-	(5,563)
Impact due to transferred from restricted investment accounts	-	1,063,500	1,063,500
Changes resulted from adjustments	(134,044)	-	(134,044)
Adjustments due to exchange rates changes	-	(74,051)	(74,051)
Balance at the end of the period	251,763	1,489,985	1,741,748

As of 31 December 2022 (Audited):

	Stage 1	Stage 2		
	Individual	Individual	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the period	349,304	60,875	-	410,179
Expected credit loss on new balances and accounts during the year	129,663	-	85,278	214,941
Expected credit loss recovered from balances and accounts settled	(142,192)	-	-	(142,192)
Transferred (from) to stage 3	-	(60,875)	60,875	-
Impact on ending balance provision due to change in staging classification	-	-	354,002	354,002
Balance at the end of the period	336,775	-	500,155	836,930

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(8) Deferred Sales Receivables and Other Receivables – Net

This item consists of the following:

	Joint		Self		Total	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022
	JD	JD	JD	JD	JD	JD
	(Reviewed And Unaudited)	(Audited)	(Reviewed And Unaudited)	(Audited)	(Reviewed And Unaudited)	(Audited)
Individuals (Retail):						
Murabaha to the purchase orderer	956,948,618	891,732,063	-	-	956,948,618	891,732,063
Deferred sales	14,662,322	14,421,236	-	-	14,662,322	14,421,236
Ijarah Mawsoofa Bil Thimma	11,987,251	10,587,044	-	-	11,987,251	10,587,044
Ijarah Muntahia Bittamleek receivables	7,692,187	7,079,170	-	-	7,692,187	7,079,170
Istisna'a	148,527	203,143	-	-	148,527	203,143
Customers' receivables	6,730,308	6,802,081	2,445,837	4,167,097	9,176,145	10,969,178
Musharaka receivables	12,053	-	-	-	12,053	-
Real estate financing	587,611,035	582,005,690	-	-	587,611,035	582,005,690
Corporate:						
International Murabaha	30,114,052	25,863,779	-	-	30,114,052	25,863,779
Murabaha to the purchase orderer	587,450,529	563,644,181	-	-	587,450,529	563,644,181
Ijarah Mawsoofa Bil Thimma	-	62,395	-	-	-	62,395
Ijarah Muntahia Bittamleek receivables	266,924	161,834	-	-	266,924	161,834
Istisna'a	16,495,365	20,753,667	-	-	16,495,365	20,753,667
Small and Medium Enterprises (SME's):						
Murabaha to the purchase orderer	195,699,583	178,837,849	-	-	195,699,583	178,837,849
Deferred sales	25,348	13,956	-	-	25,348	13,956
Ijarah Mawsoofa bil Thimma	23,961	336,640	-	-	23,961	336,640
Ijarah Muntahia Bittamleek receivables	619,711	529,378	-	-	619,711	529,378
Istisna'a	1,195,916	185,500	-	-	1,195,916	185,500
Customers' receivables	-	-	4,252,014	2,673,868	4,252,014	2,673,868
Government and public sector	961,925,846	1,098,979,661	-	3,401	961,925,846	1,098,983,062
Total	3,379,609,536	3,402,199,267	6,697,851	6,844,366	3,386,307,387	3,409,043,633
Less: deferred revenues	(291,630,257)	(288,856,957)	-	-	(291,630,257)	(288,856,957)
Less: suspended revenues	(9,652,258)	(9,385,170)	-	-	(9,652,258)	(9,385,170)
Less: deferred mutual insurance	(28,915,396)	(25,481,658)	-	-	(28,915,396)	(25,481,658)
Less: expected credit loss provision	(123,268,841)	(122,209,253)	(1,124,801)	(744,000)	(124,393,642)	(122,953,253)
Net deferred sales and other receivables	2,926,142,784	2,956,266,229	5,573,050	6,100,366	2,931,715,834	2,962,366,595

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Movements on the suspended revenues (note 8) were as follows:

	Joint (Reviewed and Unaudited)				
	For the period ended 30 September 2023				
		Real estate	Large	Small and	
	Retail	financing	corporates	Medium	Total
	JD	JD	JD	Enterprises	JD
Balance at the beginning of the period	4,435,761	1,186,801	3,037,492	725,116	9,385,170
Add: suspended revenues during the period	1,223,091	327,242	837,541	199,939	2,587,813
Less: revenue in suspense transferred to revenue	(1,204,268)	(123,921)	(826,068)	(166,468)	(2,320,725)
Balance at the end of the period	4,454,584	1,390,122	3,048,965	758,587	9,652,258

	Joint (Audited)				
	For the year ended 31 December 2022				
		Real estate	Large	Small and	
	Retail	financing	corporates	Medium	Total
	JD	JD	JD	Enterprises	JD
Balance at the beginning of the year	5,298,051	1,309,327	2,710,773	943,611	10,261,762
Add: suspended revenues during the year	1,539,050	380,351	787,462	274,113	2,980,976
Less: revenue in suspense transferred to revenue	(2,271,705)	(415,210)	(460,743)	(456,724)	(3,604,382)
Less: suspended revenues written off	(129,635)	(87,667)	-	(35,884)	(253,186)
Balance at the end of the year	4,435,761	1,186,801	3,037,492	725,116	9,385,170

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(9) Ijarah Muntahia Bittamleek Assets - Net

	Joint	
	30 September 2023	31 December 2022
	JD (Reviewed and Unaudited)	JD (Audited)
Cost	1,148,193,224	1,079,970,555
Accumulated depreciation	(229,812,895)	(191,653,376)
Impairment provision	(75,000)	(75,000)
Net Ijarah Muntahia Bittamleek assets	918,305,329	888,242,179

The accrued Ijarah installments amounted to JD 8,578,822 as at 30 September 2023 compared as at 31 December 2022 JD 7,770,382 were included in deferred sales receivables and other receivables (Note 8).

(10) Financing – Net

	Joint		Self		Total	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022
	JD (Reviewed And Unaudited)	JD (Audited)	JD (Reviewed And Unaudited)	JD (Audited)	JD (Reviewed And Unaudited)	JD (Audited)
Individuals (Retail):						
Diminishing Musharaka	39,192,752	38,549,429	183,880	198,448	39,376,632	38,747,877
Less: Expected credit loss provision	(245,441)	(298,019)	(1,581)	(1,887)	(247,022)	(299,906)
Net Financing	38,947,311	38,251,410	182,299	196,561	39,129,610	38,447,971

Non-performing deferred sales receivables, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan amounted to JD 112,436,163 as at 30 September 2023, representing 3.25% of deferred sales receivable, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan balance compared to JD 100,734,560 as at 31 December 2022, representing 2.89% of the utilized balance at the end of the previous year.

Non-performing deferred sales receivables, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan after deducting suspended revenues amounted to JD 104,824,584 as at 30 September 2023, representing 3.04% of deferred sales, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan balance after deducting suspended revenues, compared to JD 93,325,578 as at 31 December 2022, representing 2.68% of the utilized balance at the end of the previous year.

Deferred sales, other receivables, and financing granted to and guaranteed by the Government of Jordan amounted to JD 964,920,930 as at 30 September 2023, representing 27.92% of deferred sales, other receivables and financing balance, compared to JD 1,101,978,146 as at 31 December 2022, representing 31.58% of the utilized balance at the end of the previous year.

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A- Cumulative movement on direct facilities (deferred sales receivables, other receivables, financing, and Al-Qard Al-Hasan):

As of 30 September 2023 (Reviewed And Unaudited):

	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period	1,624,433,741	1,034,199,652	349,255,458	42,654,507	115,430,682	3,165,974,040
New facilities during the period	526,749,128	304,647,567	136,280,780	6,032,289	3,982,126	977,691,890
Settled facilities	(582,905,290)	(271,089,173)	(133,496,641)	(13,137,065)	(16,602,984)	(1,017,231,153)
Transferred (from) to stage 1	47,958,462	14,606,253	(45,563,520)	(12,276,998)	(4,724,197)	-
Transferred (from) to stage 2	(98,233,637)	(28,518,022)	113,063,168	32,143,275	(18,454,784)	-
Transferred (from) to stage 3	(12,480,034)	(4,195,829)	(22,625,558)	(8,549,204)	47,850,625	-
Balance at the end of the period	<u>1,505,522,370</u>	<u>1,049,650,448</u>	<u>396,913,687</u>	<u>46,866,804</u>	<u>127,481,468</u>	<u>3,126,434,777</u>

As of 31 December 2022 (Audited):

	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	1,517,201,239	928,239,973	410,039,568	47,562,501	128,617,707	3,031,660,988
New facilities during the year	581,953,003	391,113,514	139,930,373	7,570,137	4,756,678	1,125,323,705
Settled facilities	(506,062,271)	(271,665,662)	(169,448,626)	(16,553,064)	(25,131,470)	(988,861,093)
Transferred (from) to stage 1	121,983,457	15,857,801	(120,360,886)	(13,220,753)	(4,259,619)	-
Transferred (from) to stage 2	(84,439,576)	(23,483,363)	111,150,895	27,538,238	(30,766,194)	-
Transferred (from) to stage 3	(6,202,111)	(5,862,611)	(22,055,866)	(10,242,552)	44,363,140	-
Written of facilities	-	-	-	-	(2,149,560)	(2,149,560)
Balance at the end of the year	<u>1,624,433,741</u>	<u>1,034,199,652</u>	<u>349,255,458</u>	<u>42,654,507</u>	<u>115,430,682</u>	<u>3,165,974,040</u>

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B- Cumulative movement on the expected credit loss for direct facilities (deferred sales receivables, other receivables, financing and Al-Qard Al-Hasan):

As of 30 September 2023 (Reviewed And Unaudited):

	Large corporates	SMEs	Individuals	Real estate financing	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the period	55,333,502	17,440,531	34,512,265	21,745,435	129,031,733
Expected credit loss on the new facilities during the period	3,650,151	914,545	1,558,926	599,572	6,723,194
Expected credit loss recovered from settled facilities	(155,158)	(296,267)	(1,094,392)	(236,940)	(1,782,757)
Transferred (from) to stage 1	1,193,238	220,882	2,087,868	872,858	4,374,846
Transferred (from) to stage 2	4,695,449	887,096	(9,950)	23,605	5,596,200
Transferred (from) to stage 3	(5,888,687)	(1,107,978)	(2,077,918)	(896,462)	(9,971,045)
Impact on ending balance provision due to change in staging classification	5,990,529	280,411	3,612,567	9,769,429	19,652,936
Adjustments	(12,876,450)	(2,831,041)	(718,059)	(8,549,167)	(24,974,717)
Balance at the end of the period	51,942,574	15,508,179	37,871,307	23,328,330	128,650,390
Reallocated:					
Individual level provision	51,942,574	12,711,086	10,063,116	12,217,099	86,933,875
Collective level provision	-	2,797,093	27,808,191	11,111,231	41,716,515

As of 31 December 2022 (Audited):

	Large corporates	SMEs	Individuals	Real estate financing	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	37,577,278	16,660,354	40,832,834	24,544,680	119,615,146
Expected credit loss on the new facilities during the year	15,206,264	1,378,746	1,869,913	1,771,520	20,226,443
Expected credit loss recovered from settled facilities	(2,468,642)	(743,819)	(998,309)	(539,618)	(4,750,388)
Transferred (from) to stage 1	535,206	216,432	1,458,945	1,244,730	3,455,313
Transferred (from) to stage 2	9,471,589	2,306,160	215,874	(883,802)	11,109,821
Transferred (from) to stage 3	(10,006,794)	(2,522,593)	(1,674,819)	(360,928)	(14,565,134)
Impact on ending balance provision due to change in staging classification	(9,009,683)	116,363	3,018,989	1,181,904	(4,692,427)
Adjustments	14,028,284	905,809	(9,431,803)	(5,186,083)	316,207
Written off facilities	-	(876,921)	(779,359)	(26,968)	(1,683,248)
Balance at the end of the period	55,333,502	17,440,531	34,512,265	21,745,435	129,031,733
Reallocated:					
Individual level provision	55,333,502	15,077,956	10,190,840	8,247,520	88,849,818
Collective level provision	-	2,362,575	24,321,425	13,497,915	40,181,915

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Cumulative movement on the expected credit loss for direct facilities (sales receivables, other receivables, financing and Al-Qard Al-Hasan):

	As of 30 September 2023 (Reviewed and Unaudited)						As of 31 December 2022 (Audited)	
	Stage 1			Stage 2			Total	Total
	Individual	Collective		Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period / year	2,471,972	13,493,041		31,454,763	3,595,985	78,015,972	129,031,733	119,615,146
Impairment loss on new exposures during the period / year	1,460,360	408,587		1,456,903	609,401	2,787,943	6,723,194	20,226,442
Recovered from impairment loss on settled exposures	(24,110)	(64,734)		(146,014)	(189,587)	(1,358,311)	(1,782,756)	(4,750,388)
Transferred (from) to stage 1	3,262,412	1,839,373		(1,782,122)	(751,570)	(2,568,093)	-	-
Transferred (from) to stage 2	(609,466)	(72,339)		7,969,216	1,105,958	(8,393,369)	-	-
Transferred (from) to stage 3	(27,360)	(17,774)		(118,622)	(826,660)	990,416	-	-
Impact on impairment loss due to change in staging classification	8,567,982	4,957,528		13,930,073	1,778,611	(9,581,258)	19,652,936	(4,692,426)
Impact on provision due to adjustment	(11,620,767)	(11,350,073)		(21,463,952)	(1,588,095)	21,048,170	(24,974,717)	316,207
Impairment loss on written off exposures	-	-		-	-	-	-	(1,683,248)
Balance at the end of the period / year	3,481,023	9,193,609		31,300,245	3,734,043	80,941,470	128,650,390	129,031,733

(11) Financial Assets at Fair Value Through Income Statement – Self Financed

	30 September 2023	31 December 2022
	JD (Reviewed and Unaudited)	JD (Audited)
Quoted financial assets		
Companies shares	34,264	47,359
Total financial assets at fair value through income statement – self financed	34,264	47,359

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(12) Financial Assets at Fair Value Through Owner's Equity – Self Financed

	30 September 2023	31 December 2022
	JD	JD
	(Reviewed And Unaudited)	(Audited)
Quoted financial assets		
Companies shares	5,141,913	4,673,901
Total financial assets – quoted	5,141,913	4,673,901
Unquoted financial assets		
Companies shares	2,871,330	2,419,486
Al Wakala Bi Al Istithmar (investment portfolio)	11,055,052	10,915,422
Total financial assets - unquoted	13,926,382	13,334,908
Total financial assets at fair value through owner's equity – self financed	19,068,295	18,008,809

(13) Financial Assets at Fair Value Through Joint Investment Account Holder's Equity

	30 September 2023	31 December 2022
	JD	JD
	(Reviewed And Unaudited)	(Audited)
Quoted financial assets:		
Companies shares	17,009,896	19,179,595
Total quoted financial assets	17,009,896	19,179,595
Unquoted financial assets:		
Companies shares	18,401,400	13,399,274
Al Wakala Bi Al Istithmar (investment portfolio)	1,208,386	1,291,047
Total unquoted financial assets	19,609,786	14,690,321
Total financial assets at fair value through joint investment accounts holders' equity	36,619,682	33,869,916

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(14) Financial Assets at Amortized Cost

	30 September 2023	31 December 2022
	JD	JD
	(Reviewed And Unaudited)	(Audited)
Quoted financial assets		
Islamic Sukuk	12,762,000	12,762,000
Expected credit losses provision	(81,914)	(105,654)
Net quoted financial assets	12,680,086	12,656,346
Unquoted financial assets at amortized cost		
Islamic Sukuk	376,744,602	376,430,472
Islamic banks portfolio	4,009,827	9,314,458
Total unquoted financial assets	380,754,429	385,744,930
Expected credit losses provision	(1,831,990)	(2,039,364)
Net unquoted financial assets	378,922,439	383,705,566
Total Financial Assets at amortized cost	391,602,525	396,361,912

Islamic Sukuk in Jordanian Dinars rate of return ranges between (3.55% - 6.00%) payable on a semi-annual basis, with a maturity of less than 4 years.

Islamic Sukuk in US Dollars rate of return on long term ranges between (6.87% - 10.00%) payable on a semi-annual basis, with a maturity of less than 10 years.

Rate of return on short term Islamic Sukuk in US Dollars ranges between (6.20% - 5.80%) with a maturity of 3-6 months.

A. Cumulative movement on financial assets at amortized cost:

As of 30 September 2023 (Reviewed and Unaudited):

	Stage 1	Stage 2		
	Individual	Individual	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the period	393,671,885	3,016,672	1,818,373	398,506,930
New investments during the period	166,190,394	-	-	166,190,394
Matured investments	(168,956,894)	(2,224,001)	-	(171,180,895)
Balance at the end of the period	390,905,385	792,671	1,818,373	393,516,429

As of 31 December 2022 (Audited):

	Stage 1	Stage 2		
	Individual	Individual	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the year	268,622,313	-	1,818,373	270,440,686
New investments during the year	180,555,181	3,016,672	-	183,571,853
Matured investments	(55,505,609)	-	-	(55,505,609)
Balance at the end of the year	393,671,885	3,016,672	1,818,373	398,506,930

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B. Cumulative movement on the expected credit loss:

As of 30 September 2023 (Reviewed And Unaudited):

	<u>Stage 1</u>	<u>Stage 2</u>		
	<u>Individual</u>	<u>Individual</u>	<u>Stage 3</u>	<u>Total</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Balance at the beginning of the period	142,555	184,090	1,818,373	2,145,018
Expected credit loss on new investments during the period	54,954	-	-	54,954
Expected credit loss recovered from matured investments	(57,842)	(182,371)	-	(240,213)
Changes resulting from adjustments	(45,855)	-	-	(45,855)
Balance at the end of the period	93,812	1,719	1,818,373	1,913,904

As of 31 December 2022 (Audited):

	<u>Stage 1</u>	<u>Stage 2</u>		
	<u>Individual</u>	<u>Individual</u>	<u>Stage 3</u>	<u>Total</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
Balance at the beginning of the year	170,264	-	1,818,373	1,988,637
Expected credit loss on new investments during the year	36,782	184,090	-	220,872
Expected credit loss recovered from matured investments	(7,905)	-	-	(7,905)
Changes resulting from adjustments	(56,586)	-	-	(56,586)
Balance at the end of the year	142,555	184,090	1,818,373	2,145,018

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(15) Investments in associates

This item consists of the following:

Joint								
Company Name	Country of incorporation	Percentage of ownership	Nature of activity	Acquisition date	Cost		Value under equity method	
					30 September 2023	31 December 2022	30 September 2023	31 December 2022
<u>Associates</u>		%			JD	JD	JD	JD
					(Reviewed and Unaudited)	(Audited)	(Reviewed and Unaudited)	(Audited)
Jordan Center for International Trading Co.	Jordan	28.4	Commercial	1983	1,070,507	1,070,507	1,499,714	1,554,240
Islamic Insurance Co.	Jordan	33.3	Insurance	1995	4,625,908	4,625,908	7,914,999	7,782,690
Total associates					5,696,415	5,696,415	9,414,713	9,336,930

Investments in associates are presented - using equity method, Fair value of these investments as at 30 September 2023 amounted to JD 7,966,400 compared to JD 8,153,270 as at 31 December 2022.

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(16) Investments in Real Estate

	Joint	
	30 September 2023	31 December 2022
	JD (Reviewed And Unaudited)	JD (Audited)
Investments in real estate *	109,785,541	113,696,192
Total	109,785,541	113,696,192

* Investment in real estate are presented at fair value, with a book value (cost) of JD 107,248,204 as at 30 September 2023 compared to JD 109,407,879 as at 31 December 2022.

- Movements on investments in real estate were as follow:

	30 September 2023 (Reviewed and Unaudited)		
	Lands	Buildings	Total
	JD	JD	JD
Balance at the beginning of the period	67,225,609	46,470,583	113,696,192
Disposals	(3,910,651)	-	(3,910,651)
Net Investments in real estate at the end of the period	63,314,958	46,470,583	109,785,541

	31 December 2022 (Audited)		
	Lands	Buildings	Total
	JD	JD	JD
Balance at the beginning of the year	70,771,125	48,252,521	119,023,646
Disposals *	(5,230,892)	(300,081)	(5,530,973)
Revaluation difference	1,685,376	(1,481,857)	203,519
Net Investments in real estate at the end of the year	67,225,609	46,470,583	113,696,192

The fair value of real estate investments is based on the average of the valuations made by independent appraisers who have the professional qualifications and experience to evaluate the location and type of properties subject to appraisal as of 31 December 2022. The fair value was determined based on recent market transactions as well as independent appraisers' information and professional judgments.

* On 22 December 2022, one of the lands was transferred from investments in real estate (joint investment accounts) to the bank's self-assets, due to the bank's desire to use it for the purpose of establishing an electricity generation plant to serve its branches, where the approval of the Real Estate Investment Committee was obtained to sell the property based on the average real estate estimates of three accredited real estate valuers amounted to 240,373 JD, and the book value of the property at the date of the transfer amounted to 134,020 JD, and as a result of this transfer, a profit for joint investment account holders amounted to 106,354 JD. There was no fundamental change in the value of these assets at the beginning and end of the financial period. These assets are indivisible and did not result in any differences in foreign currency, and the prior approval of the Central Bank of Jordan was taken according to the instructions.

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(17) Other Assets

	30 September 2023	31 December 2022
	JD	JD
	(Reviewed And Unaudited)	(Audited)
Accrued revenues	5,249,396	2,692,593
Prepaid expenses	3,711,866	367,939
Temporary debit accounts	10,259,040	7,965,934
Stationery and publications	652,252	627,479
Stamps	85,174	69,322
Credit card accounts	9,967,802	8,352,247
Settlement guarantee fund deposits	28,000	25,000
Refundable deposits	358,319	351,980
Reposessed assets by the Bank against outstanding debts - net*	43,723,436	42,820,248
Others	359,352	66,209
Total	74,394,637	63,338,951

*** Movement on the reposessed assets against outstanding debts was as follow:**

	30 September 2023	31 December 2022
	JD	JD
	(Reviewed And Unaudited)	(Audited)
Beginning balance for the period / year	45,056,818	37,378,971
Additions	4,605,389	12,719,324
Disposals	(3,964,324)	(5,041,477)
Ending balance for the period / year	45,697,883	45,056,818
Provision for reposessed assets *	(573,486)	(612,731)
Provision for impairment in reposessed assets	(1,400,961)	(1,623,839)
Total	43,723,436	42,820,248

* According to the central bank of Jordan a provision was calculated against the infringement reposessed real estate at the rate of 5% of the total book values of those real estate during the year 2022, and according to the Central Bank of Jordan Circular No. (10/3/16234) dated 10 October 2022, the calculation of the impairment provision for the infringement of reposessed real estate was stopped and the balance was released existing allowance against any of the infringing of reposessed real estate that is disposed of.

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(18) Customers' Current and on Demand Accounts

30 September 2023 (Reviewed and Unaudited)					
	Retail	Large corporates	Small and Medium Enterprises	Government and public sector	Total
	JD	JD	JD	JD	JD
Current accounts	791,475,222	22,105,623	288,141,992	23,464,477	1,125,187,314
On demand accounts	257,107,417	327,346	1,547,644	145	258,982,552
Total	1,048,582,639	22,432,969	289,689,636	23,464,622	1,384,169,866

31 December 2022 (Audited)					
	Retail	Large corporates	Small and Medium Enterprises	Government and public sector	Total
	JD	JD	JD	JD	JD
Current accounts	820,449,773	19,207,829	257,806,231	28,203,834	1,125,667,667
On demand accounts	262,423,818	919,321	994,789	-	264,337,928
Total	1,082,873,591	20,127,150	258,801,020	28,203,834	1,390,005,595

Government and public sector deposits inside the Kingdom amounted to JD 23,464,622 representing 1.70% of the total customers' current and on demand accounts as at 30 September 2023 compared to JD 28,203,834 representing 2.03% as at 31 December 2022.

Dormant accounts amounted to JD 16,573,694 as of 30 September 2023 compared to JD 14,229,016 as of 31 December 2022.

The restricted accounts amounted to JD 7,001,778 representing 0.51% of the total customers' current and on demand accounts as of 30 September 2023 compared to JD 7,153,085 representing 0.51% as of 31 December 2022 of the total customers' current and on demand accounts.

(19) Other provisions

30 September 2023 (Reviewed and Unaudited)					
	Beginning Balance for the period	Appropriated during the period	Transferred to (from) during the period	Utilized during the period	Ending Balance for the period
	JD	JD	JD	JD	JD
End of service indemnity provision	5,200,000	-	-	(2,053,731)	3,146,269
Legal case held against bank provision	75,000	-	-	-	75,000
Employees' vacation provision	3,800,000	-	-	-	3,800,000
Expected credit losses provision against Contingent liabilities -(Note 39-B) Joint	736,810	-	(31,643)	-	705,167
Expected credit losses provision against Contingent liabilities -(Note 39-B) Self	5,842,350	-	(604,267)	-	5,238,083
Total	15,654,160	-	(635,910)	(2,053,731)	12,964,519

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	31 December 2022 (Audited)				
	Beginning Balance for the year	Appropriated during the year	Transferred to (from) during the year	Utilized during the year	Ending Balance for the year
	JD	JD	JD	JD	JD
End of service indemnity provision	4,350,000	850,000	-	-	5,200,000
Legal cases held against bank provision	75,000	-	-	-	75,000
Employees' vacation provision	3,600,000	200,000	-	-	3,800,000
Expected credit losses provision against Contingent liabilities -(Note 39-B) Joint	2,132,047	-	(1,395,237)	-	736,810
Expected credit losses provision against Contingent liabilities -(Note 39-B) Self	6,403,296	-	(560,946)	-	5,842,350
Total	16,560,343	1,050,000	(1,956,183)	-	15,654,160

(20) Income Tax Provision

A- Bank's Income Tax Provision:

Movements on the Bank's income tax provision were as follows:

	30 September 2023 JD (Reviewed And Unaudited)	31 December 2022 JD (Audited)
Beginning balance for the period / year	31,300,247	32,652,979
Income tax paid	(27,654,239)	(28,749,724)
Income tax accrued	22,821,250	35,180,593
Income tax paid in advance for the year 2023 & 2022	(5,962,800)	(7,783,601)
Ending balance for the period / year	20,504,458	31,300,247

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B- The income tax expense shown in the interim condensed consolidated Income Statement represents the following:

	30 September	
	2023	2022
	JD	JD
	(Reviewed And Unaudited)	(Reviewed And Unaudited)
Income tax expense for the profit of the period	22,821,250	29,307,084
Less: deferred tax assets (formed during the period)	(23,548)	(674,945)
Total	22,797,702	28,632,139

Income tax was calculated in accordance with Income Tax Law No. (38) of 2018 and its amendments to become 35% income tax in addition to 3% national contribution, a total of 38% for the Bank.

The Bank reached a final settlement up to end of 2020 and the Bank submitted the income tax declarations for the years 2021 and 2022, but the Income and Sales Tax Department has not reviewed the records up to the date of this interim condensed consolidated financial statements.

There are no pending cases concerning the bank with the Income Tax Court, and in the opinion of the bank's administration and its tax consultant, the tax allocations taken are sufficient as of 30 September 2023.

Subsidiary Companies:

Al Samaha Financing and Islamic Investment Limited Private Company:

The Company reached a final settlement with the income tax department up to end of 2022, with the exception of the years 2019,2020,2021 where the company submitted the income tax declarations for the years 2019,2020,2021,the income and sales tax department has not reviewed the records up to the date of this interim condensed consolidated financial statements .

Sanabel Al-Khair for financial investment Company Ltd:

The Company reached a final settlement with the income tax department up to end of 2022, with the exception of the year 2021 where the company submitted the income tax declaration for the year 2021,the income and sales tax department has not reviewed the records up to the date of this interim condensed consolidated financial statements.

Omaryeh school company Ltd:

The Company reached final settlement with the income tax department up to end of 2018, the Company submitted the income tax declaration for the years 2019,2020,2021 and 2022, the income tax department has not reviewed the records up to the date of this interim condensed consolidated financial statements.

Future Applied Computer Technology Company Ltd:

The Company reached final settlement with the income tax department up to end of 2022 , with the exception of the year 2021 and the company submitted the income tax declaration for the year 2021, the income and sales tax department has not reviewed the records up to the date of this interim condensed consolidated financial statements.

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21) Other Liabilities

This item consists of the following:

	30 September 2023 JD (Reviewed And Unaudited)	31 December 2022 JD (Audited)
Accepted cheques	352,198	632,593
Revenues received in advance	2,147,230	1,489,248
Al Qard Al Hasan Fund	2,519,336	2,522,980
Temporary deposits	2,096,993	1,342,299
Miscellaneous credit balances	1,697,375	1,576,988
Cheques against notes payables	3,860,510	5,704,024
Investments deposit profits	1,686,892	-
Banker's cheques	9,997,199	6,823,072
Accounts payable	1,047,114	1,270,121
Customer collection bills	4,815,109	3,569,151
Cards limits - received in advance	6,729,885	6,147,168
others	5,977,283	2,291,665
Total	42,927,124	33,369,309

(22) Unrestricted Investment Accounts

A- This item consists of the following:

	30 September 2023 (Reviewed and Unaudited)					
	Retail	Large	Small and	Government		
	JD	corporates	Medium	and public	Banks	Total
	JD	JD	Enterprises	sector	JD	JD
Saving accounts	604,423,146	2,196,839	10,096,350	275	24,117,781	640,834,391
Notice accounts	7,127,255	-	3,293,188	660,915	13,299,696	24,381,054
Term accounts	2,226,287,900	57,012,596	227,884,341	161,914,681	34,734,441	2,707,833,959
Total	2,837,838,301	59,209,435	241,273,879	162,575,871	72,151,918	3,373,049,404
Depositors' share from						
Investment returns	61,650,792	1,696,908	6,046,034	4,867,069	1,096,045	75,356,848
Total unrestricted	2,899,489,093	60,906,343	247,319,913	167,442,940	73,247,963	3,448,406,252
investment accounts						

	31 December 2022 (Audited)					
	Retail	Large corporates	Small and Medium Enterprises	Government and public sector	Banks	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	634,656,330	580,959	8,099,703	278	24,204,359	667,541,629
Notice accounts	8,818,494	-	4,163,348	641,666	8,045,265	21,668,773
Term accounts	2,107,740,965	60,016,758	191,594,253	172,390,043	30,000,000	2,561,742,019
Total	2,751,215,789	60,597,717	203,857,304	173,031,987	62,249,624	3,250,952,421
Depositors' share from Investment returns	66,190,642	2,167,236	6,338,253	6,670,997	756,495	82,123,623
Total unrestricted investment accounts	2,817,406,431	62,764,953	210,195,557	179,702,984	63,006,119	3,333,076,044

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Unrestricted investment accounts share of profits is calculated as follows:

- 40% of the annual average balance of saving accounts.
- 70% of the annual average balance of notice accounts.
- 90% of the minimum balance of investments deposit accounts.

Profits are distributed semi-annually.

Profit distributed percentage for Jordanian Dinar on investments deposit accounts was (4.00% - 5.90%) as at 30 June 2023 compared to (3.34% - 5.55%) as at 31 December 2022, Profit distributed percentage of foreign currencies on unrestricted investment accounts was (3.33% - 4.17%) as at 30 June 2023 compared to (2.00% - 3.33%) as at 31 December 2022.

Profit distributed percentage for Jordanian Dinars on saving and notice accounts was 2.8% as at 30 June 2023 compared to 3.34% as at 31 December 2022, Profit distributed percentage of foreign currencies on saving and notice accounts was 2.1% as at 30 June 2023 compared to 2.0% as at 31 December 2022.

Unrestricted investment accounts (Government of Jordan and Public Sector) inside the Kingdom amounted to JD 167,442,940 representing 4.86 % of the total unrestricted investment accounts as at 30 September 2023 compared to JD 179,702,984 representing 5.39 % as at 31 December 2022.

Dormant accounts amounted to JD 31,374,726 as at 30 September 2023 compared to JD 42,388,562 as at 31 December 2022.

The withdrawal restricted investment accounts amounted to JD 5,375,268 representing 0.16 % of the total unrestricted investment accounts as at 30 September 2023 compared to JD 4,536,979, representing 0.14 % as at 31 December 2022.

The balance of the mutual insurance fund included in the unrestricted investment accounts amounted to 58,260,290 JD as of 30 September 2023 (2022: 54,352,361 JD) (Note 24-b).

B- Investment accounts holders' reserve and non- controlling interest – in subsidiaries and associates

	Joint	
	30 September 2023	31 December 2022
	JD	JD
	(Reviewed And Unaudited)	(Audited)
Investment accounts holders' reserve – Subsidiaries	11,495,638	11,301,692
Investment accounts holders' reserve – Associates	3,718,298	3,640,515
Total	15,213,936	14,942,207
Non-Controlling Interests-investment account holders	38,994	38,956

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(23) Fair Value Reserve -net

A- Joint

	Joint	
	30 September 2023	31 December 2022
	JD	JD
	(Reviewed And Unaudited)	(Audited)
Financial assets evaluation at fair value through joint investment accounts holders' equity reserve	(3,260,939)	(1,947,742)
Investments evaluation in real estate reserve	1,573,149	2,658,754
Total	(1,687,790)	711,012

Movement on the fair value reserve / joint investment accounts holders' equity were as follows:

	30 September 2023 (Reviewed and Unaudited)		
	Financial assets at fair value	Investments in real estate	Total
	JD	JD	JD
Balance at the beginning of the period *	(3,141,520)	4,288,313	1,146,793
Unrealized losses	(2,118,059)	(340,373)	(2,458,432)
Deferred tax assets (liabilities)	1,998,640	(964,188)	1,034,452
Profits transferred to the consolidated income statement	-	(1,410,603)	(1,410,603)
Balance at the end of the period	(3,260,939)	1,573,149	(1,687,790)

	31 December 2022 (Audited)		
	Financial assets at fair value	Investments in real estate	Total
	JD	JD	JD
Balance at the beginning of the year	(2,968,345)	6,284,657	3,316,312
Unrealized (losses) profits	(173,175)	1,261,242	1,088,067
Deferred tax assets (liabilities)	1,193,778	(1,629,559)	(435,781)
Profits transferred to the consolidated income statement	-	(3,257,586)	(3,257,586)
Balance at the end of the year	(1,947,742)	2,658,754	711,012

* The fair value reserve beginning balance includes the prior year deferred tax liabilities of JD 435,781.

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B- Self

	Self	
	30 September 2023	31 December 2022
	JD	JD
	(Reviewed And Unaudited)	(Audited)
Financial assets evaluation reserve at fair value through owner's equity – self	3,464,735	2,928,070
Total	3,464,735	2,928,070

Movement on the fair value reserve / owner's equity (shareholders equity) were as follows:

	Financial assets at fair value	
	30 September 2023	31 December 2022
	JD	JD
	(Reviewed And Unaudited)	(Audited)
Beginning Balance for the period / year *	4,722,693	4,951,340
Unrealized (losses) profits	870,883	(228,647)
Deferred tax liabilities	(2,123,547)	(1,794,623)
Profits transferred to retained earnings	(5,294)	-
Ending Balance for the period / year	3,464,735	2,928,070

* The fair value reserve beginning balance includes the prior year deferred tax liabilities of JD 1,794,623.

(24) Provision for future expected risks and mutual insurance fund

A. Movement on provision for future risks were as follows:

	30 September 2023	31 December 2022
	JD	JD
	(Reviewed And Unaudited)	(Audited)
Beginning balance for the period / year	15,155,371	25,000,000
Transfer to provision for expected credit loss-joint	(385,834)	(9,844,629)
Ending Balance for the period / year	14,769,537	15,155,371

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B. Mutual Insurance Fund

Movement on the Mutual Insurance Fund were as follows:

	30 September 2023	31 December 2022
	JD	JD
	(Reviewed And Unaudited)	(Audited)
Beginning balance for the period / year	54,352,361	50,448,766
Add: profits for the years 2022 and 2021	2,388,860	1,155,864
Add: insurance premiums collected during the period / year	9,238,623	10,508,047
Add: amounts recovered from prior years losses	144,223	213,330
Less: insurance premiums paid during the period / year	(7,184,859)	(6,357,548)
Less: income tax fund's for the years 2022 and 2021	(662,135)	(1,104,317)
Less: fund's committee members remunerations	(16,783)	(16,000)
Less: consulting fees during the period / year	-	(1,740)
Less: losses written off during the period / year	-	(494,041)
Ending balance for the period / year	58,260,290	54,352,361

- The mutual insurance fund was established based on Article (54) paragraph (D/3) of the Banks Law No. (28) for the year 2000.

- Prior approval of the Central Bank of Jordan must be obtained in case of any changes to the mutual insurance fund policies.

- In case of discontinuing the mutual insurance fund for any reason, the Board of Directors shall determine the way of spending the fund's sources for charity.

- The Central Bank of Jordan approved considering the Mutual Insurance Fund as mitigating risk exposure according to its letter No. (10/1/12160) dated 9 October 2014.

- The bank expanded the coverage of the insured segment as of 1 July 2023 to include those who debts due amount (equal JD 200 thousand or less) instead of (JD 150 thousand or less) after obtaining the approval of the Central Bank of Jordan.

Compensation payment for the subscriber is made from the fund as determined by the Bank from the subscriber's outstanding debt insured in Murabaha or in any other form of deferred sales or as determined by the Bank from the debt and/or the remaining amount from the Ijarah asset in the following cases:

- Death of subscriber.
- The subscriber's physical disability, fully or partially.
- The subscriber's insolvency due to lack of income sources for at least one year, without having an asset or possessing the leased estate to settle his debt and has no opportunity to obtain income source in the upcoming year that enable the debtor to settle his debt or to continue in the finance lease and based on the bank's decision about it.
- As of the beginning of 2018, the group has applied the accrual basis instead of cash basis with regards to insurance premiums received from subscribers.
- Mutual insurance fund covers financing granted by the Bank (financing granted from joint investment accounts and Al Wakala Bi Al Istithmar accounts (Investments Portfolio)).
- The balance of the mutual fund insurance is among the unrestricted investment accounts (note 22).

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C. Provision for expected credit losses- Deferred sales receivables and other receivables - joint (note 8)

	30 September 2023	31 December 2022
	JD	JD
	(Reviewed And Unaudited)	(Audited)
Provision for expected credit loss - Bank	121,345,947	120,329,949
Expected credit loss provision - Al Samaha Financing and Islamic Investment Limited Private Company.	824,865	824,865
Expected credit loss provision - for Al Omariah school company Ltd.	1,098,029	1,054,439
Total	123,268,841	122,209,253

D. Movement on the provision for expected credit losses and the Impairment provisions - joint:

	30 September 2023	31 December 2022
	JD	JD
	(Reviewed and Unaudited)	(Audited)
Balance at the beginning of the period / year	127,947,727	119,661,999
Transferred from provision of expected future risk (Note 24 A)	385,834	9,844,629
Provision from subsidiaries	43,590	6,113
Written-off	-	(1,565,014)
Others	(15,897)	-
Balance at the end of the period/ year	128,361,254	127,947,727

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(25) Deferred Sales Revenues

	Joint		self		Total	
	For the Nine Months Ended on 30 September		For the Nine Months Ended on 30 September		For the Nine Months Ended on 30 September	
	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD
	(Reviewed And Unaudited)	(Reviewed And Unaudited)	(Reviewed And Unaudited)	(Reviewed And Unaudited)	(Reviewed And Unaudited)	(Reviewed And Unaudited)
Individuals (Retail):						
Murabaha to the purchase orderer	38,347,376	36,516,127	-	-	38,347,376	36,516,127
Deferred sales	742,543	697,823	-	-	742,543	697,823
Ijarah Mawsoofa Bil Thimma	511,808	412,668	-	-	511,808	412,668
Istisna'a	9,610	11,976	-	-	9,610	11,976
Real Estate Financing	22,225,830	21,756,601	-	-	22,225,830	21,756,601
Corporate:						
International Murabaha	730,351	189,107	-	-	730,351	189,107
Murabaha to the purchase orderer	17,665,229	13,262,931	-	-	17,665,229	13,262,931
Ijarah Mawsoofa Bil Thimma	-	2,478	-	-	-	2,478
Istisna'a	774,532	1,013,776	-	-	774,532	1,013,776
Small and Medium Enterprises:						
Murabaha to the purchase orderer	7,530,458	6,465,977	-	-	7,530,458	6,465,977
Deferred sales	906	357	-	-	906	357
Ijarah Mawsoofa Bil Thimma	8,602	17,338	-	-	8,602	17,338
Istisna'a	59,852	26,954	-	-	59,852	26,954
Government and public sector	29,055,854	31,720,252	-	-	29,055,854	31,720,252
Total	117,662,951	112,094,365	-	-	117,662,951	112,094,365

(26) Financing Revenues

	Joint		Self		Total	
	For the Nine Months Ended on 30 September		For the Nine Months Ended on 30 September		For the Nine Months Ended on 30 September	
	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD
	(Reviewed And Unaudited)	(Reviewed And Unaudited)	(Reviewed And Unaudited)	(Reviewed And Unaudited)	(Reviewed And Unaudited)	(Reviewed And Unaudited)
Individuals (Retail):						
Diminishing Musharaka	444,620	400,161	2,571	5,130	447,191	405,291
Total	444,620	400,161	2,571	5,130	447,191	405,291

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(27) Gain from Financial Assets at Fair Value Through Joint Investment Accounts Holders' Equity

	Joint	
	For the Nine Months Ended on 30 September	
	2023	2022
	JD (Reviewed And Unaudited)	JD (Reviewed And Unaudited)
Dividends distribution income	666,398	555,690
Gain from financial assets at fair value	33,462	-
Total	699,860	555,690

(28) Gain from Financial Assets at Amortized Cost

	Joint	
	For the Nine Months Ended on 30 September	
	2023	2022
	JD (Reviewed And Unaudited)	JD (Reviewed And Unaudited)
Islamic Sukuk	14,549,804	7,897,716
Islamic banks portfolio	240,354	175,143
Total	14,790,158	8,072,859

(29) Dividends from subsidiaries and associates

	Ownership percentage	Distribution percentage	Joint	
			30 September 2023	30 September 2022
	%	%	JD (Reviewed and Unaudited)	JD (Reviewed and Unaudited)
Subsidiaries				
Al Samaha Financing and Investment Company Ltd.	100.0	5.0	600,000	600,000
Associates				
Jordanian Center for International Trading Co.	28.4	5.0	67,480	48,200
Islamic Insurance Co.	33.3	8.0	400,000	400,000
Total			1,067,480	1,048,200

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(30) Revenue from Investments in Real Estate

	Joint	
	For the Nine Months	
	Ended on 30 September	
	2023	2022
	JD	JD
	(Reviewed And	(Reviewed And
	Unaudited)	Unaudited)
Net rent income from investment in real estate	679,018	773,814
Net income from sale of investment in real estate	1,410,603	1,973,971
Revenues from investments in real estate	2,089,621	2,747,785

(31) Share of Unrestricted Investment Accounts Holders

	For the Nine Months	
	Ended on 30 September	
	2023	2022
	JD	JD
	(Reviewed And	(Reviewed And
	Unaudited)	Unaudited)
Banks and Financial Institutions	796,753	509,206
Customers:		
Saving	5,147,741	4,772,233
Notice Accounts	203,341	173,841
Investment Deposits	69,209,013	43,002,275
Total	75,356,848	48,457,555

(32) Bank's Share of the Joint Investment Accounts Revenues as Mudarib and Rab-Mal

	For the Nine Months	
	Ended on 30 September	
	2023	2022
	JD	JD
	(Reviewed And	(Reviewed And
	Unaudited)	Unaudited)
Mudarib	57,667,873	74,604,924
Rab Mal	44,296,128	37,003,593
Total	101,964,001	111,608,517

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(33) Bank's Self-financed Revenue

	For the Nine Months Ended on 30 September	
	2023	2022
	JD (Reviewed And Unaudited)	JD (Reviewed And Unaudited)
Financing revenues – Note (26)	2,571	5,130
Gain from financial assets through consolidated income statement	-	7,388
Dividends from financial assets at the fair value through owner's equity	213,804	17,170
Losses from financial assets at fair value through consolidated income statement	(4,115)	-
Total	212,260	29,688

(34) Basic Earnings Per Share (EPS)

	For the Nine Months Ended on 30 September	
	2023	2022
	(Reviewed And Unaudited)	(Reviewed And Unaudited)
Profit for the period after income tax (JD)	48,262,449	50,038,560
Weighted average number of shares (share)	200,000,000	200,000,000
Basic earnings per share (JD/Fils)	0/241	0/250

- The bank has not issued any new shares or convertible financial instruments that may lead to a reduced share.

(35) Cash and Cash Equivalents

	For the Nine Months Ended on 30 September	
	2023	2022
	JD (Reviewed And Unaudited)	JD (Reviewed And Unaudited)
Cash and balances with the Central Banks maturing within 3 months*	751,740,309	741,677,638
Add: Balances at banks and financial institutions maturing within 3 months	119,311,033	61,001,651
Less: Balances at banks and financial institutions maturing within 3 months	(18,191,201)	(41,355,337)
Total	852,860,141	761,323,952

* Includes statutory reserve (note 4).

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(36) Related Parties Transactions

A. The interim condensed consolidated financial statements include the financial statements of the Bank and the following subsidiaries:

Company Name	Ownership	Paid-in Capital	
		30 September 2023	31 December 2022
		JD (Reviewed And Unaudited)	JD (Audited)
Al Omariah Schools Company Ltd.	99.8%	16,000,000	16,000,000
Al Samaha Financing and Islamic Investment Limited Private Company.	100%	12,000,000	12,000,000
Future Applied Computer Technology Company Ltd.	100%	5,000,000	5,000,000
Sanabel Al-Khair for Financial Investments Company Ltd.	100%	5,000,000	5,000,000

The Bank entered into transactions with the parent company, subsidiaries, associates, major shareholders, board members and senior executive management within the Bank's ordinary course of business using normal Murabaha rates and commercial commissions. All deferred sales receivables, financing and Ijarah Muntahia Bittamleek granted to related parties are considered performing.

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B. Below is a summary of transactions with related parties:

	Related parties				Total	
	Parent Company	Associates	Subsidiaries	Board members and Senior Executive management	30 September	31 December
					2023	2022
					JD (Reviewed And Unaudited)	JD (Audited)
Interim condensed consolidated statement of financial position items:						
Deferred sales receivables	-	1,355,707	1,587,160	10,111,554	13,054,421	12,580,475
Financing of employees housing/ Musharaka	-	-	-	1,428,346	1,428,346	825,476
Deposits	203,644	9,558,771	4,483,252	5,312,596	19,558,263	13,282,615
Off consolidated statement of financial position items:						
Guarantees and letters of credit	-	102,811	517,500	411,858	1,032,169	4,096,534
					For the Nine Months Ended on 30 September	
					2023	2022
					JD	JD
					(Reviewed And Unaudited)	(Reviewed And Unaudited)
Interim condensed Consolidated income statement items:						
Paid expenses	-	4,839,657	1,228,236	4,381,988	10,449,881	8,225,721
Received revenues	13	81,655	71,642	292,832	446,142	498,589
Paid profits	-	325,172	61,383	24,692	411,247	128,514

- Murabaha rate on granted financing ranged between 3% - 4.75% annually as at 30 September 2023 (2022: 3.0% - 4.75%).
- The return rate on Musharaka financing granted for employees ranged between 2.0% - 4.8% annually as at 30 September 2023 (2022: 2.0% - 4.8%).
- Guarantees commission rate ranged between 1% - 4% annually as at 30 September 2023 (2022: 1% - 4%). Letters of credit commission rate ranged between 1/4% - 3/8% quarterly as 30 September 2023 (2022: 1/4% - 3/8% quarterly).
- Individual and corporate deposits revenue equals to the percentage of revenue for related parties deposits.

C. Compensation of the Bank's Executive Management Benefits (Salaries, Remuneration and other Benefits) were as follows:

	For the Nine Months Ended on 30 September	
	2023	2022
	JD	JD
	(Reviewed And Unaudited)	(Reviewed And Unaudited)
Salaries, remuneration and transportation *	4,006,391	1,944,095
Total	4,006,391	1,944,095

* According to the instructions of corporate governance for banks No. (2/2023) dated 14 February 2023, the salaries of facilities managers, the head of the treasury and the financial institutions of the senior executive management were included.

(37) Segment information

A. Information about the Bank's activities

The Bank is organized for administrative purposes based on the reports submitted to the General Manager and the chief decision maker into four main business sectors:

Retails accounts:

These encompass following up on the unrestricted investment accounts, deferred sales receivables and other financing and banking services related to individuals.

Institutions accounts:

These encompass following up on the unrestricted investment accounts, deferred sales receivables and other financing and banking services related to the institutions.

Investment in assets:

This includes investing in real estate and leasing.

Treasury:

This includes trading services and managing the Bank's funds.

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B. The below table illustrate the information on the Bank's business sectors distributed according to its activities:

	Total									
	For The Nine Months Ending on 30 September (Reviewed and Unaudited)					31 December 2022				
	Retail	Institutions	Investment In assets	Treasury	Others	2023	2023	2023	2022	2022
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Total revenues (joint and self financed)	111,523,656	65,731,138	8,460,442	26,098,555	505,603	212,319,394	192,824,025			
Net income of subsidiaries and share of profit from investments in associates	-	-	1,506,354	-	-	1,506,354	1,519,096			
Deposits guarantee fees (joint and self financed)	(4,050,806)	(2,372,798)	(301,587)	(947,915)	(18,364)	(7,691,270)	(7,360,397)			
Revenue and share of the unrestricted accounts and non-controlling from the net income of subsidiaries and share of investment from profits of associates	(39,866,592)	(26,202,857)	(1,506,354)	(9,287,399)	-	(76,863,202)	(49,976,651)			
Segment results	67,606,458	37,155,483	8,158,855	15,863,241	487,239	129,271,276	137,006,073			
Allocated expenses	(30,633,100)	(17,570,668)	(2,388,974)	(7,618,383)	-	(58,211,125)	(58,335,374)			
Profits before tax	36,973,358	19,584,815	5,769,881	8,244,858	487,239	71,060,151	78,670,699			
Income tax	(10,400,053)	(8,215,501)	(872,978)	(3,184,137)	(125,033)	(22,797,702)	(28,632,139)			
Profit after tax	26,573,305	11,369,314	4,896,903	5,060,721	362,206	48,262,449	50,038,560			
Sector assets	1,678,512,262	1,319,272,125	1,475,415,636	887,034,594	-	5,360,234,617	5,286,425,762			
Investment in associates	-	-	9,414,713	-	-	9,414,713	9,336,930			
Unallocated assets	-	-	-	-	178,630,506	178,630,506	167,413,503			
Total assets	1,678,512,262	1,319,272,125	1,484,830,349	887,034,594	178,630,506	5,548,279,836	5,463,176,195			
Segment liabilities	3,948,071,732	884,504,386	-	18,191,201	-	4,850,767,319	4,760,186,138			
Unallocated liabilities	-	-	-	-	178,131,876	178,131,876	182,413,824			
Total liabilities, joint investment accounts holders' equity, non-controlling interests and provision against future risks	3,948,071,732	884,504,386	-	18,191,201	178,131,876	5,028,899,195	4,942,599,962			
Capital expenditures	-	-	-	-	4,539,927	4,539,927	4,964,051			
Depreciation and amortization	-	-	-	-	5,023,602	5,023,602	6,130,211			

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(38) Capital Management

The Bank's capital consists of the paid-in capital, statutory reserve, voluntary reserve, other reserves and retained earnings.

According to the Central Bank of Jordan instruction based on the decisions by Islamic Financial Services Board, the Bank should maintain sufficient capital to face the risks that related to the bank's business, which is credit risks, market risks and operational risks, the capital adequacy ratio should be at least 12.5% according to the established instructions.

The Bank achieves its capital objectives throughout the following:

- Achieving a satisfactory return on capital without affecting the financial stability of the Bank and achieving acceptable return on owner's equity.
- Achieving the required level of capital according to Basel Committee requirements and the supervisory bodies instructions.
- Providing an adequate capital to expand the granting of financing and large investments in consistency with the Central Bank of Jordan regulations as well as facing any future risks.

Capital adequacy ratio was calculated as at 30 September 2023 in accordance with standard number (15) issued by Islamic Financial Services Board, based on Central Bank of Jordan instruction number (72/2018) dated 4 February 2018.

	30 September 2023	31 December 2022
	Thousands JD (Reviewed And Unaudited)	Thousands JD (Audited)
Common Equity Tier I	476,302	459,084
Paid-in capital	200,000	200,000
Statutory reserve	120,472	120,472
Voluntary reserve	64,602	64,602
Retained earnings	82,580	82,574
Accumulated change in full fair value	1,961	1,983
Profits for the period after tax less expected dividends distribution	18,262	-
Intangible assets	(8,174)	(7,058)
Deferred tax assets	(774)	(751)
Investments in Banks, financial institutions and Takaful companies capital That the Bank owns 10% of less.	(494)	(494)
Investments in Banks, financial institutions and Takaful, companies capital, beyond unified regulatory scope that the Bank owns 10% or more.	(2,133)	(2,244)
Additional Tier I	-	-
Additional Tier II	6,894	10,069
Expected credit loss stage 1 (self) and the bank share from expected credit loss stage 1 (mixed) (not to exceed 1.25%) of risky assets	6,894	10,069
Total regulatory capital	483,196	469,153
Risk Weighted Assets (RWA)	2,287,641	2,212,230
Common Equity Tier I Ratio	20.82%	20.75%
Additional Tier I Ratio	-	-
Tier I Ratio	20.82%	20.75%
Tier II Ratio	0.30%	0.46%
Capital Adequacy Ratio	21.12%	21.21%

*Financial leverage percentage has reached (19.00%) as of 30 September 2023 (31 December 2022: 18.46%).

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(39) Commitments and Contingent Liabilities (Off the Interim Condensed Consolidated Statement of Financial Position)

Contingent Credit Commitments (indirect facilities)

	30 September 2023	31 December 2022
	JD	JD
	(Reviewed and Unaudited)	(Audited)
Letters of credit	51,688,298	75,781,700
Acceptances	3,543,119	13,118,348
Guarantees:	136,408,511	130,733,765
Payment	44,790,228	42,504,266
Performance	62,675,847	57,456,050
Others	28,942,436	30,773,449
Unutilized Limits/ Direct	120,327,360	121,088,843
Unutilized Limits/ Indirect	66,702,347	77,600,727
Total	378,669,635	418,323,383

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A. Cumulative movement on indirect facilities (Commitments and Contingent Liabilities):

As of 30 September 2023 (Reviewed And Unaudited):

	Stage 1		Stage 2		Total
	Individual	Collective	Individual	Collective	
	JD	JD	JD	JD	JD
Balance at the beginning of the period	302,369,720	40,994,717	67,040,378	1,392,791	418,323,383
New exposures during the period	174,352,910	27,610,334	65,967,825	1,066,608	274,992,845
Matured exposures	(218,746,159)	(23,686,866)	(63,460,120)	(741,454)	(314,646,593)
Transferred (from) to stage1	11,180,517	414,530	(10,965,122)	(372,850)	-
Transferred (from) to stage2	(21,208,309)	(437,105)	21,510,900	447,765	-
Transferred (from) to stage3	(108,482)	(29,042)	(2,319,841)	(333,055)	-
Balance at the end of the period	247,840,197	44,866,568	77,774,020	1,459,805	378,669,635

As of 31 December 2022 (Audited):

	Stage 1		Stage 2		Total
	Individual	Collective	Individual	Collective	
	JD	JD	JD	JD	JD
Balance at the beginning of the year	196,827,280	44,124,921	157,190,012	1,386,528	407,159,455
New exposures during the year	284,078,967	28,720,160	61,130,166	1,149,610	381,457,929
Matured exposures	(249,856,114)	(31,489,952)	(80,149,129)	(1,339,494)	(370,294,001)
Transferred (from) to stage 1	90,894,197	220,345	(90,644,197)	(218,695)	-
Transferred (from) to stage 2	(19,507,472)	(414,952)	19,753,067	415,402	-
Transferred (from) to stage 3	(67,138)	(165,805)	(239,541)	(560)	-
Balance at the end of the year	302,369,720	40,994,717	67,040,378	1,392,791	418,323,383

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B. Cumulative movement on the expected credit loss for indirect facilities Commitments and Contingent Liabilities) (note 19):

As of 30 September 2023 (Reviewed And Unaudited):

	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period	1,018,191	195,018	488,864	186,056	4,691,031	6,579,160
Expected credit loss on new exposures during the period	371,756	145,792	390,100	134,447	4,296,111	5,338,206
Expected credit loss from matured exposures	(268,238)	(543,015)	(232,941)	(87,126)	(3,304,761)	(4,436,081)
Transferred (from) to stage 1	126,930	544,537	(48,009)	(89,632)	(533,826)	-
Transferred (from) to stage 2	(81,499)	(5,352)	418,392	41,602	(373,143)	-
Transferred (from) to stage 3	(4,109)	(2,675)	(12,219)	(20,048)	39,051	-
Impact on ending balance provision due to change in staging classification through the period	(95,243)	(80,102)	(218,852)	24,911	413,935	44,649
Changes resulting from Adjustments	(609,942)	(61,637)	(319,508)	(4,050)	(587,547)	(1,582,684)
Balance at the end of the period	457,846	192,566	465,827	186,160	4,640,851	5,943,250

As of 31 December 2022 (Audited):

	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	936,258	143,576	2,160,502	116,112	5,178,895	8,535,343
Expected credit loss on new exposures during the year	935,087	154,165	436,620	144,230	4,654,009	6,324,111
Expected credit loss from matured exposures	(300,904)	(73,460)	(366,239)	(70,850)	(4,473,511)	(5,284,964)
Transferred (from) to stage 1	1,703,624	30,585	(1,597,700)	(29,026)	(107,483)	-
Transferred (from) to stage 2	(115,067)	(2,391)	208,036	2,841	(93,419)	-
Transferred (from) to stage 3	(340)	(681)	(1,626)	(1)	2,648	-
Impact on ending balance provision due to change in staging classification through the year	(1,702,195)	(29,327)	(183,010)	27,427	31,215	(1,855,890)
Changes resulting from adjustments	(438,272)	(27,449)	(167,719)	(4,677)	(501,323)	(1,139,440)
Balance at the end of the year	1,018,191	195,018	488,864	186,056	4,691,031	6,579,160

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(40) Lawsuits Filed Against the Bank

The lawsuits filed against the Bank (self) amounted to JD 132,601 as of 30 September 2023 with a provision of JD 9,450 (provision booked amounted to JD 75,000) compared to JD 58,650 as of 31 December 2022 with a provision of JD 10,000. The lawsuits filed against the Bank (joint) as of 30 September 2023 amounted to JD 2,318,219 with a provision of JD 28,245 compared to JD 2,270,313 as of 31 December 2022 with a provision of JD 62,245. The Bank's management and its legal advisor believe that any obligations that may arise from the lawsuits against joint investments will be recognized within the investment risk fund, while the lawsuits against the Bank (self) will be covered by the self established provisions.

(41) Statutory Reserves

The Bank did not make the legal deductions according to the legislations of the Companies Law , since these condensed financial statements are interim financial statements.