

JORDAN KUWAIT BANK

(A PUBLIC SHAREHOLDING COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

30 SEPTEMBER 2024



**JORDAN KUWAIT BANK
(A PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)**

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**REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF JORDAN KUWAIT BANK
AMMAN - JORDAN**

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Jordan Kuwait Bank as of 30 September 2024, comprising of the interim condensed consolidated statement of financial position as of 30 September 2024, interim condensed consolidated statement of income, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine-month 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 were audited by another auditor who expressed an unqualified opinion on those consolidated financial statements on 28 February 2024. The interim condensed consolidated financial statements for the period ended 30 September 2023 were reviewed by another auditor who expressed an unqualified conclusion on those interim condensed consolidated financial statements on 31 October 2023.

Amman – Jordan
29 October 2024

ERNST & YOUNG
Amman - Jordan



JORDAN KUWAIT BANK
(A PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

| | Notes | 30 September 2024 JD (Reviewed not audited) | 31 December 2023 JD (Audited) |
|---|-------|---|--|
| ASSETS | | | |
| Cash and balances at central banks | 4 | 1,627,052,099 | 1,072,306,647 |
| Balances at banks and financial institutions | 5 | 278,738,046 | 540,276,278 |
| Financial assets at fair value through profit or loss | 6 | 6,174,247 | 24,760,478 |
| Financial assets at fair value through other comprehensive income | 7 | 125,259,007 | 116,223,622 |
| Direct credit facilities-net | 8 | 2,008,412,441 | 2,006,746,300 |
| Financial assets at amortised cost | 9 | 1,360,418,798 | 1,122,883,189 |
| Property and equipment - net | | 82,863,393 | 80,450,626 |
| Intangible assets - net | | 13,409,402 | 11,907,278 |
| Deferred tax assets | | 57,163,270 | 58,716,359 |
| Right-of-use assets | 10 | 11,799,014 | 12,559,364 |
| Other assets | 11 | 186,020,539 | 174,624,209 |
| Assets held for sale | 28 | 20,984,239 | 22,947,701 |
| TOTAL ASSETS | | 5,778,294,495 | 5,244,402,051 |
| LIABILITIES AND EQUITY | | | |
| LIABILITIES | | | |
| Banks and financial institutions deposits | | 42,210,792 | 69,620,351 |
| Customers' deposits | | 4,154,095,349 | 3,707,096,482 |
| Cash margins | | 152,147,497 | 139,974,833 |
| Borrowed funds | | 337,851,315 | 363,157,170 |
| Sundry provisions | | 23,395,426 | 20,297,592 |
| Green bonds | 12 | 35,450,000 | 35,450,000 |
| Income tax provision | 13 | 28,062,009 | 32,640,476 |
| Deferred tax liabilities | | 2,398,384 | 3,497,873 |
| Lease liabilities | 10 | 12,426,880 | 12,791,946 |
| Other liabilities | 14 | 125,472,684 | 114,258,915 |
| Liabilities directly attributable to assets held for sale | 28 | 16,920,403 | 18,105,050 |
| TOTAL LIABILITIES | | 4,930,430,739 | 4,516,890,688 |
| EQUITY | | | |
| Authorized, issued and paid-in capital | 1 | 150,000,000 | 150,000,000 |
| Perpetual bonds | 24 | 89,010,000 | 89,010,000 |
| Statutory reserve | 25 | 106,382,863 | 106,382,863 |
| Voluntary reserve | 25 | 98,944,584 | 110,944,584 |
| Fair value reserve | | 22,157,946 | 20,004,022 |
| Actuarial gain from remeasurement of defined post-employment benefits | | 653,467 | 653,467 |
| Foreign currency translation reserve | | (3,639,190) | (4,079,865) |
| Equity directly attributable to assets held for sale | 28 | (1,434,628) | (1,481,196) |
| Retained earnings | | 137,551,164 | 143,309,616 |
| Profit for the period | | 86,940,525 | - |
| Total equity attributable to the Bank's shareholders | | 686,566,731 | 614,743,491 |
| Non-controlling interest | 2 | 161,297,025 | 112,767,872 |
| TOTAL EQUITY | | 847,863,756 | 727,511,363 |
| TOTAL LIABILITIES AND EQUITY | | 5,778,294,495 | 5,244,402,051 |

The accompanying notes from (1) to (29) form part of these interim condensed consolidated financial statements



JORDAN KUWAIT BANK
(A PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE NINE AND THREE MONTHS ENDED ON 30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

| | Notes | For the nine months ended 30 September | | For the three months ended 30 September | |
|--|-------|--|--------------------|---|-------------------|
| | | 2024 | 2023 | 2024 | 2023 |
| | | JD | JD | JD | JD |
| Interest income | | 208,244,044 | 186,485,875 | 68,399,363 | 67,191,894 |
| Less: Interest expense | | 103,750,228 | 88,746,410 | 31,256,814 | 35,681,817 |
| Net interest income | | 104,493,816 | 97,739,465 | 37,142,549 | 31,510,077 |
| Net commission income | 15 | 116,698,701 | 55,809,952 | 43,711,237 | 26,379,550 |
| Net interest and commission income | | 221,192,517 | 153,549,417 | 80,853,786 | 57,889,627 |
| Gain from foreign currencies | 16 | 60,367,163 | 19,055,610 | 24,117,463 | 8,908,089 |
| Gain from financial assets at fair value through profit and loss | 6 | 1,748,621 | 4,373,277 | 1,026,304 | 565,521 |
| Gain from sale of debt instruments at fair value through other comprehensive income | 7 | 26,030 | - | - | - |
| Cash dividends from financial assets at fair value through other comprehensive income | 7 | 1,321,784 | 2,115,804 | 1,292 | 76,039 |
| Other income | | 11,317,306 | 13,876,110 | 4,911,963 | 5,354,835 |
| Gross income | | 295,973,421 | 192,970,218 | 110,910,808 | 72,794,111 |
| Employees' expenses | | 36,411,540 | 37,186,383 | 11,102,205 | 13,259,320 |
| Depreciation and amortization | | 6,122,774 | 5,408,109 | 2,223,066 | 1,926,908 |
| Provision for expected credit losses on direct credit facilities | | 21,200,715 | 29,589,084 | 14,664,806 | 10,023,819 |
| (Reversal) provision for expected credit losses on indirect credit facilities | | (248,806) | 1,557,464 | 964,465 | 707,806 |
| Provision for expected credit losses on deposits at banks and financial institutions | | 3,898,671 | 3,081,876 | 3,018,729 | 239,385 |
| Provision (reversal) for expected credit losses on investments | | 123,699 | 492,626 | (36,961) | 1,012,776 |
| Sundry provisions | | 4,931,973 | 3,611,352 | 2,003,833 | 1,305,436 |
| Other expenses | | 46,085,443 | 38,951,497 | 13,933,460 | 16,588,984 |
| Total expenses | | 118,526,009 | 119,878,391 | 47,873,603 | 45,064,434 |
| Add: Gain from acquisition | 27 | - | 15,492,283 | - | - |
| Profit for the period before income tax | | 177,447,412 | 88,584,110 | 63,037,205 | 27,729,677 |
| Less: income tax expense | | 29,050,238 | 16,481,845 | 5,153,547 | 4,598,916 |
| Profit for the period | | 148,397,174 | 72,102,265 | 57,883,658 | 23,130,761 |
| Attributable to: | | | | | |
| Bank's shareholders | | 86,940,525 | 51,395,844 | 35,856,907 | 15,051,997 |
| Non-controlling interest | | 61,456,649 | 20,706,421 | 22,026,751 | 8,078,764 |
| | | 148,397,174 | 72,102,265 | 57,883,658 | 23,130,761 |
| | | JD/ Fils | JD/ Fils | JD/ Fils | JD/ Fils |
| Earnings per share from profit for the period attributable to Bank's shareholders (basic and diluted) | 17 | 0.580 | 0.343 | 0.239 | 0.100 |

The accompanying notes from (1) to (29) form part of these interim condensed consolidated financial statements



JORDAN KUWAIT BANK
(A PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE AND THREE MONTHS ENDED ON 30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

| | For the nine months ended 30 September | | For the three months ended 30 September | |
|--|---|-------------------|--|-------------------|
| | 2024 | 2023 | 2024 | 2023 |
| | JD | JD | JD | JD |
| Profit for the period | 148,397,174 | 72,102,265 | 57,883,658 | 23,130,761 |
| Add: | | | | |
| Items that will be subsequently reclassified to interim condensed consolidated statement of income after tax: | | | | |
| Net change in the valuation reserve of financial assets at fair value through other comprehensive income after tax- debt instruments | 189,346 | (712,802) | 388,093 | (818,547) |
| Foreign currency translation differences | 824,758 | (7,286,342) | - | 5,090 |
| Items that will not be subsequently reclassified to interim condensed consolidated statement of income after tax: | | | | |
| Net change in the valuation reserve of financial assets at fair value through comprehensive income after tax – equity instruments | 1,690,962 | (625,416) | 264,697 | (911,018) |
| Total comprehensive income for the period | 151,102,240 | 63,477,705 | 58,536,448 | 21,406,286 |
| Attributable to: | | | | |
| Bank's shareholders | 89,535,124 | 46,028,140 | 36,559,152 | 13,372,811 |
| Non-controlling interest | 61,567,116 | 17,449,565 | 21,977,296 | 8,033,475 |
| Total | 151,102,240 | 63,477,705 | 58,536,448 | 21,406,286 |

The accompanying notes from (1) to (29) form part of these interim condensed consolidated financial statements



JORDAN KUWAIT BANK
(A PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED ON 30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

| | Reserves | | | | | Actuarial gain from re- measurement of defined post- employment benefits | Foreign currency translation reserve | Equity directly related to assets held for sale | Retained earnings | Profit for the period | Total equity attributable to – Bank's Shareholders | Non- controlling interest | Total equity |
|--|--|--------------------|--------------------|--------------------|-------------------|---|---|--|----------------------|--------------------------|---|---------------------------------|--------------------|
| | Authorized, issued and paid- in capital | Perpetual bonds | Statutory | Voluntary | Fair value | | | | | | | | |
| | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| For the nine months ended 30 September 2024 | | | | | | | | | | | | | |
| Balance at the beginning of the period | 150,000,000 | 89,010,000 | 106,382,863 | 110,944,584 | 20,004,022 | 653,467 | (4,079,865) | (1,481,196) | 143,309,616 | - | 614,743,491 | 112,767,872 | 727,511,363 |
| Profit for the period | - | - | - | - | - | - | - | - | - | 86,940,525 | 86,940,525 | 61,456,649 | 148,397,174 |
| Net change in the fair value of financial assets through comprehensive income | - | - | - | - | 2,153,924 | - | - | - | - | - | 2,153,924 | (273,616) | 1,880,308 |
| Foreign currency translation differences | - | - | - | - | - | - | 440,675 | - | - | - | 440,675 | 384,083 | 824,758 |
| Total comprehensive income | - | - | - | - | 2,153,924 | - | 440,675 | - | - | 86,940,525 | 89,535,124 | 61,567,116 | 151,102,240 |
| Equity directly attributable with assets held for sale | - | - | - | - | - | - | - | 46,568 | - | - | 46,568 | - | 46,568 |
| Interest related to perpetual bonds | - | - | - | - | - | - | - | - | (5,758,452) | - | (5,758,452) | - | (5,758,452) |
| Dividends to shareholders (note 23) | - | - | - | (12,000,000) | - | - | - | - | - | - | (12,000,000) | (13,037,963) | (25,037,963) |
| Balance at the end of the period | 150,000,000 | 89,010,000 | 106,382,863 | 98,944,584 | 22,157,946 | 653,467 | (3,639,190) | (1,434,628) | 137,551,164 | 86,940,525 | 686,566,731 | 161,297,025 | 847,863,756 |
| For the nine months ended 30 September 2023 | | | | | | | | | | | | | |
| Balance at the 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 | - | - | - | - | - | - | - | - | - | 51,395,844 | 51,395,844 | 20,706,421 | 72,102,265 |
| Net change in financial assets at fair value through comprehensive income | - | - | - | - | (1,287,839) | - | - | - | - | - | (1,287,839) | (50,379) | (1,338,218) |
| Foreign currency translation differences | - | - | - | - | - | - | (4,079,865) | - | - | - | (4,079,865) | (3,206,477) | (7,286,342) |
| Total comprehensive income | - | - | - | - | (1,287,839) | - | (4,079,865) | - | - | 51,395,844 | 46,028,140 | 17,449,565 | 63,477,705 |
| Non-controlling interest resulted from the acquisition | - | - | - | - | - | - | - | - | - | - | - | 88,221,112 | 88,221,112 |
| Equity directly attributable with assets held for sale | - | - | - | - | - | - | - | (572,999) | - | - | (572,999) | - | (572,999) |
| Loss from sale of equity instruments through other comprehensive income | - | - | - | - | 2,140 | - | - | - | (2,140) | - | - | - | - |
| Perpetual bonds issuance | - | 89,010,000 | - | - | - | - | - | - | - | - | 89,010,000 | - | 89,010,000 |
| Interest related to perpetual bonds | - | - | - | - | - | - | - | - | (2,842,845) | - | (2,842,845) | - | (2,842,845) |
| Dividends to shareholders (note 23) | - | - | - | (12,000,000) | - | - | - | - | - | - | (12,000,000) | - | (12,000,000) |
| Balance at the end of the period | 150,000,000 | 89,010,000 | 99,983,479 | 110,944,584 | 5,602,214 | 1,050,169 | (4,079,865) | (572,999) | 92,122,578 | 51,395,844 | 595,456,004 | 107,392,197 | 702,848,201 |

- Retained earnings include an amount of JD 57,163,270 as of 30 September 2024 (JD 58,716,359 as of 31 December 2023) restricted against deferred tax assets in accordance with the instructions of the Central Bank of Jordan and Jordan Securities Commission.
- Retained earnings include an amount of JD 188,212 as of 30 September 2024 and 31 December 2023, which represents the revaluation differences of financial assets at fair value through profit or loss, as a result of the early adoption of IFRS (9) during the year 2011. This amount is not available for distribution and is restricted according to the Jordan Securities Commission regulations until the amount becomes realized.
- In according with the Central Bank of Jordan Circular No. 13/2018, the Bank transferred the balance of the General Banking Risk Reserve in the amount of JD 14,288,875 as of 1 January 2018 to the retained earnings to offset the impact of IFRS (9) and all the balance was utilized.
- The credited balance of the fair value reserve is restricted and cannot be utilized except with the approval of the Central Bank of Jordan.

The accompanying notes from (1) to (29) form part of these interim condensed consolidated financial statements



JORDAN KUWAIT BANK
(A PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED ON 30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

| | Note | For the nine months period ended 30 September | |
|--|------|--|----------------------|
| | | 2024 | 2023 |
| | | JD | JD |
| Cash flows from operating activities: | | | |
| Profit for the period before tax | | 177,447,412 | 88,584,110 |
| Adjustments: | | | |
| Depreciation and amortization | | 6,122,774 | 5,408,109 |
| Depreciation of right of use assets | | 3,176,103 | 2,753,807 |
| Provision for expected credit losses on financial assets | | 24,974,277 | 34,455,742 |
| (Gain) on sale of financial assets at fair value through profit and loss | | (1,748,621) | (4,373,277) |
| Net interest income | | 13,709,725 | 14,334,951 |
| Sundry provisions | | 4,931,973 | 3,611,352 |
| Seized assets provision | | 1,272,323 | 557,537 |
| The effect of changes in exchange rates on cash and cash equivalents | | (563) | (107,002) |
| Cash flows from operating activities before changes in assets and liabilities | | 229,885,403 | 145,225,329 |
| Changes in assets and liabilities: | | | |
| (Increase) in restricted cash balances and deposits with maturities over 3 months | | (101,509,655) | (259,334,001) |
| Decrease (increase) in financial assets at fair value through profit and loss | | 20,334,852 | 1,726,327 |
| (Increase) in direct credit facilities | | (22,866,856) | (141,622,115) |
| (Increase) in other assets | | (55,384,306) | (47,363,888) |
| (Decrease) increase in bank deposits | | (10,512,242) | 42,249,616 |
| Increase in customers deposits | | 446,998,867 | 1,024,185,370 |
| Increase in cash margins | | 12,172,664 | 12,695,510 |
| (Decrease) increase in other liabilities directly attributable to assets held for sale | | (1,184,647) | 99,775,288 |
| Increase in other liabilities | | 40,751,352 | 108,025,080 |
| Net change in assets and liabilities | | 328,800,029 | 840,337,187 |
| Net cash flows from operating activities before income tax and paid provisions | | 558,685,432 | 985,562,516 |
| Paid portion of sundry provisions | | (1,834,139) | (2,596,918) |
| Paid income tax | | (33,623,404) | (14,348,228) |
| Net cash flows from operating activities | | 523,227,889 | 968,617,370 |
| Cash flows from investing activities: | | | |
| Increase (decrease) in equity directly attributable to assets held for sale | | 46,568 | (711,076) |
| Decrease (increase) in assets held for sale | | 1,963,462 | (132,222,573) |
| (Increase) in financial assets at amortised cost | | (237,564,250) | (359,164,105) |
| (Increase) in financial assets at fair value through other comprehensive income | | (6,706,777) | (7,220,981) |
| (Increase) in property, equipment and intangible assets | | (10,037,665) | (55,346,576) |
| Net cash flows used in investing activities | | (252,298,662) | (554,665,311) |
| Cash flows from financing activities: | | | |
| (Decrease) increase in borrowed funds | | (25,305,855) | 83,854,481 |
| Paid cash dividends to shareholders | | (24,591,111) | (11,759,085) |
| Green bonds issuance | | - | 35,450,000 |
| Perpetual bonds issuance | | - | 89,010,000 |
| Paid interest on perpetual bonds | | (5,758,452) | (2,842,846) |
| Lease liabilities payments | | (2,780,819) | (2,342,133) |
| (Decrease) increase in foreign currency translation differences | | - | (4,079,865) |
| Increase in non-controlling interest | | - | 84,964,257 |
| Net cash flows (used in) from financing activities | | (58,436,237) | 272,254,809 |
| The effect of changes in exchange rates on cash and cash equivalents | | 563 | 107,002 |
| Net increase in cash and cash equivalents | | 212,493,553 | 686,313,870 |
| Cash and cash equivalent - beginning of the period | | 1,356,581,140 | 494,660,535 |
| Cash and cash equivalent - end of the period | 18 | 1,569,074,693 | 1,180,974,405 |

The accompanying notes from (1) to (29) form part of these interim condensed consolidated financial statements



(1) GENERAL INFORMATION

Jordan Kuwait Bank was established as a Jordanian Public Shareholding Company under the registration number (108) on 25 October 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's current authorized, issued and paid-in capital amounts 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 operations through its Head Office and (65) branches inside the Kingdom and (2) foreign branches, and through its group of subsidiaries which provide banking services, financial leasing and financial brokerage services. During 2023, the Bank completed the acquisition of 53.44% of the capital of Bank of Baghdad located in Iraq.

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

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

These interim condensed consolidated financial statements were approved by the Bank's Board of Directors in their meeting number (9/2024) held on 28 October 2024.

(2) MATERIAL ACCOUNTING POLICIES

The following is the material accounting policies followed by the Group in the preparation of these interim condensed consolidated financial statements:

(2-1) BASIS OF PREPARATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements of the Bank have been prepared in accordance with International Accounting Standards No. (34) ("interim financial reporting"). The Bank has fully transitioned to and adopted International Financial Reporting Standards (IFRS) starting from 1 January 2024, instead of IFRS as amended by the instructions of Central Bank of Jordan. The differences between these two frameworks are not material to the interim condensed consolidated financial statements.

The interim condensed consolidated financial statements have been prepared under the historical cost, except for financial assets at fair value through profit and loss, financial instruments through other comprehensive income, which are measured at fair value as of the date of the interim condensed consolidated financial statements.

The interim condensed consolidated financial statements have been presented in Jordanian Dinars.



JORDAN KUWAIT BANK
(A PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

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 IFRS. Moreover, the results of the Bank's operations for the nine-month period ended on 30 September 2024 are not necessarily indicative of the results for the year ending 31 December 2024. Therefore, these interim condensed consolidated financial statements should be read in conjunction with the Bank's annual report for the year ended 31 December 2023 and the appropriation of profit for the nine-month period ended 30 September 2024 were not performed, which is usually performed at year end.

(2-2) 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 subsidiaries 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 subsidiaries 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.

Non-controlling interests represent that portion of the equity interests in subsidiaries not owned by the Bank.

The Bank has the following subsidiaries as of 30 September 2024:

| Company Name | Bank's ownership | | Date of acquisition | Nature of operations | Country of incorporation | Paid-in capital |
|--|-------------------|------------------|-----------------------------|------------------------------|--------------------------|-----------------|
| | 30 September 2024 | 31 December 2023 | | | | |
| | % | % | | | | |
| Bank of Baghdad | 53.44 | 53.44 | 2023 | Commercial Bank | Iraq | IQD 400 billion |
| Ejara Finance Leasing Company | 100 | 100 | 2011 | Finance leasing | Jordan | JD 20 million |
| | | | In phases, starting from | Brokerage and investments | | |
| United Financial Investments Company * | 78.46 | 78.46 | 2002 | | Jordan | JD 10 million |



JORDAN KUWAIT BANK
(A PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

- Non-controlling interest amounted to JD 161,297,025 as of 30 September 2024, against JD 112,767,872 as of 31 December 2023. Details are as follows:

| | 30 September 2024 | 31 December 2023 |
|-----------------|------------------------------|-----------------------------|
| | JD | JD |
| Bank of Baghdad | 161,297,025 | 112,767,872 |
| | 161,297,025 | 112,767,872 |

- * In accordance with the decision of the Investment Committee and the Board of Directors approving the sale of the Bank's investment in United Financial Investments Company, the investment in this Company was reclassified in accordance with the requirements of IFRS (5): Assets held for sale and non-continued operations as of 30 September 2024 and 31 December 2023.

The financial statements of subsidiaries are consolidated from the date control is exercised until that control ceases. The assets, liabilities, revenues, and expenses of the subsidiaries are consolidated in the condensed interim consolidated financial statements from the date the Group gains control over the subsidiary until such control ceases.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.



Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary without a loss of control is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non- controlling interests
- Derecognizes the cumulative translation differences, recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes the gain or loss resulted from loss of control
- Reclassifying the Company's shares that was recorded previously in the other comprehensive income items to profit or loss

(2-3) 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 interim 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 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 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 impact on the Bank's interim condensed consolidated financial statements.

(3) USE OF 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 recognized 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 recognized in the reporting period in which this change occurs and in future reporting periods if the revision affects both current and future periods.



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

- Expected credit losses

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

In determining provision for expected credit losses 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. Below are the major estimates 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 (Initial Recognition), Stage 2 (Credit Quality Deterioration), and Stage 3 (Credit Impairment).

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.

Probability of Default (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 losses 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:

1. Gross Domestic Product
2. Inflation Rate
3. Stock market index price
4. Consumer Price Index
5. Import price index

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

1. Main scenario (Baseline) weighted 10%
2. Best scenario (Optimistic S1) weighted 0%
3. Worst case scenario 1 (Pessimistic S3) weighted 90%

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.

Exposure at default:

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.

- Income tax

Income tax expenses represent accrued taxes and deferred taxes.

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

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



Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the interim condensed consolidated financial statements and the value of the taxable amount. Deferred tax is calculated on the basis of the liability method in the 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 of the date of the interim condensed 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.

- Fair value

Closing prices (purchasing assets/ selling liabilities) on the date of the interim condensed consolidated financial statements in active markets, represent the fair value for the tools and financial derivatives with market prices.

In the event that announced prices are not available, there is no active trading in some financial instruments and derivatives, or there is no market activity, their fair value is estimated in several ways, including:

- Comparing it to the market value for a similar financial instrument
- Analyzing future cash flows and discounting expected cash flows with a used percentage in a similar financial instrument
- Options pricing models
- Long term financial assets and liabilities with no interest regarding discounting cash flows and regarding active interest rate are evaluated, the discount/ premium is amortized within the interest revenue received/ paid in the interim condensed consolidated statement of income

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

- Assets seized by the Bank against due debts

Assets seized by the Bank against due debts are recorded at the value at which they were transferred to the Bank or at the fair value, whichever is less. At the date of the consolidated financial statements, foreclosed assets are revalued individually (fair value less selling cost); any decline in fair value is recognized in the consolidated statement of income. Any subsequent increase in value is recognized only to the extent that it does not exceed the previously recognized impairment losses. Note that it is subject to the instructions of the Central Bank.



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(4) CASH AND BALANCES AT CENTRAL BANKS

The details of this item are as follows:

| | 30 September 2024 | 31 December 2023 |
|---|-----------------------------------|-----------------------------|
| | JD | JD |
| | (Reviewed not audited) | (Audited) |
| Cash in vaults | 278,870,215 | 285,082,880 |
| Balances at Central Banks | | |
| Current and call accounts | 909,398,828 | 390,776,557 |
| Time and notice deposits | 82,000,000 | 108,000,000 |
| Statutory cash reserve | 387,902,556 | 316,388,152 |
| Total balances at Central Banks | 1,379,301,384 | 815,164,709 |
| Less: Expected credit losses on balances at Central Banks | 31,119,500 | 27,940,942 |
| Net balances at Central Banks | 1,348,181,884 | 787,223,767 |
| Total | 1,627,052,099 | 1,072,306,647 |

- Restricted reserves at the Central Bank of Iraq amounted to JD 262,424,640 as of 30 September 2024 against JD 188,997,501 as of 31 December 2023. They are excluded from the cash and cash equivalents for the purposes of the interim condensed consolidated statement of cash flows.
- The balances of Bank of Baghdad at the Central Bank of Iraq branches in Sulaymaniyah and Erbil amounted to JD 9,765,680 and JD 14,791,526, respectively as of 30 September 2024 (JD 9,762,637 and JD 14,740,069 as of 31 December 2023). They are excluded from cash and cash equivalents for the purposes of the interim condensed consolidated statement of cash flows.

(5) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

| | 30 September 2024 | 31 December 2023 |
|--|-----------------------------------|-----------------------------|
| | JD | JD |
| | (Reviewed not audited) | (Audited) |
| Current and call accounts | 256,579,951 | 507,795,423 |
| Deposits maturing within 3 months or less | 27,946,720 | 37,549,367 |
| Total | 284,526,671 | 545,344,790 |
| Less: Expected credit losses on balances at banks and financial institutions | 5,788,625 | 5,068,512 |
| Net total balances at banks and financial institutions | 278,738,046 | 540,276,278 |



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- Non-interest-bearing balances at banks and financial institutions amounted to JD 169,507,420 as of 30 September 2024 (JD 428,470,213 as of 31 December 2023).
- Restricted balances amounted to JD 9,010,572 as of 30 September 2024 (JD 9,383,933 as of 31 December 2023), which are excluded from cash and cash equivalents for the purposes of the interim condensed consolidated statement of cash flows.

(6) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The details of this item are as follows:

| | 30 September 2024 | 31 December 2023 |
|--|-----------------------------------|-----------------------------|
| | JD | JD |
| | (Reviewed not audited) | (Audited) |
| Quoted financial assets: | | |
| Quoted shares | 2,689,760 | 21,299,672 |
| Quoted bonds | 3,484,487 | 3,460,806 |
| Total financial assets through profit or loss | 6,174,247 | 24,760,478 |

- The unrealized gain resulting from the valuation of financial assets at fair value through profit or loss amounted to JD 45,612 for the period ended 30 September 2024 (JD 1,480,361 for the period ended 30 September 2023), which was recorded in the interim condensed consolidated statement of income.
- The realized gain from the sale of shares at fair value through profit or loss amounted to JD 401,172 for the nine months ended 30 September 2024, which was recorded in the interim condensed consolidated statement of income against a gain of JD 208,808 for the nine months ended 30 September 2023.
- Cash dividends on the financial assets at fair value through profit or loss investments amounted to JD 1,301,837 for the nine months ended 30 September 2024 (JD 2,684,108 for the nine months ended 30 September 2023), which were recorded in the interim condensed consolidated statement of income



(7) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The details of this item are as follows:

| | 30 September 2024 | 31 December 2023 |
|--|-----------------------------------|-----------------------------|
| | JD | JD |
| | (Reviewed not audited) | (Audited) |
| Quoted shares | 31,108,757 | 27,928,802 |
| Unquoted shares | 55,743,948 | 55,884,750 |
| Total Shares (equity instruments) | 86,852,705 | 83,813,552 |
| Quoted bonds | 38,406,302 | 32,410,070 |
| Total Bonds (debt instruments) | 38,406,302 | 32,410,070 |
| Total financial assets through other comprehensive income | 125,259,007 | 116,223,622 |
| Analysis of bonds and bills: | | |
| Fixed rate | 38,406,302 | 32,410,070 |

- There were no financial assets at fair value through other comprehensive income sold during the period ended 30 September 2024. A loss of JD 2,140 was realized, resulting from the sale of financial assets at fair value through other comprehensive income for the nine months ended 30 September 2023, which was directly included in the retained earnings in the interim condensed consolidated statement of changes in equity.
- The realized gain resulting from the sale of bonds at fair value through other comprehensive income during the nine months ended 30 September 2024 amounted to JD 26,030, which was directly included in the interim condensed consolidated statement of income, while no bonds at fair value through other comprehensive income were sold for the nine months ended 30 September 2023.
- Cash dividends on the fair value through other comprehensive income investments amounted to JD 1,321,784 for the nine months ended 30 September 2024 (JD 2,115,804 for the nine months ended 30 September 2023).
- Total expected credit losses on debt instruments at fair value through other comprehensive income amounted to JD 140,021 (JD 44,965 as of 31 December 2023). These credit losses are shown in the fair value reserve within the shareholders' equity.



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(8) DIRECT CREDIT FACILITIES – NET

The details of this item are as follows:

| | 30 September 2024 | 31 December 2023 |
|--|-----------------------------------|-----------------------------|
| | JD | JD |
| | (Reviewed not audited) | (Audited) |
| Individuals (retail): | | |
| Overdraft accounts | 190,414 | 165,525 |
| Loans and promissory notes* | 364,512,186 | 360,646,043 |
| Credit cards | 15,340,375 | 14,682,316 |
| Real estate loans | 252,565,760 | 225,459,851 |
| Corporates: | | |
| Large corporates | | |
| Overdraft accounts | 142,746,710 | 134,310,075 |
| Loans and promissory notes* | 1,186,663,138 | 1,173,501,319 |
| Small and medium enterprises | | |
| Overdraft accounts | 17,620,307 | 24,201,352 |
| Loans and promissory notes* | 128,278,384 | 127,902,320 |
| Government and public sector | 157,428,977 | 175,786,439 |
| Total | 2,265,346,251 | 2,236,655,240 |
| Less: Provision for expected credit losses | 214,015,875 | 195,406,591 |
| Less: Interest in suspense | 42,917,935 | 34,502,349 |
| Net direct credit facilities | 2,008,412,441 | 2,006,746,300 |

- * Net of interest and commission received in advance amounted to JD 768,389 as of 30 September 2024 (against JD 730,704 as of 31 December 2023).
- Credit facilities within stage 3 amounted to JD 210,830,990 which represents 9.31% of the total direct credit facilities as of 30 September 2024 (against JD 169,196,812 which represents 7.56% of the total direct credit facilities as of 31 December 2023).
 - Credit facilities within stage 3, net of interest and commission in suspense, amounted to JD 170,733,650 which represents 7.67% of total direct credit facilities balance after deducting interest and commission in suspense as of 30 September 2024 (JD 135,958,344 which represents 6.17% of the total direct credit facilities balance after deducting interest and commission in suspense as of 31 December 2023).
 - Direct credit facilities granted to and guaranteed by the Jordanian Government amounted to JD 101,296,657 which represents 4.47% of the total direct credit facilities as of 30 September 2024 (JD 101,239,716 which represents 4.53% of the total direct credit facilities as of 31 December 2023).
 - The Bank has reclassified comparative figures between segments in the amount of JD 66,651,694 from loans and promissory notes of small and medium enterprises to individuals (retail) segment.



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- The movement on direct credit facilities balance on a collective basis as at the end of period / year based on the regulations of the Central Bank of Jordan is as follows:

| Item | Stage 1 | | Stage 2 | | Stage 3 | 30 September | 31 December |
|--|----------------------|------------|--------------------|------------|--------------------|------------------------|----------------------|
| | Individual | Collective | Individual | Collective | Total | 2024 | 2023 |
| | JD | JD | JD | JD | JD | JD | JD |
| | | | | | | (Reviewed not audited) | (Audited) |
| Balance at the beginning of the period / year | 1,768,094,984 | - | 299,363,444 | - | 169,196,812 | 2,236,655,240 | 2,105,087,176 |
| New balances through the period / year | 344,734,041 | - | 25,863,426 | - | 12,375,727 | 382,973,194 | 530,932,668 |
| Repaid balances through the period / year | (254,784,892) | - | (78,903,662) | - | (18,039,067) | (351,727,621) | (437,551,477) |
| Transferred to stage 1 | 6,907,935 | - | (6,319,067) | - | (588,868) | - | - |
| Transferred to stage 2 | (96,835,087) | - | 98,108,076 | - | (1,272,989) | - | - |
| Transferred to stage 3 | (9,331,991) | - | (42,381,946) | - | 51,713,937 | - | - |
| Impact of assets held for sale | - | - | - | - | - | - | (15,789,098) |
| Additions due to the acquisition (note 27) | - | - | - | - | - | - | 75,425,585 |
| Written-off facilities (written off or transferred to off balance sheet) * | - | - | - | - | (2,554,562) | (2,554,562) | (21,449,614) |
| Balance at the end of the period / year | 1,758,784,990 | - | 295,730,271 | - | 210,830,990 | 2,265,346,251 | 2,236,655,240 |



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- The movement on the provision for expected credit losses on direct credit facilities on a collective basis is as follows:

| Item | Corporates | | | | Government and public sector | 30 September 2024 JD (Reviewed not audited) | 31 December 2023 JD (Audited) |
|--|-------------------|-------------------|--------------------|-------------------|------------------------------------|---|--|
| | Retail JD | Real estate JD | Large JD | SMEs JD | | | |
| Balance at the beginning of the year | 31,618,249 | 16,679,807 | 136,826,371 | 9,970,779 | 311,385 | 195,406,591 | 152,369,384 |
| Expected credit loss on new facilities during the period/ year | 12,724,574 | 6,373,326 | 47,531,568 | 3,390,730 | - | 70,020,198 | 62,061,679 |
| Reversed provision (surplus) during the period/ year | (5,527,956) | (2,208,524) | (38,715,853) | (2,357,671) | (9,479) | (48,819,483) | (24,316,339) |
| Impact of assets held for sale | - | - | (36,869) | - | - | (36,869) | (3,134,450) |
| Additions due to the acquisition (note 27) | - | - | - | - | - | - | 22,961,143 |
| Provisions written off and transferred to off balance sheet | (1,710,560) | - | (844,002) | - | - | (2,554,562) | (14,534,826) |
| Balance at the end of the period/ year | 37,104,307 | 20,844,609 | 144,761,215 | 11,003,838 | 301,906 | 214,015,875 | 195,406,591 |
| Stage 1 | 11,183,070 | 1,776,286 | 8,149,375 | 748,673 | 301,906 | 22,159,310 | 25,162,374 |
| Stage 2 | 1,901,810 | 11,816,364 | 51,189,707 | 191,530 | - | 65,099,411 | 64,886,919 |
| Stage 3 | 24,019,427 | 7,251,959 | 85,422,133 | 10,063,635 | - | 126,757,154 | 105,357,298 |
| Total | 37,104,307 | 20,844,609 | 144,761,215 | 11,003,838 | 301,906 | 214,015,875 | 195,406,591 |



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- The movement on the provision for expected credit losses on direct credit facilities on collective basis during the period/ year is as follows:

A- Based on economic sectors:

| | Corporates | | | | Government and public sector | Total |
|---|-------------------|--------------------|--------------------|-------------------|-------------------------------------|--------------------|
| | Retail | Real estate | Large | SMEs | sector | Total |
| | JD | JD | JD | JD | JD | JD |
| For the nine months ended 30 September 2024 (Reviewed not audited) | | | | | | |
| Balance at the beginning of the period | 31,618,249 | 16,679,807 | 136,826,371 | 9,970,779 | 311,385 | 195,406,591 |
| Expected credit losses on new facilities during the period | 12,724,574 | 6,373,326 | 47,531,568 | 3,390,730 | - | 70,020,198 |
| Recoveries from expected credit losses on paid facilities during the period | (5,527,956) | (2,208,524) | (38,715,853) | (2,357,671) | (9,479) | (48,819,483) |
| Impact of assets held for sale | - | - | (36,869) | - | - | (36,869) |
| Provisions written off | (1,710,560) | - | (844,002) | - | - | (2,554,562) |
| Balance at the end of the period | 37,104,307 | 20,844,609 | 144,761,215 | 11,003,838 | 301,906 | 214,015,875 |
| Re-allocation: | | | | | | |
| Provisions on an individual basis | 37,104,307 | 20,844,609 | 144,761,215 | 11,003,838 | 301,906 | 214,015,875 |
| Provisions on a collective basis | - | - | - | - | - | - |



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| | Corporates | | | | Government and public sector | Total |
|---|-------------------|-------------------|--------------------|------------------|------------------------------------|--------------------|
| | Retail | Real estate | Large | SMEs | | |
| | JD | JD | JD | JD | JD | JD |
| For the year ended 31 December 2023 (Audited) | | | | | | |
| Balance at the beginning of the year | 26,288,833 | 29,214,284 | 88,922,608 | 7,307,739 | 635,920 | 152,369,384 |
| Expected credit losses on new facilities during the year | 14,086,212 | 4,648,600 | 37,657,008 | 5,658,839 | 11,020 | 62,061,679 |
| Recoveries from expected credit losses on paid facilities during the year | (3,268,997) | (7,325,762) | (11,758,002) | (1,628,023) | (335,555) | (24,316,339) |
| Transferred to stage 1 | 363,700 | 83,502 | (11,444,247) | (18,179) | - | (11,015,224) |
| Transferred to stage 2 | 88,317 | 174,463 | 7,448,347 | (1,221,783) | - | 6,489,344 |
| Transferred to stage 3 | (452,016) | (257,966) | 3,995,900 | 1,239,962 | - | 4,525,880 |
| Impact of assets held for sale | (2,752,600) | - | - | (381,850) | - | (3,134,450) |
| Additions due to the acquisition | - | - | 22,961,143 | - | - | 22,961,143 |
| Provisions written off and transferred to off balance sheet | (2,735,200) | (9,857,314) | (956,386) | (985,926) | - | (14,534,826) |
| Balance at the end of the year | 31,618,249 | 16,679,807 | 136,826,371 | 9,970,779 | 311,385 | 195,406,591 |
| Re-allocation: | | | | | | |
| Provisions on an individual basis | 31,618,249 | 16,679,807 | 136,826,371 | 9,970,779 | 311,385 | 195,406,591 |
| Provisions on a collective basis | - | - | - | - | - | - |



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B- Based on stage:

| | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Total |
|---|------------------------|------------------------|--------------------|--------------------|
| | JD | JD | JD | JD |
| For the nine months ended 30 September 2024 (Reviewed not audited) | | | | |
| Balance at the beginning of the period | 25,162,374 | 64,886,919 | 105,357,298 | 195,406,591 |
| New facilities during the period | 4,550,131 | 18,078,688 | 47,391,379 | 70,020,198 |
| Recoveries paid facilities during the period | (5,388,367) | (14,325,514) | (29,105,602) | (48,819,483) |
| Transferred to stage 1 | 1,339,246 | (1,018,860) | (320,386) | - |
| Transferred to stage 2 | (3,188,222) | 3,938,965 | (750,743) | - |
| Transferred to stage 3 | (278,983) | (6,460,787) | 6,739,770 | - |
| Impact of assets held for sale | (36,869) | - | - | (36,869) |
| Provisions written off and transferred to off balance sheet | - | - | (2,554,562) | (2,554,562) |
| Balance at the end of the period | 22,159,310 | 65,099,411 | 126,757,154 | 214,015,875 |
| | | | | |
| | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Total |
| | JD | JD | JD | JD |
| For the year ended 31 December 2023 (Audited) | | | | |
| Balance at the beginning of the year | 33,732,005 | 34,109,552 | 84,527,827 | 152,369,384 |
| Expected credit loss on new facilities during the year | 9,436,378 | 25,177,525 | 27,447,776 | 62,061,679 |
| Recoveries from expected credit loss on paid facilities during the year | (6,867,754) | (1,670,780) | (15,777,805) | (24,316,339) |
| Transferred to stage 1 | 3,214,047 | (2,567,530) | (646,517) | - |
| Transferred to stage 2 | (13,876,734) | 14,669,749 | (793,015) | - |
| Transferred to stage 3 | (352,538) | (5,612,875) | 5,965,413 | - |
| Impact of assets held for sale | (570,651) | (22,096) | (2,541,703) | (3,134,450) |
| Additions due to the acquisition (note 27) | 447,621 | 803,374 | 21,710,148 | 22,961,143 |
| Provisions written off and transferred to off balance sheet | - | - | (14,534,826) | (14,534,826) |
| Balance at the end of the year | 25,162,374 | 64,886,919 | 105,357,298 | 195,406,591 |



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Economic And Geographic Distribution:

The movement on the direct credit facilities balance according to economic and geographic basis is as follows:

| | 30 September 2024 (Reviewed no audited) | | | 31 December 2023 (Audited) |
|------------------------------|--|--------------------|----------------------|-------------------------------|
| | Inside Jordan | Outside Jordan | Total | Total |
| | JD | JD | JD | JD |
| Financial | 118,728,283 | 122,997,811 | 241,726,094 | 225,776,476 |
| Industrial | 240,451,391 | 33,667,196 | 274,118,587 | 349,221,458 |
| Trading | 316,197,490 | 62,288,639 | 378,486,129 | 340,571,247 |
| Real estate | 250,526,859 | 136,553 | 250,663,412 | 238,250,802 |
| Agriculture | 26,143,500 | - | 26,143,500 | 31,766,163 |
| Shares | 7,849,158 | - | 7,849,158 | 9,782,829 |
| Individual | 283,428,949 | 15,932,948 | 299,361,897 | 287,831,248 |
| Government and public sector | 157,127,060 | - | 157,127,060 | 175,475,054 |
| Services | 336,450,870 | 36,485,734 | 372,936,604 | 348,071,023 |
| Total | 1,736,903,560 | 271,508,881 | 2,008,412,441 | 2,006,746,300 |

Interest in Suspense

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

| | Corporates | | | | Government and public sector | Total |
|--|------------------|------------------|-------------------|---------------------|------------------------------------|-------------------|
| | Retail | Real estate | Large | Small and medium | | |
| | JD | JD | JD | JD | JD | JD |
| For the nine months ended 30 September 2024 | | | | | | |
| (Reviewed not audited) | | | | | | |
| Balance at the beginning of the period | 3,121,388 | 3,078,553 | 27,228,259 | 1,074,149 | - | 34,502,349 |
| Add: Interest suspended during the period | 1,152,370 | 300,133 | 12,536,350 | 483,440 | - | 14,472,293 |
| Less: Interest transferred to income | (761,485) | (812,425) | (4,396,666) | (86,131) | - | (6,056,707) |
| Balance at the end of the period | 3,512,273 | 2,566,261 | 35,367,943 | 1,471,458 | - | 42,917,935 |
| For the year ended on 31 December 2023 | | | | | | |
| (Audited) | | | | | | |
| Balance at the beginning of the year | 2,578,221 | 8,857,658 | 17,872,132 | 769,343 | - | 30,077,354 |
| Add: Interest suspended during the year | 826,546 | 767,994 | 5,715,427 | 645,054 | - | 7,955,021 |
| Less: Interest transferred to income | (244,129) | (202,987) | (60,606) | (293,133) | - | (800,855) |
| Additions from acquisition | 455,957 | - | 3,729,661 | - | - | 4,185,618 |
| Interest in suspense transferred off balance sheet | (495,207) | (6,344,112) | (28,355) | (47,115) | - | (6,914,789) |
| Balance at the end of the year | 3,121,388 | 3,078,553 | 27,228,259 | 1,074,149 | - | 34,502,349 |



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(9) FINANCIAL ASSETS AT AMORTIZED COST

The details of this item are as follows:

| | 30 September 2024 | 31 December 2023 |
|--|-----------------------------------|-----------------------------|
| | JD | JD |
| | (Reviewed not audited) | (Audited) |
| Financial assets with available market prices: | | |
| Foreign government bills and treasury bonds | 109,607,143 | 129,775,645 |
| Corporate loans bonds | 1,418,000 | - |
| Total financial assets with available market price | 111,025,143 | 129,775,645 |
| Impairment provision for financial assets at amortised cost | (15,775,799) | (15,858,918) |
| Net financial assets with available market prices | 95,249,344 | 113,916,727 |
| Financial assets with no available market prices: | | |
| Bills and treasury bonds* | 1,251,546,172 | 1,000,933,895 |
| Corporate loans bonds | 17,833,600 | 12,161,600 |
| Total financial assets with no available market prices | 1,269,379,772 | 1,013,095,495 |
| Impairment provision for financial assets at amortised cost | (4,210,318) | (4,129,033) |
| Net financial assets with no available market prices | 1,265,169,454 | 1,008,966,462 |
| Total | 1,360,418,798 | 1,122,883,189 |
| Analysis financial bonds: | | |
| With fixed rate | 1,373,243,315 | 1,130,709,540 |
| With floating rate | 7,161,600 | 12,161,600 |
| Total | 1,380,404,915 | 1,142,871,140 |

- No bonds at amortized cost were sold during the periods ended 30 September 2024 and 30 September 2023.
- No provision for expected credit losses was calculated against Jordanian Government bonds and treasury bills.
- * Financial assets at amortized cost include government bonds in the amount of JD 80,036,465 as of 30 September 2024 (JD 80,017,850 as of 31 December 2023), held in safe custody with the Central Bank of Jordan at one of the local banks in exchange for a repurchase agreement with the Social Security Investment Fund, noting that the accrued interest and any returns generated from these bonds during the term of the agreement are for the benefit of the Bank.
- Foreign currency translation differences on the impairment provision on financial assets at amortized cost amounted to JD 30,477 during the period ended 30 September 2024, which are related to the Bank of Baghdad's financial statements. This resulted in a decrease in the provision balance.



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(10) RIGHT OF USE ASSETS AND LEASE LIABILITIES

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

| | 30 September 2024 | 31 December 2023 |
|--|-----------------------------------|-----------------------------|
| | JD | JD |
| | (Reviewed not audited) | (Audited) |
| Balance at the beginning of the period / year | 12,559,364 | 10,524,060 |
| Add: additions during the period which resulted from the acquisition (note 27) | - | 1,139,128 |
| Add: new contracts during the period / year | 2,415,753 | 4,616,698 |
| Less: depreciation during the period / year | 3,176,103 | 3,720,522 |
| Balance at the end of the period / year | 11,799,014 | 12,559,364 |

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

| | 30 September 2024 | 31 December 2023 |
|--|-----------------------------------|-----------------------------|
| | JD | JD |
| | (Reviewed not audited) | (Audited) |
| Balance at the beginning of the period / year | 12,791,946 | 10,733,682 |
| Add: additions during the period which resulted from the acquisition (note 27) | - | 1,161,539 |
| Add: interest expense | 953,050 | 1,228,502 |
| Add: new contracts during the period / year | 2,415,753 | 4,616,698 |
| Less: paid obligations | 3,733,869 | 4,948,475 |
| Balance at the end of the period / year | 12,426,880 | 12,791,946 |

(c) Analysis of due payments:

| | For the period ended 30 September 2024 | |
|-------------------|---|---------------------|
| | 1-3 Years | Over 3 Years |
| | JD | JD |
| Lease liabilities | 994,150 | 11,432,730 |

The Bank has elected to apply the exemption available under the standard, which is not recognizing right-of-use assets that are short-term and low in value.



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(11) 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 revenues* | 42,715,653 | 50,176,297 |
| Prepaid expenses | 6,535,828 | 7,477,488 |
| Assets seized by the Bank against due debts, net ** | 113,261,253 | 103,289,000 |
| Clearing cheques | 2,171,000 | 398,488 |
| Debtors | 11,171,017 | 3,226,690 |
| Dividends receivable (sister company) | 650,000 | - |
| Others | 9,515,788 | 10,056,246 |
| Total | 186,020,539 | 174,624,209 |

* Net of interest in suspense in the amount of JD 2,710,174 as of 30 September 2024 and as of 31 December 2023 against debt instruments.

- Debtors, seized assets and other assets include balances related to subsidiaries in the amount of JD 9,806,024 as of 30 September 2024 (JD 8,035,531 as of 31 December 2023).

** According to the regulations of the Central Bank of Jordan, the Bank is required to dispose seized assets in a maximum period of two years from the acquisition date. The Central Bank may approve of an extension up to two years at most in exceptional cases.

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

| | Seized assets | Other seized assets* | Total |
|--|--------------------------|---------------------------------|--------------------|
| | JD | JD | JD |
| For the nine months ended on 30 September 2024 (Reviewed not audited) | | | |
| Balance at the beginning of the period – net | 102,841,879 | 447,121 | 103,289,000 |
| Additions | 19,438,431 | 1,372,800 | 20,811,231 |
| Disposals ** | (9,566,655) | - | (9,566,655) |
| Provision for seized assets | (557,817) | (714,506) | (1,272,323) |
| Balance at the end of the period | 112,155,838 | 1,105,415 | 113,261,253 |
| For the year ended on 31 December 2023 (Audited) | | | |
| Balance at the beginning of the year – net | 124,287,727 | 1,040,275 | 125,328,002 |
| Additions | 10,292,668 | 2,184,251 | 12,476,919 |
| Disposals | (32,966,848) | (593,154) | (33,560,002) |
| Provision for seized assets | 1,228,332 | (2,184,251) | (955,919) |
| Balance at the end of the year | 102,841,879 | 447,121 | 103,289,000 |

* This balance represents seized shares and machinery against due debts.



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** Loss on disposal of seized assets amounted to JD 1,510,609 for the period ended 30 September 2024, which was recorded within other expenses, against a gain amounted to JD 196,970 recorded within other revenues for the period ended 30 September 2023.

- The Central Bank of Jordan, pursuant to circular No. 10/3/16234 dated 10 October 2022, canceled all previous circulars that require deducting provisions against seized assets in violation of the provisions of the Banking Law, while maintaining the provisions allocated against real estate to be released upon disposal.

(12) GREEN BONDS

During the first quarter of 2023, the Bank signed an agreement to issue bonds with a total face value of USD 50 million for 5 years with the International Financial Corporation – IFC. The purpose of these bonds is green financing. Below are the details as of 30 September 2024:

| | <u>Amount</u> JD | <u>Interest rate</u> |
|---|---------------------|----------------------|
| 30 September 2024 (Reviewed not audited) | | |
| Green Bond (1) | 2,836,000 | 6.44% |
| Green Bond (2) | 7,090,000 | 6.44% |
| Green Bond (3) | 25,524,000 | 7.99% |
| | <u>35,450,000</u> | |

- Unpaid accrued interest is recorded within other liabilities.

(13) INCOME TAX

A. Below is the table for the tax rates and national contribution:

| | <u>30 September</u> <u>2024</u> (Reviewed not audited) | <u>31 December</u> <u>2023</u> (audited) |
|------------------------|---|--|
| Jordan branches | 38% | 38% |
| Cyprus branch | 12.5% | 12.5% |
| Subsidiaries in Jordan | 21%-28% | 21%-28% |
| Bank of Baghdad | 15% | 15% |



B. Tax Status

| 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 | 2023 | 2019 | Accrued tax has been paid | None |
| Cyprus Branch | 2023 | 2019 | Accrued tax has been paid | None |
| Ejara Finance Leasing Company | 2023 | 2019 | Accrued tax has been paid | None |
| Bank of Baghdad | 2023 | 2023 | Accrued tax has been paid | None |

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

C. Income Tax Provision

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

| | 30 September 2024 | 31 December 2023 |
|--|-------------------------------|-------------------------|
| | JD | JD |
| | (Reviewed not audited) | (Audited) |
| Balance at the beginning of the period / year | 32,640,476 | 18,784,419 |
| Additions as a result of the acquisition | - | 5,756,062 |
| Income tax expense for the period / year | 29,044,937 | 34,070,422 |
| Income tax paid during the period / year | (33,623,404) | (25,970,427) |
| Balance at the end of the period / year | 28,062,009 | 32,640,476 |



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(14) OTHER LIABILITIES

| | 30 September 2024 | 31 December 2023 |
|--|-----------------------------------|-----------------------------|
| | JD | JD |
| | (Reviewed not audited) | (Audited) |
| Accrued interest | 29,005,928 | 27,102,957 |
| Temporary deposits (a) | 15,005,845 | 9,296,104 |
| Expected credit losses against indirect facilities (note 21) | 13,779,337 | 14,028,143 |
| Accepted and certified checks | 12,570,714 | 11,142,349 |
| Shareholders' deposits | 9,719,864 | 10,011,315 |
| Temporary deposits - customers | 9,664,800 | 8,292,453 |
| Inward transfers | 6,236,027 | 3,209,447 |
| Accounts payable | 4,715,701 | 4,807,505 |
| Amounts for registering companies – subsidiary | 3,203,216 | 3,121,125 |
| Accrued expenses | 2,495,642 | 1,314,306 |
| Obligations for ATM services – subsidiary | 2,237,532 | 1,976,513 |
| Additional provisions – subsidiary | 1,188,272 | 1,188,272 |
| Vaults insurance | 606,288 | 541,825 |
| Subscription deposits (b) | 54,745 | 59,622 |
| Additional provisions – equity instruments* | - | 4,200,000 |
| Other liabilities | 14,988,773 | 13,966,979 |
| Total | 125,472,684 | 114,258,915 |

(a) This item represents temporary deposits for public and other joint stock companies.

(b) This amount represents the proceeds from subscription returns in public shareholding companies under incorporation.

* During the year 2024, financial assets were sold through the statement of income - equity instruments, resulting in the reversal of the related provisions.

(15) NET COMMISSION INCOME

The details of net commission income are as follows:

| | For the nine months ended on 30 September | |
|--|--|-----------------------------------|
| | 2024 | 2023 |
| | JD | JD |
| | (Reviewed not audited) | (Reviewed not audited) |
| Commission on direct credit facilities | 3,093,568 | 2,728,097 |
| Commission on indirect credit facilities | 5,414,871 | 4,358,320 |
| Commission on bank transfers | 95,801,982 | 36,055,044 |
| Other commissions | 12,388,280 | 12,668,491 |
| Total | 116,698,701 | 55,809,952 |



(16) GAIN FROM FOREIGN CURRENCIES

The details of this item are as follows:

| | For the nine months ended on 30 September | |
|---------------------------------|--|-----------------------------------|
| | 2024 | 2023 |
| | JD | JD |
| | (Reviewed not audited) | (Reviewed not audited) |
| Results from trading/ dealing | 60,367,726 | 19,064,591 |
| (Loss) resulting from valuation | (563) | (8,981) |
| Total | 60,367,163 | 19,055,610 |

**(17) EARNINGS PER SHARE FROM PROFIT OF THE PERIOD ATTRIBUTABLE TO BANK'S
SHAREHOLDERS**

The details of this item are as follows:

| | For the nine months ended on 30 September | |
|--|--|-----------------------------------|
| | 2024 | 2023 |
| | JD | JD |
| | (Reviewed not audited) | (Reviewed not audited) |
| Profit for the year attributable to the Bank's shareholders | 86,940,525 | 51,395,844 |
| | Share | Share |
| Weighted average number of shares | 150,000,000 | 150,000,000 |
| | JD/ Fils | JD/ Fils |
| Earnings per share from profit for the period | 0.580 | 0.343 |

- Basic earnings per share equal to the diluted earnings per share, as the Bank did not issue any financial instruments that may reduce the basic earnings per share.



(18) CASH AND CASH EQUIVALENTS

The details of this item are as follows:

| | 30 September 2024 | 30 September 2023 |
|--|-----------------------------------|-----------------------------------|
| | JD | JD |
| | (Reviewed not audited) | (Reviewed not audited) |
| Cash and balances at Central Banks due within three months | 1,340,070,253 | 951,623,091 |
| Add: Balances at banks and financial institutions due within three months | 278,738,046 | 335,010,662 |
| Less: Deposits at banks and financial institutions due within three months | (40,723,034) | (64,935,377) |
| Restricted balances | (9,010,572) | (40,723,971) |
| Total | <u>1,569,074,693</u> | <u>1,180,974,405</u> |

(19) BUSINESS SEGMENT INFORMATION

1- Information about the Group activities

The Group is organized, for managerial purposes, into four major segments. These segments are measured according to reports used by the executive management and key decision makers at the Bank. Moreover, the Bank owns two branches at Cyprus and Bank of Baghdad, as well as 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, and also includes brokerage, financial leasing, consulting and issuance services.



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

| | Individuals | Corporates | Treasury | Others | Total | |
|--|-------------------|--------------------|-------------------|---------------------|-----------------------------------|------------------------------|
| | | | | | For the period ended 30 September | |
| | | | | | 2024 | 2023 |
| | JD | JD | JD | JD | JD (Reviewed not audited) | JD (Reviewed not audited) |
| Gross income | 47,134,087 | 127,308,900 | 48,700,228 | 72,830,206 | 295,973,421 | 192,970,218 |
| Expected credit losses | 11,361,420 | 9,839,295 | 3,773,564 | - | 24,974,279 | 34,721,050 |
| Results of the segment's business | 35,772,667 | 117,469,605 | 44,926,664 | 72,830,206 | 270,999,142 | 158,249,168 |
| Add: Gains resulted from the acquisition | - | - | - | - | - | 15,492,283 |
| Less: Expenses not distributed on segments | - | - | - | 93,551,730 | 93,551,730 | 85,157,341 |
| Profit for the period before income tax | 35,772,667 | 117,469,605 | 44,926,664 | (20,721,524) | 177,447,412 | 88,584,110 |
| Less: Income tax expense for the period | - | - | - | 29,050,238 | 29,050,238 | 16,481,845 |
| Net income the period | 35,772,667 | 117,469,605 | 44,926,664 | (49,771,762) | 148,397,174 | 72,102,265 |
| Other information | | | | | | |
| Capital expenditures | | | | 10,037,665 | 10,037,665 | 55,346,576 |
| Depreciation and amortization | | | | 6,122,774 | 6,122,774 | 5,408,109 |
| | | | | | | |
| | | | | | Total | |
| | | | | | 30 September | 31 December |
| | | | | | 2024 | 2023 |
| | | | | | JD (Reviewed not audited) | JD (Audited) |
| Total segment assets | 568,581,280 | 1,439,831,161 | 3,397,642,197 | 372,239,857 | 5,778,294,495 | 5,244,402,051 |
| Total segment liabilities | 1,631,850,378 | 2,678,561,173 | 437,865,915 | 182,153,273 | 4,930,430,739 | 4,516,890,688 |



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2- Geographical distribution information:

This disclosure represents the geographical distribution of the Bank and its subsidiaries operations, where the Bank performs its operations mainly within Kingdom, as well as its international operations through its branch in Cyprus and Bank of Baghdad (a subsidiary of the Bank).

- The Bank's gross income, assets, and capital expenditures according to the geographical segment is as follows:

| | Inside the Kingdom | | Outside the Kingdom | | Total | |
|----------------------|--|-------------------------------|--|-------------------------------|--|-------------------------------|
| | For the nine months ended on 30 September | | For the nine months ended on 30 September | | For the nine months ended on 30 September | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| | JD | JD | JD | JD | JD | JD |
| | (Reviewed not audited) | (Reviewed not audited) | (Reviewed not audited) | (Reviewed not audited) | (Reviewed not audited) | (Reviewed not audited) |
| Gross income | 103,326,014 | 147,451,514 | 192,647,407 | 45,518,704 | 295,973,421 | 192,970,218 |
| Capital expenditures | 4,363,073 | 54,495,339 | 5,674,592 | 851,237 | 10,037,665 | 55,346,576 |

| | Inside the Kingdom | | Outside the Kingdom | | 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) |
| Total assets | 3,566,379,827 | 3,714,157,924 | 2,211,914,668 | 1,530,244,127 | 5,778,294,495 | 5,244,402,051 |



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(20) TRANSACTIONS WITH RELATED PARTIES

The Bank engaged in transactions with the subsidiaries, major shareholders', sister companies, 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 30 September 2024.

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* | 30 September 2024 | 31 December 2023 |
|--|---------------------|--------------------------------|--------------|-----------------------|------------|---|---------------------------|
| | JD | JD | JD | JD | JD | JD | JD |
| | | | | | | (Reviewed not audited) | (Audited) |
| Interim condensed consolidated statement of financial position Items: | | | | | | | |
| Direct credit facilities | 38,215,100 | 745,156 | 431,494 | 4,691,772 | - | 44,083,522 | 46,530,542 |
| Deposits from banks and financial institutions | 5,378,434 | - | - | - | - | 5,378,434 | 12,248,542 |
| Customers' deposits | 1,508,708 | 94,228,502 | 2,303,827 | 1,147,926 | 366,020 | 99,554,983 | 110,935,581 |
| Deposits at banks and financial institutions | 11,477,784 | - | - | - | 856,310 | 12,334,094 | 4,786,501 |
| Cash margins | - | - | - | 10,551 | 14,725 | 25,276 | 28,526 |
| Financial assets at fair value through comprehensive income | 24,815,000 | - | 810,136 | - | 45,165,677 | 70,790,813 | 59,871,352 |
| Right of use assets | - | 159,312 | - | - | - | 159,312 | 237,270 |
| Lease liabilities | - | 197,438 | - | - | - | 197,438 | 235,445 |
| Financial assets at amortised cost / borrowed funds | - | 80,036,465 | - | - | - | 80,036,465 | 80,017,850 |
| Off Interim condensed consolidated statement of financial position Items: | | | | | | | |
| Letters of credit | 21,741,418 | - | 499,908 | - | 147,500 | 22,388,826 | 19,468,853 |
| Letters of guarantee | 3,626,063 | - | 135,901 | - | 3,828,600 | 7,590,564 | 5,417,758 |
| | | | | | | For the nine months ended 30 September | |
| | | | | | | 2024 | 2023 |
| | | | | | | JD | JD |
| | | | | | | (Reviewed not audited) | (Reviewed not audited) |
| Interim condensed consolidated statement of income Items: | | | | | | | |
| Interest and commissions income ** | 2,036,851 | 17,037 | - | 201,659 | - | 2,255,547 | 268,643 |
| Interest and commission expense *** | - | 9,033,315 | 31,329 | 42,456 | - | 9,107,100 | 2,248,270 |
| Amortisation of right of use assets | - | 38,979 | - | - | - | 38,979 | 38,979 |
| Interest on lease liability | - | 15,582 | - | - | - | 15,582 | 18,185 |
| Cash dividends from financial assets | 650,000 | - | - | - | 259,531 | 909,531 | 750,000 |
| Cash dividends from subsidiary | - | - | 14,564,327 | - | - | 14,564,327 | - |
| Subsidiaries managerial agreement | - | - | 5,784,187 | - | - | 5,784,187 | - |



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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 937,310 which is related to the Board of Directors of Ejara Finance Leasing Company (a subsidiary) as of 30 September 2024, against JD 639,153 as of 31 December 2023.

* Represents companies which the Bank has the right to vote on its Boards of Directors.

** Interest income rates range from 1.75% to 10.75%.

****Interest expense rates range from 0.25% to 10%.

The Bank is represented by three members on the Board of Directors of the United Financial Investments Company.

The salaries of the Bank's executive management and its subsidiaries amounted to JD 3,847,311 during the nine months ended 30 September 2024 against JD 3,626,304 for the period ended 30 September 2023.

(21) COMMITMENTS AND CONTINGENT LIABILITIES

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

| | 30 September 2024 | 31 December 2023 |
|---|-----------------------------------|-----------------------------|
| | JD | JD |
| | (Reviewed not audited) | (Audited) |
| (A) Letters of credits, guarantees and acceptances | | |
| Letters of credit | 54,947,511 | 60,247,710 |
| Guarantees: | | |
| Payment | 153,208,835 | 182,320,346 |
| Performance | 134,607,987 | 91,935,815 |
| Others | 628,939 | 35,367,697 |
| Acceptances | 44,197,112 | 32,881,534 |
| Total | 387,590,384 | 402,753,102 |
| (B) Other commitments and contingent liabilities | | |
| Unutilised direct credit facilities limits | 333,730,208 | 303,002,687 |
| Unutilised indirect credit facilities limits | 149,925,118 | 108,085,663 |
| Total | 483,655,326 | 411,088,350 |
| Total indirect facilities | 871,245,710 | 813,841,452 |
| Provision for expected credit losses (note 14) | 13,779,337 | 14,028,143 |
| Total indirect facilities – net | 857,466,373 | 799,813,309 |



(22) LAWSUITS AGAINST THE BANK

Legal cases filed against the Bank and its subsidiaries amounted to JD 27,029,076 as of 30 September 2024, against JD 11,172,851 as of 31 December 2023. In the opinion of the management and the Bank's legal advisor, the Bank will not have obligations that exceed the provision taken against them in the amount of JD 4,677,634 as of 30 September 2024 against JD 3,578,169 as of 31 December 2023.

Legal cases filed against customers of Ejara Finance Leasing Company amounted to JD 44,554 as of 30 September 2024 against JD 217,334 as of 31 December 2023. This will not result in obligations against them.

(23) DISTRIBUTED DIVIDENDS

The General Assembly approved the distribution of cash dividends to shareholders in their meeting held on 25 April 2024 at 8% of the total paid-in capital, from the voluntary reserve which is equivalent to JD 12 million for the year 2023.

Cash dividends were distributed to shareholders at 8% of the total paid-in capital from the voluntary reserve which is equivalent to JD 12 million for the year 2022.

The General Assembly of Shareholders in Iraq approved in its meeting held on 18 May 2024, that Bank of Baghdad will distribute dividends to shareholders at 17% of the authorized capital, from the retained earnings, in the amount of IQD 51 billion for the year 2023.

(24) PERPETUAL BONDS

During the first quarter of 2023, perpetual bonds classified as (Additional Tier I Capital) were issued, with a total value of JD 89.01 million. The bond consists of two issuances, the first is a non-public issuance of USD 90 million that is not listed on the Amman Stock Exchange, and the other is a public issuance of JD 25.2 million that was offered for public subscription.

The interest rate is 8.50% for the first 24 months, and the interest rate will float later on based on the discount rate issued by the Central Bank of Jordan plus a margin of 1.25%, which is calculated every three months.

The aim of the issuance is to support the Bank's expansion plans in the region to diversify its sources of revenue in the coming years, especially with regard to recent acquisitions such as the Bank of Baghdad.

During the period, interest expense amounting to JD 5,758,452 was recorded against JD 2,842,845 for the period ended 30 September 2023, which was recorded directly from retained earnings.



(25) STATUTORY AND VOLUNTARY RESERVE

The Bank did not deduct the statutory reserve according to the Jordanian Companies Law as these are interim financial statements. The deduction is made at the end of the financial year.

Cash dividends were distributed to the shareholders at 8% of the total paid-in capital from the voluntary reserve which is equivalent to JD 12 million for the years 2023 and 2022.

(26) 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).

| Financial assets | Fair value 30 September 2024 | Fair value 31 December 2023 | Fair value level | Valuation method and inputs used | Significant intangible inputs | Relationship between fair value and significant intangible inputs |
|---|---|--|-----------------------------|---|--|--|
| | JD | JD | | | | |
| | (Reviewed not audited) | (Audited) | | | | |
| Financial assets at fair value through profit and loss: | | | | | | |
| Shares with available market prices | 2,689,760 | 21,299,672 | Level 1 | Quoted prices in financial markets | Not applicable | Not applicable |
| Bonds with available market prices | 3,484,487 | 3,460,806 | Level 1 | Quoted prices in financial markets | Not applicable | Not applicable |
| Financial assets at fair value through other comprehensive income: | | | | | | |
| Shares with available market prices | 31,108,757 | 27,928,802 | Level 1 | Quoted prices in financial markets | Not applicable | Not applicable |
| Shares with no available market prices | 55,743,948 | 55,884,750 | Level 2 | Quoted prices in financial markets and comparison of similar financial instruments and discounted dividends model | Not applicable | Not applicable |
| Bonds listed in active markets | 38,406,302 | 32,410,070 | Level 1 | Quoted prices in financial markets | Not applicable | Not applicable |
| Total | 131,433,254 | 140,984,100 | | | | |

There were no transfers between level 1 and level 2 during the nine months ended 30 September 2024.



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 interim condensed consolidated 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.

| | 30 September 2024 | | 31 December 2023 | | Fair value level |
|--|------------------------|------------------------|----------------------|----------------------|------------------|
| | Book value | Fair value | Book value | Fair value | |
| | JD | JD | JD | JD | JD |
| | (Reviewed not audited) | (Reviewed not audited) | (Audited) | (Audited) | |
| Financial assets with non-specified fair value: | | | | | |
| Balances at central banks | 1,348,181,884 | 1,348,530,952 | 787,223,767 | 787,633,803 | Level 2 |
| Balances at banks and financial institutions | 278,738,046 | 280,170,394 | 540,276,278 | 541,958,797 | Level 2 |
| Direct financial facilities, net | 2,008,412,441 | 2,039,392,235 | 2,006,746,300 | 2,043,136,973 | Level 2 |
| Financial assets at amortised cost, net | 1,360,418,798 | 1,370,373,241 | 1,122,883,189 | 1,134,576,258 | Level 1 and 2 |
| Total financial assets with non-specified fair value | 4,995,751,169 | 5,038,466,822 | 4,457,129,534 | 4,507,305,831 | |
| Financial liabilities with non-specified fair value | | | | | |
| Banks and financial institutions deposits | 42,210,792 | 44,365,796 | 69,620,351 | 71,633,973 | Level 2 |
| Customers' deposits | 4,154,095,349 | 4,176,599,873 | 3,707,096,482 | 3,728,124,568 | Level 2 |
| Cash margin | 152,147,497 | 153,935,287 | 139,974,833 | 141,645,333 | Level 2 |
| Borrowed funds | 337,851,315 | 340,409,925 | 363,157,170 | 365,547,920 | Level 2 |
| Green bonds | 35,450,000 | 35,940,720 | 35,450,000 | 35,908,526 | Level 2 |
| Total financial liabilities with non-specified fair value | 4,721,754,953 | 4,751,251,601 | 4,315,298,836 | 4,342,860,320 | |

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



(27) ACQUISITION OF A SUBSIDIARY

A- Bank of Baghdad

During the first quarter of the year 2023, the Bank acquired 53.44% 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 400 billion. The Bank provides all banking and financial activities through its head office and (36) branches inside Iraq and (1) foreign branch in Lebanon.

| | As of 30 September 2024 |
|---------------------------------|--|
| | JD '000 |
| | (Reviewed not audited) |
| Total assets | 2,103,863 |
| Total liabilities | 1,744,473 |
| Net shareholders' equity | 359,390 |
| | From the acquisition date until 31 March 2023 |
| | JD '000 |
| | (Reviewed not audited) |
| Profit for the period | 9,888 |

- The table below shows a summary of the net fair value of the acquired assets and liabilities on the acquisition date and the profits of the deal:

| | For the period ended 31 March 2023 |
|------------------------------|---|
| | JD '000 |
| | (Reviewed not audited) |
| Net fair value | 97,920 |
| Purchase price | 89,055 |
| Gain from acquisition | 8,865 |



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B- BHM Capital

| | As at 31 May 2023 |
|--|------------------------------|
| | JD '000 |
| <u>Assets</u> | |
| Cash and balances with Banks and Central Banks | 115,785 |
| Direct credit facilities, net | 63,208 |
| Financial assets at fair value through Profit or loss | 2,142 |
| Financial assets at fair value through other comprehensive income | 744 |
| Other assets | 27,359 |
| Total assets | 209,238 |
| <u>Liabilities and shareholders' equity</u> | |
| Customers' deposits | 113,658 |
| Borrowed funds | 17,942 |
| Other liabilities | 42,347 |
| Total liabilities | 173,947 |
| Net fair value of acquisition transaction | 35,291 |
| Amount in acquisition percentage 76.972% | 27,164 |
| Purchase price | 20,537 |
| Bargain Purchase | 6,627 |
| On 4 October 2023, 116,146,786 shares of the bank's investment in BHM Capital - a subsidiary (equivalent to 66.97% of the Company's capital) were sold. After the sale, the investment percentage reached 10% of the Company's capital. The sale was carried out at a price of AED 161 million, equivalent to JD 31 million, as shown below: | |
| Cost of shares | 17,869,611 |
| Net selling price | 30,995,240 |
| Profit | 13,125,629 |
| <u>Distributed as follows:</u> | |
| The Company's profits for the period from the date of control until sold | 1,719,997 |
| Proceeds from acquisition | 6,627,320 |
| Gain from sale of subsidiary | 4,778,312 |
| Total profit | 13,125,629 |



(28) ASSETS HELD FOR SALE

In accordance with the decision of the Investment Committee and the Board of Directors, it was approved to sell the bank's investment in the United Financial Investments Company, accordingly the investment was reclassified in accordance with the requirements of International Financial Reporting Standard No. (5) Assets held for sale. For the purpose of sale and discontinued operations as of 30 September 2024 and 31 December 2023.

Assets held for sale:

| | 30 September 2024 | 31 December 2023 |
|--|--|-----------------------------|
| | JD (Reviewed not audited) | JD (Audited) |
| Balances at banks and financial institutions | 2,240,170 | 4,189,814 |
| Direct credit facilities, net | 15,956,268 | 16,308,005 |
| Financial assets at fair value through other comprehensive income | 59,581 | 1,402,903 |
| Property and equipment-net | 992,589 | 1,914,218 |
| Other assets | 7,495,666 | 5,431,754 |
| Total assets | 26,744,274 | 29,246,694 |
| Bank's share | 20,984,239 | 22,947,701 |

Liabilities and equity directly attributable to assets held for sale:

| | | |
|--------------------------|--------------------|--------------------|
| Borrowed fund | 17,975,205 | 19,218,504 |
| Sundry provisions | 565,059 | 419,020 |
| Other liabilities | 3,024,678 | 3,437,242 |
| Total liabilities | 21,564,942 | 23,074,766 |
| Bank's share | 16,920,403 | 18,105,050 |
| Total equity | (1,828,423) | (1,887,774) |
| Bank's share | (1,434,628) | (1,481,196) |

(29) MATERIAL EVENTS THAT REQUIRE DISCLOSURE AND HAS NO FINANCIAL IMPACT

Subsequent to the decision of the Bank's Board of Directors, previously disclosed on 22 February 2024, which authorized the commencement of essential technical, financial, and legal studies for the proposed merger with Bank al Etihad, the Board has determined, on 25 September 2024, to amicably conclude discussions, shifting its focus toward the independent execution of its strategic initiatives.