

**CAIRO AMMAN BANK**

**(PUBLIC SHAREHOLDING LIMITED COMPANY)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**31 MARCH 2024**

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

**Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of Cairo Amman Bank (Public Shareholding Limited Company) and its subsidiaries (the Bank) as of 31 March 2024, comprising the interim condensed consolidated statement of financial position as of 31 March 2024 and the related interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in shareholders' equity and interim condensed consolidated statement of cash flows for the three months period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 (Interim Financial Reporting). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

**Scope of review**

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

**Conclusion**

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

Amman – Jordan  
30 April 2024

**ERNST & YOUNG**  
Amman - Jordan

**CAIRO AMMAN BANK (PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2024**

|  | Notes | 31 March<br>2024<br>JD<br>(Reviewed not<br>audited) | 31 December<br>2023<br>JD<br>(Audited) |
|--|-------|---|--|
| <b>Assets</b>  |       |   |  |
| Cash and balances at Central Banks - net                                   | 4     | 291,518,399   | 337,257,545                            |
| Balances at banks and financial institutions - net                         | 5     | 127,316,855   | 120,276,796                            |
| Deposits at banks and financial institutions - net                         | 6     | 41,270,141  | 67,259,075                             |
| Financial assets at fair value through profit or loss                      | 7     | 13,181,966  | 13,374,678                             |
| Financial assets at fair value through other<br>comprehensive income - net | 8     | 111,906,440   | 96,019,835                             |
| Financial assets at amortized cost - net                                   | 9     | 922,766,287   | 802,088,677                            |
| Direct credit facilities - net   | 10    | 2,305,854,852                                       | 2,294,235,138                          |
| Property and equipment - net   |       | 43,744,185  | 44,129,439                             |
| Intangible assets - net  |       | 6,098,855   | 6,105,699                              |
| Right of use assets - net  |       | 21,420,780  | 20,725,499                             |
| Deferred tax assets  | 14    | 16,289,955  | 16,266,401                             |
| Other assets   | 11    | 78,078,634  | 65,714,016                             |
| <b>Total Assets</b>  |       | <b>3,979,447,349</b>                                | <b>3,883,452,798</b>                   |
| <b>Liabilities And Shareholders' Equity</b>                                |       |   |  |
| <b>Liabilities</b>   |       |   |  |
| Banks and financial institutions' deposits                                 |       | 325,865,357   | 286,673,306                            |
| Customers' deposits  | 12    | 2,635,797,589                                       | 2,599,283,904                          |
| Cash Margins   |       | 92,634,212  | 82,630,709                             |
| Borrowed funds   | 13    | 295,486,034   | 295,875,564                            |
| Subordinated loans   |       | 18,540,350  | 18,540,350                             |
| Sundry provisions  |       | 14,065,997  | 14,376,455                             |
| Income tax provision   | 14    | 19,950,168  | 23,492,297                             |
| Lease liabilities  |       | 21,715,703  | 20,927,349                             |
| Deferred tax liabilities   | 14    | 4,138,891   | 2,684,880                              |
| Other liabilities  | 15    | 74,853,760  | 81,006,918                             |
| <b>Total Liabilities</b>   |       | <b>3,503,048,061</b>                                | <b>3,425,491,732</b>                   |
| <b>Shareholders' Equity</b>  |       |   |  |
| <b>Banks Shareholders Equity</b>   |       |   |  |
| Authorized and paid-in capital   | 1     | 190,000,000   | 190,000,000                            |
| Statutory reserve  |       | 95,868,196  | 95,868,196                             |
| General banking risk reserve   |       | 6,174,583   | 6,174,583                              |
| Cyclical fluctuations reserve  |       | 11,526,630  | 11,526,630                             |
| Fair value reserve - net   | 16    | 42,196,945  | 27,494,289                             |
| Foreign currencies translation reserve                                     |       | (1,584,070)   | (1,584,070)                            |
| Retained earnings excluding profit for the period                          | 17    | 108,402,893   | 108,402,893                            |
| Profit for the period attributable to the Bank's<br>shareholders           |       | 4,513,386   | -                                      |
| <b>Total Bank's Shareholders' Equity</b>                                   |       | <b>457,098,563</b>                                  | <b>437,882,521</b>                     |
| Non-controlling interests  |       | 19,300,725  | 20,078,545                             |
| <b>Total Shareholders' Equity</b>  |       | <b>476,399,288</b>                                  | <b>457,961,066</b>                     |
| <b>Total Liabilities and Shareholders' Equity</b>                          |       | <b>3,979,447,349</b>                                | <b>3,883,452,798</b>                   |

THE ACCOMPANYING NOTES FROM NO. (1) TO NO. (28) CONSTITUTE AN INTEGRAL PART OF THESE  
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND MUST BE READ WITH THEM

**CAIRO AMMAN BANK (PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2024 (REVIEWED NOT AUDITED)**

|  | Notes | For the three months ended 31 March |                   |
|--|-------|-------------------------------------|-------------------|
|  |       | 2024<br>JD                          | 2023<br>JD        |
| Interest income  | 18    | 61,411,696                          | 56,848,608        |
| Less: Interest expense   | 19    | (28,749,660)                        | (22,453,688)      |
| <b>Net interest income</b>   |       | <u>32,662,036</u>                   | <u>34,394,920</u> |
| Net commission income  |       | 3,759,989                           | 4,552,246         |
| <b>Net interest and commission income</b>  |       | <u>36,422,025</u>                   | <u>38,947,166</u> |
| Gain from foreign currencies   |       | 1,716,228                           | 1,581,122         |
| Gain from financial assets at fair value through profit or loss                  | 20    | 199,657                             | 1,106,188         |
| Dividends from financial assets at fair value through other comprehensive income | 8     | 293,183                             | 2,285,695         |
| Other income   |       | 2,152,115                           | 1,737,809         |
| <b>Gross profit</b>  |       | <u>40,783,208</u>                   | <u>45,657,980</u> |
| Employees' expenses  |       | 12,206,004                          | 12,097,701        |
| Depreciation and amortization  |       | 1,907,670                           | 1,844,075         |
| Other expenses   |       | 10,901,941                          | 11,099,988        |
| Provision for expected credit losses   | 21    | 8,885,887                           | 6,985,010         |
| Provision for impairment of repossessed assets                                   | 11    | 6,781                               | -                 |
| Sundry provisions  |       | 100,000                             | -                 |
| <b>Total expenses</b>  |       | <u>34,008,283</u>                   | <u>32,026,774</u> |
| Profit for the period before tax   |       | 6,774,925                           | 13,631,206        |
| Income tax expense   | 14    | (3,039,359)                         | (5,050,918)       |
| <b>Profit for the period</b>   |       | <u>3,735,566</u>                    | <u>8,580,288</u>  |
| Attributable to:   |       |                                     |                   |
| Bank's shareholders  |       | 4,513,386                           | 8,479,333         |
| Non-controlling interest   |       | (777,820)                           | 100,955           |
| <b>Profit for the period</b>   |       | <u>3,735,566</u>                    | <u>8,580,288</u>  |
|  |       | <u>JD/Fills</u>                     | <u>JD/Fills</u>   |
| Earnings per share from profit for the period – basic/diluted                    | 22    | <u>0/024</u>                        | <u>0/045</u>      |

**CAIRO AMMAN BANK (PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2024 (REVIEWED NOT AUDITED)**

|   | For the three months ended 31 |                   |
|---|-------------------------------|-------------------|
|   | March                         |                   |
|   | 2024                          | 2023              |
|   | JD                            | JD                |
| Profit for the period   | 3,735,566                     | 8,580,288         |
| <b>Add: Other comprehensive income items after tax that will not be reclassified to consolidated profit or loss in subsequent periods</b> |                               |                   |
| Net change in fair value reserve  | 14,702,656                    | 2,378,927         |
| Foreign currencies translation  | -                             | 1,604,674         |
| <b>Total Comprehensive income for the period</b>  | <b>18,438,222</b>             | <b>12,563,889</b> |
| Total Comprehensive income for the period attributable to:  |                               |                   |
| Bank's shareholders   | 19,216,042                    | 12,462,934        |
| Non-controlling interest  | (777,820)                     | 100,955           |
| <b>Total Comprehensive income for the period</b>  | <b>18,438,222</b>             | <b>12,563,889</b> |

**CAIRO AMMAN BANK (PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2024 (REVIEWED NOT AUDITED)**

|  | Authorized<br>and paid-in<br>capital | Statutory<br>reserve | General<br>banking<br>risk<br>reserve* | Cyclical<br>fluctuations<br>reserve ** | Fair value<br>reserve-<br>net | Foreign<br>currencies<br>translation<br>reserve | Retained<br>earnings | Profit for the<br>period<br>attributable to<br>the Bank's<br>shareholders | Total Bank's<br>shareholders'<br>equity | Non-<br>controlling<br>interests | Total<br>shareholders'<br>equity |
|--|--------------------------------------|----------------------|--|--|-------------------------------|---|----------------------|---|---|----------------------------------|----------------------------------|
|  | JD                                   | JD                   | JD                                     | JD                                     | JD                            | JD  | JD                   | JD  | JD                                      | JD                               | JD                               |
| <b>For the three months ended 31 March 2024</b>  |                                      |                      |  |  |                               |   |                      |   |   |                                  |                                  |
| Balance at beginning of the period   | 190,000,000                          | 95,868,196           | 6,174,583                              | 11,526,630                             | 27,494,289                    | (1,584,070)                                     | 108,402,893          | -   | 437,882,521                             | 20,078,545                       | 457,961,066                      |
| Total comprehensive income for the period  | -                                    | -                    | -                                      | -                                      | 14,702,656                    | -   | -                    | 4,513,386   | 19,216,042                              | (777,820)                        | 18,438,222                       |
| <b>Balance at the end of the period</b>  | <b>190,000,000</b>                   | <b>95,868,196</b>    | <b>6,174,583</b>                       | <b>11,526,630</b>                      | <b>42,196,945</b>             | <b>(1,584,070)</b>                              | <b>108,402,893</b>   | <b>4,513,386</b>  | <b>457,098,563</b>                      | <b>19,300,725</b>                | <b>476,399,288</b>               |
| <b>For the three months ended 31 March 2023</b>  |                                      |                      |  |  |                               |   |                      |   |   |                                  |                                  |
| Balance at beginning of the period   | 190,000,000                          | 91,364,494           | 4,646,255                              | 11,396,874                             | 9,304,467                     | (3,188,744)                                     | 97,910,555           | -   | 401,433,901                             | 20,383,908                       | 421,817,809                      |
| Total comprehensive income for the period  | -                                    | -                    | -                                      | -                                      | 2,378,927                     | 1,604,674                                       | -                    | 8,479,333   | 12,462,934                              | 100,955                          | 12,563,889                       |
| Gain from sale of financial assets at fair value<br>through other comprehensive income | -                                    | -                    | -                                      | -                                      | (603,126)                     | -   | 603,126              | -   | -                                       | -                                | -                                |
| <b>Balance at the end of the period</b>  | <b>190,000,000</b>                   | <b>91,364,494</b>    | <b>4,646,255</b>                       | <b>11,396,874</b>                      | <b>11,080,268</b>             | <b>(1,584,070)</b>                              | <b>98,513,681</b>    | <b>8,479,333</b>  | <b>413,896,835</b>                      | <b>20,484,863</b>                | <b>434,381,698</b>               |

\* The general banking risk reserve and the credit balance of the fair value reserve are restricted from use without prior approval from the Central Bank of Jordan.

\*\* This item represents amounts transferred to the reserves and is related to items at the Banks' branches in Palestine.

- As of 31 March 2024, the restricted retained earnings balance resulting from the early implementation of IFRS (9) amounted to JD 12,669,542.

- The retained earnings balance includes deferred tax assets amounting to JD 16,289,955 and is restricted from use in accordance with the instructions of the Central Bank of Jordan.

- The Bank is restricted from using an amount of JD 1,155,916 which represents the remaining balance of the general banking risk reserve included in retained earnings in accordance with the instructions of the Central Bank of Jordan.

**THE ACCOMPANYING NOTES FROM NO. (1) TO NO. (28) CONSTITUTE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND MUST BE READ WITH THEM**

**CAIRO AMMAN BANK (PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2024 (REVIEWED NOT AUDITED)**

|  | Notes | For the three months ended<br>31 March |                     |
|--|-------|--|---------------------|
|  |       | 2024<br>JD                             | 2023<br>JD          |
| <b><u>Operating Activities</u></b>   |       |  |                     |
| Profit for the period before tax   |       | 6,774,925                              | 13,631,206          |
| <b>Adjustments</b>   |       |  |                     |
| Depreciation and amortization  |       | 3,005,662                              | 2,911,409           |
| Provision for expected credit losses   | 21    | 8,885,887                              | 6,985,010           |
| Sundry provisions  |       | 514,665                                | 737,876             |
| Loss from valuation of financial assets at fair value through profit or loss         | 20    | 277,121                                | 76,541              |
| Interest expense on leases   |       | 215,879                                | 230,477             |
| (Gain) loss from sale of property and equipment                                      |       | (74)                                   | 12,670              |
| Gain from sale of repossessed assets   |       | (344,519)                              | (21,299)            |
| Provision for impairment of repossessed assets                                       | 11    | 6,781                                  | -                   |
| Dividends from financial assets at fair value through other comprehensive income     | 8     | (293,183)                              | (2,285,695)         |
| Effect of exchange rate changes on cash and cash equivalents                         |       | (1,672,772)                            | (1,521,663)         |
| <b>Cash flow from operating activities before changes in net assets</b>              |       | <b>17,370,372</b>                      | <b>20,756,532</b>   |
| Deposits at banks and financial institutions   |       | 26,029,370                             | 42,575,896          |
| Financial assets at fair value through profit or loss                                |       | (84,409)                               | 1,997,826           |
| Direct credit facilities   |       | (21,267,519)                           | (67,056,193)        |
| Other assets   |       | (12,643,790)                           | (662,356)           |
| Banks and financial institution' deposits (with maturity date exceeding 3 months)    |       | (30,106,350)                           | (30,014,180)        |
| Customers deposits   |       | 36,513,685                             | 100,593,759         |
| Cash margins   |       | 10,003,503                             | (4,368,417)         |
| Other liabilities  |       | (4,913,339)                            | 3,366,245           |
| <b>Net cash flow from operating activities before income tax and provisions paid</b> |       | <b>20,901,523</b>                      | <b>67,189,112</b>   |
| Income tax paid  | 14    | (6,606,459)                            | (6,901,401)         |
| Provisions paid  |       | (825,123)                              | (580,740)           |
| <b>Net cash flow from operating activities</b>                                       |       | <b>13,469,941</b>                      | <b>59,706,971</b>   |
| <b><u>Investing Activities</u></b>   |       |  |                     |
| (Purchase) of financial assets at fair value through other comprehensive income      |       | -                                      | (2,249,652)         |
| Sale of financial assets at fair value through other comprehensive income            |       | 273,685                                | 3,075,841           |
| (Purchase) of other financial assets at amortized cost                               |       | (177,101,355)                          | (74,412,131)        |
| Maturity of other financial assets at amortized cost                                 |       | 56,473,094                             | 62,794,107          |
| Dividends from financial assets at fair value through other comprehensive income     |       | 293,183                                | 2,285,695           |
| (Purchase) of property and equipment   |       | (1,169,190)                            | (1,058,721)         |
| Sale of property and equipment   |       | 75                                     | 79,750              |
| (Purchase) of intangible assets  |       | (346,383)                              | (57,966)            |
| <b>Net cash flow used in investing activities</b>                                    |       | <b>(121,576,891)</b>                   | <b>(9,543,077)</b>  |
| <b><u>Financing Activities</u></b>   |       |  |                     |
| Increase in borrowed funds   |       | 47,124,698                             | 18,154,627          |
| (Settled) Borrowed funds   |       | (47,514,228)                           | (43,376,136)        |
| Lease obligations payments   |       | (1,176,363)                            | (1,169,132)         |
| <b>Net cash flow used in financing activities</b>                                    |       | <b>(1,565,893)</b>                     | <b>(26,390,641)</b> |
| Effect of exchange rate changes on cash and cash equivalents                         |       | 1,672,772                              | 1,521,663           |
| Net (decrease) increase in cash and cash equivalents                                 |       | (108,000,071)                          | 25,294,916          |
| Cash and cash equivalents - beginning of the period                                  |       | 221,259,732                            | 253,419,043         |
| <b>Cash and cash equivalents - end of the period</b>                                 | 23    | <b>113,259,661</b>                     | <b>278,713,959</b>  |

THE ACCOMPANYING NOTES FROM NO. (1) TO NO. (28) CONSTITUTE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND MUST BE READ WITH THEM

**(1) General**

Cairo Amman Bank was established in 1960 and was registered as a Public Shareholding Company headquartered in Amman - Jordan, in accordance with the laws and regulations issued by the Ministry of Justice. The Banks' conditions were reconciled with the Jordanian Companies Laws No. (12) for the year 1964.

The Bank provides its banking and financial services through its headquarter office in Amman and its branches; 103 branches in Jordan, 22 branches in Palestine, one in Bahrain, and through its subsidiaries.

The Banks' authorized and paid-in-capital is equal to 190,000,000 JD/share as of 31 March 2024.

The Board of Directors decided in their extraordinary meeting on 3 April 2024 to approve the capital increase of the Bank by JD 10 million by capitalizing the retained earnings and distribution of free shares equal to 5.263% to the shareholders.

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

The Bank's Board of Directors approved the interim condensed consolidated financial statements on 29 April 2024.

**(2) Basis of Preparation and Material Accounting Policy Information**

**Basis of preparation of the interim condensed consolidated financial statements:**

The accompanying interim condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard IAS 34 "Interim Financial Reporting" and comply with the requirements of the Central Bank of Jordan.

The interim condensed consolidated financial statements are prepared on the historical cost basis except for financial assets and financial liabilities which have been measured at fair value at the date of the interim condensed consolidated financial statements.

The interim condensed consolidated financial statements are presented in Jordanian Dinar (JD) which is the functional currency of the Bank.

The accompanying interim condensed consolidated financial statements do not include all the information and disclosures to the financial statements required in the annual financial statements, which are prepared in accordance with International Financial Reporting Standards. Therefore, these interim condensed consolidated financial statements should be read with the Bank's annual report for the year ended 31 December 2023. Moreover, the results of the Bank's operations for the three-months period ended on 31 March 2024 do not necessarily represent indications of the expected results for the year ending 31 December 2024. Also, no appropriation of profit was made for the three months period ended at 31 March 2024, which is usually performed at the year end.



**CAIRO AMMAN BANK (PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**31 MARCH 2024 (REVIEWED NOT AUDITED)**

The interim condensed consolidated financial statements comprise of the financial statements of the Bank and the subsidiaries controlled by it. As of 31 March 2024, the Bank owns the following subsidiaries:

| Company's Name   | Paid-in Capital<br>(JD) | Ownership Percentage<br>% | Industry                            | Location  | Acquisition Date |
|--|-------------------------|---------------------------|-------------------------------------|-----------|------------------|
| Al-Watanieh Financial Services Company Limited Liability | 6,500,000               | 100                       | Brokerage and investment management | Jordan    | 1992             |
| Al-Watanieh Securities Company private shareholding      | 1,600,000               | 100                       | Brokerage                           | Palestine | 1995             |
| Tamallak for Financial Leasing Company                   | 5,000,000               | 100                       | Finance Leasing                     | Jordan    | 2013             |
| Safa Bank  | 53,157,000              | 51                        | Islamic Banking                     | Palestine | 2016             |

Control is achieved when the Bank 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 Bank controls an investee if and only if the Bank 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.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and the Bank has less than a majority of the voting or similar rights of an investee, the Bank considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The Bank 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 Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Revenues and expenses of a subsidiary acquired or disposed of during the year are included in the interim condensed consolidated financial statements from the date the Bank gains control until the date the Bank ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Bank 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 in line with the Bank's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Bank 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 Bank loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

### **Changes in accounting policies**

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

#### **Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7**

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

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

### **(3) Use of Estimates**

The preparation of the interim condensed consolidated financial statements requires the Bank's management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues, expenses and provisions as well as fair value changes reported in the condensed consolidated statement of other comprehensive income. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. The aforementioned estimates are necessarily based on multiple assumptions and factors that have varying degrees of estimation and uncertainty, and that the actual results may differ from the estimates as a result of changes in conditions and circumstances of those estimates in the future, and the management believes that the estimates used in the condensed interim financial statements are reasonable.

The Bank's management believes that its estimates within the interim condensed consolidated financial statements are reasonable and consistent with those estimates used in the preparation for the annual financial statement for the year 2023.

#### **A. EXPECTED CREDIT LOSS FOR FINANCIAL INSTRUMENTS AT AMORTIZED COST**

In determining provision for expected credit loss for direct credit facilities, important judgement is required from the Bank's management in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL. Most important judgments and estimates used are as the following:

#### **The Bank's definition of default and default handling mechanism.**

Definition of default:

The Bank has adopted the definition of default according to the instructions for applying the International Financial Reporting Standard 9 No.13/2018 in addition to the Central Bank's instructions No. 47/2009, whereby any debt instrument was considered among the bad debts if there is evidence / evidence that it has become non-performing (irregular), In the event that one or more of the qualitative indicators below are achieved, it is considered evidence of a debt instrument default:

- The debtor party is facing significant financial difficulties (severe weakness in the financial statements).
- Failure to comply with contractual conditions, such as having dues equal to or greater than (90) days.
- The bank extinguishes part of the debtor's obligations.
- The presence of clear external indicators indicating the imminent bankruptcy of the debtor party.
- The absence of an active external market for a financial instrument due to financial difficulties faced by the debtor party (the source of credit exposure / debt instrument) and its inability to fulfill its obligations.
- The acquisition (purchase or creation of) a debt instrument at a significant discount that represents a credit loss.

Default handling mechanism:

The Bank monitors accounts before they reach the non-performance stage through designated departments and when accounts are classified as non-performing, they are monitored through the credit department before the initiation of legal procedures in case no final settlement with the customer has been reached. The Bank takes adequate provisions for those accounts in accordance with the instructions of the Central Bank of Jordan and the control authorities.

**The Bank's internal credit rating system and its working mechanism:**

- Corporate portfolio:

It is an internal rating system for comprehensively assessing and measuring the risks of banks, financial institutions, sovereign investments, and clients of large and medium companies.

The Bank uses the (CreditLens) Systems developed by (Moody's) to measure the risk rating of customers within (7) grades for the performing accounts and (3) grades for the non-performing accounts in accordance with the instructions of the Central Bank of Jordan. The probability of default (PD) increases as risk rating increases. Three segments are adopted at each grade for performing loans - with the exception of grade (1) where grade 1 is the best and grade 10 is the worst, Where the client's risk degree linked to the client's probability of default (PD) is extracted based on financial and objective data, and the probability of default is extracted for the client's facilities through (Facility Rating).

- Retail portfolio:

The portfolio of individuals is classified by adopting programs with common characteristics for the clients granted through each program according to the nature of the purpose of the product (personal, housing, cars, etc.), according to the employer (Public sector, private sector) and the nature of hiring, job, and other relevant factors.

The conditions of the programs are also determined based on the historical performance of each program in terms of grants, defaults and collections, and those programs are reviewed periodically, and their conditions are updated based on their performance.

**The approved mechanism for calculating expected credit losses (ECL).**

The Bank has adopted (Moody's) system for calculating expected credit losses where the calculation is made by specialized systems for the corporate and retail portfolios after taking into consideration the client's level of risk, probability of default, and assessment of collaterals for Jordan branches, foreign branches, and the subsidiaries.

The calculation for each stage is as follows:

- Stage (1): the expected credit losses are calculated within the next 12 months from the date of preparing the financial statements for debt instruments within this phase and in which there has not been a significant or influential increase in its credit risk since the initial recognition of the exposure / instrument, or that it has a low credit risk at the date of preparing the financial statements.
- Stage (2): Expected credit losses are calculated for the entire life of the debt instrument during the remaining period of the life of the debt instrument for debt instruments that fall within this stage and for which there has been a significant or influential increase in its credit risk since its initial recognition, but it has not reached the default stage.

Several determinants have been adopted as an indicator of the increase in credit risk to move the financial instrument from the first stage to the second stage, taking into account many indicators, including:

- The client's rating has been revised down by specific degrees from the initial rating, or he has obtained a high-risk rating.
- Appearance of any negative indicators on the account (it is in the Blacklist of returned checks in the portfolio of individuals for Jordan branches, or its classification is 3 in the money laundering list - Risk Level according to the classification of the Palestinian Monetary Authority for the portfolio of individuals in Al-Safa Bank and Palestine branches).
- There are more than 30 days of dues and less than 90 days.
- Classification of the client within watchlist.
  
- Stage (3): Expected credit losses are computed for the entire life of the debt instrument for debt instruments that fall within this stage and for which there is evidence / evidences that they have become non-performing (irregular) as mentioned in the non-performing classification criteria.

The following debt instruments are included in the calculation:

- Loans and direct and indirect credit facilities.
- Debt instruments at amortized cost.
- Financial guarantees specified according to IFRS (9).
- Receivable balances associated with leasing contracts according to IFRS (16).
- Credit exposures on banks and financial institutions.

**Definition and mechanism for computing and monitoring probability of default (PD), exposure at default (EAD), and loss given default (LGD).**

**Probability of Default (PD):**

- Retail portfolio:  
(PD - Probability of default) has been computed using the Bank's historical default information for the retail loans, credit cards, and housing loans portfolio. These rates are calculated using independent variables which affect the probability of default rate (loan balance to salary, sector, age, gender, interest rate, loan duration).

- Corporate portfolio:  
The Probability of Default - PD data used by Moody's has been adopted as input to the calculation system, and the expected credit loss calculation system converts the probability of default from (Through The Cycle Probability of Default - TTC PD) to (Point In Time Probability of Default - PIT PD) for each instrument and after taking into account the risks of the country and the economic sector of the client.

**Exposure at Default (EAD):**

- One time debt instruments (direct and indirect): the balance as of the date of the financial statements is considered as the balance at the date of default after subtracting suspended interest and the actual due date of the financial instrument is assumed.
- Renewing debt instruments (direct and indirect): the balance or the ceiling as of the date of the financial statements is considered as the balance at the date of default after subtracting suspended interest and the actual due date of the financial instrument plus three years is assumed.

**Loss Given Default (LGD):**

- Retail portfolio:

The probability of default has been computed using the Bank's historical default information for the retail loans and housing loans portfolio. Both rates have approved at the account level for the retail portfolio.

- Corporate portfolio:

The loss ratio is calculated assuming default at the account level and after taking into account several factors and data, the most important of which are (guarantees, the economic sector, the possibility of default) The haircut rates were adopted on the guarantees according to the ratios approved by the Central Bank of Jordan, in addition to the adoption of a minimum ratio that is not less than 10%.

**The Bank's policy for determining common elements (criteria) that credit risk and expected credit losses on a (Collective Basis) have been measured with.**

Credit risk and expected credit losses for retail have been calculated at an individual level for each account separately and not at a collective level.

**Economic indicators used by the Bank in calculating expected credit losses (PD).**

A group of economic indicators have been reviewed such as (gross domestic product, equities, interest rates, unemployment, and inflation) and the following approved indicators have shown a strong correlation between the indicator value and the default rate for each portfolio using historical information:

- Corporate portfolio: gross domestic product and shares prices.
- Retail portfolio: gross domestic product, real gross domestic product, domestic product deflator and shares prices.

The following weights for scenarios were adopted by the Bank for the year ended 2023 and period ended 31 March 2024:

Jordan and Bahrain:

| <u>Baseline Scenario</u> | <u>Downturn Scenario</u> | <u>Upturn Scenario</u> |
|--------------------------|--------------------------|------------------------|
| 40%                      | 30%                      | 30%                    |

The following weights for scenarios were adopted for the year ended 2023 and period ended 31 March 2024:

Palestine:

| <u>Baseline Scenario</u> | <u>Downturn Scenario</u> | <u>Upturn Scenario</u> |
|--------------------------|--------------------------|------------------------|
| 40%                      | 60%                      | 0%                     |

The Bank manages its risks through a comprehensive strategy for risk management by which the roles and responsibilities of all parties responsible for the application of these policies are identified. These include the Board of Directors and subcommittees such as the Risk Committee, Compliance committee, Audit committee, the Corporate Governance committee, Information Technology Governance committee, the Nominations and Remuneration committee, Strategy committee, and Credit Facilities committee. In addition, included are the executive management and its subcommittees such as Assets and Liabilities Committee, the Procurement and Bids Committee, the Internal Control and Control Systems Development Committee, the Strategy and Branching Committee, the Information Technology Steering Committee and the Facilities Committees. Also, other specialized departments are included such as Risk management, Compliance department, internal audit department, and Financial Crimes and Cyber Security department.

Furthermore, all of the Bank's business units are considered responsible for identifying the risks associated within their banking operations and committed to applying the appropriate controls and monitoring their effectiveness and maintaining integrity within the internal control system.

The process of managing the risks within the Bank's activities include the identification, measurement, assessment and monitoring of financial and non-financial risks which could negatively affect the Bank's performance and reputation or its goals ensuring that the Bank achieves optimum yield in return for the risks taken.

#### **B. 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 consolidated financial statements because the latter includes non-taxable revenues or taxable expenses disallowed in the current year but deductible in subsequent years accumulated losses acceptable by the tax law and items not accepted for tax purposes or subject to tax.

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 consolidated financial statements and the value of the taxable amount. Deferred tax is calculated on the basis of the liability method in the consolidated statement of financial position according to the rates expected to be applied when the tax liability is settled, or tax assets are recognized.

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

**C. FAIR VALUE**

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

- Comparison with the fair value of another financial asset with similar terms and conditions.
- Analysis of the present value of expected future cash flows for similar instruments.
- Adoption of the option pricing models.
- Evaluation of long-term assets and liabilities that bear no interest through discounting cash flows and amortizing premium / discount using the effective interest rate method within interest revenue / expense in the consolidated statement of income.

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

**(4) Cash and Balances at Central Banks - net**

The item details are as follows:

|  | 31 March<br>2024          | 31 December<br>2023 |
|--|---------------------------|---------------------|
|  | JD                        | JD                  |
|  | (Reviewed not<br>audited) | (Audited)           |
| Cash in vaults                                       | 125,682,711               | 138,972,676         |
| Balances at Central Banks:                           |                           |                     |
| Current and on-demand accounts                       | 20,979,621                | 19,178,540          |
| Time and notice deposits                             | 10,635,000                | 43,135,000          |
| Statutory cash reserve                               | 134,227,560               | 135,979,726         |
| Total Balances at Central Banks                      | 165,842,181               | 198,293,266         |
| Provision for expected credit losses (Central Banks) | (6,493)                   | (8,397)             |
| Balances at Central Banks - net                      | 165,835,688               | 198,284,869         |
| <b>Total</b>   | <b>291,518,399</b>        | <b>337,257,545</b>  |

- Restricted balances amounted to JD 10,635,000 as of 31 March 2024 (JD 10,635,000 as of 31 December 2023), in addition to the statutory cash reserve balance as shown above.
- There are no balances that mature in a period longer than three months as of 31 March 2024 and as of 31 December 2023.



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**(5) Balances at Banks and Financial Institutions - net**

The item details are as follows:

|   | 31 March<br>2024                | 31 December<br>2023       |
|---|---------------------------------|---------------------------|
|   | JD<br>(Reviewed not<br>audited) | JD<br>(Audited)           |
| <b>Local Banks and Financial Institutions:</b>                        |                                 |                           |
| Current and on-demand accounts  | 2,544,655                       | 2,464,219                 |
| Deposits maturing within 3 months or less                             | 59,372,308                      | 42,397,879                |
| Local total   | <u>61,916,963</u>               | <u>44,862,098</u>         |
| <b>Foreign Banks and Financial Institutions:</b>                      |                                 |                           |
| Current and on-demand accounts  | 20,698,122                      | 20,284,900                |
| Deposits maturing within 3 months or less                             | 44,704,323                      | 55,133,030                |
| Foreign total   | <u>65,402,445</u>               | <u>75,417,930</u>         |
|   | 127,319,408                     | 120,280,028               |
| <u>Less:</u> provision for expected credit losses (balances at banks) | <u>(2,553)</u>                  | <u>(3,232)</u>            |
| <b>Total</b>  | <u><u>127,316,855</u></u>       | <u><u>120,276,796</u></u> |

Non-interest bearing balances at banks and financial institutions amounted to JD 30,448,728 as of 31 March 2024 (JD 43,686,987 as of 31 December 2023).

There are no restricted balances as of 31 March 2024 and 31 December 2023.

**(6) Deposits at Banks and Financial Institutions - net**

The item details are as follows:

|   | 31 March<br>2024                | 31 December<br>2023      |
|---|---------------------------------|--------------------------|
|   | JD<br>(Reviewed not<br>audited) | JD<br>(Audited)          |
| <b>Deposits maturing within:</b>                                      |                                 |                          |
| More than 3 to 6 months   | 1,237,607                       | 31,000,000               |
| More than 6 to 9 months   | 23,513,481                      | 1,266,127                |
| More than 9 to 12 months  | -                               | 2,514,331                |
| More than a year  | 16,545,000                      | 32,545,000               |
| <b>Total</b>  | 41,296,088                      | 67,325,458               |
| <u>Less:</u> provision for expected credit losses (deposits at banks) | <u>(25,947)</u>                 | <u>(66,383)</u>          |
| <b>Total</b>  | <u><u>41,270,141</u></u>        | <u><u>67,259,075</u></u> |

- There are no restricted deposits as of 31 March 2024 and 31 December 2023.

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**(7) Financial Assets at Fair Value through Profit or Loss**

The item details are as follows:

|                           | 31 March<br>2024                | 31 December<br>2023 |
|---------------------------|---------------------------------|---------------------|
|                           | JD<br>(Reviewed not<br>audited) | JD<br>(Audited)     |
| Quoted corporate shares   | 8,989,564                       | 9,120,040           |
| Government treasury bonds | 4,192,402                       | 4,254,638           |
|                           | <u>13,181,966</u>               | <u>13,374,678</u>   |

**(8) Financial Assets at Fair Value through Other Comprehensive Income - net**

The item details are as follows:

|  | 31 March<br>2024                | 31 December<br>2023 |
|--|---------------------------------|---------------------|
|  | JD<br>(Reviewed not<br>audited) | JD<br>(Audited)     |
| Quoted shares                            | 101,014,129                     | 84,879,129          |
| Unquoted shares *                        | 10,701,699                      | 10,976,155          |
| Quoted Bonds                             | 192,447                         | 168,592             |
| Total                                    | 111,908,275                     | 96,023,876          |
| Less: Provision for expected credit loss | (1,835)                         | (4,041)             |
|  | <u>111,906,440</u>              | <u>96,019,835</u>   |

Dividends on investments amounted to JD 293,183 for the three months ended 31 March 2024 (JD 2,285,695 for the three months ended 31 March 2023).

- \* Fair value calculation for unquoted investments is based on the most recent financial data available for the investee company.

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**(9) Financial Assets at Amortized Cost - net**

The item details are as follows:

|   | 31 March<br>2024          | 31 December<br>2023 |
|---|---------------------------|---------------------|
|   | JD                        | JD                  |
|   | (Reviewed not<br>audited) | (Audited)           |
| <b>Quoted financial assets</b>                    |                           |                     |
| Foreign government treasury bonds                 | 42,396,812                | 42,372,382          |
| Bonds and corporate loan bonds                    | 35,562,800                | 21,772,555          |
| <b>Total quoted financial assets</b>              | <u>77,959,612</u>         | <u>64,144,937</u>   |
| <b>Unquoted financial assets</b>                  |                           |                     |
| Governmental treasury bills                       | 14,060,397                | 13,856,523          |
| Government treasury bonds                         | 762,458,685               | 670,848,973         |
| Bonds and corporate loan bonds                    | 69,000,000                | 54,000,000          |
| <b>Total unquoted financial assets</b>            | <u>845,519,082</u>        | <u>738,705,496</u>  |
| Total   | 923,478,694               | 802,850,433         |
| <u>Less:</u> provision for expected credit losses | (712,407)                 | (761,756)           |
|   | <u>922,766,287</u>        | <u>802,088,677</u>  |
| <b>Analysis of bonds:</b>                         |                           |                     |
| Fixed rate  | 923,478,694               | 802,850,433         |
| <b>Total</b>                                      | <u>923,478,694</u>        | <u>802,850,433</u>  |

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**(10) Direct Credit Facilities - net**

The item details are as follows:

|  | 31 March<br>2024                | 31 December<br>2023  |
|--|---------------------------------|----------------------|
|  | JD<br>(Reviewed not<br>audited) | JD<br>(Audited)      |
| <b>Individuals (Retail)</b>                |                                 |                      |
| Overdrafts                                 | 7,723,287                       | 6,614,425            |
| Loans and bills *                          | 818,404,920                     | 819,460,797          |
| Credit cards                               | 16,766,500                      | 16,709,817           |
| Others                                     | 6,839,784                       | 6,582,555            |
| <b>Real-estate</b>                         | 348,751,888                     | 349,021,919          |
| <b>Corporate</b>                           |                                 |                      |
| Overdrafts                                 | 139,926,540                     | 124,225,843          |
| Loans and bills *                          | 607,982,091                     | 623,364,730          |
| <b>Small and medium enterprises "SMEs"</b> |                                 |                      |
| Overdrafts                                 | 21,975,311                      | 20,973,913           |
| Loans and bills *                          | 219,480,295                     | 229,018,913          |
| <b>Public and governmental sectors</b>     | 272,728,442                     | 242,962,246          |
| <b>Total</b>                               | <u>2,460,579,058</u>            | <u>2,438,935,158</u> |
| <u>Less:</u> Suspended interests           | (13,804,790)                    | (13,310,310)         |
| <u>Less:</u> Expected credit losses        | (140,919,416)                   | (131,389,710)        |
| <b>Net - Direct Credit Facilities</b>      | <u>2,305,854,852</u>            | <u>2,294,235,138</u> |

\* Net of interest collected in advance amounting to JD 1,926,216 as of 31 March 2024 (JD 2,024,011 as of 31 December 2023).

- Non-performing credit facilities, in accordance with the instructions of the Central Bank of Jordan, amounted to JD 152,566,459 representing 6.20% of gross direct credit facilities as of 31 March 2024 (JD 140,231,367 representing 5.75% of gross direct credit facilities as of 31 December 2023).
- Non-performing credit facilities net of suspended interest, in accordance with the instructions of the Central Bank of Jordan, amounted to JD 138,881,174 representing 5.67% of gross direct credit facilities after excluding suspended interest as of 31 March 2024 (JD 127,031,987 representing 5.24% as of 31 December 2023).
- Credit facilities granted to the Government of Jordan under its own guarantee, amounted to JD 4,697,918 representing 0.19% of gross direct credit facilities as of 31 March 2024 (JD 7,306,191 representing 0.30% as of 31 December 2023).
- Credit facilities granted to the public sector in Palestine amounted to JD 89,975,211 representing 3.66% of gross direct credit facilities as of 31 March 2024 (JD 89,882,782 representing 3.69% as of 31 December 2023).

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The movement on the provision for expected credit losses (Direct Credit Facilities) during the period / year is as follows:

|   | Individual<br>JD  | Real-estate loans<br>JD | Corporates        |                   | Government and<br>Public sector<br>JD | Total<br>JD        |
|---|-------------------|-------------------------|-------------------|-------------------|---------------------------------------|--------------------|
|   |                   |                         | Large<br>JD       | SMEs<br>JD        |                                       |                    |
| <b><u>For the three months ended 31 March 2024 (Reviewed not audited)</u></b>   |                   |                         |                   |                   |                                       |                    |
| Total balances at the beginning of the period   | 75,785,245        | 10,614,391              | 26,879,319        | 16,107,277        | 2,003,478                             | 131,389,710        |
| Credit loss on new facilities during the period   | 3,658,920         | 416,855                 | 1,491,244         | 972,149           | 101,968                               | 6,641,136          |
| Reversed credit loss on settled facilities  | (2,085,743)       | (713,778)               | (1,324,738)       | (1,056,239)       | (216,068)                             | (5,396,566)        |
| Transferred to stage 1  | 3,406,675         | 515,242                 | (7,487)           | 186,171           | -                                     | 4,100,601          |
| Transferred to stage 2  | (1,150,067)       | 430,718                 | 1,475,355         | 923,490           | -                                     | 1,679,496          |
| Transferred to stage 3  | (2,256,608)       | (945,960)               | (1,467,868)       | (1,109,661)       | -                                     | (5,780,097)        |
| Effect on the provision at the end of the period – resulting from the reclassification between the three stages during the period | 2,160,205         | (116,241)               | (483,235)         | 3,257,365         | -                                     | 4,818,094          |
| Changes resulting from adjustments  | 2,892,211         | (228,336)               | 1,458,678         | (537,412)         | -                                     | 3,585,141          |
| Written off facilities  | (693)             | -                       | -                 | (223)             | -                                     | (916)              |
| Valuation differences   | (19,906)          | (61,512)                | (15,520)          | (20,245)          | -                                     | (117,183)          |
| <b>Total balances at the end of the period</b>  | <b>82,390,239</b> | <b>9,911,379</b>        | <b>28,005,748</b> | <b>18,722,672</b> | <b>1,889,378</b>                      | <b>140,919,416</b> |
| <b><u>For the year ended 31 December 2023 (Audited)</u></b>   |                   |                         |                   |                   |                                       |                    |
| Total balances at the beginning of the year   | 51,451,216        | 10,525,858              | 25,435,190        | 15,514,527        | 2,719,736                             | 105,646,527        |
| Credit loss on new facilities during the year   | 12,812,482        | 1,990,916               | 5,661,102         | 1,998,981         | 634,120                               | 23,097,601         |
| Reversed credit loss on settled facilities  | (4,437,863)       | (3,814,344)             | (5,029,471)       | (3,815,701)       | (1,000,418)                           | (18,097,797)       |
| Transferred to stage 1  | 3,821,699         | 385,691                 | 985,694           | 571,577           | 565,360                               | 6,330,021          |
| Transferred to stage 2  | 2,562,933         | 337,748                 | (2,394,761)       | 766,605           | (565,360)                             | 707,165            |
| Transferred to stage 3  | (6,384,632)       | (723,439)               | 1,409,067         | (1,338,182)       | -                                     | (7,037,186)        |
| Effect on the provision at the end of the year - resulting from the reclassification between the three stages during the year     | 15,034,719        | 3,186,116               | 1,398,649         | 2,462,228         | (349,960)                             | 21,731,752         |
| Changes resulting from adjustments  | 5,500,225         | (1,202,800)             | (586,151)         | (45,373)          | -                                     | 3,665,901          |
| Written off facilities  | (4,483,108)       | (71,355)                | -                 | (7,385)           | -                                     | (4,561,848)        |
| Valuation differences   | (92,426)          | -                       | -                 | -                 | -                                     | (92,426)           |
| <b>Total balances at the end of the year</b>  | <b>75,785,245</b> | <b>10,614,391</b>       | <b>26,879,319</b> | <b>16,107,277</b> | <b>2,003,478</b>                      | <b>131,389,710</b> |

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**Suspended Interest**

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

|  | Individual<br>JD | Real-estate loans<br>JD | Corporates       |                  | Government and<br>Public sector<br>JD | Total<br>JD       |
|--|------------------|-------------------------|------------------|------------------|---------------------------------------|-------------------|
|  |                  |                         | Large<br>JD      | SMEs<br>JD       |                                       |                   |
| <b>For the three months ended 31 March 2024</b>                                  |                  |                         |                  |                  |                                       |                   |
| <b>(Reviewed not audited)</b>  |                  |                         |                  |                  |                                       |                   |
| Total balances at the beginning of the period                                    | 2,999,507        | 1,513,370               | 6,355,367        | 2,442,066        | -                                     | 13,310,310        |
| Suspended interest on new exposures during the period                            | 242,960          | 164,416                 | 259,307          | 163,889          | -                                     | 830,572           |
| Suspended interest on settled exposures transferred to revenue during the period | (101,574)        | (76,182)                | (131,183)        | (27,153)         | -                                     | (336,092)         |
| Transferred to stage 1   | 56               | 536                     | -                | 3,576            | -                                     | 4,168             |
| Transferred to stage 2   | 65,930           | 4,566                   | -                | 8,124            | -                                     | 78,620            |
| Transferred to stage 3   | (65,986)         | (5,102)                 | -                | (11,700)         | -                                     | (82,788)          |
| <b>Total balances at the end of the period</b>                                   | <b>3,140,893</b> | <b>1,601,604</b>        | <b>6,483,491</b> | <b>2,578,802</b> | <b>-</b>                              | <b>13,804,790</b> |
| <b>For the year ended 31 December 2023 (Audited)</b>                             |                  |                         |                  |                  |                                       |                   |
| Total balances at the beginning of the year                                      | 2,595,086        | 1,207,271               | 5,278,638        | 2,301,727        | -                                     | 11,382,722        |
| Suspended interest on new exposures during the year                              | 770,144          | 570,008                 | 1,117,952        | 313,976          | -                                     | 2,772,080         |
| Suspended interest on settled exposures transferred to revenue during the year   | (272,061)        | (257,015)               | (41,223)         | (173,509)        | -                                     | (743,808)         |
| Transferred to stage 1   | 71,621           | 33,983                  | -                | 45,371           | -                                     | 150,975           |
| Transferred to stage 2   | 73,862           | 22,141                  | 242              | 13,856           | -                                     | 110,101           |
| Transferred to stage 3   | (145,483)        | (56,124)                | (242)            | (59,227)         | -                                     | (261,076)         |
| Suspended interest on written off exposures                                      | (93,662)         | (6,894)                 | -                | (128)            | -                                     | (100,684)         |
| <b>Total balances at the end of the year</b>                                     | <b>2,999,507</b> | <b>1,513,370</b>        | <b>6,355,367</b> | <b>2,442,066</b> | <b>-</b>                              | <b>13,310,310</b> |

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**(11) Other Assets**

The item details are as follows:

|                            | 31 March<br>2024                | 31 December<br>2023 |
|----------------------------|---------------------------------|---------------------|
|                            | JD<br>(Reviewed not<br>audited) | JD<br>(Audited)     |
| Accrued income             | 22,564,569                      | 24,210,547          |
| Prepaid expenses           | 11,019,412                      | 7,026,476           |
| Repossessed assets – net * | 15,148,420                      | 17,432,653          |
| Accounts receivable – net  | 6,021,813                       | 5,656,136           |
| Clearing checks            | 13,999,740                      | 3,645,684           |
| Settlement guarantee fund  | 25,000                          | 86,000              |
| Refundable deposits        | 767,572                         | 767,572             |
| Cards deposits             | 3,591,162                       | 3,388,122           |
| Others                     | 4,940,946                       | 3,500,826           |
|                            | <u>78,078,634</u>               | <u>65,714,016</u>   |

\* Movement on repossessed assets as a settlement against due debts is as follows:

|   | 31 March<br>2024                | 31 December<br>2023 |
|---|---------------------------------|---------------------|
|   | JD<br>(Reviewed not<br>audited) | JD<br>(Audited)     |
| Balance – at the beginning of the period / year | 19,818,954                      | 20,800,735          |
| Additions                                       | 454,004                         | 2,462,219           |
| Disposals                                       | (2,745,232)                     | (3,444,000)         |
| <b>Total</b>                                    | <u>17,527,726</u>               | <u>19,818,954</u>   |
| Impairment of repossessed assets                | (2,379,306)                     | (2,386,301)         |
| <b>Balance at the end of the period / year</b>  | <u>15,148,420</u>               | <u>17,432,653</u>   |

**A summary of the movement on repossessed assets provision:**

|  |                  |                  |
|--|------------------|------------------|
| Balance at the beginning of the period / year  | 2,386,301        | 2,345,885        |
| Additions                                      | 6,781            | 40,416           |
| Used during the period / year                  | (13,776)         | -                |
| <b>Balance at the end of the period / year</b> | <u>2,379,306</u> | <u>2,386,301</u> |

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**(12) Customers Deposits**

|                                | 31 March<br>2024                | 31 December<br>2023         |
|--------------------------------|---------------------------------|-----------------------------|
|                                | JD<br>(Reviewed not<br>audited) | JD<br>(Audited)             |
| Current and on-demand accounts | 664,365,561                     | 649,599,972                 |
| Saving deposits                | 562,622,467                     | 576,036,204                 |
| Time and at notice deposits    | <u>1,408,809,561</u>            | <u>1,373,647,728</u>        |
| <b>Total</b>                   | <u><u>2,635,797,589</u></u>     | <u><u>2,599,283,904</u></u> |

- The Government of Jordan and the public sector deposits inside Jordan amounted to JD 348,376,775 representing 13.22% of total deposits as of 31 March 2024 (JD 354,345,149 representing 13.63% of total deposits as of 31 December 2023).
- Non-interest bearing deposits amounted to JD 568,819,775 representing 21.58% of total deposits as of 31 March 2024 (JD 573,610,659 representing 22.07% of total deposits as of 31 December 2023).



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**(13) Borrowed Funds**

The item details are as follows:

|   | Amount             | Total        | Outstanding  | Payment frequency      | Maturity  | Collaterals | Interest rate |
|---|--------------------|--------------|--------------|------------------------|-----------|-------------|---------------|
|   |                    | installments | installments |                        | date      |             |               |
| JD  |                    |              |              |                        |           |             |               |
| <b>31 March 2024 (Reviewed not audited)</b>                                   |                    |              |              |                        |           |             |               |
| Amounts borrowed from overseas investment company                             |                    |              |              |                        |           |             |               |
| (OPIC)  | 15,598,000         | 1            | 1            | At maturity            | 2034      | None        | 4.845%-4.895% |
| Amounts borrowed from French Development Agency                               | 531,750            | 20           | 3            | Semi- annually         | 2025      | None        | 3.358%        |
| Amounts borrowed from Central Bank of Jordan                                  | 3,325,000          | 20           | 7            | Semi- annually         | 2027      | None        | 8.65%         |
| Amounts borrowed from Central Bank of Jordan                                  | 103,535,960        | 754          | 754          | At maturity / per Loan | 2024-2035 | None        | 0.5%-1.75%    |
| Amounts borrowed from Central Bank of Jordan                                  | 20,709,395         | 395          | 395          | At maturity / per Loan | 2024-2030 | None        | -             |
| Amounts borrowed from Central Bank of Jordan                                  | 215,856            | 14           | 2            | Semi- annually         | 2024      | None        | 2.5%          |
| Amounts borrowed from Central Bank of Jordan                                  | 2,460,000          | 20           | 11           | Semi- annually         | 2030      | None        | 8.75%         |
| Amounts borrowed from Central Bank of Jordan                                  | 6,896,695          | 35           | 31           | Semi- annually         | 2039      | None        | 3%            |
| Jordan Mortgage Refinance Company   | 15,000,000         | 1            | 1            | At maturity            | 2026      | None        | 7.1%          |
| Jordan Mortgage Refinance Company   | 30,000,000         | 1            | 1            | At maturity            | 2024      | None        | 5.75%         |
| Jordan Mortgage Refinance Company   | 10,000,000         | 1            | 1            | At maturity            | 2025      | None        | 4.9%          |
| Jordan Mortgage Refinance Company   | 10,000,000         | 1            | 1            | At maturity            | 2028      | None        | 4.75%         |
| Jordan Mortgage Refinance Company   | 4,000,000          | 1            | 1            | At maturity            | 2026      | None        | 4.65%         |
| Amounts borrowed from European Bank for Reconstruction and Development (EBRD) |                    |              |              |                        |           |             |               |
| and Development (EBRD)  | 5,317,500          | 7            | 7            | Semi- annually         | 2028      | None        | 6.812%        |
| Amounts borrowed from European Bank for Reconstruction and Development (EBRD) |                    |              |              |                        |           |             |               |
| and Development (EBRD)  | 1,772,500          | 7            | 7            | Semi- annually         | 2028      | None        | 5.692%        |
| Arab fund for economic and social development                                 | 2,664,104          | 11           | 11           | Semi- annually         | 2031      | None        | 3.5%          |
| Amounts borrowed from French Development Agency                               | 1,925,575          | 20           | 4            | Semi- annually         | 2031      | None        | 5.83%         |
| Palestine Monetary Authority  | 1,509,358          | -            | -            | Monthly                | -         | None        | 3.0%          |
| Amounts borrowed from European Bank for Reconstruction and Development (EBRD) |                    |              |              |                        |           |             |               |
| and Development (EBRD)  | 5,672,000          | 7            | 7            | Semi- annually         | 2027      | None        | 6.9%          |
| Proparco  | 3,378,916          | 13           | 12           | Semi- annually         | 2030      | None        | 8.7%          |
| Amounts borrowed from International Financial Markets                         |                    |              |              |                        |           |             |               |
| (FMI)   | 1,074,224          | 1            | 1            | 1                      | -         | None        | -             |
| Jordan Kuwait Bank  | 13,735,000         | 8            | 8            | Quarterly              | 2024      | None        | 5.0%          |
| EtiHAD Bank   | 4,968,333          | 8            | 6            | Quarterly              | 2024      | None        | 6.75%         |
| Housing Bank for Trade and Finance  | 11,195,868         | overdraft    | -            | -                      | 2023      | None        | 7.25%         |
| Jordan Ahli Bank  | 5,000,000          | 8            | 8            | Quarterly              | 2024      | None        | 5.75%         |
| Jordan Ahli Bank  | 10,000,000         | 1            | 1            | At maturity            | 2025      | None        | 4.75%         |
| Invest Bank   | 5,000,000          | 24           | 24           | Quarterly              | 2025      | None        | 6%            |
| <b>Total</b>  | <b>295,486,034</b> |              |              |                        |           |             |               |

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|   | Amount             | No. of Installments |             | Payment frequency      | Maturity date | Collaterals | Interest rate |
|---|--------------------|---------------------|-------------|------------------------|---------------|-------------|---------------|
|   |                    | Total               | Outstanding |                        |               |             |               |
|   | JD                 |                     |             |                        |               |             |               |
| <b>31 December 2023 (Audited)</b>   |                    |                     |             |                        |               |             |               |
| Amounts borrowed from overseas investment company (OPIC)                      | 15,598,000         | 1                   | 1           | At maturity            | 2034          | None        | 4.845%-4.895% |
| Amounts borrowed from French Development Agency                               | 531,750            | 20                  | 3           | Semi-annually          | 2025          | None        | 3.358%        |
| Amounts borrowed from Central Bank of Jordan                                  | 3,800,000          | 20                  | 8           | Semi-annually          | 2027          | None        | 8.65%         |
| Amounts borrowed from Central Bank of Jordan                                  | 106,779,184        | 802                 | 802         | At maturity / per Loan | 2024-2035     | None        | 0.5%-1.75%    |
| Amounts borrowed from Central Bank of Jordan                                  | 22,483,088         | 402                 | 402         | At maturity / per Loan | 2024-2030     | None        | -             |
| Amounts borrowed from Central Bank of Jordan                                  | 215,856            | 14                  | 2           | Semi-annually          | 2024          | None        | 2.5%          |
| Amounts borrowed from Central Bank of Jordan                                  | 2,665,000          | 20                  | 12          | Semi-annually          | 2030          | None        | 8.75%         |
| Amounts borrowed from Central Bank of Jordan                                  | 6,610,826          | 35                  | 32          | Semi-annually          | 2039          | None        | 3%            |
| Jordan Mortgage Refinance Company   | 10,000,000         | 1                   | 1           | At maturity            | 2024          | None        | 8.65%         |
| Jordan Mortgage Refinance Company   | 30,000,000         | 1                   | 1           | At maturity            | 2024          | None        | 5.75%         |
| Jordan Mortgage Refinance Company   | 10,000,000         | 1                   | 1           | At maturity            | 2025          | None        | 4.9%          |
| Jordan Mortgage Refinance Company   | 10,000,000         | 1                   | 1           | At maturity            | 2028          | None        | 4.75%         |
| Jordan Mortgage Refinance Company   | 4,000,000          | 1                   | 1           | At maturity            | 2026          | None        | 4.65%         |
| Amounts borrowed from European Bank for Reconstruction and Development (EBRD) | 5,317,500          | 7                   | 7           | Semi-annually          | 2028          | None        | 6.812%        |
| Amounts borrowed from European Bank for Reconstruction and Development (EBRD) | 1,772,500          | 7                   | 7           | Semi-annually          | 2028          | None        | 5.692%        |
| Amounts borrowed from French Development Agency                               | 1,968,594          | 20                  | 4           | Semi-annually          | 2031          | None        | 5.83%         |
| Palestine Monetary Authority  | 1,708,447          | -                   | -           | Monthly                | -             | None        | 3.0%          |
| Amounts borrowed from European Bank for Reconstruction and Development (EBRD) | 5,672,000          | 7                   | 7           | Semi-annually          | 2027          | None        | 6.9%          |
| Proparco  | 3,545,000          | 13                  | 13          | Semi-annually          | 2030          | None        | 8.7%          |
| Amounts borrowed from International Financial Markets (FMI)                   | 1,074,224          | 1                   | 1           | 1                      | -             | None        | -             |
| Jordan Kuwait Bank  | 13,797,500         | 8                   | 8           | Quarterly              | 2024          | None        | 5.0%          |
| Etiihad Bank  | 5,551,666          | 8                   | 7           | Quarterly              | 2024          | None        | 6.75%         |
| Housing Bank for Trade and Finance  | 12,784,429         | Over draft          | -           | -                      | 2023          | None        | 7.25%         |
| Jordan Ahli Bank  | 5,000,000          | 8                   | 8           | Quarterly              | 2024          | None        | 5.75%         |
| Jordan Ahli Bank  | 10,000,000         | 1                   | 1           | At maturity            | 2025          | None        | 4.75%         |
| Invest Bank   | 5,000,000          | 24                  | 24          | Quarterly              | 2025          | None        | 6%            |
| <b>Total</b>  | <b>295,875,564</b> |                     |             |                        |               |             |               |

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**(14) Income Tax**

**Income Tax Provision**

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

|   | 31 March<br>2024                | 31 December<br>2023      |
|---|---------------------------------|--------------------------|
|   | JD<br>(Reviewed not<br>audited) | JD<br>(Audited)          |
| Balance at the beginning of the period / year | 23,492,297                      | 23,867,415               |
| Income tax paid                               | (6,606,459)                     | (20,114,636)             |
| Income tax expense                            | <u>3,064,330</u>                | <u>19,739,518</u>        |
| Balance at the end of the period / year       | <u><u>19,950,168</u></u>        | <u><u>23,492,297</u></u> |

Income tax appearing on the income statement represents the following:

|                                       | 31 March<br>2024                | 31 March<br>2023                |
|---------------------------------------|---------------------------------|---------------------------------|
|                                       | JD<br>(Reviewed not<br>audited) | JD<br>(Reviewed not<br>audited) |
| Income tax for the period             | 3,064,330                       | 5,484,985                       |
| Deferred tax liabilities              | -                               | (540,528)                       |
| Deferred tax assets                   | <u>(24,971)</u>                 | <u>106,461</u>                  |
| Income tax for current period profits | <u><u>3,039,359</u></u>         | <u><u>5,050,918</u></u>         |

- The income tax rate on banks in Jordan is 38% and varies between 0%-31% in countries that the Bank has branches and companies in. Banks in Palestine are subject to an income tax rate of 15% and VAT of 16%.
- The Bank has reached a final settlement with the Income and Sales Tax Department up to the end of the year 2018 for the Bank's branches in Jordan. The Income and Sales Tax Department did not review the years 2019, 2020, 2021, 2022 and 2023.
- A final settlement was reached with the tax authorities for the Bank's branches in Palestine up until the end of the year 2020. The Income and Sales Tax Department did not review the years 2021, 2022 and 2023.

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- Al-Watanieh Financial Services Company - (Awraq) has reached a final settlement with the Income and Sales Tax Department up to the year 2019, except for the years 2015, 2016, and 2017. The tax for those years was estimated at JD 1,361,990 in excess of the amounts paid. The decision was objected at the Income Tax Court, which issued its decisions on 26 February 2024 obligating the company to pay the tax difference. The company has submitted an appeal which is still pending before the court. The Income and Sales Tax Department did not review the years 2020, 2021, 2022 and 2023.
- Al-Watanieh Securities Company – (Palestine) has reached a final settlement with the Income and Sales Tax Department up to the end of the year 2021. The Income and Sales Tax Department did not review the years 2022, 2023.
- Tamallak for Financial Leasing Company has reached a final settlement with the Income and Sales Tax Department up to the end of the year 2018. The Income and Sales Tax Department did not review the years 2019, 2020, 2021, 2022 and 2023.
- In the opinion of the Bank's management, income tax provisions as of 31 March 2024 are sufficient to meet any future tax obligations.

The movement on the deferred tax assets and liabilities is as follows:

|  | 31 March<br>2024                          |  | 31 December<br>2023       |                                |
|--|---|--|---------------------------|--------------------------------|
|  | Assets<br>JD<br>(Reviewed<br>not audited) | Liabilities<br>JD<br>(Reviewed<br>not audited) | Assets<br>JD<br>(Audited) | Liabilities<br>JD<br>(Audited) |
| Balance at the beginning of the<br>period / year | 16,266,401                                | 2,684,880                                      | 13,574,826                | 1,308,124                      |
| Additions  | 42,291                                    | 1,733,011                                      | 3,040,258                 | 2,824,574                      |
| Disposal   | (18,737)                                  | (279,000)                                      | (348,683)                 | (1,447,818)                    |
| Balance at the end of the period /<br>year       | <u>16,289,955</u>                         | <u>4,138,891</u>                               | <u>16,266,401</u>         | <u>2,684,880</u>               |

Deferred tax is calculated using the tax rates that are expected to be applied when the deferred tax assets/liabilities will be realized, or the deferred tax liabilities will be settled.

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**(15) Other Liabilities**

|  | 31 March<br>2024          | 31 December<br>2023      |
|--|---------------------------|--------------------------|
|  | JD                        | JD                       |
|  | (Reviewed not<br>audited) | (Audited)                |
| Accrued unpaid interest  | 20,870,540                | 20,918,960               |
| Unearned Revenue   | 527,764                   | 537,195                  |
| Accounts payable   | 6,769,836                 | 6,814,916                |
| Accrued unpaid expenses  | 10,303,936                | 10,818,804               |
| Temporary deposits   | 21,704,734                | 25,057,407               |
| Checks and withdrawals for payments                                | 6,854,545                 | 7,644,290                |
| Others   | 4,168,851                 | 4,894,448                |
|  | <u>71,200,206</u>         | <u>76,686,020</u>        |
| Provision for expected credit losses on indirect credit facilities | 3,653,554                 | 4,320,898                |
| <b>Total</b>   | <u><u>74,853,760</u></u>  | <u><u>81,006,918</u></u> |

**(16) Fair Value Reserve - net**

The item details are as follows:

|  | 31 March<br>2024          | 31 December<br>2023      |
|--|---------------------------|--------------------------|
|  | JD                        | JD                       |
|  | (Reviewed not<br>audited) | (Audited)                |
| Balance at the beginning of the period / year  | 27,494,289                | 9,304,467                |
| Unrealized gains   | 16,158,084                | 19,936,274               |
| (Gain) from sale of financial assets at fair value through other comprehensive income transferred to retained earnings | -                         | (369,430)                |
| Deferred tax assets  | (1,417)                   | 3,669                    |
| Deferred tax liabilities   | (1,454,011)               | (1,380,691)              |
| Balance at the end of the period / year  | <u><u>42,196,945</u></u>  | <u><u>27,494,289</u></u> |

The fair value reserve - net is presented after deducting the deferred tax assets amounting to JD 3,609,311.

**(17) Retained Earnings**

The item details are as follows:

|   | 31 March<br>2024                | 31 December<br>2023 |
|---|---------------------------------|---------------------|
|   | JD<br>(Reviewed not<br>audited) | JD<br>(Audited)     |
| Balance at the beginning of the period / year   | 108,402,893                     | 97,910,555          |
| Profit for the year   | -                               | 35,284,694          |
| Transferred to statutory reserve  | -                               | (4,503,702)         |
| Transferred to general banking risk reserve   | -                               | (1,528,328)         |
| Transferred to cyclical fluctuations  | -                               | (129,756)           |
| Dividends distributed to shareholders   | -                               | (19,000,000)        |
| Transfers resulted from sale of financial assets at fair value through other comprehensive income | -                               | 369,430             |
| Balance at the end of the period / year   | <u>108,402,893</u>              | <u>108,402,893</u>  |

- The General Assembly of Shareholders decided in its ordinary meeting held on 3 April 2024 to approve the distribution of cash dividends 70 Fils per share i.e 7% of the par value per share amounting to JD 1. The General Assembly of Shareholders decided, in its extraordinary meeting held on 3 April 2024, to approve increasing the bank's capital by JD 10 million and capitalizing it from retained earnings by distributing 5.263% bonus shares to shareholders.
- The General Assembly of Shareholders decided in its ordinary meeting held on 13 April 2023 to approve the distribution of cash dividends 100 Fils per share i.e 10% of the par value per share amounting to JD 1 for the year 2022.
- Retained earnings as of 31 March 2024 includes JD 12,669,542 resulting from the early implementation of IFRS (9). This amount is restricted in accordance with the Securities Commission instructions, except for the amounts realized through the sale of the financial assets.
- Retained earnings includes deferred tax assets includes JD 16,289,955 as of 31 March 2024, (JD 16,266,401 as of 31 December 2023), which is not available for distribution in accordance with the Central Bank of Jordan instructions.
- The Bank is restricted from using an amount of JD 1,155,916 which represents the remaining balance of the general banking risk reserve included in retained earnings in accordance with the instructions of the Central Bank of Jordan.

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**(18) Interest Income**

The item details are as follows:

|   | 31 March<br>2024          | 31 March<br>2023          |
|---|---------------------------|---------------------------|
|   | JD                        | JD                        |
|   | (Reviewed not<br>audited) | (Reviewed not<br>audited) |
| Direct credit facilities:                                 |                           |                           |
| Overdrafts  | 7,030,854                 | 6,166,388                 |
| Loans and bills   | 39,065,052                | 37,303,133                |
| Credit cards  | 704,096                   | 689,132                   |
| Other   | 128,566                   | 139,520                   |
| Balances at Central Banks                                 | 352,733                   | 247,729                   |
| Balances and deposits at banks and financial institutions | 1,786,372                 | 2,141,066                 |
| Financial assets at amortized cost                        | 12,278,884                | 10,161,640                |
| Financial assets at fair value through profit or loss     | 65,139                    | -                         |
|   | <u>61,411,696</u>         | <u>56,848,608</u>         |

**(19) Interest Expense**

The item details are as follows:

|   | 31 March<br>2024          | 31 March<br>2023          |
|---|---------------------------|---------------------------|
|   | JD                        | JD                        |
|   | (Reviewed not<br>audited) | (Reviewed not<br>audited) |
| Banks and financial institutions deposits | 4,269,738                 | 3,101,014                 |
| <b>Customers' deposits:</b>               |                           |                           |
| Current accounts and on-demand deposits   | 987,441                   | 785,470                   |
| Saving accounts                           | 634,276                   | 736,662                   |
| Time and at notice deposits               | 18,582,322                | 13,569,779                |
| Cash margins                              | 80,799                    | 135,379                   |
| Borrowed funds                            | 3,432,877                 | 3,408,233                 |
| Deposits guarantee fees                   | 762,207                   | 717,151                   |
|   | <u>28,749,660</u>         | <u>22,453,688</u>         |

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**(20) Gains from Financial Assets at Fair Value through Profit or Loss**

The item details are as follows:

|   | Realized<br>(losses) gains | Unrealized<br>(losses) | Stock<br>Dividends | Total            |
|---|----------------------------|------------------------|--------------------|------------------|
|   | JD                         | JD                     | JD                 | JD               |
| <b><u>For the three months ended 31 March 2024 (Reviewed not audited)</u></b> |                            |                        |                    |                  |
| Corporate shares  | (6,835)                    | (214,885)              | 483,613            | 261,893          |
| Bonds   | -                          | (62,236)               | -                  | (62,236)         |
| <b>Total</b>  | <b>(6,835)</b>             | <b>(277,121)</b>       | <b>483,613</b>     | <b>199,657</b>   |
| <b><u>For the three months ended 31 March 2023 (Reviewed not audited)</u></b> |                            |                        |                    |                  |
| Corporate shares  | 728,397                    | (76,541)               | 454,332            | 1,106,188        |
| <b>Total</b>  | <b>728,397</b>             | <b>(76,541)</b>        | <b>454,332</b>     | <b>1,106,188</b> |

**(21) Provision for Expected Credit Losses**

The item details are as follows:

|   | 31 March<br>2024             | 31 March<br>2023             |
|---|------------------------------|------------------------------|
|   | JD<br>(Reviewed not audited) | JD<br>(Reviewed not audited) |
| Balances at Central Banks   | (1,904)                      | (1,968)                      |
| Balances at banks and financial institutions                      | (679)                        | 11,350                       |
| Deposits at banks and financial institutions                      | (40,436)                     | (45,677)                     |
| Financial assets at amortized cost                                | (49,349)                     | (229,915)                    |
| Financial assets at fair value through other comprehensive income | (2,206)                      | (910)                        |
| Direct credit facilities  | 9,647,805                    | 6,566,377                    |
| Indirect credit facilities  | (667,344)                    | 685,753                      |
|   | <b>8,885,887</b>             | <b>6,985,010</b>             |



**(22) Earnings Per Share for the Period Attributable to the Bank's Shareholders**

The item details are as follows:

|   | 31 March<br>2024                | 31 March<br>2023                |
|---|---------------------------------|---------------------------------|
|   | JD<br>(Reviewed not<br>audited) | JD<br>(Reviewed not<br>audited) |
| Profit for the period attributable to Bank's shareholders (JD)              | 4,513,386                       | 8,479,333                       |
| Weighted average number of shares   | 190,000,000                     | 190,000,000                     |
|   | <u>(JD/ Fills)</u>              | <u>(JD/ Fills)</u>              |
| Basic and diluted earnings per share for the period - (Bank's shareholders) | <u>0/024</u>                    | <u>0/045</u>                    |

**(23) Cash and Cash Equivalents**

The item details are as follows:

|   | 31 March<br>2024                | 31 March<br>2023                |
|---|---------------------------------|---------------------------------|
|   | JD<br>(Reviewed not<br>audited) | JD<br>(Reviewed not<br>audited) |
| Cash and balances at Central Banks maturing within three months                     | 291,524,892                     | 366,811,878                     |
| Balances at banks and financial institutions maturing within three months           | 127,319,408                     | 202,164,086                     |
| <u>Less:</u> Banks and financial institutions deposits maturing within three months | (294,949,639)                   | (279,627,005)                   |
| <u>Less:</u> Restricted balances  | (10,635,000)                    | (10,635,000)                    |
|   | <u>113,259,661</u>              | <u>278,713,959</u>              |

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**(24) Balances and Transactions with Related Parties**

The Bank entered into transactions with subsidiaries, major shareholders, members of the board of directors, and senior management in the ordinary course of business at commercial interest and commission rates.

The consolidated financial statements include the Bank's financial statements and the following subsidiaries:

| Company Name   | Ownership<br>% | Company's Capital               |                     |
|--|----------------|---------------------------------|---------------------|
|  |                | 31 March<br>2024                | 31 December<br>2023 |
|  |                | JD<br>(Reviewed<br>not audited) | JD<br>(Audited)     |
| Al-Watanieh Financial Services Company Limited Liability | 100            | 6,500,000                       | 6,500,000           |
| Al-Watanieh Securities Company Private shareholding      | 100            | 1,600,000                       | 1,600,000           |
| Tamallak for Financial Leasing Company                   | 100            | 5,000,000                       | 5,000,000           |
| Safa Bank  | 51             | 53,175,000                      | 53,175,000          |

The following related parties' transactions took place during the period:

|  | Related Parties     |  |                         |            | Total                           |                                 |
|--|---------------------|--|-------------------------|------------|---------------------------------|---------------------------------|
|  | Main<br>Shareholder | Board of<br>Directors and<br>Relatives | Executive<br>Management | Other      | 31 March<br>2024                | 31 December<br>2023             |
|  | JD                  | JD                                     | JD                      | JD         | JD<br>(Reviewed<br>not audited) | JD<br>(Audited)                 |
| <u>Statement of Financial Position Items</u>     |                     |  |                         |            |                                 |                                 |
| Direct credit facilities                         | 19,344,245          | 37,333,865                             | 2,729,100               | 37,848,329 | 97,255,539                      | 90,464,225                      |
| Deposits at the Bank                             | 7,022,300           | 75,641,170                             | 3,673,825               | 10,193,191 | 96,530,486                      | 105,671,863                     |
| Cash margins                                     | 52,567              | 39,115                                 | 76                      | 51,947     | 143,705                         | 99,057                          |
| <u>Off Statement of Financial Position Items</u> |                     |  |                         |            |                                 |                                 |
| Indirect credit facilities                       | 827,954             | 5,709,334                              | 14,480                  | 2,686,875  | 9,238,643                       | 6,746,366                       |
|  |                     |  |                         |            | 31 March<br>2024                | 31 March<br>2023                |
|  |                     |  |                         |            | JD<br>(Reviewed<br>not audited) | JD<br>(Reviewed not<br>audited) |
| <u>Income Statements Items</u>                   |                     |  |                         |            |                                 |                                 |
| Interest and commission income                   | 483,606             | 360,745                                | 23,733                  | 378,483    | 1,246,567                       | 802,925                         |
| Interest and commission expense                  | 270,686             | 770,823                                | 31,950                  | 127,415    | 1,200,874                       | 740,622                         |

\* Others include the rest of bank employees and their relatives up to the third degree.

- Interest income rates on credit facilities in Jordanian Dinar range between 2% -15.9%.
- Interest income rates on credit facilities in foreign currency range between 4.25% - 7.5%.
- Interest expense rates on deposits in Jordanian Dinar range between zero - 6%.
- Interest expense rates on deposits in foreign currency range between zero – 3.25%.

Salaries, wages and bonuses of executive management amounted to JD 1,659,279 as of 31 March 2024 (JD 1,167,469 as of 31 March 2023).

## **(25) Segment Information**

### **Information on the Bank's Segments:**

For management purposes, the Bank is organized into major business segments which are measured according to reports used by the executive manager and key decision maker at the Bank, through the following major sectors:

- Retail banking: includes handling individual customers' deposits, and providing consumer type loans, overdrafts, credit cards facilities and other services.
- Corporate banking: includes handling deposits, loans and other credit facilities, and other services related to corporate and institutional customers;
- Treasury: includes providing trading, treasury services, and management of the Bank's money and investments.

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Below is information on the Bank's segments:

|   | Retail Banking       | Corporate<br>Banking | Treasury             | Other              | 31 March<br>2024          | 31 March<br>2023          |
|---|----------------------|----------------------|----------------------|--------------------|---------------------------|---------------------------|
|   | JD                   | JD                   | JD                   | JD                 | JD                        | JD                        |
|   |                      |                      |                      |                    | (Reviewed not<br>audited) | (Reviewed not<br>audited) |
| Gross revenues                                    | 29,404,437           | 22,359,556           | 16,723,424           | 1,045,451          | 69,532,868                | 68,111,668                |
| Expected credit losses                            | 5,984,093            | 2,996,368            | (94,574)             | -                  | 8,885,887                 | 6,985,010                 |
| Provision for impairment of<br>repossessed assets | -                    | -                    | -                    | 6,781              | 6,781                     | -                         |
| Sundry provisions                                 | -                    | -                    | -                    | 100,000            | 100,000                   | -                         |
| Segment results                                   | 13,571,264           | 8,804,900            | 8,475,706            | 938,670            | 31,790,540                | 38,672,970                |
| Unallocated costs                                 |                      |                      |                      |                    | (25,015,615)              | (25,041,764)              |
| Profit before tax                                 |                      |                      |                      |                    | 6,774,925                 | 13,631,206                |
| Income tax  |                      |                      |                      |                    | (3,039,359)               | (5,050,918)               |
| Profit for the period                             |                      |                      |                      |                    | <u>3,735,566</u>          | <u>8,580,288</u>          |
| Other information                                 |                      |                      |                      |                    |                           |                           |
| Capital expenditure                               |                      |                      |                      |                    | <u>1,515,573</u>          | <u>1,116,687</u>          |
| Depreciation and amortization                     |                      |                      |                      |                    | <u>1,907,670</u>          | <u>1,844,075</u>          |
|   |                      |                      |                      |                    | 31 March<br>2024          | 31 December<br>2023       |
|   |                      |                      |                      |                    | JD                        | JD                        |
|   |                      |                      |                      |                    | (Reviewed not<br>audited) | (Audited)                 |
| Total segment assets                              | <u>1,106,182,096</u> | <u>1,199,672,756</u> | <u>1,524,250,043</u> | <u>149,342,454</u> | <u>3,979,447,349</u>      | <u>3,883,452,798</u>      |
| Total segment liabilities                         | <u>1,170,753,389</u> | <u>1,494,874,262</u> | <u>706,834,782</u>   | <u>130,585,628</u> | <u>3,503,048,061</u>      | <u>3,425,491,732</u>      |

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**Geographical Information:**

The following note shows the geographical distribution of the Bank's business, the Bank carries out its activities mainly in the Kingdom of Jordan which represents the local business, and the Bank also carries activities in Palestine.

The below note shows the geographical distribution of the bank's business, the Bank carries its activities mainly in the Kingdom of Jordan which represents the Bank's local business.

|                      | Inside Jordan          |                  | Outside Jordan         |                  | Total                  |                  |
|----------------------|------------------------|------------------|------------------------|------------------|------------------------|------------------|
|                      | 31 March<br>2024       | 31 March<br>2023 | 31 March<br>2024       | 31 March<br>2023 | 31 March<br>2024       | 31 March<br>2023 |
|                      | JD                     | JD               | JD                     | JD               | JD                     | JD               |
|                      | (Reviewed not audited) |                  | (Reviewed not audited) |                  | (Reviewed not audited) |                  |
| Gross revenue        | 53,670,271             | 51,748,781       | 15,862,597             | 16,362,887       | 69,532,868             | 68,111,668       |
| Capital expenditures | 1,317,895              | 844,099          | 197,678                | 272,588          | 1,515,573              | 1,116,687        |

|              | Inside Jordan          |                     | Outside Jordan         |                     | Total                  |                     |
|--------------|------------------------|---------------------|------------------------|---------------------|------------------------|---------------------|
|              | 31 March<br>2024       | 31 December<br>2023 | 31 March<br>2024       | 31 December<br>2023 | 31 March<br>2024       | 31 December<br>2023 |
|              | JD                     | JD                  | JD                     | JD                  | JD                     | JD                  |
|              | (Reviewed not audited) | (Audited)           | (Reviewed not audited) | (Audited)           | (Reviewed not audited) | (Audited)           |
| Total assets | 2,854,054,780          | 2,727,637,883       | 1,125,392,569          | 1,155,814,915       | 3,979,447,349          | 3,883,452,798       |

**(26) Contingent Liabilities and Commitments**

The item details are as follows:

|  | 31 March<br>2024       | 31 December<br>2023 |
|--|------------------------|---------------------|
|  | JD                     | JD                  |
|  | (Reviewed not audited) | (Audited)           |
| Letters of credit:                           |                        |                     |
| Letters of credit issued                     | 64,824,890             | 70,160,614          |
| Acceptances                                  | 7,801,117              | 7,186,598           |
| Letters of guarantee:                        |                        |                     |
| Payments                                     | 36,833,266             | 34,927,304          |
| Performance                                  | 23,993,356             | 27,108,920          |
| Other  | 19,353,813             | 17,143,511          |
| Unutilized direct credit facilities ceilings | 228,471,985            | 230,439,236         |
| <b>Total</b>                                 | <b>381,278,427</b>     | <b>386,966,183</b>  |

**(27) Lawsuits Against the Bank**

In the normal course of business, the Bank appears as a defendant in a number of lawsuits amounting to JD 25,527,724 and JD 29,500,750 as of 31 March 2024 and 31 December 2023 respectively. In the opinion of the Bank's management and legal counsel, the Bank maintains adequate provisions against these lawsuits.

Provisions against the lawsuits amounted to JD 2,008,328 and JD 1,908,328 as of 31 March 2024 and 31 December 2023, respectively.

On 1 January 2019 multiple civil lawsuits have been filed at US courts against multiple banks and financial institutions claiming financial compensation using the US antiterrorism law for damages allegedly resulting from attacks by groups listed under the US sanctions list in 2001. These lawsuits have been filed at courts hours before their filing deadline and have been filed by an attorney office which has filed several similar complaints against other banking institutions on behalf of the same plaintiffs claiming the damages. Cairo Amman Bank is one of the banks the aforementioned lawsuit has been filed against.

In the opinion of management and legal counsel, no provisions should be recorded for the lawsuits filed at US courts against the Bank as of 31 March 2024 as the Bank has consulted with legal consultants specialized in US courts and concluded that the legal status of the lawsuits is in favour of the Bank and that there are no legal or judicial grounds for the lawsuits. As the Legal counsel believe that the legal status of the Bank is favourable in regard to this lawsuit.

**(28) Statutory Reserve**

The Bank did not deduct any statutory reserve in accordance with the Companies Laws, as these financial statements are interim statements.