

ARAB BANKING CORPORATION (JORDAN)

(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

30 SEPTEMBER 2024

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF ARAB BANKING CORPORATION (JORDAN)
AMMAN - JORDAN**

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Arab Banking Corporation (Jordan) (Public Shareholding Company) and its subsidiary (the Bank) as of 30 September 2024, comprising of the interim condensed consolidated statement of financial position as of 30 September 2024, interim condensed consolidated income statement, interim condensed consolidated comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine months period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 (Interim Financial Reporting). 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 information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34.

Other Matter

The consolidated financial statements for the year ended 31 December 2023 and the interim condensed consolidated financial statements for the period ended 30 September 2023 were audited, and reviewed by another auditor, and an unqualified opinion and unqualified conclusion were issued on 27 February 2024 and 23 October 2023 respectively.

Amman – Jordan
21 October 2024

ERNST & YOUNG
Amman - Jordan

ARAB BANKING CORPORATION (JORDAN)
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

	Notes	30 September 2024	31 December 2023
		JD (Reviewed not audited)	JD (Audited)
<u>Assets</u>			
Cash and balances at the Central Bank of Jordan	5	134,810,835	81,043,680
Balances at banks and financial institutions - net	6	128,084,156	162,385,311
Deposits at banks and financial institutions - net	7	9,925,337	17,751,843
Direct credit facilities - net	11	790,321,708	763,168,055
Financial assets at fair value through other comprehensive income	8	65,067,285	94,274,301
Financial assets at amortized cost - net	9	183,136,955	181,452,946
Financial assets at mortgaged amortized cost	10	31,997,223	30,989,923
Property and equipment - net		33,336,520	32,960,325
Intangible assets - net		1,250,887	1,080,401
Right of use assets		3,399,474	2,905,112
Deferred tax assets	15 - C	7,259,281	8,048,059
Other assets	12	19,880,153	19,886,499
Total Assets		1,408,469,814	1,395,946,455
<u>Liabilities and Equity</u>			
Liabilities:			
Banks' and financial institutions' deposits		147,954,417	168,835,525
Customers' deposits	13	914,434,968	876,623,475
Cash margins	14	49,278,786	44,981,313
Borrowed funds		97,111,800	102,921,397
Sundry provisions		19,377	109,377
Income tax provision	15 - A	436,433	2,979,746
Deferred tax liabilities	15 - D	344,228	437,484
Lease liabilities		3,355,865	2,828,075
Other liabilities	16	30,197,930	30,898,514
Total Liabilities		1,243,133,804	1,230,614,906
<u>Equity</u>			
Bank's Shareholders Equity			
Paid-in Capital	17	110,000,000	110,000,000
Share premium		66,943	66,943
Statutory reserve	18	31,385,324	31,385,324
Voluntary reserve	18	197,281	197,281
Fair value reserve - net	19	192,867	(122,820)
Retained earnings	20	20,504,821	23,804,821
Profit for the period		2,988,774	-
Total Equity		165,336,010	165,331,549
Total Liabilities and Equity		1,408,469,814	1,395,946,455

The accompanying notes from 1 to 30 are part of these interim condensed consolidated financial statements and should be read with them

ARAB BANKING CORPORATION (JORDAN)
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

		For the three months ended		For the nine months ended	
		30 September		30 September	
	Notes	2024	2023	2024	2023
		JD	JD	JD	JD
Revenues					
Interest income		25,256,264	25,127,867	75,634,309	72,081,217
Interest expense		(16,188,973)	(15,337,705)	(48,162,147)	(41,377,681)
Net interest income		9,067,291	9,790,162	27,472,162	30,703,536
Net commission income		792,408	781,791	1,948,894	2,106,044
Net interest and commission income		9,859,699	10,571,953	29,421,056	32,809,580
Foreign currencies income		339,155	383,631	1,001,635	840,661
Cash dividends from financial assets at fair value through other comprehensive income	8	-	-	40,150	40,675
Other income		803,064	710,489	2,070,293	2,260,140
Gross income		11,001,918	11,666,073	32,533,134	35,951,056
Expenses					
Employees expenses		4,010,420	3,966,390	12,418,103	12,168,430
Depreciation and amortization		1,154,510	858,424	2,736,327	2,653,034
Other expenses		2,805,749	2,654,275	8,181,609	7,671,091
Provision for expected credit losses	21	2,769,560	1,853,657	4,849,566	5,429,269
Recovered from sundry provisions expense		-	-	(90,000)	-
Recovered from seized assets provision	12	(8,780)	-	(196,706)	-
Total expenses		10,731,459	9,332,746	27,898,899	27,921,824
Profit for the period before income tax		270,459	2,333,327	4,634,235	8,029,232
Income tax expense	15 - B	(95,583)	(890,577)	(1,645,461)	(3,026,794)
Profit for the period		174,876	1,442,750	2,988,774	5,002,438
		JD/ Share	JD/ Share	JD/ Share	JD/ Share
Basic and diluted earnings per share from the profit for the period	22	0.002	0.013	0.027	0.045

The accompanying notes from 1 to 30 are part of these interim condensed consolidated financial statements and should be read with them

ARAB BANKING CORPORATION (JORDAN)
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

	For the three months ended 30 September		For the nine months ended 30 September	
	2024	2023	2024	2023
	JD	JD	JD	JD
Profit for the period	174,876	1,442,750	2,988,774	5,002,438
<u>Other comprehensive income items:</u>				
Items will be subsequently transferred to interim condensed consolidated income statement:				
Net change in fair value of financial assets through other comprehensive income after tax - bonds	420,206	(2,579)	635,505	652,727
Net change in fair value of derivatives after Tax	(341,466)	96,708	(312,849)	165,722
Items not to be subsequently transferred to Interim condensed consolidated income statement				
Net change in fair value of financial assets through other comprehensive income after tax - shares	(3,056)	(1,167)	(6,969)	(1,608)
Total other comprehensive income items for the period after tax	<u>75,684</u>	<u>92,962</u>	<u>315,687</u>	<u>816,841</u>
Total Comprehensive Income for the period	<u>250,560</u>	<u>1,535,712</u>	<u>3,304,461</u>	<u>5,819,279</u>

The accompanying notes from 1 to 30 are part of these interim condensed consolidated financial statements and should be read with them

ARAB BANKING CORPORATION (JORDAN)
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

	Paid in Capital	Share Premium	Reserves			Retained Earnings*	Profit for the Period	Total
			Statutory Reserve	Voluntary Reserve	Fair Value Reserve - Net			
	JD	JD	JD	JD	JD	JD	JD	JD
<u>For the nine months ended 30 September 2024</u>								
Balance at the beginning of the period	110,000,000	66,943	31,385,324	197,281	(122,820)	23,804,821	-	165,331,549
Cash dividends to shareholders (Note 17)	-	-	-	-	-	(3,300,000)	-	(3,300,000)
Total comprehensive income for the period	-	-	-	-	315,687		2,988,774	3,304,461
Balance at the end of the period	110,000,000	66,943	31,385,324	197,281	192,867	20,504,821	2,988,774	165,336,010
<u>For the nine months ended 30 September 2023</u>								
Balance at the beginning of the period	110,000,000	66,943	30,762,318	197,281	(1,081,938)	23,827,407	-	163,772,011
Cash dividends to shareholders (Note 17)	-	-	-	-	-	(4,400,000)	-	(4,400,000)
Total comprehensive income for the period	-	-	-	-	816,841	-	5,002,438	5,819,279
Balance at the end of the period	110,000,000	66,943	30,762,318	197,281	(265,097)	19,427,407	5,002,438	165,191,290

In accordance with monitoring authorities' instructions:

* Retained earnings include an amount of JD 7,259,281 restricted as of 30 September 2024, against deferred tax benefits, including the capitalization or distribution unless actually realized.

* The retained earnings balance included a restricted amount of JD 2,761 as of 30 September 2024, which represents the effect of the early adoption of IFRS 9, unless actually realized through sale transactions.

The accompanying notes from 1 to 30 are part of these interim condensed consolidated financial statements and should be read with them

ARAB BANKING CORPORATION (JORDAN)
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

		For the nine months ended 30 September	
	Notes	2024 JD	2023 JD
<u>Operating activities:</u>			
Profit for the period before income tax		4,634,235	8,029,232
<u>Adjustments for non-cash items:</u>			
Depreciation and amortization		2,736,327	2,653,034
Provision for expected credit losses	21	4,849,566	5,429,269
Cash dividends from financial assets at fair value through other comprehensive income	8	(40,150)	(40,675)
Gain from sale of property and equipment		(33,300)	(76,771)
Losses (Gain) from sale of seized assets		59,286	(52,999)
Recovered from seized assets provision	12	(196,706)	-
Recovered from sundry provisions		(90,000)	-
Accrued interest		(415,155)	6,818,082
Lease liabilities - finance cost		147,451	113,908
Losses from canceled lease contracts		19,168	-
Recovery from impairment loss on land held for sale		(69,536)	-
Effect of exchange rate fluctuations in cash and cash equivalents		161,413	169,421
Cash profit before changes in assets and liabilities		11,762,599	23,042,501
<u>Changes in Assets and Liabilities:</u>			
Deposits at banks and financial institutions (maturing over three months)		7,826,650	7,533,150
Direct credit facilities - net		(31,755,521)	55,136,194
Other assets		(1,649,612)	(1,175,493)
Banks and financial institutions deposits (maturing over three months)		(3,545,000)	65,750,358
Customers' deposits		37,811,493	(4,745,173)
Cash margins		4,297,473	(5,730,043)
Other liabilities		887,895	2,612,529
Net change in assets and liabilities		13,873,378	119,381,522
Net cash flows from operating activities before income tax and paid provisions		25,635,977	142,424,023
Income tax paid	15- A	(3,686,737)	(1,120,801)
Sundry provisions paid		-	-
Net cash flows from operating activities		21,949,240	141,303,222
<u>Investing activities</u>			
Purchase of financial assets at amortized cost - net		(62,049,134)	(55,352,103)
Maturity of financial assets at amortized cost - net		59,330,665	24,044,234
Cash dividends from financial assets at fair value through other comprehensive income	8	40,150	40,675
Purchase of property and equipment		(2,413,947)	(2,127,675)
Purchase of intangible assets		(434,536)	(336,044)
Proceeds from sale of property and equipment		46,141	238,997
Purchase of financial assets at fair value through other comprehensive income - net		(4,520,895)	(3,024,329)
Sale and maturity of financial assets at fair value through other comprehensive income - net		34,741,525	55,664,166
Net cash flows from investing activities		24,739,969	19,147,921
<u>Financing activities</u>			
Dividends distributed to shareholders		(3,336,146)	(4,371,061)
Paid financial lease liabilities		(580,560)	(663,956)
Borrowed funds		(5,809,597)	(22,959,107)
Net cash flows used in financing activities		(9,726,303)	(27,994,124)
Net increase in cash and cash equivalents		36,962,906	132,457,019
Effect of exchange rate fluctuations in cash and cash equivalents		(161,413)	(169,421)
Cash and cash equivalent at the beginning of the period		113,608,103	39,318,535
Cash and cash equivalent at the end of the period	23	150,409,596	171,606,133

The accompanying notes from 1 to 30 are part of these interim condensed consolidated financial statements and should be read with them

1. General

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

The Bank provides banking services through its head office in Amman and its 22 branches and an office in Jordan and the subsidiary Company (Arab Co-Operation for Financial Investments Company).

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

The financial statements of the Bank and its subsidiary "the Bank" are consolidated in the Arab Banking Corporation – Bahrain financial statements (The Parent Company).

The interim condensed consolidated financial statements have been approved by the Board of Directors of the Bank on 13 October 2024.

2. Basis of Preparation and Material Accounting Policies Information

Basis of Preparation of the Interim Condensed Consolidated Financial Statements

The interim condensed consolidated financial statements have been prepared for the period ended 30 September 2024 in accordance with International Accounting Standard Number (34) (Interim Financial Reporting).

The bank transitioned to fully applying the International Financial Reporting Standards (IFRS) starting from 1 January 2024, instead of IFRS as adopted by the Central Bank of Jordan, the differences between these two frameworks are not material on the interim condensed consolidated financial statements.

The accompanying interim condensed consolidated financial statements are prepared on the historical cost basis, except for financial assets at fair value through other comprehensive income and financial derivatives, which are presented at fair value as of the date of the interim condensed consolidated financial statements.

The reporting currency of the interim condensed consolidated financial statements is the Jordanian Dinar, which is the functional currency of the Bank.

The accompanying interim condensed consolidated financial statements do not include all the information and disclosures to the financial statements required in the annual financial statements, which are prepared in accordance with International Financial Reporting Standards. Moreover, the results of the Bank's operations for the nine-month period ended on 30 September 2024 do not necessarily represent indications of the expected results for the year ending 31 December 2024. Therefore, these interim condensed consolidated financial statements should be read with the Bank's annual report for the year ended 31 December 2023 and it does not contain the appropriation of profit on for the nine months period ended at 30 September 2024, which is usually performed at the year end.

Basis of Consolidation of the Interim Condensed Consolidated Financial Statements

The interim condensed consolidated financial statements comprise of the financial statements of the Bank and the subsidiary controlled by it. Control is achieved when the Bank is capable of managing the main activities of its subsidiaries and is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. All balances, transactions, revenues, and expenses between the bank and the subsidiaries are eliminated.

The financial statements of the subsidiary are prepared for the same reporting period as of the Bank, using consistent accounting policies, If the subsidiary has a different accounting policy than the Bank, necessary adjustments will be reflected to match the Bank's accounting policies.

As of 30 September 2024, the bank owns the following subsidiary:

Company Name	Paid In capital	Ownership Percentage	Nature of the company's business	Location	Acquistion date
	JD				
Arab Co-Operation For Financial Investments Company	15,600,000	100%	Financial Brokerage	Jordan	25 January 1990

The subsidiary financial results are consolidated in the interim condensed consolidated statement of income from the date of their acquisition, which is the date on which the control of the bank on the subsidiary takes place. In addition, the financial results of the disposed subsidiaries are consolidated in the interim condensed consolidated statement of income up to the date of the disposal, which is the date on which the Bank loses control over the subsidiary.

3. Changes in Accounting Policies

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2023 except for the adoption of new amendments on the standards effective as of 1 January 2024 shown below:

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no material impact on the Bank's interim condensed consolidated financial statements.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

The amendments had no material impact on the Bank's interim condensed consolidated financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no material impact on the Bank's interim condensed consolidated financial statements.

4. Significant Judgments and Estimates used

Use of judgements and estimates:

The preparation of the interim condensed 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 resultant provisions as well as fair value changes reported in equity. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows.

The Bank's management believes that its estimates within the interim condensed consolidated financial statements are reasonable and detailed as follows:

A. Expected credit losses for financial instruments at amortized cost:

In determining provision for expected credit loss for direct credit facilities, important judgement is required from the Bank's management 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 asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of expected credit losses.

The following are the most important judgments used:

- **Assessment of Significant Increase in Credit Risk:**

The assessment of a significant increase in credit risk is performed on a relative basis. To assess whether the credit risk on a financial asset has increased significantly since origination, the Bank compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Bank's existing risk management processes. This assessment is used to classify customers and portfolios to credit stages, which are, stage 1 (low risk), stage 2 (acceptable risk) and stage 3 (high risk).

- **Macroeconomic Factors, Forward Looking Information (FLI) and Multiple Scenarios:**

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information will require significant judgment from the bank's management.

PD, Loss Given Default (LGD) and Exposure At Default (EAD) inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio.

Each of the macroeconomic scenarios used in calculating the expected credit loss is associated with variable macroeconomic factors.

In our estimates used in calculating the expected credit losses for stage 1 and stage 2 using discounted weighted scenarios, which include future macroeconomic information for the next three years.

The bank uses the following macroeconomic indicators when performing futuristic forecasts for the countries that it operates in:

Gross Domestic Product
Stock market index price

The bank uses 3 scenarios to reach a probable value when to estimate the expected credit losses as follows:

Main scenario (Baseline) weighted 40%
Best scenario (Optimistic S1) weighted 30%
Worst case scenario 1 (Pessimistic S3) weighted 30%

These scenarios are extracted from Data Buffet system of Moody's in 14 historical values format and 20 future estimated value (Forecasted) for all the previously mentioned macroeconomic indicators.

The probable options are estimated according to the best approximation related to the historical probability and current affairs. The probable scenarios are evaluated every three months. All scenarios are implemented to all the wallets that are subject to expected credit losses.

Definition of default:

The definition of default used in the measurement of expected credit losses and the assessment to determine movement between stages is consistent with the definition of default used for internal credit risk management purposes. IFRS 9 does not define default but contains a rebuttable presumption that default has occurred when an exposure is greater than 90 days past due.

Expected Life:

When measuring ECL, the Bank must consider the maximum contractual period over which the Bank is exposed to credit risk. All contractual terms should be considered when determining the expected life, including prepayment options and extension and rollover options. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Bank is exposed to credit risk and where the credit losses would not be mitigated by management.

B. Income tax

Income tax expenses represent accrued tax and deferred tax.

Income tax expenses are accounted for on the basis of taxable income. Moreover, taxable income differs from income declared in the consolidated financial statements because the latter includes non-taxable revenues or taxable expenses disallowed in the current year but deductible in subsequent years accumulated losses acceptable by the tax law and items not accepted for tax purposes or subject to tax.

Tax is calculated on the basis of the tax rates according to the prevailing laws regulations and instructions of the countries where the bank operates.

Deferred tax is tax expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the consolidated financial statements and the value of the taxable amount. Deferred tax is calculated on the basis of the liability method in the consolidated statement of financial position according to the rates expected to be applied when the tax liability is settled, or tax assets are recognized.

Deferred tax assets and liabilities are reviewed as of the date of the consolidated financial statements and reduced in case it is expected that no benefit will arise from payment or the elimination of the need for deferred tax liabilities partially or totally.

C. Fair Value

Fair value represents the closing market price (assets purchasing/ liabilities selling) of financial assets and derivatives on the date of the consolidated financial statements in active markets. In case declared market, prices do not exist active trading of some financial assets and derivatives is not available or the market is inactive fair value is estimated by one of several methods including the following:

- Comparison with the fair value of another financial asset with similar terms and conditions.
- Analysis of the present value of expected future cash flows for similar instruments.
- Adoption of the option pricing models.

Evaluation of long-term assets and liabilities that bear no interest through discounting cash flows and amortizing premium/ discount using the effective interest rate method within interest revenue/ expense in the interim condensed consolidated statement of income.

The valuation methods aim to provide a fair value reflecting the market's expectations taking into consideration the market expected risks and expected benefits when the value of the financial assets. When the financial assets fair value can't be reliably measured, they are stated at cost less any impairment.

5. Cash and Balances at the Central Bank of Jordan

This item consists of the following:

	30 September 2024	31 December 2023
	JD	JD
	(Reviewed not audited)	(Audited)
Cash in vaults	7,130,980	6,643,878
Balances at Central Bank of Jordan:		
Current accounts and demand deposits	6,859,717	2,834,980
Statutory cash reserve	39,420,138	40,064,822
Certificates of deposits	31,400,000	-
Time and notice deposits	50,000,000	31,500,000
Total balances at Central Bank of Jordan	127,679,855	74,399,802
Total	134,810,835	81,043,680

The statutory cash reserve amounted to JD 39,420,138 as of 30 September 2024 (JD 40,064,822 as of 31 December 2023).

There are no restricted balances except for the cash reserve as of 30 September 2024, and 31 December 2023.

Balances with the Central Bank of Jordan are classified as part of the stage 1 in accordance with the requirements of IFRS 9, and there are no transfers between the stages (1, 2, and 3) or written off balances during the nine months ended 30 September 2024.

ARAB BANKING CORPORATION (JORDAN)**(PUBLIC SHAREHOLDING COMPANY)****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)****6. Balances at Banks and Financial Institutions – net**

The details of this item are as follows:

<u>Description</u>	Local banks and financial institutions		Foreign banks and financial institutions		Total	
	30 September 2024	31 December 2023	30 September 2024	31 December 2023	30 September 2024	31 December 2023
	JD	JD	JD	JD	JD	JD
	(Reviewed not audited)	(Audited)	(Reviewed not audited)	(Audited)	(Reviewed not audited)	(Audited)
Current accounts and demand deposits	76,750	43,461	8,694,659	40,290,192	8,771,409	40,333,653
Deposits maturing within 3 months or less	47,259,753	36,112,245	72,072,016	85,959,050	119,331,769	122,071,295
Total	47,336,503	36,155,706	80,766,675	126,249,242	128,103,178	162,404,948
Less: expected credit losses	(9,821)	(2,461)	(9,201)	(17,176)	(19,022)	(19,637)
Total balances at the end of the period/ year	47,326,682	36,153,245	80,757,474	126,232,066	128,084,156	162,385,311

- Balances at banks and financial institutions that bears no interest amounted to JD 5,722,759 as of 30 September 2024 (JD 3,848,473 as of 31 December 2023).

7. Deposits at Banks and Financial Institutions - net

The details of this item are as follows:

Description	Local Banks and financial institutions		Foreign Banks and financial institutions		Total	
	30 September 2024	31 December 2023	30 September 2024	31 December 2023	30 September 2024	31 December 2023
	JD (Reviewed not audited)	JD (Audited)	JD (Reviewed not audited)	JD (Audited)	JD (Reviewed not audited)	JD (Audited)
Deposits maturing within 3 - 6 months	-	-	9,926,000	17,752,650	9,926,000	17,752,650
	-	-	9,926,000	17,752,650	9,926,000	17,752,650
<u>Less: excepted credit losses</u>	-	-	(663)	(807)	(663)	(807)
Total balances at the end of period/ year	-	-	9,925,337	17,751,843	9,925,337	17,751,843

There are no restricted deposits as of 30 September 2024 and 31 December 2023.

Deposits at banks and financial institutions are classified as part of the stage 1 also no transfers between the stages (1, 2 and 3) or written off balances during the nine months ended 30 September 2024.

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8. Financial Assets at Fair Value Through Other Comprehensive Income

	30 September 2024	31 December 2023
	JD (Reviewed not audited)	JD (Audited)
Quoted shares in active market	1,240,627	1,251,906
Unquoted shares in active market	4,252,370	3,414,222
Governmental bonds and with their guarantee	45,669,139	76,288,863
Other financial bonds	13,913,657	13,327,665
	<u>65,075,793</u>	<u>94,282,656</u>
<u>Less:</u> excepted credit losses (financial bonds)	(8,508)	(8,355)
	<u>65,067,285</u>	<u>94,274,301</u>

Cash dividends on the investments above amounted to JD 40,150 for the period ended 30 September 2024 (JD 40,675 for the period ended 30 September 2023).

There are no mortgaged shares as of 30 September 2024, and 31 December 2023.

There were no transfers between stages (1, 2 and 3) or written-off balances for financial bonds during the nine-months period ended 30 September 2024 and the year ended 31 December 2023.

9. Financial Assets at Amortized Cost - net

The details of this item are as follows:

	30 September 2024	31 December 2023
	JD (Reviewed not audited)	JD (Audited)
Unquoted financial assets:		
Jordanian treasury bills	23,373,930	13,800,725
Governmental bonds and with their guarantee	139,132,182	152,666,218
Other financial bonds	20,672,000	15,000,000
	<u>183,178,112</u>	<u>181,466,943</u>
<u>Less:</u> excepted credit losses	(41,157)	(13,997)
Total	<u>183,136,955</u>	<u>181,452,946</u>
Debt instruments analysis- net		
	30 September 2024	31 December 2023
	JD (Reviewed not audited)	JD (Audited)
With fixed return	183,178,112	181,466,943
With variable return	-	-
Total	<u>183,178,112</u>	<u>181,466,943</u>

10. Financial Assets Mortgaged at Amortized Cost

The details of this item are as follows:

	30 September 2024	31 December 2023
	JD (Reviewed not audited)	JD (Audited)
Governmental bonds and with their guarantee	31,997,223	30,989,923
Total	<u>31,997,223</u>	<u>30,989,923</u>

On 4 April 2024, the Bank sold three Jordanian treasury bonds with a nominal value of JD 31,000,000 to Arab Bank. The repurchase agreement value for these bonds was JD 34,455,130 and the amount received of JD 33,766,027 was recorded as borrowed funds at an interest rate of 5.88%. The Bank did not recognize this transaction as a sale transaction since the Bank reserves the right to repurchase these bonds on 3 July 2025.

On 3 September 2024, the bank renewed the agreement by selling four Jordanian treasury bonds with a nominal value of JD 32,000,000 to the Arab Bank. The repurchase agreement value for these bonds was JD 33,153,000 and the amount received of JD 32,742,417 was recorded as borrowed funds with an interest rate of 6.40%. The Bank did not recognize this transaction as a sale transaction since the Bank reserves the right to repurchase these bonds on 5 October 2025.

11. Direct Credit Facilities – Net

The details of these items are as follows:

	30 September 2024	31 December 2023
	JD (Reviewed not audited)	JD (Audited)
Individuals (Retail)		
Overdrafts*	26,331,986	26,261,592
Loans and bills **	394,268,336	396,635,172
Credit cards	4,598,803	3,798,255
Housing loans	74,426,092	67,512,513
Large companies		
Overdrafts*	74,979,180	76,787,806
Loans and bills **	205,788,666	192,257,578
Small and medium companies		
Overdrafts*	5,376,995	5,087,600
Loans and bills **	20,985,580	19,032,615
Government and public sector **	<u>80,557,008</u>	<u>67,116,613</u>
Total	887,312,646	854,489,744
<u>Less: suspended interest</u>	(26,123,934)	(23,742,903)
<u>Less: expected credit losses</u>	<u>(70,867,004)</u>	<u>(67,578,786)</u>
Net direct facilities	<u>790,321,708</u>	<u>763,168,055</u>

* Net after deducting interests and commission received in advance amounting to JD 7,155 as of 30 September 2024 (JD 9,190 as of 31 December 2023).

** Net after deducting interests and commissions received in advance amounting to JD 106,420 as of 30 September 2024 (JD 86,117 as of 31 December 2023).

The non-performing credit facilities amounted to JD 94,258,371 which represents 10.623% of total direct credit facilities as of 30 September 2024 (JD 88,477,060 which represents 10.354% of total direct credit facilities as of 31 December 2023).

The non-performing credit facilities after deducting the suspended interest amounted to JD 68,134,437 which represents 7.912% of total direct credit facilities after deducting the suspended interest as of 30 September 2024 (JD 64,734,157 which represents 7.792% of total direct credit facilities as of 31 December 2023).

Credit facilities granted to and guaranteed by the Jordanian Government amounted to JD 80,557,008 which represents 9.079% of the total direct credit facilities as of 30 September 2024 (JD 67,116,613 which represents 7.855% of the total direct credit facilities as of 31 December 2023).

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30 September 2024 (Reviewed not audited)						
	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Total balance as at 31 December 2023 (Audited)	269,349,511	436,315,420	33,713,042	26,634,711	88,477,060	854,489,744
New facilities through the period	108,231,003	58,428,747	1,964,565	469,702	3,386,540	172,480,557
Repaid facilities	(74,515,880)	(52,305,817)	(3,292,416)	(1,406,623)	(4,847,727)	(136,368,463)
Net transferred to stage 1	2,422,765	7,766,884	(2,422,765)	(7,170,736)	(596,148)	-
Net transferred to stage 2	(1,907,197)	(13,248,998)	1,907,197	14,009,617	(760,619)	-
Net transferred to stage 3	(1)	(3,337,285)	(2,660,598)	(6,022,221)	12,020,105	-
Net effect resulted by changes on categories between the three stages	(141,559)	(14,627)	427,429	(139,595)	(36,873)	94,775
Written-off facilities	-	-	-	-	(3,383,967)	(3,383,967)
Total balance as at 30 September 2024 (reviewed not audited)	303,438,642	433,604,324	29,636,454	26,374,855	94,258,371	887,312,646

31 December 2023 (Audited)						
	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Total balance as at 31 December 2022	262,526,849	447,788,005	40,058,124	22,128,309	84,103,461	856,604,748
New facilities during the year	107,051,589	77,739,088	1,815,425	2,066,270	4,821,860	193,494,232
Repaid facilities	(98,010,618)	(70,773,373)	(5,331,874)	(3,534,103)	(2,052,132)	(179,702,100)
Transferred to Stage 1	-	4,149,981	-	(3,826,174)	(323,807)	-
Transferred to Stage 2	(2,593,215)	(14,854,126)	2,593,215	15,137,269	(283,143)	-
Transferred to Stage 3	(126,046)	(7,301,462)	(5,770,593)	(4,394,131)	17,592,232	-
Net effect resulted by changes on categories between the three stages	500,952	(432,693)	348,745	(942,729)	(43,540)	(569,265)
Written-off facilities	-	-	-	-	(15,337,871)	(15,337,871)
Total balance as at 31 December 2023	269,349,511	436,315,420	33,713,042	26,634,711	88,477,060	854,489,744

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

30 September 2024 (Reviewed not audited)						
	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Total balance as at 31 December 2023 (Audited)	1,376,574	2,524,106	5,967,081	2,371,650	55,339,375	67,578,786
Expected credit losses on new balances through the period	145,479	439,063	187,250	156,677	4,833,140	5,761,609
Expected credit losses on repaid balances	(765,841)	(444,075)	(418,365)	(171,918)	(4,298,351)	(6,098,550)
Transferred to Stage 1	8,792	59,314	(8,792)	(55,094)	(4,220)	-
Transferred to Stage 2	(16,921)	(1,164,357)	16,921	1,251,797	(87,440)	-
Transferred to Stage 3	(1)	(1,893,028)	(1,057,424)	(3,663,107)	6,613,560	-
Net effect resulted by changes on categories between the three stages	(22,781)	2,883,436	696,929	2,226,784	(845,559)	4,938,809
Written-off facilities	-	-	-	-	(1,313,650)	(1,313,650)
Total balance as at 30 September 2024 (reviewed not audited)	<u>725,301</u>	<u>2,404,459</u>	<u>5,383,600</u>	<u>2,116,789</u>	<u>60,236,855</u>	<u>70,867,004</u>

31 December 2023 (Audited)						
	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Total balance as at 31 December 2022	1,424,631	2,501,980	4,382,190	1,699,524	58,122,469	68,130,794
Expected credit losses on new balances through the year	557,733	602,305	1,889,589	176,191	1,977,421	5,203,239
Expected credit losses on repaid balances	(586,142)	(475,470)	(242,181)	(195,601)	(1,655,694)	(3,155,088)
Transferred to Stage 1	-	32,413	-	(28,474)	(3,939)	-
Transferred to Stage 2	(70,047)	(1,632,627)	70,047	1,665,542	(32,915)	-
Transferred to Stage 3	(11,879)	(3,852,809)	(1,736,068)	(2,791,990)	8,392,746	-
Net effect resulted by changes on categories between the three stages	62,278	5,348,314	1,603,504	1,846,458	(444,104)	8,416,450
Written-off facilities	-	-	-	-	(11,016,609)	(11,016,609)
Total balance as at 31 December 2023	<u>1,376,574</u>	<u>2,524,106</u>	<u>5,967,081</u>	<u>2,371,650</u>	<u>55,339,375</u>	<u>67,578,786</u>

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The following is the movement on expected credit losses according to the sectors on collective basis as at the end of the period/ year:

	30 September 2024 (Reviewed not audited)					
	Individual	Real estate loans	Large companies	Small and medium companies	Government and public sector	Total
	JD	JD	JD	JD	JD	JD
Total balance as at 31 December 2023 (Audited)	30,086,935	738,494	34,717,196	2,031,952	4,209	67,578,786
Expected credit losses on new facilities through the period	2,882,749	126,945	2,585,609	166,306	-	5,761,609
Expected credit losses on repaid balances	(1,408,208)	(162,788)	(3,682,757)	(842,369)	(2,428)	(6,098,550)
Transferred to Stage 1	(2,955,224)	(14,114)	(7,186)	(944)	-	(2,977,468)
Transferred to Stage 2	(2,499,449)	7,315	(817,877)	(231,418)	-	(3,541,429)
Transferred to Stage 3	5,454,673	6,799	825,063	232,362	-	6,518,897
Net effect resulted by changes on categories between the three stages	4,319,109	(57,060)	495,772	180,988	-	4,938,809
Written off facilities	(16,739)	-	(1,296,911)	-	-	(1,313,650)
Total balance as at 30 September 2024 (Reviewed not audited)	<u>35,863,846</u>	<u>645,591</u>	<u>32,818,909</u>	<u>1,536,877</u>	<u>1,781</u>	<u>70,867,004</u>

	31 December 2023 (Audited)					
	Individual	Real estate loans	Large companies	Small and medium companies	Government and public sector	Total
	JD	JD	JD	JD	JD	JD
Total balance as at 31 December 2022	24,689,835	826,598	40,516,982	2,092,680	4,699	68,130,794
Expected credit losses on new facilities through the year	2,364,806	202,694	2,296,359	339,380	-	5,203,239
Expected credit losses on repaid balances	(1,597,522)	(222,226)	(1,226,738)	(108,112)	(490)	(3,155,088)
Transferred to Stage 1	(5,041,361)	(17,252)	(36,516)	(45,410)	-	(5,140,539)
Transferred to Stage 2	(969,435)	(23,293)	(1,519,784)	(146,237)	-	(2,658,749)
Transferred to Stage 3	6,010,796	40,545	1,556,300	191,647	-	7,799,288
Net effect resulted by changes on categories between the three stages	6,354,236	27,019	1,848,139	187,056	-	8,416,450
Written-off facilities	(1,724,420)	(95,591)	(8,717,546)	(479,052)	-	(11,016,609)
Total balance as at 31 December 2023	<u>30,086,935</u>	<u>738,494</u>	<u>34,717,196</u>	<u>2,031,952</u>	<u>4,209</u>	<u>67,578,786</u>

- The amount of provisions no longer needed as a result of the settlement or debts repayments and which were converted to other debts is JD 5,558,651 as of 30 September 2024 (JD 2,658,137 as of 31 December 2023).

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Interest in Suspense

The movement on interest in suspense is as follows:

	Individuals	Real estate	Companies		Total
			Large companies	Small and medium companies	
	JD	JD	JD	JD	JD
<u>For the nine months ended on 30 September 2024 (Reviewed not audited)</u>					
Balance at the beginning of the period	11,379,104	476,552	11,182,955	704,292	23,742,903
Add: interest suspended during the period	2,394,277	57,746	2,436,936	116,653	5,005,612
Less: interest transferred to revenues	(458,228)	(53,270)	(18,646)	(24,120)	(554,264)
Less: written-off suspended interest	(249,396)	(4,471)	(1,710,071)	(106,379)	(2,070,317)
Balance at the end of the period	<u>13,065,757</u>	<u>476,557</u>	<u>11,891,174</u>	<u>690,446</u>	<u>26,123,934</u>
<u>For the year ended 31 December 2023 (Audited)</u>					
Balance at the beginning of the year	9,941,172	490,537	10,763,643	1,155,857	22,351,209
Add: interest suspended during the year	2,517,098	160,184	3,514,574	130,057	6,321,913
Less: interest transferred to revenues	(421,799)	(69,085)	(100,493)	(17,580)	(608,957)
Less: written-off suspended interest	(657,367)	(105,084)	(2,994,769)	(564,042)	(4,321,262)
Balance at the end of the year	<u>11,379,104</u>	<u>476,552</u>	<u>11,182,955</u>	<u>704,292</u>	<u>23,742,903</u>

12. Other Assets

The details of this item are as follows:

	30 September 2024	31 December 2023
	JD	JD
	(Reviewed not audited)	(Audited)
Accrued interest and commissions	4,878,406	6,741,320
Prepaid expenses	1,477,147	900,324
Assets seized by the Bank against due debts - net*	4,849,287	2,815,582
Assets - unrealized gain of financial derivatives	-	384,065
Other receivables - brokerage company	123,324	46,066
Land held for sale - brokerage company	869,268	1,696,734
Seized assets sold in installments	3,822,675	3,822,675
Other	3,860,046	3,479,733
Total	19,880,153	19,886,499

- * The details of the movement on the assets seized by the bank to against due debts - net are as follows:

	30 September 2024	31 December 2023
	JD	JD
	(Reviewed not audited)	(Audited)
Balance at the beginning of the period/ year	2,815,582	3,034,678
Additions	3,847,628	135,905
Disposals	(2,010,629)	(355,001)
Recovered form seized assets provision	196,706	-
Total	4,849,287	2,815,582

- * The regulations of Central Bank of Jordan require to dispose the assets seized by the Bank by a maximum period of two years from the date of its acquisition. In exceptional cases, the Central Bank may extend this period to a maximum of two consecutive years.
- The provision for the seized assets was JD 4,616 as of 30 September 2024 (JD 201,322 as of 31 December 2023) for assets which have been possessed by the Bank for a period longer than four years.

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13. Customers' Deposits

	Individual JD	Large companies JD	Small and medium companies JD	Government and public sector JD	Total JD
<u>For the nine months ended 30 September 2024 (Reviewed not audited)</u>					
Current accounts and demand deposits	41,478,096	25,981,324	10,616,609	741,137	78,817,166
Saving accounts	24,919,910	232,608	156,697	86	25,309,301
Time and notice deposits	399,084,765	284,427,107	15,654,653	111,141,976	810,308,501
Total	<u>465,482,771</u>	<u>310,641,039</u>	<u>26,427,959</u>	<u>111,883,199</u>	<u>914,434,968</u>

**For the year ended 31 December 2023
(Audited)**

Current accounts and demand deposits	41,924,420	54,060,791	9,231,972	574,721	105,791,904
Saving accounts	17,702,723	181,325	157,262	86	18,041,396
Time and notice deposits	349,180,156	272,612,151	15,387,421	115,610,447	752,790,175
Total	<u>408,807,299</u>	<u>326,854,267</u>	<u>24,776,655</u>	<u>116,185,254</u>	<u>876,623,475</u>

- Jordanian government and public sector deposits inside Jordan amounted to JD 111,883,199 which represent 12.235% of total customers' deposits as of 30 September 2024 (JD 116,185,254 which represent 13.254% of total customers' deposits as of 31 December 2023).
- Non-interest bearing deposits amounted to JD 75,029,725 which represent 8.205% of total deposits as of 30 September 2024 (JD 70,560,283 which represent 8.049% of total customers' deposits as of 31 December 2023).
- Restricted deposits amounted to JD 107,334,104 which represent 11.738% of total deposits as of 30 September 2024 (JD 102,817,184 which represent 11.729% of total customers' deposits as of 31 December 2023).
- Dormant deposits amounted to JD 7,518,840 as of 30 September 2024 (JD 8,877,870 as of 31 December 2023).

14. Cash Margins

This item consists of the following:

	30 September 2024 JD (Reviewed not audited)	31 December 2023 JD (Audited)
Margins against direct credit facilities	39,103,634	37,035,726
Margins against indirect credit facilities	8,357,838	5,073,752
Other margins	1,817,314	2,871,835
Total	<u>49,278,786</u>	<u>44,981,313</u>

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15. Income Tax

A- Income tax provision

The movement on the income tax provision is as follows:

	30 September 2024	31 December 2023
	JD (Reviewed not audited)	JD (Audited)
Balance at the beginning of the period/ year	2,979,746	2,283,188
Income tax paid	(3,686,737)	(1,121,387)
Accrued income tax	1,143,424	1,817,945
Balance at the end of the period/ year	436,433	2,979,746

B- Income tax in the interim condensed consolidated income statement represents the following:

	For the nine months ended (Reviewed not audited)	
	2024	2023
	JD	JD
Accrued income tax on the profit of the period	1,143,424	3,414,968
Deferred tax assets for the period	502,037	(388,174)
	1,645,461	3,026,794

- The legal tax rate for banks in Jordan is 35% and 3% as national contribution, and for subsidiary (Arab Co-Operation Company for Financial Investments) it is 24%, and 4% as national contribution.

C- Deferred tax assets

The movement on the deferred tax assets is as follows:

	30 September 2024	31 December 2023
	JD (Reviewed not audited)	JD (Audited)
Balance at the beginning of the period/ year	8,048,059	8,071,489
Additions	344,650	1,359,369
Released	(1,133,428)	(1,382,799)
Balance at the end of the period/ year	7,259,281	8,048,059

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D- Deferred tax liabilities

The movement on deferred tax liabilities accounts are as follows:

	30 September 2024	31 December 2023
	JD	JD
	(Reviewed not audited)	(Audited)
Balance at the beginning of the period/ year	437,484	461,371
Additions	52,689	17,178
Released	(145,945)	(41,065)
Balance at the end of the period/ year	344,228	437,484

E- Tax status

- The Bank has reached a final settlement with the income and sales tax department for all the years until the end of 2020.
- The Bank has submitted its tax returns for the years 2021, 2022 and 2023 which has not yet been reviewed yet by the Income and Sales Tax Department until the date of the interim condensed consolidated financial statements.
- Arab Co-Operation Company for Financial Investments (the subsidiary) has reached a final settlement with the Income and Sales Tax Department in Jordan up to the year 2022 except for the year 2021, In addition, the company has already submitted its tax returns for the years 2021, and 2023 which has not been reviewed by the Income and Sales Tax Department until the date of the interim condensed consolidated financial statements.
- The Bank has booked a provision against any expected tax liabilities for the declared years and the above-mentioned years, in the opinion of the bank's management and its tax consultant the income tax provision booked in the interim condensed consolidated financial statements is sufficient to cover any future tax liabilities that may arise.

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16. Other Liabilities

The details for this item are as follows:

	30 September 2024	31 December 2023
	JD (Reviewed not audited)	JD (Audited)
Accrued interest expense	9,842,283	12,120,352
Deferred revenue	212,184	194,913
Accounts payable	7,370,807	5,827,262
Accrued and unpaid expenses	2,026,392	1,656,923
Liabilities - unrealized losses of financial derivatives	175,596	96,049
Certified cheques withdrawn by the bank	1,434,501	1,849,574
Provision for expected credit losses - indirect facilities	3,520,689	3,299,545
Board of directors' remunerations	64,125	89,718
Transfers held for payment	1,210,483	1,277,430
Deferred income	233,612	272,391
Other liabilities	4,107,258	4,214,357
Total	30,197,930	30,898,514

17. Paid-In Capital

The paid-in capital amounted to JD 110,000,000, divided into 110,000,000 shares at a par value of JD 1 per share as of 30 September 2024 and 31 December 2023.

Distributed Profits

The general assembly decided on 25 April 2024 to distribute cash dividends with an amount of JD 3,300,000 which represent 3% of its paid-in capital (The general assembly decided on 13 April 2023 to distribute cash dividends with an amount of JD 4,400,000).

18. Reserves

The details of the reserves as of 30 September 2024 and December 2023 are as follows:

Statutory Reserve

The amount accumulated in this account is transferred from the annual income before tax at 10% during the year and previous years according to the companies Law, this reserve cannot be distributed to shareholders.

Voluntary Reserve

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

The bank has not deducted the legal reserves and fees according to the provisions of the Companies Law and the issued instructions, as these statements are interim. The deductions will be made at the end of the financial year.

19. Fair Value Reserve – Net

This item consists of the following:

	30 September 2024	31 December 2023
	JD	JD
	(Reviewed not audited)	(Audited)
Balance at the beginning of the period/ year	(122,820)	(1,081,938)
Unrealized gains	509,173	1,546,965
Deferred tax liabilities	93,256	23,887
Deferred tax assets	(286,742)	(611,734)
Balance at the end of the period/ year	<u>192,867</u>	<u>(122,820)</u>

20. Retained Earnings

This item consists of the following:

	30 September 2024	31 December 2023
	JD	JD
	(Reviewed not audited)	(Audited)
Balance at the beginning of the period/ year	23,804,821	23,827,407
Profit for the period/ year	-	5,000,420
Transferred to reserve	-	(623,006)
Distribution of cash dividends	(3,300,000)	(4,400,000)
Balance at the end of the period/ year	<u>20,504,821</u>	<u>23,804,821</u>

- An amount of JD 7,259,281 is restricted as of 30 September 2024 (JD 8,048,059 as of 31 December 2023) against deferred tax assets, including the capitalization or distribution, except for what is actually realized, according to the Central Bank of Jordan instructions.
- Retained earnings balance included a restricted amount of JD 2,761 as of 30 September 2024 and 31 December 2023, which represents the effect of the early adoption of IFRS 9, except for what is actually realized from the sales transactions.

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21. Provision For Expected Credit Losses

This item consists of the following:

	For the Nine months ended 30 September (Reviewed not audited)	
	2024	2023
	JD	JD
Deposits and balances at banks and financial institutions	(759)	2,407
Financial assets at fair value through other comprehensive income	153	3,664
Financial assets at amortized cost	27,160	(1,986)
Direct credit facilities	4,601,868	5,258,938
Discounted letter of credits	-	(20)
Indirect credit facilities	221,144	166,266
Total	4,849,566	5,429,269

22. Basic and diluted earnings per share from the profit for the period

The details for this item are as follows:

	For the three months ended 30 September (Reviewed not audited)		For the nine months ended 30 September (Reviewed not audited)	
	2024	2023	2024	2023
	JD	JD	JD	JD
Profit for the period	174,876	1,442,750	2,988,774	5,002,438
Weighted average number of shares	110,000,000	110,000,000	110,000,000	110,000,000
Basic and diluted earnings per share from profit for the period JD/ share	0.002	0.013	0.027	0.045

The diluted earnings per share for the period is equivalent to the basic earnings per share for the period.

23. Cash and Cash Equivalents

The details for this item are as follows:

	For the nine months ended as of 30 September (Reviewed not audited)	
	2024	2023
	JD	JD
Cash and balances with Central Bank of Jordan maturing within three months	134,810,835	87,723,058
<u>Add:</u> balances at banks and financial institutions maturing within three months	128,103,178	199,446,037
<u>Less:</u> deposits from banks' and financial institutions' maturing within three months	(112,504,417)	(115,562,962)
Total	150,409,596	171,606,133

24. Related Parties Transactions

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

All loans and advances granted to related parties are performing loans.

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	Related party				Total	
	Parent and affiliated companies	Senior management	Bank's employees	Board of Directors	30 September 2024	31 December 2023
	JD	JD	JD	JD	JD (Reviewed not audited)	JD (Audited)
<u>Statement of financial position Items:</u>						
Direct credit facilities	-	2,921,334	12,317,494	11,094	15,249,922	14,772,342
Balance at banks and financial institutions	30,021,438	-	-	-	30,021,438	13,400,781
Deposits at banks and financial institutions	72,282,771	-	-	-	72,282,771	75,429,629
Customers' deposits	-	2,177,002	1,670,706	487,837	4,335,545	5,502,549
Borrowed funds	-	-	-	-	-	2,481,500
<u>Off statement of financial position Items:</u>						
Letters of guarantee	31,330,250	-	-	-	31,330,250	34,783,792
Letters of credit	5,434,097	-	-	-	5,434,097	6,810,823
Interest rate swap contracts	13,825,500	-	-	-	13,825,500	13,825,500
					For the nine months ended as of 30 September (Reviewed not audited)	
					2024	2023
					JD	JD
Interest and commission income	2,089,935	54,972	230,245	-	2,375,152	2,510,700
Interest and commission expense	(3,599,414)	(95,990)	(74,920)	(13,709)	(3,784,033)	(4,096,766)

* The interest rates on credit facilities ranges from 3% to 8.72%, while the interest rates on customer deposits range from 0.01% to 6.5%.

* In addition to what has been disclosed in the table above, the total balance of credit facilities extended to related parties of the bank amounts to 7,485,380 JOD, covering 99 clients. These facilities are secured by acceptable guarantees totaling 4,181,566 JOD, with interest rates on credit facilities ranging from 2% to 12.25%, and commission rates ranging from 0.5% to 1%.

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

	For the nine months ended as of 30 September	
	2024	2023
	JD (Reviewed not audited)	JD (Reviewed not audited)
Salaries and remunerations	2,236,100	2,246,508

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25. Segment Analysis

A - Information about the Bank's Business Segments:

The Bank is organized for administrative purposes in such a way that segments are measured according to the reports used by the general manager and the main decision-makers within the Bank. This is done through the following main business segments:

1. Individual Accounts.
2. Corporate Accounts.
3. Treasury.

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

<u>Description</u>	<u>Retail</u>	<u>Corporate</u>	<u>Treasury</u>	<u>Other</u>	<u>Total</u>	
					<u>For the nine months ended 30 September</u>	
					<u>2024</u>	<u>2023</u>
	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>	<u>JD</u>
					(Reviewed not audited)	(Reviewed not audited)
Gross direct revenue	33,626,165	21,673,350	25,191,221	204,545	80,695,281	77,328,737
Expected credit loss on financial assets	(5,573,692)	1,365,038	(640,912)	-	(4,849,566)	(5,429,269)
Interest expense	(19,010,773)	(13,834,706)	(15,176,044)	(140,624)	(48,162,147)	(41,377,681)
Business segments results	9,041,700	9,203,682	9,374,265	63,921	27,683,568	30,521,787
Undisturbed segmental expenses					(23,049,333)	(22,492,555)
Profit before tax					4,634,235	8,029,232
Income tax					(1,645,461)	(3,026,794)
Net profit for the period					2,988,774	5,002,438
Capital expenditures					(2,848,483)	(2,463,719)
Depreciation and amortization					(2,736,327)	(2,653,034)
					30 September 2024	31 December 2023
					JD	JD
					(Reviewed not audited)	(Audited)
Segmental assets	446,278,268	336,520,838	580,637,814	-	1,363,436,920	1,351,798,019
Undisturbed segmental assets	-	-	-	45,032,894	45,032,894	44,148,436
Total assets	446,278,268	336,520,838	580,637,814	45,032,894	1,408,469,814	1,395,946,455
Segmental liabilities	731,507,397	283,588,231	220,149,492	-	1,235,245,120	1,219,388,356
Undisturbed segmental liabilities	-	-	-	7,888,684	7,888,684	11,226,550
Total liabilities	731,507,397	283,588,231	220,149,492	7,888,684	1,243,133,804	1,230,614,906

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26. Capital Adequacy Ratio

The schedule below shows capital components total risk weighted assets and capital adequacy ratio for the period ended 30 September 2024, and for the year ended 31 December 2023 according to the Central Bank of Jordan instructions in accordance with Basel III Committee regulations:

	30 September 2024	31 December 2023
	Thousands JD (Reviewed not audited)	Thousands JD (Audited)
<u>Common equity shareholder rights</u>		
Paid-in Capital	110,000	110,000
Retained earnings less proposed dividends Plus profit for the period	23,491	20,502
Cumulative change in fair value of financial assets	193	(123)
Share premium	67	67
Statutory reserve	31,385	31,385
Voluntary reserve	197	197
Total ordinary shares' capital	165,333	162,028
<u>Regulatory amendments (deduction from capital)</u>		
Goodwill and intangible assets	(1,251)	(1,080)
Deferred tax assets	(7,259)	(8,048)
Net ordinary shareholders' equity	156,823	152,900
<u>Additional Capital</u>		
Total primary capital (Tier1 capital)	156,823	152,900
Tier 2 capital		
Stage 1 IFRS 9/ general banking risk reserve	3,639	4,245
Regulatory amendments (capital offerings) Investments in the capital of subsidiaries		
Total supplementary capital	3,639	4,245
Total regulatory capital	160,462	157,145
Total risk-weighted assets	959,164	913,757
Capital adequacy ratio (%)	16,73%	17,20%
Primary capital adequacy ratio (%)	16,35%	16,73%

27. Contingent Liabilities and Commitments

The following are potential liabilities for the Bank at the date of the financial statements:

	30 September 2024	31 December 2023
	JD (Reviewed not audited)	JD (Audited)
Letters of credit:		
Import LCs	40,432,474	25,838,208
Export LCs	18,460,898	4,250,182
Acceptances	19,189,340	4,401,105
Letters of guarantee:		
Payments	22,920,878	22,463,115
Performance	68,725,811	55,609,836
Other	19,157,755	24,321,125
Unutilized credit facilities	74,876,437	28,419,905
Futures contracts in foreign currency	52,511,210	51,680,144
Interest swap contracts	13,825,500	13,825,500
Total	330,100,303	230,809,120

28. Lawsuits Raised Against the Bank

The lawsuits raised against the Bank amounted to JD 4,783,954 as of 30 September 2024 (JD 4,503,987 as of 31 December 2023). In the opinion of management and the legal advisors, no material liability will arise as a result of these lawsuits in excess of the amount already provisioned for, which amounted to JD 84,376 as of 30 September 2024 (JD 174,376 as of 31 December 2023).

29. Fair Value Hierarchy

A- Fair value of financial assets and financial liabilities that are measured at fair value on recurring basis:

Some of the financial assets and financial liabilities are measured at fair value at the end of each reporting period, the following table gives information about how the fair value of these financial assets and financial liabilities are determined (valuation techniques and key inputs).

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	Fair Value		Fair value hierarchy	Valuation techniques and key inputs	Important inputs intangibles	Relationship between important inputs and fair value
	30 September 2024 JD (Reviewed not audited)	31 December 2023 JD (Audited)				
Financial assets						
Financial assets at fair value through other comprehensive income						
Governmental bonds and with their guarantee	45,669,139	76,288,863	Level 2	According to the latest available financial information	Not applicable	Not applicable
Quoted shares and bonds	15,154,284	14,579,571	Level 1	Quoted rates in financial markets	Not applicable	Not applicable
Unquoted shares	4,252,370	3,414,222	Level 2	According to the latest available financial information	Not applicable	Not applicable
	65,075,793	94,282,656				
Total financial assets at fair value	65,075,793	94,282,656				
Unrealized financial derivatives gains	-	384,065	Level 2	According to the latest available financial information	Not applicable	Not applicable
Financial Liabilities						
Unrealized derivatives losses	175,596	96,049	Level 2	According to the latest available financial information	Not applicable	Not applicable
Total financial liabilities at fair value	175,596	96,049				

There were no transfers between level 1 and 2 during the nine months period ended 30 September 2024 and the year ended 31 December 2023.

B- Fair value of financial assets and financial liabilities that are not measured at fair value on recurring basis:

Except what is detailed in following table we believe that the carrying amounts of financial assets, and financial liabilities recognized in the Bank's consolidated financial statements approximate their fair values:

	30 September 2024		31 December 2023		Fair value hierarchy
	Book value JD (Reviewed not audited)	Fair value JD (Reviewed not audited)	Book value JD (Audited)	Fair value JD (Audited)	
Financial assets not measured at fair value					
Time and notice deposits and certificates of deposit at central bank	81,400,000	81,451,400	31,500,000	31,506,257	Level 2
Balances at Banks and Financial Institutions	138,029,178	138,544,610	180,157,598	180,620,482	Level 2
Direct credit facilities	887,312,646	888,879,548	854,489,744	855,908,405	Level 2
Financial assets at amortized cost and mortgaged	215,175,335	217,173,949	212,456,866	215,894,118	Level 2
	1,321,917,159	1,326,049,507	1,278,604,208	1,283,929,262	
Financial liabilities not measured at fair value					
Banks and financial institution deposits	147,954,417	149,229,147	168,835,525	170,314,192	Level 2
Customer deposits	914,434,968	922,172,110	876,623,475	886,634,298	Level 2
Cash margins	49,278,786	49,280,082	44,981,313	44,981,720	Level 2
Borrowed funds	97,111,800	97,940,916	102,921,397	103,551,851	Level 2
	1,208,779,971	1,218,622,255	1,193,361,710	1,205,482,061	

30. Comparative figures

Some of 2023 balances were reclassified to correspond with the interim condensed consolidated financial statements figures for the period 30 September 2024 presentation, with no effect on profit and equity for the year 2023.