

**JORDAN KUWAIT BANK**  
**(A PUBLIC LIMITED SHAREHOLDING COMPANY)**  
**AMMAN – HASHEMITE KINGDOM OF JORDAN**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**31 MARCH 2023**  
**(UNAUDITED)**



**JORDAN KUWAIT BANK**  
**(A PUBLIC LIMITED SHAREHOLDING COMPANY)**  
**FOR THE THREE MONTHS ENDED ON 31 MARCH 2023 (REVIEWED AND UNAUDITED)**

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**REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
TO THE CHAIRMAN AND THE BOARD OF DIRECTORS OF JORDAN KUWAIT BANK  
A PUBLIC LIMITED SHAREHOLDING COMPANY**

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Jordan Kuwait Bank ("the Bank") and its subsidiaries (together "the Group") as at 31 March 2023 and the interim condensed consolidated statement of comprehensive income, and the interim condensed consolidated statements of changes in shareholders' equity and interim condensed consolidated statement of cash flows for the three months period then ended and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed financial statements in accordance with International Accounting Standard (34) "interim financial reporting" as amended by the Central Bank of Jordan instructions. Our responsibility is to express a conclusion on this interim condensed financial statement 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 financial statements are not prepared, in all material respects, in accordance with IAS (34) as amended by the Central Bank of Jordan instructions.

For and on behalf of PricewaterhouseCoopers "Jordan"

  
Hazem Hanna Sababa  
License No (802)



Amman, Jordan



**JORDAN KUWAIT BANK**  
**(A PUBLIC LIMITED SHAREHOLDING COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2023 (REVIEWED AND UNAUDITED)**

	Note	31 March 2023 (Reviewed and unaudited) JD	31 December 2022 (Audited) JD
<b>ASSETS</b>			
Cash and balances at central banks	4	648,521,781	480,714,381
Balances at banks and financial institutions	5	181,316,743	123,435,953
Direct credit facilities-net	6	1,990,746,533	1,922,640,437
Financial assets at fair value through profit and loss	7	33,077,978	20,958,094
Financial assets at fair value through other comprehensive income	8	96,939,606	94,984,592
Financial assets at amortised cost	9	1,050,630,804	617,988,602
Property and equipment - net	10	77,876,141	36,013,560
Intangible assets - net		10,036,042	7,239,008
Deferred tax assets		59,858,790	56,299,061
Right of use assets	11	12,799,523	10,524,060
Other assets	12	178,215,622	176,141,619
<b>TOTAL ASSETS</b>		<b>4,340,019,563</b>	<b>3,546,939,367</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Banks and financial institutions deposits		116,988,576	107,184,993
Customers deposits		2,993,682,695	2,418,672,958
Cash margins		134,608,202	117,926,572
Borrowed funds		292,206,511	296,598,068
Sundry provisions		17,649,793	14,454,973
Bonds		11,000,000	11,000,000
Income tax provision	13	31,351,794	18,784,419
Deferred tax liabilities		10,728,483	7,460,503
Lease liabilities	11	12,933,446	10,733,682
Other liabilities	14	129,793,976	66,567,971
<b>TOTAL LIABILITIES</b>		<b>3,750,943,476</b>	<b>3,069,384,139</b>
<b>EQUITY</b>			
Authorized and paid-in capital	21	150,000,000	150,000,000
Statutory reserve	22	99,983,479	99,983,479
Voluntary reserve	22	122,944,584	122,944,584
Financial assets at fair value revaluation reserve - net		6,665,058	6,887,913
Actuarial gain from remeasurement of defined post-employment benefits		1,050,169	1,050,169
Foreign currency translation differences		(4,079,865)	-
Retained earnings		94,967,794	94,967,563
Profit for the period		22,964,527	-
<b>Total equity - Bank's shareholders</b>		<b>494,495,746</b>	<b>475,833,708</b>
Non-controlling Interest	2	94,580,341	1,721,520
<b>TOTAL EQUITY</b>		<b>589,076,087</b>	<b>477,555,228</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>4,340,019,563</b>	<b>3,546,939,367</b>

The accompanying notes from (1) to (25) constitute an integral part of these interim condensed consolidated financial statements



**JORDAN KUWAIT BANK**  
**(A PUBLIC LIMITED SHAREHOLDING COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME**  
**FOR THE THREE MONTHS PERIOD ENDED ON 31 MARCH 2023 (REVIEWED AND UNAUDITED)**

		For the Three Months Ended 31 March	
	Note	2023 JD (Reviewed and unaudited)	2022 JD (Reviewed and unaudited)
Interest income		56,888,731	32,942,630
Less: Interest expense		25,152,390	11,862,287
<b>Net Interest Income</b>		<b>31,736,341</b>	<b>21,080,343</b>
Net commission income		9,950,816	2,376,894
<b>Net interest and commission income</b>		<b>41,687,157</b>	<b>23,457,237</b>
Gain from foreign currencies		5,540,164	738,799
Gain from financial assets at fair value through profit and loss	7	8,829,299	204,044
Gain from sale of debt instruments at fair value through other comprehensive income	8	-	24,581
Cash dividends from financial assets at fair value through other comprehensive income	8	78,750	63,000
(Loss) from sale of financial assets at amortised cost – debt instruments	9	-	(24,772)
Other income	12/B	5,117,731	3,408,190
<b>Gross Income</b>		<b>61,253,101</b>	<b>27,871,079</b>
Employees' expenses		11,567,147	7,307,949
Depreciation and amortisation		1,672,596	1,221,892
Provision for expected credit losses on direct credit facilities	6	10,634,703	7,541,279
Provision for expected credit losses on indirect credit facilities		211,654	914,122
Provision for (reversal from) expected credit losses on deposits at banks and financial institutions		51,032	(21,794)
Provision for (reversal from) expected credit losses on investments		53,248	(127,097)
Sundry provisions		1,121,775	480,000
Other expenses		10,138,600	8,422,618
<b>Total expenses</b>		<b>35,450,755</b>	<b>25,738,969</b>
Bargain on purchase	24	8,865,296	-
<b>Profit for the period before income tax</b>		<b>34,667,642</b>	<b>2,132,111</b>
Less: income tax expense		6,980,746	765,962
<b>Profit for the period</b>		<b>27,676,896</b>	<b>1,366,149</b>
<b>Attributable to:</b>			
Bank's shareholders		<b>22,964,527</b>	<b>1,371,152</b>
Non-controlling interest		<b>4,722,369</b>	<b>(5,003)</b>
<b>Earnings per share from current period profit for Bank's shareholders (basic and diluted):</b>	15		
<b>Profit for the period</b>		0,153	0,009

The accompanying notes from (1) to (25) constitute an integral part of these interim condensed consolidated financial statements



**JORDAN KUWAIT BANK**  
**(A PUBLIC LIMITED SHAREHOLDING COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS PERIOD ENDED ON 31 MARCH 2023 (REVIEWED AND UNAUDITED)**

	For the Three Months Ended 31 March	
	2023	2022
	JD	JD
	(Reviewed and unaudited)	(Reviewed and unaudited)
<b>Profit for the period</b>	27,686,896	1,366,149
Other Comprehensive Income Items		
<b>Items that may be reclassified in subsequent periods to the consolidated statement of income - after tax:</b>		
Net change in the valuation reserve of financial assets at fair value through other comprehensive income <b>after tax- debt instruments</b>	(147,114)	(1,330,885)
Total items that may be reclassified in subsequent periods To the consolidated statement of income	<b>(147,114)</b>	<b>(1,330,885)</b>
<b>Items that may not be reclassified in subsequent periods to the consolidated statement of income - after tax:</b>		
Net change in the valuation reserve of financial assets at fair value through comprehensive income <b>after tax - equity instruments</b>	(1,988,086)	738,941
Foreign currency translation differences	(7,291,432)	-
Total items that may not be reclassified in subsequent periods To the consolidated statement of income	<b>(9,279,518)</b>	<b>738,941</b>
<b>Total comprehensive (loss) income for the period</b>	<b>18,260,264</b>	<b>774,205</b>
<b>Attributable to:</b>		
<b>Bank's shareholders</b>	<b>18,662,038</b>	<b>779,208</b>
<b>Non-controlling interest</b>	<b>(401,774)</b>	<b>(5,003)</b>

The accompanying notes from (1) to (25) constitute an integral part of these interim condensed consolidated financial statements



**JORDAN KUWAIT BANK**  
**(A PUBLIC LIMITED SHAREHOLDING COMPANY)**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023 (REVIEWED AND UNAUDITED)**

	Bank's Shareholders Equity										
	Reserves				Actuarial gain from re-measurement of defined post-employment benefits	Foreign currency translation differences	Income for the period	Retained Earnings	Total Equity – Bank's Shareholders	Non-controlling interest	Total
	Authorized and paid-in capital	Statutory	Voluntary	Valuation of financial assets							
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
For the three months ended 31 March 2023 (reviewed and unaudited)											
Balance - Beginning of the period	150,000,000	99,983,479	122,944,584	6,887,913	1,050,169	-	-	94,967,563	475,833,708	1,721,520	477,555,228
Profit for the period	-	-	-	-	-	-	22,964,527	-	22,964,527	4,722,369	27,686,896
Net change in the fair value of financial assets through comprehensive income	-	-	-	(222,624)	-	-	-	-	(222,624)	(1,912,576)	(2,135,200)
Foreign currency translation differences	-	-	-	-	-	(4,079,865)	-	-	(4,079,865)	(3,211,567)	(7,291,432)
Total comprehensive income	-	-	-	(222,624)	-	(4,079,865)	22,964,527	-	18,662,038	(401,774)	18,260,264
Non-controlling interest resulted from the acquisition	-	-	-	-	-	-	-	-	-	93,260,595	93,260,595
Gain from sale of equity instruments through other comprehensive income	-	-	-	(231)	-	-	-	231	-	-	-
Balance - End of the Period	150,000,000	99,983,479	122,944,584	6,665,058	1,050,169	(4,079,865)	22,964,527	94,967,794	494,495,746	94,580,341	589,076,087
For the three months ended 31 March 2023 (reviewed and unaudited)											
Balance - Beginning of the period	150,000,000	97,254,251	133,444,584	7,044,559	558,921	-	-	79,094,033	467,396,348	277,710	467,674,058
Profit (loss) for the period	-	-	-	-	-	-	1,371,152	-	1,371,152	(5,003)	1,366,149
Net change in financial assets at fair value through comprehensive income	-	-	-	(591,944)	-	-	-	-	(591,944)	-	(591,944)
Total comprehensive income	-	-	-	(591,944)	-	-	1,371,152	-	779,208	(5,003)	774,205
Gain from sale of equity instruments through other comprehensive income	-	-	-	(88,854)	-	-	-	88,854	-	-	-
Balance - End of the Period	150,000,000	97,254,251	133,444,584	6,363,761	558,921	-	1,371,152	79,182,887	468,175,556	272,707	468,448,263

- Retained earnings include an amount of JD 59,858,790 as of 31 March 2023 (JD 56,299,061 as of 31 December 2022) restricted against deferred tax assets in accordance with the instructions of Central Bank of Jordan and Jordan Securities Commission.
- Retained earnings include an amount of JD 188,212 as of 31 March 2023 and 31 December 2022 which represents the effect of the early adoption of IFRS (9) during the year 2011. Such amount is restricted and cannot be utilized according to Jordan Securities Commission regulations. Which represents the revaluation differences of financial assets.
- According to the Central Bank of Jordan Circular No. 13/2018, the bank has transferred the balance of general banking risk reserve amounting to JD 14,288,875 to the retained earnings to reflect impact of IFRS 9. Surplus amount - if any - after the offset is restricted.
- Use of the credit balance of the valuation reserve of financial assets through other comprehensive is restricted in accordance with the instructions of Central Bank of Jordan and Jordan Securities Commission.

**The accompanying notes from (1) to (25) constitute an integral part of these interim condensed consolidated financial statements**



**JORDAN KUWAIT BANK**  
**(A PUBLIC LIMITED SHAREHOLDING COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTHS PERIOD ENDED ON 31 MARCH 2023**

	Note	For the three months period ended 31 March	
		2023 JD	2022 JD
<b>Cash flows from operating activities:</b>			
Profit for the period before tax		34,667,642	2,132,111
<b>Adjustments:</b>			
Depreciation and amortisation		1,672,596	1,221,892
Provision for expected credit losses on direct credit facilities		10,634,703	7,541,279
Provision for expected credit losses on indirect credit facilities		211,654	914,122
Provision for (reversal from) expected credit losses on investments		53,248	(127,097)
Provision for (reversal from) expected credit losses on deposits at banks and financial institutions		51,032	(21,794)
(Gain) from sale of financial assets through other comprehensive income – debt instruments		-	(24,581)
Losses from sale of financial assets at amortised cost		-	24,772
(Reversal from) seized assets provision		(588,201)	1,375,860
Net interest income		17,424,616	8,009,787
Sundry provisions		3,437,257	480,000
The effect of changes in exchange rates on cash and cash equivalents		(1,726,292)	(11,097)
<b>Cash flows generated from operating activities before changes in assets and liabilities</b>		<b>65,838,255</b>	<b>21,515,254</b>
<b>Changes in assets and liabilities:</b>			
(Increase) in balances at banks and financial institutions due more than three months		(51,032)	(21,269,377)
(Increase) in deposits at banks and financial institutions due more than three months		-	(2,000,000)
Decrease in restricted balances		1,287,531	248,096
(Increase) in direct credit facilities		(78,740,799)	(17,259,640)
(Increase) decrease in other assets		(37,080,412)	10,492,598
(Increase) decrease in financial assets at fair value through profit and loss		(3,343,833)	219,356
(Increase) decrease in deposits from banks and financial institutions due more than three months		18,434,000	(31,242,580)
Increase in customers deposits		575,009,737	109,793,865
Increase in cash margins		16,681,630	6,094,615
Increase in other liabilities		84,871,392	11,986,571
<b>Net change in assets and liabilities</b>		<b>577,068,214</b>	<b>67,063,504</b>
<b>Net cash flows generated from operating activities before income tax paid</b>		<b>642,906,469</b>	<b>88,578,758</b>
Paid portion of sundry provisions		(242,437)	(231,826)
Paid income tax		(960,686)	(567,471)
<b>Net cash flows generated from operating activities</b>		<b>641,703,346</b>	<b>87,779,461</b>
<b>Cash flows from investing activities:</b>			
(Increase) in financial assets at amortised cost		(432,642,202)	(48,694,064)
(Gains) from financial assets through profit and loss		(8,829,299)	(204,044)
(Increase) decrease in financial assets at fair value through other comprehensive income		(2,259,880)	221,486
(Increase) in property, equipment and intangible assets		(46,332,211)	(3,401,094)
<b>Net cash flows (used in) investing activities</b>		<b>(490,063,592)</b>	<b>(52,077,716)</b>
<b>Cash flows from financing activities:</b>			
(Decrease) in borrowed funds		(4,391,557)	(717,900)
Foreign currency translation differences		(4,079,865)	-
Non-controlling interest		88,136,452	-
<b>Net cash flows generated from (used in) financing activities</b>		<b>79,665,030</b>	<b>(717,900)</b>
The effect of changes in exchange rates on cash and cash equivalents		1,726,292	11,097
<b>Net increase in cash and cash equivalents</b>		<b>233,031,076</b>	<b>34,994,942</b>
Cash and cash equivalent - beginning of the period		494,660,535	327,469,080
<b>Cash and Cash Equivalent - end of the period</b>	16	<b>727,691,611</b>	<b>362,464,022</b>

The accompanying notes from (1) to (25) constitute an integral part of these interim condensed consolidated financial statements





**JORDAN KUWAIT BANK**  
**(A PUBLIC LIMITED SHAREHOLDING COMPANY)**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2023 (REVIEWED AND UNAUDITED)**

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**(1) GENERAL INFORMATION**

Jordan Kuwait Bank was established as a Jordanian public limited shareholding company under the registration number (108) on October 25, 1976 in accordance with the Jordanian Companies Law No. (13) for the year 1964. The Head Office of the Bank is located in Omayya Bin Abdshams Street, Abdali. Tel. (+962 6 5629400), P.O. Box (9776), Amman – (11191) Jordan. The Bank current Paid up Capital amounted to JD 150 million distributed on 150 million shares, with a par value of JD 1 per share.

The Bank provides all banking and financial activities related to its activities through its head office and (65) branches inside the Kingdom and (1) foreign branch. The Bank owns two subsidiaries, one for finance leasing, and the other one for brokerage services which owns three companies, the first one provides financial advisory services and the other two provide brokerage services. During February 2023 the Bank completed the acquisition transaction of 51.79% of Bank of Baghdad capital located in Iraq (Note 2 and 24). Hence, the shares of Bank of Baghdad are listed on Iraq Stock Exchange.

Jordan Kuwait Bank is a Public Shareholding Company limited and is listed in Amman Stock Exchange.

Jordan Kuwait Bank is 50.927% owned at by Al Rawabi United Holding Company and the financial statements of the Bank are consolidated within the consolidated financial statements of the ultimate parent Company Kuwait Projects Holding Company (KIPCO).

These interim condensed consolidated financial statements were approved by the Bank's Board of Directors on their meeting number (4/2023) held on 27 April 2023.

**(2) SIGNIFICANT ACCOUNTING POLICIES**

Following are the significant accounting policies used by the Bank in the preparation of these interim condensed consolidated financial statements.

**2.1 Basis of preparation**

The interim condensed consolidated financial statements of the Bank and its subsidiaries ('the group') have been prepared in accordance with International Accounting Standards No. (34) ("interim financial reporting") as amended by Central Bank of Jordan instructions.

**The main differences between the IFRSs as they shall be applied and what has been approved by the Central Bank of Jordan are the following:**

1. Some items are classified and presented in the consolidated statement of financial position, consolidated statement of income and the consolidated statement of cash flows and the related disclosure, such as credit facilities, interest in suspense, expected credit losses, investments, fair value levels, segments classification and disclosures related to risks and others, are presented and disclosed in accordance with the requirements of the Central Bank of Jordan, its instructions and circulated guidance which might not include all the requirements of IFRS such as IFRS 7, 9 and 13.



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2. Provisions for expected credit losses are formed in accordance with the instructions of the Central Bank of Jordan (No. 13/ 2018) "Application of the IFRS (9)" dated 6 June 2018 and in accordance with the instructions of the supervisory authorities in the countries in which the bank operates, whichever is stricter. The significant differences are as follows:

- a) Debt instruments issued or guaranteed by the Jordanian government are excluded, so that credit exposures are treated and guaranteed by the Jordanian government without credit loss.
- b) When calculating credit losses against credit exposures, the calculation results are compared according to IFRS (9) under the instructions of the Central Bank of Jordan No. (2009/47) of 10 December 2009 for each stage separately and the stricter results are booked.

\*According to the instructions of the Central Bank of Jordan No. (47/2009) issued on 10 December 2009 regarding the classification of credit facilities and the calculation of the impairment provisions, credit facilities were classified into the following categories:

**a) Low risk credit facilities, which do not require any provisions:**

These are credit facilities that have any of the following characteristics:

- 1. Facilities granted and guaranteed by the Jordanian government, as well as to the governments of countries in which Jordanian banks have branches, provided that these facilities are granted in the same currency of the host country.
- 2. Cash Guaranteed by (100%) of the outstanding balance at any time.
- 3. Facilities guaranteed with an acceptable bank guarantee at (100%).

**b) Acceptable risk credit facilities, which do not require provision:**

These are credit facilities that have any of the following characteristics:

- 1. Strong financial positions and adequate cash flows.
- 2. Contracted and covered with duly accepted guarantees.
- 3. Having good sources of repayment.
- 4. Active account movement and regular repayment of principal and interest
- 5. Efficient management of the client.

**C) Credit facilities listed under the watch-list (requiring special attention) which impairment allowances for are calculated within a range of (1.5% - 15%):**

**These are credit facilities that have any of the following characteristics:**

- 1) The existence of dues for a period of more than (60) days and less than (90) days for the principal of credit facilities and/or interest.
- 2) Exceeding the overdraft predetermined limit by (10%), and for a period of more than (60) days and less than (90) days.
- 3) Credit facilities that have previously been classified as non-performing credit facilities then reclassified from the list upon meeting the rescheduling criteria.
- 4) Acceptable-risk credit facilities that has been rescheduled twice in one year.
- 5) Credit facilities that have been expired for more than 60 days and less than (90) days and have not been renewed.



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**D) Non-performing credit facilities:**

The credit facilities that have any of the following characteristics:

- 1) They are past due, or the maturity of one of their instalments, or default payment of the principal amount and / or interest, or dormant current debit account for the following periods:

<b>Classification</b>	<b>Number of past due days</b>	<b>The percentage of the provision for the first year</b>
Sub-standard credit facilities	(90) – (179) days	25%
Doubtful credit facilities	(180) – (359) days	50%
Bad debt/loss credit facilities	(360) days and more	100%

- 2) Overdrafts that exceed the granting limit by (10%) and more, and for the duration of (90) days and more.
- 3) Credit facilities that have been expired for 90 days or more and have not been renewed.
- 4) Credit facilities granted to any customer declared bankrupt or to any company that has been deemed under liquidation.
- 5) Credit facilities that were restructured three times within a year.
- 6) Current and on-demand accounts overdrawn for (90) days or more.
- 7) The value of guarantees paid on behalf of the clients and were not credited to their accounts with past due of (90) days or more.

This is in addition to other conditions detailed in the instructions

The expected credit losses provision against credit facilities is calculated in accordance with the 2009/47 instructions for this category of facilities according to the above ratios and the amount of unguaranteed credit facilities during the first year, while the allocation of the covered amount is completed at 25% and over four years.

3. Interest and commissions are suspended on non-performing credit facilities and facilities classified within the third stage in accordance with the instructions of the Central Bank of Jordan and in accordance with the instructions of the supervisory authorities in the countries in which the Bank operates, whichever is stricter.
4. Assets that have been seized by the Bank against debts are stated in the consolidated statement of financial position within other assets at the acquisition cost or the fair value, whichever is lesser, and are revalued on the date of the consolidated financial statements individually. Any impairment in their value is recorded as a loss in the consolidated statement of income and any appreciation in value is not recorded as income. The subsequent increase is taken to the consolidated statement of income to the extent that it does not exceed the value of the previously recorded impairment.

The Central Bank of Jordan, pursuant to Circular No. 10/3/16234 dated 10 October 2022, cancelled all previous circulars, which stipulate the deduction of provisions against seized assets that violates the banking law, while maintaining the provisions balances against real estate and to be released upon the disposal of such assets.



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5. Cash and balances with the Central Bank item include, the cash reserve requirement item, which represents restricted balances according to the Central Bank's instructions and in accordance with the instructions of the supervisory authorities in the countries in which the Bank operates, whichever is stricter.

The financial statements have been prepared under the historical cost except for some financial instruments, which are measured at fair value at the end of each period.

The Jordanian Dinar is the presentation currency for the interim condensed consolidated financial statements.

The preparation of the interim condensed consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in (note 3).

**(a) New standards issued and applicable for the annual periods starting on or after 1 January 2023 which has been followed by the Group:**

**IFRS 17 Insurance Contracts** - IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows
- an explicit risk adjustment, and
- a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.

An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short-duration contracts, which are often written by non-life insurers.

There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.

The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

Targeted amendments made in July 2020 aimed to ease the implementation of the standard by reducing implementation costs and making it easier for entities to explain the results from applying IFRS 17 to investors and others. The amendments also deferred the application date of IFRS 17 to 1 January 2023.

Further amendments made in December 2021 added a transition option that permits an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of IFRS 17. The classification overlay applies to all financial assets, including those held in respect of activities not connected to contracts within the scope of IFRS 17. It allows those assets to be classified in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of IFRS 9. The classification can be applied on an instrument-by-instrument basis.



**Disclosure of Accounting Policies – Amendments to IAS 1-** The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

**Definition of Accounting Estimates – Amendments to IAS 8 -** The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

**Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 -** The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

**The above amendment and interpretation did not have significant impact on the financial statements.**



**(b) New standards issued and not yet applicable or early adopted by the Group for the periods starting on or after 1 January 2024:**

**Non-current liabilities with covenants – Amendments to IAS 1** - Amendments made to IAS 1 Presentation of Financial Statements in 2020 clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarified what IAS 1 means when it refers to the 'settlement' of a liability. The amendments were due to be applied from 1 January 2022. However, the effective date was subsequently deferred to 1 January 2023 and then further to 1 January 2024.

In October 2022, the IASB made further amendments to IAS 1 in response to concerns raised about these changes to the classification of liabilities as current or non-current.

The new amendments clarify that covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current, even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as noncurrent and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability
- information about the covenants, and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or noncurrent.

**Lease liability in sale and leaseback – amendments to IFRS 16** - In September 2022, the IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction.

The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognizing any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

**Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28** - The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively. \*\*\* In December 2015, the IASB decided to defer the application date of this amendment until such time





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The management is still in the process of evaluating the impact of these new amendments on the Group's financial statements, and it believes that there will be no significant impact on the financial statements when they are implemented.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current year starting 1 January 2023 or future reporting periods and on foreseeable future transactions.

## **2.2 Basis of Consolidation**

The consolidated financial statements include the financial statements of the Bank and the companies under its control (its subsidiaries), and control is achieved when the Bank:

- Has the ability to control the investee;
- Is exposed to variable returns, or has the right to variable returns, resulting from its association with the investee;
- Has the ability to use its power to influence the returns of the investee.

The Bank will re-estimate whether it controls the investees or not if the facts and circumstances indicate that there are changes on one or more of the control points referred to above.

In the event that the Bank's voting rights fall below the majority of voting rights in any of the investees, it will have the power to control when voting rights are sufficient to give the Bank the ability to unilaterally direct the related subsidiary activities. The bank takes into account all facts and circumstances when estimating whether the Bank has voting rights in the investee that are sufficient to give it the ability to control or not. These facts and circumstances include:

- The volume of voting rights the Bank has in relation to the number and distribution of other voting rights;
- Potential voting rights held by the Bank and any other voting rights holders or parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances indicating that the bank has, or does not have, a current responsibility to direct the relevant activities at the time the required decisions are taken, including how to vote in meetings of previous general assembly's meetings.

The subsidiary is consolidated when the Bank controls the subsidiary and is deconsolidated when the Bank loses control of the subsidiary. Specifically, the results of operations of subsidiaries acquired or excluded during the year are included in the consolidated statement of profit or loss from the date on which control is achieved until the date the control of the subsidiary is lost.

Profits and losses and each item of the comprehensive income are distributed to the owners in the entity and the non-controlling interest, the comprehensive income for the subsidiaries belonging to the owners in the entity and the non-controlling share is distributed even if this distribution will lead to a deficit in the balance of the non-controlling interest.

Adjustments are made to the financial statements of the subsidiaries, when required, to align their accounting policies with those used by the Bank.



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Non-controlling interests in the subsidiaries are determined separately from the Bank's equity in these entities. The non-controlling interests of the shareholders currently present in the equity granted to their owners with a proportionate share of the net assets upon liquidation may be measured initially at fair value or by the proportionate share of non-controlling interests in the fair value of the identifiable net purchase amount of assets. The measurement is selected on an acquisition basis. Other non-controlling interests are initially measured at fair value. After acquisition, the carrying value of non-controlling interests is the value of these interests upon initial recognition, in addition to the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributable to the non-controlling interests even if that results in a deficit in the non-controlling interests balance.

Changes in the Bank's interest in subsidiaries that do not result in loss of control are accounted for as equity transactions. The present value of the Bank's and non-controlling interests are adjusted to reflect changes in their relative shares in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Bank.

All amounts previously recognised in the other comprehensive income in relation to that subsidiary are accounted for as if the Bank had directly disposed of the assets or liabilities related to the subsidiary.

The fair value of the investment that is held in the previous subsidiary at the date of loss of control is considered to be the fair value upon initial recognition of subsequent accounting under IFRS (9) "Financial instruments" when the provisions of this standard apply, or the cost of initial recognition of investment in an associate or a joint venture.

The Bank has the following subsidiaries:

**31 March 2023:**

<b>Name of the Company</b>	<b>Paid in capital</b>	<b>Bank's ownership</b>	<b>Nature of operations</b>	<b>Location</b>	<b>Date of acquisition</b>
	JD	%			
Ejara Finance Leasing Company	20,000,000	100	Finance leasing	Jordan	2011
United Financial Investments Company	10,000,000	78,3	Brokerage and investments	Jordan	In phases, starting from 2002
Bank of Baghdad (Note 24)	122,000,000	51,79	Commercial Bank	Iraq	2023

**31 December 2022:**

<b>Name of the Company</b>	<b>Paid in capital</b>	<b>Bank's ownership</b>	<b>Nature of operations</b>	<b>Location</b>	<b>Date of acquisition</b>
	JD	%			
Ejara Finance Leasing Company	20,000,000	100	Finance leasing	Amman - Jordan	2011
United Financial Investments Company	10,000,000	78,3	Brokerage and investments	Amman - Jordan	In phases, starting from 2002





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The result of operations of the subsidiaries are consolidated in the consolidated statement of income from the date of their ownership which is the date on which the control on the subsidiaries is actually transferred to the Bank. The results of disposed operations of subsidiaries are consolidated in the consolidated statement of income up to the disposal date, which is the date on which the Bank loses control over the subsidiaries.

United Financial Investments has the following subsidiaries:

<b>Name of the Company</b>	<b>Paid in capital</b>	<b>Bank's ownership</b>	<b>Nature of operations</b>	<b>Location</b>	<b>Date of acquisition</b>
	JD	%			
Specialized Managerial Company for Investment and Financial Consultation	530,000	100	Financial advisory	Amman - Jordan	2021
Al Mawared Brokerage	3,000,000	100	Brokerage	Amman - Jordan	2022
The Arab Financial Investments	4,800,000	100	Brokerage	Amman - Jordan	2022

Non-controlling interest amounted to JD 94,580,341 as of 31 March 2023, against JD 1,721,520 as at 31 December 2022. Details are as follows:

	<b>31 March 2023</b>	<b>31 December 2022</b>
	JD	JD
United Financial Investments Company	1,643,260	1,721,520
Bank of Baghdad	92,937,081	-
	<u>94,580,341</u>	<u>1,721,520</u>

### **(3) ACCOUNTING ESTIMATES**

The preparation of the interim condensed consolidated financial statements and the application of accounting policies require the Bank's management to make estimates and judgements that affect the amounts of assets and liabilities and disclosure of contingent liabilities. These estimates and judgments affect the revenues, expenses, provisions and reserve of valuation of financial assets at fair value. In particular, it requires the Bank's management to issue critical judgements to estimate the amounts of future cash flows and their timing.

The mentioned estimates are necessarily based on multiple assumptions and factors involving varying degrees of judgment and uncertainty and that actual results may differ from the estimates as a result of changes resulting from the conditions and circumstances of those estimates in the future. Judgements, estimates and assumptions are reviewed on an ongoing basis. The impact of change in estimates is recognised in the reporting period in which this change occurs if the revision affects only that period and the effect of the change in estimates is recognised in the reporting period in which this change occurs and in future reporting periods if the revision affects both current and future periods.



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

- **Impairment of seized assets**

Impairment of seized assets is recognised based on most recent property valuation approved by accredited valuers for the purposes of calculating the impairment. The impairment provisions for seized assets is reviewed periodically.

- **Expected credit loss provisions**

The Bank's management is required to use significant judgments and estimates to estimate future cash flows amounts and timings and estimate the risks of a significant increase in credit risk for financial assets after initial recognition and future measurement information for expected credit losses.

- **Leases**

Determination of lease term: In determining the lease term, the management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The extension options (or periods after the termination options) are included only in the term of the lease if the lease is reasonably certain to be extended (or not terminated). The evaluation is reviewed in the event of a significant event or significant change in the circumstances that affect this evaluation and that are under the control of the lessee. Extension and termination of leases options: these are included in a number of leases. These conditions are used to increase operational flexibility in terms of contract management. Most of the extension and termination options held are renewable by both the Bank and the lessor.

Discounting of lease payments: Lease payments are discounted using the bank's incremental borrowing rate ("IBR"). Management applied judgements and estimates to determine the incremental borrowing rate at the start of the lease.

- **Useful lives of tangible assets and intangible assets**

Management reassessed the useful lives of tangible assets and intangible assets periodically for the purpose of calculating annual depreciation and amortisation based on the overall condition of those assets and estimates of expected useful lives in the future useful lives. Impairment loss is taken to the consolidated statement of profit or loss for the period.

- **Assets and liabilities that are stated at cost**

Management reviews, on a regular basis, the assets and liabilities that are stated at cost to estimate impairments, if any. Impairment losses are recognised in the consolidated statement of profit or loss for the period.

- **Income tax**

The financial year is charged with its own income tax expense in accordance with the laws and regulations, and accounting standards. Deferred tax assets and liabilities and required tax provision are accounted for.



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- **Provision for legal cases**

A provision is made for any potential legal obligations based on the legal study prepared by the Bank's legal advisor that identifies the potential risks that may occur in the future. Such study is reviewed periodically.

**(4) CASH AND BALANCES AT CENTRAL BANKS**

Statutory cash reserve amounted to JD 177,641,163 as of 31 March 2023 (JD 90,547,896 as of 31 December 2022).

Except for the restricted balances in accordance with the cash reserve requirements, there are no restricted balances as of 31 March 2023 and 31 December 2022.

There are no certificates of deposits as of 31 March 2023, against JD 95,450 as of 31 December 2022.

Expected credit losses on cash and balances with central banks amounted to JD 9,555,920 as of 31 March 2023 which is related to the balances of a subsidiary held at foreign Central Banks. There are no expected credit losses as of 31 December 2022 in accordance with the requirements of the Central Bank of Jordan related to the application of International Financial Reporting Standard No. (9).

**(5) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS**

Non-interest-bearing balances at banks and financial institutions amounted to JD 29,205,468 as of 31 March 2023 (JD 24,857,683 as of 31 December 2022).

The expected credit loss provision on balances with banks and financial institutions in accordance with International Financial Reporting Standard No. (9). Amounted to JD 1,486,038 as of 31 March 2023 (JD 1,425 as of 31 December 2022)

Restricted balances amounted to JD 3,592,337 as of 31 March 2023 (JD 3,557,652 as of 31 December 2022).



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**(6) DIRECT CREDIT FACILITIES – NET**

	31 March 2023 (Reviewed and unaudited) JD	31 December 2022 (Audited) JD
<b>Individuals (retail):</b>		
Overdraft accounts	125,072	129,642
Loans and promissory notes*	307,571,403	296,298,886
Credit cards	13,414,872	12,788,753
Real estate loans	254,059,854	263,006,274
<b>Corporates:</b>		
<b>Large</b>		
Overdraft accounts	161,607,575	119,972,299
Loans and promissory notes*	1,123,342,556	1,028,339,715
<b>Small and Medium</b>		
Overdraft accounts	21,558,622	36,548,126
Loans and promissory notes*	183,466,920	166,042,740
Government and public sector	158,077,077	181,960,741
<b>Total</b>	<b>2,223,223,951</b>	<b>2,105,087,176</b>
Less: Expected credit loss provision	185,669,845	152,369,385
Interest in suspense	46,807,574	30,077,354
<b>Net direct credit facilities</b>	<b>1,990,746,533</b>	<b>1,922,640,437</b>

\*Net after deducting interest and commission collected in advance of JD 356,941 as of 31 March 2023 (JD 296,766 as of 31 December 2022).

Credit facilities within stage 3 amounted to JD 200,327,187 which is equivalent to 9% of total direct credit facilities as of 31 March 2023 (against JD 137,657,367 which is equivalent to 6.54% of total direct credit facilities as of 31 December 2022).

Credit facilities within stage 3 net of interest and commission in suspense amounted to JD 155,836,863 which is equivalent to 7.16% of total direct credit facilities balance after deducting interest and commission in suspense as of 31 March 2023 (against JD 109,458,500 which is equivalent to 5.27% of total direct credit facilities balance after deducting interest and commission in suspense as of 31 December 2022).

Direct credit facilities granted to and guaranteed by the Jordanian Government amounted to JD 83,639,268 which is equivalent to 3.8% of total direct credit facilities as of 31 March 2023 (against JD 107,522,932 which is equivalent to 5.11% as of 31 December 2022).



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The following is the movement on direct credit facilities balance in aggregate during the period/year:

	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
<b>For the three months ended on 31 March 2023</b> <b>(Reviewed and unaudited)</b>				
<b>Balance at the beginning of the period</b>	1,775,575,135	191,854,673	137,657,367	2,105,087,175
New facilities during the period	186,200,346	12,920,454	1,542,633	200,663,433
Facilities paid during the period	(143,858,539)	(6,763,324)	(7,885,884)	(158,507,747)
Transferred to stage 1	6,899,636	(6,899,636)	-	-
Transferred to stage 2	(78,151,200)	79,158,726	(1,007,526)	-
Transferred to stage 3	(2,813,825)	(3,124,729)	5,938,555	-
Additions during the period which resulted from the acquisition transaction (Note 24)	6,588,523	5,310,525	64,082,042	75,981,091
<b>Balance at the end of the period</b>	<b>1,750,440,076</b>	<b>272,456,689</b>	<b>200,327,187</b>	<b>2,223,223,952</b>
<b>For the year ended on 31 December 2022</b> <b>(Audited)</b>				
<b>Balance at the beginning of the year</b>	1,512,006,987	183,732,241	147,323,386	1,843,062,614
New facilities during the year	502,139,014	29,723,792	7,436,118	539,298,924
Facilities paid during the year	(221,640,861)	(25,675,943)	(25,270,421)	(272,587,225)
Transferred to stage 1	15,757,739	(11,056,054)	(4,701,685)	-
Transferred to stage 2	(24,358,342)	28,678,336	(4,319,994)	-
Transferred to stage 3	(8,329,402)	(13,547,693)	21,877,095	-
Written-off facilities (transferred off-the statement of financial position)	-	(6)	(4,687,132)	(4,687,138)
<b>Balance at the end of the year</b>	<b>1,775,575,135</b>	<b>191,854,673</b>	<b>137,657,367</b>	<b>2,105,087,175</b>



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The following is the movement on expected credit losses provision on direct credit facilities balance in aggregate during the period/year:

	Stage 1 Individual JD	Stage 2 Individual JD	Stage 3 JD	Total JD
<b>For the three months ended on 31 March 2023</b> <b>(Reviewed and unaudited)</b>				
<b>Balance at the beginning of the period</b>	33,732,006	34,109,552	84,527,827	152,369,385
New facilities during the period	6,005,175	8,729,665	5,394,957	20,129,797
Facilities paid during the period	(3,002,471)	(1,023,703)	(6,191,405)	(10,217,579)
Transferred to stage 1	266,381	(266,381)	-	-
Transferred to stage 2	(10,563,209)	10,951,760	(388,551)	-
Transferred to stage 3	(48,300)	(283,446)	331,746	-
Additions during the period which resulted from the acquisition transaction (Note 24)	447,621	803,374	22,137,247	23,388,242
<b>Balance at the end of the period</b>	<b>26,837,203</b>	<b>53,020,822</b>	<b>105,811,820</b>	<b>185,669,845</b>
<b>For the year ended on 31 December 2022</b> <b>(Audited)</b>				
<b>Balance at the beginning of the year</b>	22,701,990	23,759,318	79,783,917	126,245,225
New facilities during the year	14,873,474	18,689,769	23,037,005	56,600,248
Facilities paid during the year	(5,129,860)	(9,246,442)	(12,749,729)	(27,126,031)
Transferred to stage 1	1,671,992	(511,809)	(1,160,183)	-
Transferred to stage 2	(233,119)	2,362,757	(2,129,638)	-
Transferred to stage 3	(182,317)	(945,936)	1,128,253	-
Additions during the period which resulted from the acquisition transactions (Note 24)	29,846	1,901	822,256	854,003
Written-off facilities (transferred off-the statement of financial position)	-	(6)	(4,204,054)	(4,204,060)
<b>Balance at the end of the year</b>	<b>33,732,006</b>	<b>34,109,552</b>	<b>84,527,827</b>	<b>152,369,385</b>



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**Disclosures according to the requirements of the Central Bank of Jordan regarding the presentation of International Financial Reporting Standard No. (9):**

The following is the movement on the expected credit loss provisions of direct credit facilities in aggregate during the period/year ended on 31 March 2023:

A ) Per economic sector:

	Retail	Real estate mortgage	Companies		Government and public sector	Total
	JD	JD	Large	SMEs	JD	JD
<b>For the three months ended on 31 March 2023 (Reviewed and unaudited)</b>						
<b>Balance at the beginning of the period</b>	24,580,458	29,214,284	88,931,601	9,007,121	635,920	152,369,384
Expected credit loss on new facilities during the period	3,204,549	2,807,756	12,705,239	2,134,739	-	20,852,283
Reversal from expected credit loss on paid facilities during the period	(1,973,560)	(5,386,495)	(1,810,585)	(777,354)	(269,586)	(10,217,580)
Transferred to stage 1	73,322	(7,063)	(10,386,683)	(24,704)	-	(10,345,128)
Transferred to stage 2	19,333	(35,241)	10,389,002	28,839	-	10,401,933
Transferred to stage 3	(92,655)	42,304	(2,319)	(4,135)	-	(56,805)
Additions during the period which resulted from the acquisition transaction (Note 24)	9,941,398	-	12,724,361	-	-	22,665,759
<b>Balance at the end of the period</b>	<b>35,752,845</b>	<b>26,635,545</b>	<b>112,550,616</b>	<b>10,364,506</b>	<b>366,334</b>	<b>185,669,845</b>
Re-allocation:						
Provisions on an individual basis	35,752,845	26,635,545	112,550,616	10,364,506	366,334	185,669,845
Provisions on a collective basis	-	-	-	-	-	-



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**Additional disclosures related to the acquisition in accordance with the International Financial Reporting Standard No. (9) - If it differs from the Central Bank of Jordan instructions**

The following is the movement on the direct credit facilities balance during the period 31 March 2023:

	<b>Stage 1 Individual</b>	<b>Stage 2 Individual</b>	<b>Stage 3</b>	<b>Low value purchased facilities</b>	<b>Total</b>
	JD	JD	JD	JD	JD
<b>For the three months ended on 31 March 2023 (Reviewed and unaudited)</b>					
<b>Balance at the beginning of the period</b>	1,775,575,135	191,854,673	137,657,368	-	2,105,087,176
New facilities during the period	186,200,346	12,920,454	1,542,633	-	200,663,433
Facilities paid during the period	(143,858,539)	(6,763,324)	(7,885,884)	-	(158,507,747)
Transferred to stage 1	6,899,636	(6,899,636)	-	-	-
Transferred to stage 2	(78,151,200)	79,158,726	(1,007,526)	-	-
Transferred to stage 3	(2,813,825)	(3,124,729)	5,938,554	-	-
Additions during the period which resulted from the acquisition transaction (Note 24)	10,648,053	-	-	41,944,796	52,592,849
<b>Balance at the end of the period</b>	<b>1,754,499,606</b>	<b>267,146,164</b>	<b>136,245,145</b>	<b>41,944,796</b>	<b>2,199,835,711</b>





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**Impairment provision on direct credit facilities**

The following is the movement on the impairment provision of direct credit facilities during the period/year:

			Companies		Government and public sector	Total
	Retail	Real estate mortgage	Large	SMEs		
	JD	JD	JD	JD	JD	JD
<b>For the three months ended on 31 March 2023 (Reviewed and unaudited)</b>						
<b>Balance at the beginning of the period</b>	24,580,458	29,214,284	88,931,602	9,007,121	635,920	152,369,385
Provision recorded during the period	3,204,549	2,807,756	12,705,239	2,134,739	-	20,852,283
Additions during the period which resulted from the acquisition transaction (Note 24)	9,941,398	-	12,724,361	-	-	22,665,759
Reversed provision (surplus) during the period	(1,973,560)	(5,386,495)	(1,810,586)	(777,354)	(269,586)	(10,217,581)
<b>Balance at the end of the period</b>	<b>35,752,845</b>	<b>26,635,545</b>	<b>112,550,616</b>	<b>10,364,506</b>	<b>366,334</b>	<b>185,669,845</b>
Stage 1	11,288,938	3,026,048	11,390,693	765,189	366,334	26,837,202
Stage 2	1,888,431	5,449,848	43,546,881	2,135,664	-	53,020,824
Stage 3	22,575,476	18,159,649	57,613,042	7,463,653	-	105,811,820
<b>Total</b>	<b>35,752,845</b>	<b>26,635,545</b>	<b>112,550,616</b>	<b>10,364,506</b>	<b>366,334</b>	<b>185,669,845</b>
<b>For the year ended on 31 December 2022</b>						
<b>Balance at the beginning of the year</b>	19,092,565	24,672,970	72,245,590	9,697,676	536,424	126,245,225
Provision recorded during the year	8,720,792	9,069,154	33,331,462	6,195,158	137,686	57,454,252
Reversed provision (surplus) during the year	(2,889,331)	(4,480,205)	(15,751,335)	(3,966,970)	(38,190)	(27,126,031)
Provision related to written off balances and transferred off balance sheet	(343,568)	(47,635)	(894,115)	(2,918,743)	-	(4,204,061)
<b>Balance at the end of the year</b>	<b>24,580,458</b>	<b>29,214,284</b>	<b>88,931,602</b>	<b>9,007,121</b>	<b>635,920</b>	<b>152,369,385</b>
Stage 1	10,721,325	1,321,100	20,276,754	776,908	635,920	33,732,006
Stage 2	864,516	5,895,139	25,695,019	1,654,878	-	34,109,552
Stage 3	12,994,617	21,998,045	42,959,829	6,575,335	-	84,527,827
<b>Total</b>	<b>24,580,458</b>	<b>29,214,284</b>	<b>88,931,602</b>	<b>9,007,121</b>	<b>635,920</b>	<b>152,369,385</b>

- Disclosed above is the total provisions recorded against debts calculated on a per customer basis.
- The value of provisions that were no longer needed as a result of settlements or repayment of debts and transferred against other debts amounted to JD 10,217,581 as at 31 March 2023 (JD 27,126,031 as at 31 December 2022).
- Based on the instructions of the Central Bank of Jordan related to the application of IFRS (9), no provision was calculated for expected credit losses on credit facilities granted and guaranteed by the Jordanian government.
- During the year 2022, debts were written off and transferred off the statement of financial position in an amount of JD 4,687,138 in accordance with the decision of the Board of Directors.
- The Bank adopts the policy of interest in suspense. During the year the first quarter of 2023, JD 1,119,596 of interest was suspended in accordance with the Board of Directors decision compared to JD 1,505,257 for the same period of 2022, so that the total interest in suspense amounted to JD 54,358,290 as of 31 March 2023 (JD 53,238,694 as of 31 December 2022)



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Net direct credit facilities are distributed according to geographical distribution and economic sector as follows:

Sector / Geographical distribution	As of 31 March 2023			As of 31 December 2022
	Inside the kingdom	Outside the kingdom	Total	Total
	JD	JD	JD	JD
Financial	46,747,566	82,597,531	129,345,097	132,936,386
Industrial	323,640,193	53,314,489	376,954,682	366,753,329
Commercial	284,785,583	84,954,978	369,740,561	310,158,799
Real estates	194,503,773	39,590,649	234,094,422	231,494,388
Agriculture	36,705,058	1,076,993	37,782,051	37,584,225
Stocks	10,354,693	-	10,354,693	10,309,500
Individuals	242,374,207	58,578,621	300,952,828	315,995,024
Government and public sector	157,710,743	-	157,710,743	181,324,821
Services	340,824,311	32,987,145	373,811,456	336,083,965
<b>Total</b>	<b>1,637,646,127</b>	<b>353,100,406</b>	<b>1,990,746,533</b>	<b>1,922,640,437</b>



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**Interest in Suspense**

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

	Individuals JD	Real Estate Loans JD	Companies		Government and public sector JD	Total JD
			Large JD	Small and medium JD		
<b>For the three months ended on 31 March 2023</b> <b>(Reviewed and unaudited)</b>						
Balance at the beginning of the period	1,977,406	8,857,656	17,872,134	1,370,158	-	30,077,354
Add: Interest suspended during the period	211,276	217,985	1,289,070	123,863	-	1,842,194
Add: Interest in suspense resulted from the acquisition transaction (Note 24)	1,841,027	-	13,455,526	-	-	15,296,553
Less: Interest transferred to income	(128,966)	(41,831)	(42,687)	(195,042)	-	(408,526)
<b>Balance at the end of the period</b>	<b>3,900,743</b>	<b>9,033,810</b>	<b>32,574,043</b>	<b>1,298,979</b>	<b>-</b>	<b>46,807,574</b>

	Individuals JD	Real Estate Loans JD	Companies		Government and public sector JD	Total JD
			Large JD	Small and medium JD		
<b>For the year ended on 31 December 2022</b> <b>(audited)</b>						
Balance at the beginning of the year	1,645,929	9,459,416	15,776,397	2,648,835	-	29,530,577
Add: Interest suspended during the year	550,645	1,291,578	3,048,832	539,143	-	5,430,198
Less: Interest transferred to income	(168,318)	(1,851,771)	(770,443)	(1,609,812)	-	(4,400,344)
Interest in suspense related to debts transferred off balance sheet	(50,850)	(41,567)	(182,652)	(208,008)	-	(483,077)
<b>Balance at the end of the year</b>	<b>1,977,406</b>	<b>8,857,656</b>	<b>17,872,134</b>	<b>1,370,158</b>	<b>-</b>	<b>30,077,354</b>



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**(7) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS**

The details of this item are as follows:

	31 March 2023 (Reviewed and unaudited) JD	31 December 2022 (Audited) JD
Quoted shares in active markets	33,077,978	20,958,094
<b>Total financial assets through profit and loss</b>	<b>33,077,978</b>	<b>20,958,094</b>

- Realized losses from selling shares at fair value through profit or loss amounted to JD 2,279 for the period ended 31 March 2023, against a loss of JD 88,854 for the period ended on 31 March 2022 recorded in the interim condensed consolidated income statement.
- There are no dividends distributed from shares at fair value through profit and loss for the period ended on 31 March 2023, against JD 63,000 as of 31 March 2022 which was recorded in the interim condensed consolidated income statement.

**(8) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

The details of this item are as follows:

	31 March 2023 (Reviewed and unaudited) JD	31 December 2022 (Audited) JD
Quoted shares in active markets	22,743,145	22,156,014
Unquoted shares in active markets	51,446,600	50,250,068
<b>Total shares</b>	<b>74,189,745</b>	<b>72,406,082</b>
Quoted bonds in active markets	22,749,861	22,578,510
<b>Total bonds</b>	<b>22,749,861</b>	<b>22,578,510</b>
<b>Total</b>	<b>96,939,606</b>	<b>94,984,592</b>
<b>Bonds Analysis:</b>		
Fixed rate	22,749,861	22,578,510
Floating rate	-	-
<b>Total</b>	<b>22,749,861</b>	<b>22,578,510</b>

- Gains from sale of shares at fair value through other comprehensive income amounted to JD 231 for the period ended on 31 March 2023 (JD 88,854 for the period ended on 31 March 2022)
- Cash dividends on the above investments amounted to JD 78,750 for the period ended on 31 March 2023, (against JD 63,000 for the period ended on 31 March 2022).
- No bonds at fair value through other comprehensive income were sold as of 31 March 2023 against a gain in an amount of JD 24,581 for the period ended on 31 March 2022 which has been recorded in the interim condensed consolidated income statement.



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**(9) FINANCIAL ASSETS AT AMORTISED COST**

The details of this item are as follows:

	31 March 2023 (Reviewed and unaudited) JD	31 December 2022 (Audited) JD
<b>Financial assets with available market prices:</b>		
Foreign government bills and treasury bonds*	271,679,902	18,486,755
<b>Financial assets with no available market prices:</b>		
Jordanian and foreign bills and treasury bonds*	786,067,997	592,194,705
Corporate loans bonds	12,064,564	12,062,610
Total financial assets with no available market prices	798,132,561	604,257,315
Total financial assets at amortised cost	1,069,812,463	622,744,070
Less: impairment provision for financial assets at amortised cost	(19,181,659)	(4,755,468)
<b>Net financial assets with no available market prices</b>	<b>1,050,630,804</b>	<b>617,988,602</b>
<b>Analysis financial bonds:</b>		
With fixed rate	1,062,747,899	615,681,466
With floating rate	7,064,564	7,062,604
<b>Total</b>	<b>1,069,812,463</b>	<b>622,744,070</b>

- No bonds at amortised cost were sold as of 31 March 2023, against a loss in an amount of JD 24,772 for the period ended on 31 March 2022 which has been recorded in the interim condensed consolidated income statement.

No provision for expected credit was calculated against Jordanian Government bonds and treasury bills in accordance with the application of IFRS 9 as amended by the Central Bank of Jordan.

- Financial assets at amortised cost include an amount of JD 401,641,681 against provision for expected credit loss in an amount of JD 14,354,584 which resulted from the acquisition of Bank of Baghdad.

**(10) PROPERTY AND EQUIPMENT, NET**

This balance includes additions of property and equipment as a result of the acquisition of Bank of Baghdad, which resulted in an increase in the balance in an amount of JD 40,141,390.



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**(11) RIGHT OF USE ASSETS AND LEASE LIABILITIES**

(a) The movement on right of use assets is as follows:

	31 March 2023 (Reviewed and unaudited) JD	31 December 2022 (Audited) JD
Balance at the beginning of the period / year	10,524,060	12,844,569
Add: additions during the period which resulted from the acquisition transaction (Note 23)	1,772,131	-
Add: new contracts during the period / year	1,425,860	603,684
Less: depreciation during the period / year	922,529	2,924,193
<b>Balance at the end of the period / year</b>	<b>12,799,523</b>	<b>10,524,060</b>

(b) The movement on lease liabilities is as follows:

	31 March 2023 (Reviewed and unaudited) JD	31 December 2022 (Audited) JD
Balance at the beginning of the period / year	10,733,682	12,530,503
Add: additions during the period which resulted from the acquisition transaction (Note 24)	1,161,540	-
Add: interest expense	265,997	1,108,897
Add: new contracts during the period / year	2,191,847	603,684
Less: paid obligations	1,419,621	3,509,402
<b>Balance at the end of the period / year</b>	<b>12,933,446</b>	<b>10,733,682</b>

(c) Analysis of due payments:

	31 March 2023	
	1-3 Years JD	Over 3 Years JD
Right to use assets	2,538,397	10,261,125
Lease liabilities	2,695,311	10,238,135

The bank chose to use the exemption available in the standard of not capitalising right of use assets which are short-term in nature and not significant in value.



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**(12) OTHER ASSETS**

(a) The details of this item are as follows:

	31 March 2023 (Reviewed and unaudited) JD	31 December 2022 (Audited) JD
Accrued interest and revenue	39,281,657	36,000,001
Prepaid expenses	8,212,453	3,064,335
Assets seized by the Bank against due debts, net	113,655,245	125,328,002
Clearing cheques	1,594,460	230,086
Debtors, net*	6,336,667	4,165,777
Others	9,135,140	7,353,419
<b>Total</b>	<b>178,215,622</b>	<b>176,141,619</b>

\* Debtors balance is shown at net after deducting expected credit loss which amounted to JD 82,720 as of 31 March 2023 and 31 December 2022.

The Central Bank of Jordan's instructions require the disposal of seized assets and seized shares within a period not exceeding two years from the start date of seizure and to the Central Bank, in exceptional cases, extending this period for a maximum of two consecutive years.

- Debtors and other assets include balances attributable to the subsidiaries in an amount of JD 9,737,274 as of 31 March 2023, against JD 7,815,284 as of 31 December 2022.

(b) The movement on assets seized by the Bank against due debts during the period / year is as follows:

	Seized assets JD	Other seized assets* JD	Total JD
<b>For the three months ended on</b>			
<b>31 March 2023 (Reviewed and unaudited)</b>			
<b>Balance at the beginning of the period</b>	124,287,727	1,040,275	125,328,002
Additions	4,778,298	-	4,778,298
Disposals**	(16,543,375)	(495,881)	(17,039,256)
Provision	588,201	-	588,201
<b>Balance at the end of the period</b>	<b>113,110,851</b>	<b>544,394</b>	<b>113,655,245</b>
<b>For the year ended on 31 December 2022</b>			
<b>Audited)</b>			
<b>Balance at the beginning of the year</b>	130,925,875	1,040,275	131,966,150
Additions	11,097,748	-	11,097,748
Disposals**	(13,109,973)	-	(13,109,973)
Provision	(4,625,923)	-	(4,625,923)
<b>Balance at the end of the year</b>	<b>124,287,727</b>	<b>1,040,275</b>	<b>125,328,002</b>

\*This balance represents seized shares in a foreign bank against a customer due debt, which were seized during the first quarter of 2022. Hence, during Q1 2023 the Bank sold part of the shares with a gain of JOD 96,020.

\*\*Gain on disposal of seized assets amounted to JD 1,237,245 as of 31 March 2023, which was recorded within other income. Against losses for the same period prior year which amounted to JD 126,423 and was recorded within other expenses.



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**(13) INCOME TAX**

**A. STATUTORY INCOME TAX RATES:**

	31 March 2023 (Reviewed and unaudited)	31 December 2022 (Audited)
	JD %	JD %
Jordan branches	38%	38%
Cyprus branch	12,5%	12,5%
Subsidiaries	15-28%	21-28%

**B. TAX STATUS**

**Branches / subsidiaries**

Branches / subsidiaries	tax- assessment report submitted up to the end of the year	Final settlement up to end of the year	Payments to the Income and Sales Tax Department	Disputed years
Jordan Branches	2022	2018	Accrued tax has been paid	None
Cyprus Branch	2022	2021	Accrued tax has been paid	None
Ejara Finance Leasing Company	2022	2019	Accrued tax has been paid	None
United Financial Investments Company	2022	2018	Accrued tax has been paid	None
Bank of Baghdad	2021	2021	Accrued tax has been paid	None

In the opinion of the management and the tax advisor of the bank and its subsidiaries, the bank, its branches and subsidiaries will not have any obligations that exceed the restricted provisions as on the date of the condensed consolidated interim financial statements.

**C. PROVISION FOR INCOME TAX**

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

	31 March 2023 (Reviewed and unaudited)	31 December 2022 (Audited)
	JD	JD
Balance at the beginning of the period / year	18,784,419	9,745,645
Additions as a result of the acquisition	5,756,062	-
Income tax expense for the period / year	7,771,999	19,838,448
Income tax paid during the period / year	(960,686)	(10,799,674)
Balance at the end of the period / year	<b>31,351,794</b>	<b>18,784,419</b>





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**(14) OTHER LIABILITIES**

The details of this item are as follows:

	31 March 2023 (Reviewed and unaudited) JD	31 December 2022 (Audited) JD
Accrued interest	21,857,041	16,518,975
Inward transfers	25,316,400	2,937,649
Accounts payable*	4,624,478	4,117,226
Accrued expenses	2,203,698	1,073,540
Temporary deposits	3,471,767	4,069,237
Temporary deposits - customers	14,900,590	5,190,822
Shareholders' deposits	5,510,645	3,990,477
Accepted and certified checks	13,298,508	8,221,310
Vaults insurance	533,484	531,734
Subscription deposits	75,140	75,140
Expected credit losses against indirect facilities **	10,672,298	9,680,098
Additional provisions – equity instruments	4,200,000	3,500,000
Additional provision – deferred installments	935,000	935,000
Other liabilities*	22,194,927	5,726,763
	<b>129,793,976</b>	<b>66,567,971</b>

\*Accounts payable and other liabilities include balances attributable to the subsidiaries amounting to JD 11,018,156 as of 31 March 2023 compared to (JD 4,802,572 as of 31 December 2022).

\*\*includes JD 780,545 which resulted from the acquisition of Bank of Baghdad (Note 24).

**(15) EARNINGS PER SHARE FOR THE YEAR ATTRIBUTABLE TO THE BANK'S SHAREHOLDERS (BASIC AND DILUTED)**

The details of this item are as follows:

	For the three months ended 31 March	
	2023 (Reviewed and unaudited) JD	2022 (Reviewed and unaudited) JD
Profit for the year attributable to the bank's shareholders	23,398,527	1,371,152
Weighted average number of shares	Share 150,000,000	Share 150,000,000
Earnings per share	JD/ share 0,156	JD/ share 0,009

Basic earnings per share equal to the diluted earning per share, as the bank didn't issue any financial instruments that may reduce the basic earnings per share.



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**(16) CASH AND CASH EQUIVALENT**

	As of 31 March	
	<b>2023</b>	<b>2022</b>
	<b>(Reviewed and unaudited)</b>	<b>(Reviewed and unaudited)</b>
	JD	JD
Cash and balances at Central Banks due within three months	648,521,781	337,054,962
Add: Balances at banks and financial institutions due within three months	181,316,743	163,407,832
Less: Deposits at banks and financial institutions due within three months	98,554,576	135,702,877
Restricted balances	3,592,337	2,295,896
<b>Balance at the end of the period</b>	<b>727,691,611</b>	<b>362,464,021</b>

**(17) BUSINESS SEGMENT INFORMATION**

**1- Information about the group activities**

The Bank is organised, for managerial purposes, into four major sectors. These sectors are measured according to reports used by the executive management and key decision makers at the Bank. Moreover, the Bank owns two subsidiaries specialized in finance leasing, brokerage and financial investments and one of those subsidiaries owns two companies specialized in brokerage and financial advisory services as of the interim condensed consolidated financial statements.

- Individual accounts: This item includes following up on individual customer's deposits, and granting them credit facilities, credit cards, and other services.
- Corporate accounts: This item includes following up on deposits, credit facilities, and other banking services related to corporate customers.
- Treasury: This item includes providing dealing services and managing the Bank's funds.
- Others: This industry includes the activities which do not meet the definition of the Bank's business activities mentioned above.
- Financial brokerage services: This item includes practicing most of the brokerage and financial consultation services.
- Finance leasing services: This item includes leasing services and real estate development projects.
- Consulting and Issuance Services: This item includes providing financial consultation and issuance management services.



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The following is information about the Bank's business distributed according to activities:

	Individuals (Reviewed and unaudited) JD	Corporations (Reviewed and unaudited) JD	Treasury (Reviewed and unaudited) JD	Financial Brokerage (Reviewed and unaudited)	Financial Leasing (Reviewed and unaudited)	Others (Reviewed and unaudited) JD	Total For the three months ended on 31 March	
							2023	2022
							(Reviewed and unaudited) JD	(Reviewed and unaudited) JD
Gross income for the period	11,725,971	28,541,860	15,643,695	271,146	1,755,687	3,314,743	61,253,101	27,871,079
Expected credit losses	(1,347,750)	12,182,721	52,057	(18,911)	82,521	-	10,950,637	(8,306,511)
<b>Results of the sector's business</b>	<b>13,073,721</b>	<b>16,359,139</b>	<b>15,591,638</b>	<b>290,057</b>	<b>1,673,166</b>	<b>3,314,743</b>	<b>50,302,464</b>	<b>19,564,568</b>
Gains resulted from the acquisition transaction	-	-	8,865,296	-	-	-	8,865,296	-
Less: expenses not distributed on sectors	-	-	-	411,630	271,910	23,816,578	24,500,118	17,432,457
Profit for the period before Income Tax	13,073,721	16,359,139	24,456,934	(121,573)	1,401,256	(20,501,835)	34,667,642	2,132,111
Less: income tax expense for the period	-	-	-	85,692	392,352	6,502,702	6,980,746	765,962
<b>Net income the period</b>	<b>13,073,721</b>	<b>16,359,139</b>	<b>24,456,934</b>	<b>(207,265)</b>	<b>1,008,904</b>	<b>(27,004,538)</b>	<b>27,686,896</b>	<b>1,366,149</b>
<b>Other information</b>								
Capital expenditures						46,332,211	46,332,211	3,401,094
Depreciation and amortisation						1,672,596	1,672,596	1,221,892
							Total For the period ended on	
							31 March 2023	31 December 2022
							(Reviewed and unaudited) JD	(Audited) JD
Total sector's assets	521,066,180	1,535,898,272	2,045,486,912	30,964,236	82,869,851	123,734,112	4,340,019,563	3,546,939,367
Total sector's liabilities	1,563,503,467	1,616,931,425	419,923,570	23,334,457	38,376,558	88,873,999	3,750,943,476	3,069,384,139



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## 2- Geographical distribution information

This disclosure represents the geographical distribution of the Bank and its subsidiaries operations. As, the Group performs its operations mainly within Kingdom. Also, the bank performs international operations through its branch in Cyprus and Bank of Baghdad (subsidiary of the bank)

The following is the Bank's gross income, assets, and capital expenditures according to the geographical sector:

	<b>Inside the Kingdom</b>		<b>Outside the Kingdom</b>		<b>Total</b>	
	<b>For the three months ended on 31 March</b>		<b>For the three months ended on 31 March</b>		<b>For the three months ended on 31 March</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>(Reviewed and unaudited)</b>	<b>(Reviewed and unaudited)</b>	<b>(Reviewed and unaudited)</b>	<b>(Reviewed and unaudited)</b>	<b>(Reviewed and unaudited)</b>	<b>(Reviewed and unaudited)</b>
	JD	JD	JD	JD	JD	JD
Gross income	43,170,001	25,462,326	18,083,100	2,408,753	61,253,101	27,871,079
Capital expenditures	45,736,516	3,367,926	595,695	33,168	46,332,211	3,401,094

	<b>Inside the Kingdom</b>		<b>Outside the Kingdom</b>		<b>Total</b>	
	<b>31 March 2023</b>	<b>31 December 2022</b>	<b>31 March 2023</b>	<b>31 December 2022</b>	<b>31 March 2023</b>	<b>31 December 2022</b>
	<b>(Reviewed and unaudited)</b>	<b>(Audited)</b>	<b>(Reviewed and unaudited)</b>	<b>(Audited)</b>	<b>(Reviewed and unaudited)</b>	<b>(Audited)</b>
	JD	JD	JD	JD	JD	JD
Total assets	2,915,116,800	3,121,021,730	1,424,902,763	425,917,637	4,340,019,563	3,546,939,367



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**(18) TRANSACTIONS WITH RELATED PARTIES**

The Bank entered into transactions with the subsidiaries, sister companies, major shareholders, board of directors, and executive management within the normal banking practice and according to the normal interest rates and commercial commissions. All the credit facilities granted to related parties are considered acceptable risks and classified as stage 1 as of 31 March 2023.

**A. The following is a summary of the balances / transactions with related parties during the period / year:**

	Sister companies	Board of directors members	Subsidiaries	Executive managers	Others*	Total	
						31 March 2023	31 December 2022
						(Reviewed and unaudited) JD	(Audited) JD
<b>Interim condensed consolidated statement of financial position Items:</b>	JD	JD	JD	JD	JD		
Direct credit facilities	38,215,100	845,396	866,932	3,151,962	-	43,079,390	43,286,375
Deposits from banks and financial institutions	36,159,000	-	356,248	-	347	36,515,595	53,884,000
Customers' deposits	1,352,635	66,469,513	17,894,241	1,433,410	1,380,316	88,530,115	80,341,452
Deposits at banks and financial institutions	2,846,356	17,487,482	187,296	-	38,995,000	59,516,134	2,646,506
Cash margins	-	-	-	10,000	16,725	26,725	168,072
Financial assets at fair value through comprehensive income	20,088,806	-	-	-	35,766,266	55,855,072	56,981,288
Right of use assets	-	276,249	-	-	-	276,249	289,242
Lease liabilities	-	265,953	-	-	-	265,953	265,953
Bonds	-	-	5,000,000	-	-	5,000,000	5,000,000
Other assets	-	44,412	37,237	-	926,130	1,007,779	-
<b>Off Interim condensed consolidated statement of financial position Items:</b>							
Letters of guarantee	4,365,350	-	372,908	1,000	167,500	4,906,758	5,398,407
Letters of credit	-	13,913	-	-	14,359,819	14,373,732	4,254,000
						<b>Total</b>	
						<b>For the three months ended on 31</b>	
						<b>March</b>	
						<b>2023</b>	<b>2022</b>
<b>Interim condensed consolidated statement of comprehensive income Items:</b>							
Interest and commission income ***	681,601	13,605	75,227	49,104	511,053	1,330,590	857,222
Interest and commission expense ****	198,726	824,208	2,596	12,815	228,122	1,266,467	1,211,723
Managerial contracts	-	-	-	200,236	-	200,236	-
Amortisation of right of use assets	-	6,062	-	-	-	6,062	10,414
Interest on lease liability	-	12,993	-	-	-	12,993	6,996
Operational expenses	-	97,391	123,992	-	-	221,383	-



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Included in the direct credit facilities granted to the members of the board of directors and executive management an amount of JD 577,008 which is related to the board of directors of Ejara Finance Leasing Company (subsidiary company) as of 31 March 2023, against JD 670,351 as of 31 December 2022.

Included in the direct credit facilities granted to the members of the board of directors and executive management an amount of JD 178,997 which is related to the board of directors of United Financial Investments Company (subsidiary company) as of 31 March 2023, against JD 131,701 as of 31 December 2022.

\*Represents companies the bank has the right to vote on its boards of directors.

\*\*Interest income rates ranges from 1.75% to 10.475%.

\*\*\*Interest expense rates ranges from 1.25% to 7.5%.

- The Salaries of the Bank's executive management and its subsidiaries amounted to JD 776,080 for the period ended on 31 March 2023 (JD 773,780 for the period ended on 31 March 2022).

#### **(19) COMMITMENTS AND CONTINGENT LIABILITIES**

The group had the below contingent liabilities at the date of the interim condensed consolidated financial statements:

	<b>31 March 2023</b>	<b>31 December 2022</b>
	<b>(Reviewed and unaudited)</b>	<b>(Audited)</b>
	<b>JD</b>	<b>JD</b>
Letters of credit	87,850,041	81,917,466
Acceptances	33,316,069	46,990,610
Letters of guarantee:		
Performance	115,287,090	136,423,673
Payments	130,632,530	84,113,135
Others	18,251,700	18,251,700
Unutilised direct credit facilities limits	259,677,444	236,959,189
Unutilised indirect credit facilities limits	117,053,463	89,256,360
<b>Total</b>	<b>762,068,337</b>	<b>693,912,133</b>

#### **(20) LAWSUITS AGAINST THE BANK**

The value of the cases filed against the bank and its subsidiaries amounted to JD 8,528,813 as of 31 March 2023, compared to JD 7,668,679 as on 31 December 2022, as per the opinion of the management and the bank's legal advisor, the bank will not have obligations that exceed the provision taken for it, which amounted to JD 2,603,637 as of 31 March 2023 compared to JD 2,303,637 as of 31 December 2022.

#### **(21) AUTHORIZED AND PAID IN CAPITAL AND DISTRIBUTED DIVIDENDS**

The Board of Directors recommended the distribution of cash dividends to shareholders at 8% of the total paid in capital and that from the voluntary reserve which is equivalent to JOD 12 million. This percentage is subject to the approval of the Central Bank of Jordan and the General Assembly of Shareholders against 7% in prior year.



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**(22) STATUTORY AND VOLUNTARY RESERVE**

The bank did not deduct the statutory and voluntary reserves according to the Jordanian Companies Law as these are interim financial statements. As the deduction is made at the end of the year

**(23) FAIR VALUE HIERARCHY**

**A. THE FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES OF THE BANK SPECIFIED AT FAIR VALUE ON AN ONGOING BASIS:**

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

	<b>Fair Value</b>		<b>Level of fair value</b>	<b>Valuation method and inputs used</b>	<b>Significant intangible inputs</b>	<b>Relationship between fair value and significant intangible inputs</b>
	<b>31 March 2023</b>	<b>31 December 2022</b>				
	<b>JD</b>	<b>JD</b>				
<b>Financial assets at fair value through profit and loss</b>						
Shares with available market prices	33,077,978	20,958,094	Level 1	Quoted prices in financial markets	Not applicable	Not applicable
<b>Financial assets at fair value through other comprehensive income</b>						
Shares with available market prices	22,743,145	22,156,014	Level 1	Quoted prices in financial markets	Not applicable	Not applicable
Shares with no available market prices	51,446,600	50,250,068	Level 2	Through the comparison of similar financial instruments	Not applicable	Not applicable
Bonds listed in active markets	22,749,861	22,578,510	Level 1	Quoted prices in financial markets	Not applicable	Not applicable
<b>Total</b>	<b>130,017,584</b>	<b>115,942,686</b>				

There were no transfers between level 1 and level 2 during the period ended on 31 March 2023.

**B. THE FAIR VALUE OF THE FINANCIAL ASSETS AND FINANCIAL LIABILITIES OF THE BANK (NON-SPECIFIED FAIR VALUE ON AN ONGOING BASIS):**

Except for what is described in the table below, we believe that the carrying amounts of the financial assets and financial liabilities shown in the Bank's financial statements approximate their fair values because the Bank's management believes that the carrying amount of the items below is approximately equivalent to their fair value due to their short-term maturities, or their interest rates are re-priced during the year.

	31 March 2023		31 December 2022		Level of fair value
	Book value	Fair value	Book value	Fair value	
	(Reviewed and unaudited)	(Reviewed and unaudited)	(Audited)	(Audited)	
	JD	JD	JD	JD	
<b>Financial assets with non-specified fair value</b>					
Balances at central banks	424,388,853	425,687,219	419,143,482	419,442,177	Level 2
Balances at banks and financial institutions	181,316,743	182,687,245	123,435,953	124,661,598	Level 2
Direct financial facilities, net	1,990,746,533	2,017,539,897	1,922,640,437	1,949,149,533	Level 2
Financial assets at amortised cost, net	1,050,630,804	1,059,439,893	617,988,602	626,506,517	Level 1 and 2
<b>Total financial assets with non-specified fair value</b>	<b>3,647,082,933</b>	<b>3,685,354,254</b>	<b>3,083,208,474</b>	<b>3,119,759,825</b>	
<b>Financial liabilities with non-specified fair value</b>					
Banks and financial institutions deposits	116,988,576	118,260,489	107,184,993	108,467,136	Level 2
Customers' deposits	2,993,682,695	3,006,949,586	2,418,672,958	2,432,062,271	Level 2
Cash Margin	134,608,202	135,671,869	117,926,572	118,990,238	Level 2
Borrowed funds	292,206,511	294,028,784	296,598,068	298,120,341	Level 2
<b>Total financial liabilities with non-specified fair value</b>	<b>3,537,485,984</b>	<b>3,554,910,728</b>	<b>2,940,382,591</b>	<b>2,957,639,986</b>	

The fair value of the financial assets and liabilities for level 2 and level 3 was determined in accordance with agreed pricing models, which reflect the credit risk of the parties dealt with.





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**(24) ACQUISITION OF SUBSIDIARIES**

During the first quarter of 2023, the bank acquired 51,79% of the outstanding shares of Bank of Baghdad. Bank of Baghdad is one of the largest private commercial banks in Iraq and is classified as a private shareholding company that was established in 1992 and the Bank's head office is in Baghdad and its current capital is IQD 250 billion. The Bank provides all banking and financial activities through its head office and (36) branches inside Iraq and (1) foreign branch in Lebanon.

	<b>As of 31 March 2023</b>
	JD
Total assets	983,673,028
Total liabilities	790,892,003
Equity	192,781,025

	<b>From the acquisition date until 31 March 2023</b>
	JD
Profit for the period	9,888,289

- The below table shows Bank's share of the fair value of the assets and liabilities as of acquisition date, and bargain on purchase:

	<b>As of 31 March 2023</b>
	JD
Net fair value	97,919,567
Purchase price	89,054,271
Bargain on purchase	8,865,296

**Study of the purchase price distribution:**

The above results are still initial and will be updated upon completion of the distribution of the acquisition purchase price study, as per IFRS 3 "Business Combinations" the bank has 12 months from the acquisition date to finalise the determination of the fair value and completing the study of the purchase price distribution.

**(25) SUBSEQUENT EVENTS**

**A- Issuance of capital bonds – Tier 1**

Jordan Kuwait Bank intends – after obtaining regulatory approvals – to issue first tier capital bonds (additional capital) with a maximum limit of JD 85 million or its equivalents in USD. Hence, such bonds will be classified within the additional paid in capital (AT1). This step comes to implement the strategy of the Bank's management to enhance the Bank's performance and financial position, in addition to expanding regionally in a way that will contribute in diversifying the bank's revenue sources.

**B- Acquisition of a controlling interest in BHM Capital Company**

The Bank's board of directors decided in its meeting on 12 December 2022 to proceed with the acquisition of 76,972% of BHM Capital outstanding shares. BHM Capital Company is private shareholding company listed on Dubai Financial Market, and subject to the oversight of the Securities and Commodities Authorities in the United Arab Emirates.



**C- Issuance of bonds in a total amount of 50 million USD (Green bonds)**

During the first quarter of 2023 the bank signed the agreement to issue bonds with a total face value of USD 50 million and for 5 years with the International Financial Corporation – IFC. The goal of these bonds is green financing.