

**No.: 10/1/11141**

**Date: 2/11/1428 Hijri**

**Corresponding to: 12/11/2007**

**Subject: Financial Statements of Banks**

**After Greetings,**

In view of the issuance of Standard No. (7) of the International Financial Reporting Standards and the amendments that occurred to some other standards, and what required that some amendments be made to some forms currently in use for financial statements prepared for publication. I attached herewith a copy of the amended financial statements forms for the purposes of publication in its final form, including the accounting policies followed and other related clarifications, after they have been prepared in coordination and consultation with the auditors.

Emphasizing in this regard the need to observe the following:

1. Adhere to these forms starting from your financial statements for the year 2007, and providing this data to the Central Bank, approved and duly audited, no later than the end of February of each year for annual statements, and the end of July of each year for semi-annual statements, for the branches in Jordan and the consolidated bank.
2. Providing the Central Bank with the annual and semi-annual financial statements for its own purposes; submitted on the attached approved forms with all documents shown in the attached list, certified by the auditors.
3. Banks may prepare semi-annual financial statements in accordance with the requirements of Standard No. "34" of the International Accounting Standards. However, they should provide the Central Bank of Jordan, and for its regulatory purposes, with all financial statements and detailed sheets referred to in item (2) above.
4. The financial statements of Jordanian banks should be signed by both the chairman of the board of directors (or his/ her deputy in case of absence) and the general manager. As for the financial statements of non-Jordanian banks, they should be signed by the regional manager of the bank in the Kingdom.
5. The financial statements and their attachments should be received by the competent employee at the Banking Supervision Department after making sure that they have

met all their requirements, noting that the Central Bank will regret to receive these statements in case of insufficient documents or data.

6. In case that the Central Bank requests any amendments to the financial statements or their clarifications, the bank shall make all the amendments and provide the Central Bank with the data modified as required and duly approved and certified by the auditors, so that the appropriate decision can be taken regarding them.
7. Receivables of clients of financial companies (subsidiaries) are subject to the instructions for classification credit facilities and calculating the impairment provision and reserve for general banking risks No. (30/2006) dated 13/6/2006, emphasizing the necessity of treating the overdraft intermediary receivables the same as overdrawn accounts for this purpose.
8. The above-mentioned instructions, or the instructions of the host supervisory authority, whichever is stricter, will be applied to the branches/subsidiaries/units of Jordanian banks operating abroad.
9. Excluding investments in the capital of banks and financial subsidiaries whose financial statements have not been consolidated, as well as investments in the capital of licensed banks and other financial companies from the core capital and adding market risks to the denominator of ratios when calculating the ratio of the core capital.
10. Including any facilities granted to financial brokerage companies and exposed brokerage receivables within the item “facilities granted to purchase shares” within the clarification regarding the distribution of facilities according to economic activity.
11. The bank is to observe that the clarifications include disclosure of transactions with related parties in the bank’s subsidiaries, in addition to disclosing the transactions with related parties in the same bank.
12. Portfolios of securities should be re-evaluated at the date of the financial statements in accordance with the requirements of international accounting standards. The changes in value will be addressed in accordance with the accounting policies included in the attached financial statements forms. Taking into account that in case that the trading volume of any share decreased during the period so that the market value of the share does not reflect the fair value, an average price is calculated for all the transactions that took place on that share during the financial period,

provided that it is not less than three transactions after excluding unusual fluctuations. Otherwise, this stock will be treated like the stocks outside trading.

13. For the purposes of calculating the capital adequacy ratio, the general banking risk reserve will be treated as the general provision (previously).
14. It is prohibited to deal with the amounts of the following items without the prior consent of the Central Bank of Jordan:
  - The accumulated change in the fair value.
  - The equivalent of the deferred tax assets (from retained profits).
  - The cost of outstanding treasury shares (from retained profits or reserves).
  - Treasury share premium.
  - General banking risks reserve.
  - Any amount restricted to be disposed of in accordance with the instructions and orders of the Central Bank and the legislations in force.

The provisions of this circular come into force as of its date, and the following circulars shall be cancelled:

- (10/2/19662) on 6/12/2001.
- (10/1/12985) dated 12/15/2005.
- (10/12341) dated 12/27/2006.

**Respectfully,**

**Governor  
Dr. Umayyah Toukan**

**Attachments: number (1) and CD**