

CAIRO AMMAN BANK

(PUBLIC SHAREHOLDING LIMITED COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2023



**Building a better
working world**

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**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 30 September 2023, comprising the interim condensed consolidated statement of financial position as of 30 September 2023 and the related interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine 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 October 2023

ERNST & YOUNG
Amman - Jordan

CAIRO AMMAN BANK – PUBLIC SHAREHOLDING LIMITED COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

	Notes	30 September 2023	31 December 2022
		JD (Reviewed not audited)	JD (Audited)
<u>Assets</u>			
Cash and balances at Central Banks-Net	4	358,021,821	320,698,816
Balances at banks and financial institutions-Net	5	75,624,910	123,920,745
Deposits at banks and financial institutions-Net	6	69,815,534	73,083,268
Financial assets at fair value through profit or loss	7	8,807,956	9,980,141
Financial assets at fair value through other comprehensive income-Net	8	97,581,657	71,879,372
Financial assets at amortized cost-Net	9	768,063,933	740,827,140
Financial assets at amortized cost - pledged as collaterals	9	-	54,538,000
Direct credit facilities-Net	10	2,261,172,900	2,127,194,065
Property and equipment-Net		44,217,439	43,924,827
Intangible assets - Net		5,243,983	5,361,339
Right of use assets - Net		21,311,143	23,347,071
Deferred tax assets	14	13,291,709	13,574,826
Other assets	11	61,174,165	66,644,844
Total Assets		3,784,327,150	3,674,974,454
<u>Liabilities And Shareholders' Equity</u>			
<u>Liabilities</u>			
Banks and financial institutions' deposits		213,581,858	218,453,233
Customers' deposits	12	2,564,547,338	2,454,183,350
Margin Accounts		94,757,289	89,697,152
Borrowed funds	13	299,284,004	341,726,015
Subordinated loans		18,540,350	18,540,350
Sundry provisions		14,171,698	14,065,732
Income tax provision	14	17,935,789	23,867,415
Lease liabilities		21,425,879	23,137,223
Deferred tax liabilities	14	3,207,284	1,308,124
Other liabilities	15	84,990,500	68,178,051
Total Liabilities		3,332,441,989	3,253,156,645
<u>Shareholders' Equity</u>			
<u>Banks Shareholders Equity</u>			
Subscribed and paid-up capital		190,000,000	190,000,000
Statutory reserve		91,364,494	91,364,494
General banking risk reserve		6,174,583	4,646,255
Cyclical fluctuations reserve		11,521,057	11,396,874
Fair value reserve-net	16	29,892,939	9,304,467
Foreign currencies translation reserve		(1,584,070)	(3,188,744)
Retained earnings	17	77,627,474	97,910,555
Profits for the period attributable to the banks' shareholders		26,444,342	-
Total Bank's Shareholders' Equity		431,440,819	401,433,901
Non-controlling interest		20,444,342	20,383,908
Total Shareholders' Equity		451,885,161	421,817,809
Total Liabilities and Shareholders' Equity		3,784,327,150	3,674,974,454

THE ACCOMPANYING NOTES FROM NO. (1) TO NO. (28) CONSTITUTE AN INTEGRAL PART OF THESE
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

CAIRO AMMAN BANK – PUBLIC SHAREHOLDING LIMITED COMPANY
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THREE & NINE MONTHS ENDED 30 SEPTEMBER 2023 (REVIEWED NOT AUDITED)

	Notes	For the three months ended		For the nine months ended	
		30 September		30 September	
		2023	2022	2023	2022
		JD	JD	JD	JD
Interest income	18	61,244,510	47,863,382	178,505,757	135,284,104
Less: Interest expense	19	25,370,175	17,718,632	72,813,042	48,005,888
Net interest income		35,874,335	30,144,750	105,692,715	87,278,216
Net commission income		4,159,852	4,821,400	13,294,808	14,622,751
Net interest and commission income		40,034,187	34,966,150	118,987,523	101,900,967
Gain from foreign currencies		1,511,341	1,691,868	4,552,831	3,046,153
Gain from financial assets at fair value through profit or loss	20	56,346	(119,571)	439,880	827,778
Dividends from financial assets at fair value through other comprehensive income	8	118,909	-	2,549,330	2,280,421
Other income		1,533,459	1,238,765	5,002,836	6,867,512
Gross profit		43,254,242	37,777,212	131,532,400	114,922,831
Employees' expenses		11,977,707	11,621,374	35,795,970	34,565,594
Depreciation and amortization		1,882,552	1,748,699	5,600,897	5,281,980
Other expenses		9,956,220	9,993,445	30,844,833	28,509,542
Provision for expected credit losses	21	6,739,360	1,032,249	18,596,320	8,502,845
Provision for impairment of repossessed assets	11	(10,466)	202,394	16,454	419,447
Recovered from sundry provisions		-	-	-	(100,000)
Total expenses		30,545,373	24,598,161	90,854,474	77,179,408
Profit for the period before tax		12,708,869	13,179,051	40,677,926	37,743,423
Income tax expense	14	(4,829,105)	(4,574,452)	(14,173,150)	(13,317,638)
Profit for the period		7,879,764	8,604,599	26,504,776	24,425,785
Attributable to:					
Bank's shareholders		8,004,872	8,512,428	26,444,342	24,163,344
Non-controlling interest		(125,108)	92,171	60,434	262,441
Profit for the period		7,879,764	8,604,599	26,504,776	24,425,785
		<u>JD/Fills</u>	<u>JD/Fills</u>	<u>JD/Fills</u>	<u>JD/Fills</u>
Basic and diluted earnings per share from profit for the period	22	<u>0/042</u>	<u>0/045</u>	<u>0/139</u>	<u>0/127</u>

CAIRO AMMAN BANK – PUBLIC SHAREHOLDING LIMITED COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE & NINE MONTHS ENDED 30 SEPTEMBER 2023 (REVIEWED NOT AUDITED)

	For the three months ended		For the nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	JD	JD	JD	JD
Profit for the period	7,879,764	8,604,599	26,504,776	24,425,785
Other comprehensive income items: Items that will not be reclassified to profit or loss in subsequent periods:				
Change in fair value reserve after tax	14,932,502	(1,581,325)	20,957,902	3,626,987
Change in foreign currencies exchange rates	-	-	1,604,674	-
Total comprehensive income for the period	22,812,266	7,023,274	49,067,352	28,052,772
Total comprehensive income for the period attributable to:				
Bank's shareholders	22,937,374	6,931,103	49,006,918	27,790,331
Non-controlling interest	(125,108)	92,171	60,434	262,441
Total comprehensive income for the period	22,812,266	7,023,274	49,067,352	28,052,772

CAIRO AMMAN BANK – PUBLIC SHAREHOLDING LIMITED COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023 (REVIEWED NOT AUDITED)

	Authorized and paid in capital	Statutory reserve	General banking risk reserve*	Cyclical fluctuations reserve	Fair value reserve- net	Foreign currencies translation reserve	Retained earnings	Profit for the period attributable to the Banks' shareholders	Total Bank's shareholders' equity	Non- controlling interests	Total shareholders' equity
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
For the nine months ended 30 September 2023											
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	-	-	-	-	20,957,902	1,604,674	-	26,444,342	49,006,918	60,434	49,067,352
Transferred to reserves	-	-	1,528,328	124,183	-	-	(1,652,511)	-	-	-	-
Gain from sale of financial assets at fair value through comprehensive income	-	-	-	-	(369,430)	-	369,430	-	-	-	-
Dividends distributed to shareholders (Note 17)	-	-	-	-	-	-	(19,000,000)	-	(19,000,000)	-	(19,000,000)
Balance at period end	190,000,000	91,364,494	6,174,583	11,521,057	29,892,939	(1,584,070)	77,627,474	26,444,342	431,440,819	20,444,342	451,885,161
For the nine months ended 30 September 2022											
Balance at beginning of the period	190,000,000	86,711,919	4,341,429	10,894,653	3,797,698	(3,188,744)	94,481,206	-	387,038,161	10,360,794	397,398,955
Total comprehensive income for the period	-	-	-	-	3,626,987	-	-	24,163,344	27,790,331	262,441	28,052,772
Transferred to reserves	-	-	303,954	-	-	-	(303,954)	-	-	-	-
Net changes in Non-controlling Interests (Note 2)	-	-	-	-	-	-	2,912,691	-	2,912,691	9,657,442	12,570,133
Loss from sale of financial assets at fair value through comprehensive income	-	-	-	-	137,542	-	(137,542)	-	-	-	-
Dividends distributed to shareholders (Note 17)	-	-	-	-	-	-	(28,500,000)	-	(28,500,000)	-	(28,500,000)
Balance at period end	190,000,000	86,711,919	4,645,383	10,894,653	7,562,227	(3,188,744)	68,452,401	24,163,344	389,241,183	20,280,677	409,521,860

* The general banking risk reserve and the negative 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 30 September 2023, the restricted retained earnings balance resulting from the early implementation of IFRS (9) amounted to JD 12,672,287.

- The retained earnings balance includes deferred tax assets amounting to JD 13,291,709 and is restricted from use in accordance with the instructions of the Central Bank of Jordan.

- The Bank is restricted from using 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.

CAIRO AMMAN BANK – PUBLIC SHAREHOLDING LIMITED COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023 (REVIEWED NOT AUDITED)

	Notes	For the nine months ended 30	
		September	
		2023	2022
		JD	JD
<u>Operating Activities</u>			
Profit for the period before tax		40,677,926	37,743,423
Adjustments:			
Depreciation and amortization		5,600,897	5,281,980
Provision for expected credit losses	21	18,596,320	8,502,845
Sundry provisions		1,593,756	1,972,351
Loss (Gain) from valuation of financial assets at fair value through profit or loss	20	767,265	(50,672)
Loss (Gain) from sale of property and equipment		12,469	(33,409)
(Gain) from sale of repossessed assets		(637,911)	(2,318,259)
Provision for impairment of repossessed assets	11	16,454	419,447
Dividends from financial assets at fair value through other comprehensive income		(2,549,330)	(2,280,421)
Effect of exchange rate changes on cash and cash equivalents		(4,409,555)	(2,855,890)
Cash flow from operating activities before changes in net assets		59,668,291	46,381,395
Deposits at banks and financial institutions		3,253,705	25,110,227
Financial assets at fair value through profit or loss		404,920	107,932
Direct credit facilities		(153,617,318)	(152,725,630)
Other assets		8,127,409	(990,822)
Banks and financial institution' deposits (with maturity date exceeding 3 months)		22,709,310	(61,271,550)
Customers deposits		110,363,988	1,647,391
Cash margins		5,060,137	18,969,943
Other liabilities		15,929,701	(3,570,326)
Net cash flows from (used in) operating activities before income tax and provisions paid		71,900,143	(126,341,440)
Income tax paid	14	(20,392,644)	(16,383,426)
Provisions paid		(1,487,790)	(1,113,801)
Net cash flows from (used in) operating activities		50,019,709	(143,838,667)
<u>Investing Activities</u>			
(Purchase) of financial assets at fair value through other comprehensive income		(3,748,095)	(972,430)
Sale of financial assets at fair value through other comprehensive income		3,076,193	2,429,743
(Purchase) of other financial assets at amortized cost		(103,264,424)	(228,442,734)
Maturity of other financial assets at amortized cost		130,766,976	197,924,622
Dividends from financial assets at fair value through other comprehensive income		2,549,330	2,280,421
Cash received from selling subsidiaries shares without losing control	2	-	1,170,133
(Purchase) of property and equipment		(5,354,689)	(3,485,309)
Sale of property and equipment		128,383	116,829
(Purchase) of intangible assets		(562,316)	(1,490,235)
Net cash flows from (used in) investing activities		23,591,358	(30,468,960)
<u>Financing Activities</u>			
Increase in borrowed funds		39,393,724	88,654,058
(Settled from) Borrowed funds		(81,835,735)	(102,632,429)
Cash dividends distributed to shareholders	17	(19,000,000)	(17,100,000)
Net cash flows used in financing activities		(61,442,011)	(31,078,371)
Effect of exchange rate changes on cash and cash equivalents		4,409,555	2,855,890
Net increase (decrease) in cash and cash equivalents		16,578,611	(202,530,108)
Cash and cash equivalents - beginning of the period		253,419,043	419,435,514
Cash and cash equivalents - End of the period	23	269,997,654	216,905,406

THE ACCOMPANYING NOTES FROM NO. (1) TO NO. (28) CONSTITUTE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

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; 102 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 30 September 2023.

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

The Bank's Board of Directors approved the interim condensed consolidated financial statements on 30 October 2023

2. Significant Accounting Policies

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 2022. Moreover, the results of the Bank's operations for the nine-months period ended on 30 September 2023 do not necessarily represent indications of the expected results for the year ending 31 December 2023. Also, no appropriation of profit was made for the nine months period ended at 30 September 2023, which is usually performed at the year end.

CAIRO AMMAN BANK – PUBLIC SHAREHOLDING LIMITED COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2023 (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 30 September 2023, the Bank owns the following subsidiaries:

Company's Name	Paid-in Capital	Ownership Percentage	Industry	Location	Acquisition Date
	JD	%			
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

* During the period ended 30 September 2022, the Bank distributed 16,078,984 shares from the Bank's shares in Safa bank to Cairo Amman Bank shareholders in the same percentage that each shareholder owns in Cairo Amman Bank, in addition to that the Bank has sold 1,650,399 shares at cost, hence the Bank ownership decreased from 74.64% to 51% without loss of control.

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 2022 except for the adoption of new amendments on the standards effective as of 1 January 2023 shown below:

IFRS (17) Insurance Contracts

In May 2017, the IASB issued IFRS (17) Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS (17) will replace IFRS (4) Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS (17) is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS (4), which are largely based on grandfathering previous local accounting policies, IFRS (17) provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS (17) is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach),
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS (17) has been applied retrospectively on 1 January 2023. Early application is permitted, provided the entity also applies IFRS 9 and IFRS (15) on or before the date it first applies IFRS (17).

This standard is not applicable to the Bank.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS (8), in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective from 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Bank.

Disclosure of Accounting Policies-Amendments to IAS (1) and IFRS Practice Statement (2)

In February 2021, the IASB issued amendments to IAS (1) and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments are effective from 1 January 2023. and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Bank.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS (12)

In May 2021, the Board issued amendments to IAS (12), which narrow the scope of the initial recognition exception under IAS (12), so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The amendments are effective from 1 January 2023. and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Bank.

3. Use of Estimates

The preparation of the interim condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues, 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 2022.

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:

The 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 (GDP), and Stock prices.
- Retail portfolio: Real gross domestic product, Unemployment rate and Interest rate.

The following weights for scenarios were adopted by the Bank for the period ended 30 September 2023:

Baseline Scenario	Downturn Scenario	Upturn Scenario
40%	30%	30%

The following weights for scenarios were adopted by the Bank for the period ended 30 September 2022 as a response to the spread of COVID-19:

Baseline Scenario	Downturn Scenario	Upturn Scenario
30%	60%	10%

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.

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4. Cash and Balances at Central Banks- Net

The item details are as follows:

	30 September 2023	31 December 2022
	JD (Reviewed not audited)	JD (Audited)
Cash in vaults	152,681,477	140,359,414
Balances at Central Banks:		
Current and demand accounts	13,092,669	10,750,494
Time and notice deposits	60,635,000	40,735,000
Statutory cash reserve	131,616,092	128,869,443
Total Balances at Central Banks	205,343,761	180,354,937
Provision for expected credit losses (central banks)	(3,417)	(15,535)
Balances at Central Banks -Net	205,340,344	180,339,402
Total	358,021,821	320,698,816

- Restricted balances amounted to JD 10,635,000 as of 30 September 2023 (JD 10,635,000 as of 31 December 2022), 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 30 September 2023 and as of 31 December 2022.

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5. Balances at Banks and Financial Institutions - Net

The item details are as follows:

	30 September 2023	31 December 2022
	JD (Reviewed not audited)	JD (Audited)
Local Banks and Financial Institutions		
Current and demand accounts	4,070,383	1,201,739
Deposits maturing within 3 months or less	3,996,524	39,561,570
Total local	8,066,907	40,763,309
Foreign Banks and Financial Institutions		
Current and demand accounts	32,272,652	48,766,712
Deposits maturing within 3 months or less	35,288,497	34,410,996
Total Foreign	67,561,149	83,177,708
Total	75,628,056	123,941,017
<u>Less:</u> provision for expected credit losses (balances at banks)	(3,146)	(20,272)
Total	75,624,910	123,920,745

- Non-interest bearing balances at banks and financial institutions amounted to JD 36,343,035 as of 30 September 2023 (JD 38,666,236 as of 31 December 2022).
- There are no restricted balances as of 30 September 2023 and 31 December 2022.

6. Deposits at Banks and Financial Institutions- Net

The item details are as follows:

	30 September 2023	31 December 2022
	JD (Reviewed not audited)	JD (Audited)
Deposits maturing within:		
More than 3 to 6 months	5,000,000	56,000,000
More than 6 to 9 months	39,710,883	17,151,451
More than 9 to 12 months	9,186,863	-
More than a year	16,000,000	-
Total	69,897,746	73,151,451
<u>Less:</u> provision for expected credit losses (Deposits at banks)	(82,212)	(68,183)
Total	69,815,534	73,083,268

- There are no restricted deposits as of 30 September 2023 and 31 December 2022.

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7. Financial Assets at Fair Value through Profit or Loss

The item details are as follows:

	30 September 2023	31 December 2022
	JD (Reviewed not audited)	JD (Audited)
Quoted Corporate Shares	8,807,956	9,980,141

8. Financial Assets at Fair Value through Other Comprehensive Income - Net

The item details are as follows:

	30 September 2023	31 December 2022
	JD (Reviewed not audited)	JD (Audited)
Quoted shares	88,499,200	63,640,617
Unquoted shares *	8,949,273	8,062,416
Quoted Bonds	140,607	180,769
	97,589,080	71,883,802
Less: Expected credit loss	(7,423)	(4,430)
Total	97,581,657	71,879,372

Dividends on investments amounted to JD 2,549,330 for the nine months ended 30 September 2023 (JD 2,280,421 for the nine months ended 30 September 2022).

* 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:

	30 September 2023	31 December 2022
	JD (Reviewed not audited)	JD (Audited)
Quoted Investments		
Foreign government treasury bonds	42,348,824	42,283,648
Corporate debt securities	21,702,658	21,930,422
Total quoted financial assets	<u>64,051,482</u>	<u>64,214,070</u>
Unquoted Investments		
Governmental treasury bills	13,655,606	41,017,822
Governmental treasury bonds	636,989,879	575,429,627
Corporate debt securities	54,000,000	61,000,000
Total unquoted financial assets	<u>704,645,485</u>	<u>677,447,449</u>
Total	768,696,967	741,661,519
<u>Less:</u> Provision for expected credit losses	(633,034)	(834,379)
	<u>768,063,933</u>	<u>740,827,140</u>
Analysis of bonds:		
Fixed rate bonds	768,696,967	741,661,519
Total	<u>768,696,967</u>	<u>741,661,519</u>

Financial Assets Pledged as Collateral

The item details are as follows:

	30 September 2023		31 December 2022	
	Financial Assets Pledged as Collateral	Related Financial Liabilities	Financial Assets Pledged as Collateral	Related Financial Liabilities
	JD (Reviewed not audited)	JD	JD (Audited)	JD
Governmental Treasury Bills and Bonds	-	-	54,538,000	54,910,714
Financial assets at amortized cost	-	-	54,538,000	54,910,714

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10. Direct Credit Facilities - Net

The item details are as follows:

	30 September 2023	31 December 2022
	JD (Reviewed not audited)	JD (Audited)
Individuals (Retail)		
Overdrafts	10,701,266	10,328,134
Loans and bills *	812,996,240	782,319,683
Credit cards	16,512,161	15,852,286
Others	6,914,388	7,390,467
Real-estate	341,977,050	316,905,071
Corporate		
Overdrafts	109,221,389	76,648,337
Loans and bills *	604,696,801	549,654,447
Small and medium enterprises “SMEs”		
Overdrafts	25,882,935	20,514,825
Loans and bills *	217,059,989	220,781,322
Public and governmental sectors	252,863,257	243,828,742
Total	<u>2,398,825,476</u>	<u>2,244,223,314</u>
<u>Less: Suspended interests</u>	(12,703,149)	(11,382,722)
<u>Less: Expected credit losses</u>	(124,949,427)	(105,646,527)
Net Direct Credit Facilities	<u><u>2,261,172,900</u></u>	<u><u>2,127,194,065</u></u>

* Net of interest and commissions collected in advance amounting to JD 2,103,136 as of 30 September 2023 (JD 2,792,878 as of 31 December 2022).

- Non-performing credit facilities, in accordance with the instructions of the Central Bank of Jordan, amounted to JD 138,778,573 representing 5.79% of gross direct credit facilities as of 30 September 2023 (JD 117,433,661 representing 5.23% of gross direct credit facilities as of 31 December 2022).
- Non-performing credit facilities net of suspended interest, in accordance with the instructions of the Central Bank of Jordan, amounted to JD 126,170,515 representing 5.29% of gross direct credit facilities after excluding suspended interest as of 30 September 2023 (JD 106,136,981 representing 4.75% as of 31 December 2022).
- Credit facilities granted to the Government of Jordan under its own guarantee, amounted to JD 9,461,664 representing 0.39% of gross direct credit facilities as of 30 September 2023 (JD 16,386,805 representing 0.73% as of 31 December 2022).
- Credit facilities granted to the public sector in Palestine amounted to JD 73,317,677 representing 3.06% of gross direct credit facilities as of 30 September 2023 (JD 71,169,122 representing 3.17% as of 31 December 2022).

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

	Corporates					Total
	Individual	Real-estate loans	Large	SMEs	Government and Public sector	
	JD	JD	JD	JD	JD	
<u>For the Nine Months Ended 30 September 2023</u>						
<u>(Reviewed not audited)</u>						
Total balances - beginning of the period	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 period	8,490,288	1,012,213	1,505,153	787,988	51,022	11,846,664
Reversed credit loss on settled facilities	(5,166,187)	(3,246,913)	(3,090,995)	(2,792,943)	(93,130)	(14,390,168)
Transferred to stage 1	2,940,408	322,856	738,790	497,250	575,488	5,074,792
Transferred to stage 2	2,152,931	507,147	1,379,562	590,060	(575,488)	4,054,212
Transferred to stage 3	(5,093,339)	(830,003)	(2,118,352)	(1,087,310)	-	(9,129,004)
Effect on the provision at the end of the period – resulting from the reclassification between the three stages during the period	10,818,295	2,660,853	130,216	1,917,371	(487,708)	15,039,027
Changes resulting from adjustments	9,196,484	(1,641,666)	909,327	(1,184,115)	(137,070)	7,142,960
Written off facilities	(9,915)	-	-	-	-	(9,915)
Valuation differences	(119,222)	(150,841)	(25,084)	(30,521)	-	(325,668)
Total balances - End of the Period	74,660,959	9,159,504	24,863,807	14,212,307	2,052,850	124,949,427
<u>For the Year Ended 31 December 2022 (Audited)</u>						
Total balances - beginning of the year	47,268,915	10,999,407	22,404,725	12,299,861	2,575,788	95,548,696
Credit loss on new facilities during the year	4,697,466	843,578	5,426,566	2,154,453	642,543	13,764,606
Reversed credit loss on settled facilities	(2,471,969)	(2,128,731)	(3,837,888)	(2,558,767)	(498,595)	(11,495,950)
Transferred to stage 1	3,509,451	1,285,368	(9,444)	507,362	-	5,292,737
Transferred to stage 2	1,528,665	(808,715)	2,431,196	(143,975)	-	3,007,171
Transferred to stage 3	(5,038,116)	(476,653)	(2,421,752)	(363,387)	-	(8,299,908)
Effect on the provision at the end of the year - resulting from the reclassification between the three stages during the year	4,665,272	718,408	3,666,809	4,910,558	-	13,961,047
Changes resulting from adjustments	1,000,147	306,701	(1,877,844)	(1,185,523)	-	(1,756,519)
Written off facilities	(3,253,321)	(124,963)	(276,656)	(7,534)	-	(3,662,474)
Valuation differences	(455,294)	(88,542)	(70,522)	(98,521)	-	(712,879)
Total balances - End of the Year	51,451,216	10,525,858	25,435,190	15,514,527	2,719,736	105,646,527

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Suspended Interest

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

	Individual JD	Real-estate loans JD	Corporates		Government and Public sector JD	Total JD
			Large JD	SMEs JD		
<u>For the Nine months Ended 30 September 2023</u>						
<u>(Reviewed not audited)</u>						
Total balances - beginning of the period	2,595,086	1,207,271	5,278,638	2,301,727	-	11,382,722
Suspended interest on new exposures during the period	461,623	489,884	875,572	179,994	-	2,007,073
Suspended interest on settled exposures transferred to revenue during the period	(184,021)	(261,159)	(106,106)	(135,360)	-	(686,646)
Transferred to stage 1	45,559	22,015	-	10,317	-	77,891
Transferred to stage 2	56,814	27,346	5,796	65,414	-	155,370
Transferred to stage 3	(102,373)	(49,361)	(5,796)	(75,731)	-	(233,261)
Total balances - End of the Period	2,872,688	1,435,996	6,048,104	2,346,361	-	12,703,149
<u>For the Year Ended 31 December 2022 (Audited)</u>						
Total balances - beginning of the year	2,545,940	781,322	4,971,325	2,326,544	-	10,625,131
Suspended interest on new exposures during the year	410,900	546,943	811,819	227,333	-	1,996,995
Suspended interest on settled exposures transferred to revenue during the year	(297,982)	(107,753)	(461,974)	(250,857)	-	(1,118,566)
Transferred to stage 1	53,427	26,220	(2)	3,190	-	82,835
Transferred to stage 2	64,735	7,034	355,675	2,098	-	429,542
Transferred to stage 3	(118,162)	(33,254)	(355,673)	(5,288)	-	(512,377)
Suspended interest on written off exposures	(63,772)	(13,241)	(42,532)	(1,293)	-	(120,838)
Total balances - End of the Year	2,595,086	1,207,271	5,278,638	2,301,727	-	11,382,722

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11. Other Assets

The item details are as follows:

	30 September 2023	31 December 2022
	JD (Reviewed not audited)	JD (Audited)
Accrued revenues	18,309,793	24,407,275
Prepaid expenses	8,465,198	8,722,241
Repossessed Assets – net *	16,783,006	18,454,850
Accounts receivable – net	5,150,899	4,484,719
Clearing checks	3,769,721	3,459,376
Settlement guarantee fund	86,000	39,000
Refundable deposits	743,190	913,990
Cards deposits	2,394,281	1,595,271
Others	5,472,077	4,568,122
	<u>61,174,165</u>	<u>66,644,844</u>

*Movement on repossessed assets as a settlement against defaulted facilities is as follows:

	30 September 2023	31 December 2022
	JD (Reviewed not audited)	JD (Audited)
Balance - beginning of the period/ year	20,800,735	16,628,415
Additions	1,625,814	7,656,935
Disposals	(3,281,204)	(3,484,615)
Total	<u>19,145,345</u>	<u>20,800,735</u>
Impairments of repossessed assets	(2,362,339)	(2,345,885)
Balance - end of the period/ year	<u>16,783,006</u>	<u>18,454,850</u>

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

Balance - beginning of the period/ year	2,345,885	2,226,940
Additions	16,454	164,741
Disposals	-	(45,796)
Balance - end of the period/ year	<u>2,362,339</u>	<u>2,345,885</u>

12. Customers Deposits

The item details are as follows:

	30 September 2023	31 December 2022
	JD	JD
	(Reviewed not audited)	(Audited)
Current and demand accounts	642,508,982	607,700,107
Saving deposits	574,365,453	608,878,631
Time and notice deposits	<u>1,347,672,903</u>	<u>1,237,604,612</u>
Total	<u>2,564,547,338</u>	<u>2,454,183,350</u>

- The Government of Jordan and the public sector deposits inside Jordan amounted to JD 347,102,378 representing 13.53% of total deposits as of 30 September 2023 (JD 307,303,950 representing 12.52% of total deposits as of 31 December 2022).
- Non-interest bearing deposits amounted to JD 550,551,628 representing 21.47% of total deposits as of 30 September 2023 (JD 534,120,314 representing 21.76% of total deposits as of 31 December 2022).

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13. Borrowed Funds

The item details are as follows:

	Amount	No. of Installments		Payment	Maturity	Collaterals	Interest rate
		Total	Outstanding	Frequency	date		
JD							
30 September 2023 (Reviewed not audited)							
Amounts borrowed from overseas investment company (OPIC)	15,598,000	1	1	At maturity	2034	None	4.895%-4.845%
Amounts borrowed from French Development Agency	709,000	20	4	Semi- annually	2025	None	3.358%
Amounts borrowed from Central Bank of Jordan	3,800,000	20	8	Semi- annually	2027	None	7.8.65
Amounts borrowed from Central Bank of Jordan	103,486,990	682	682	At maturity per loan	2023- 2035	Treasury Bills	0.5%-1.75%
Amounts borrowed from Central Bank of Jordan	27,454,645	549	549	At maturity	2023-2028	None	-
Amounts borrowed from Central Bank of Jordan	383,872	14	3	Semi- annually	2024	None	2.5%
Amounts borrowed from European Bank for Reconstruction and Development	5,317,500	7	7	Semi- annually	2028	None	6.45%
Amounts borrowed from European Bank for Reconstruction and Development	1,772,500	7	7	Semi- annually	2028	None	5.2%
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	5,555,864	34	34	Semi- annually	2039	None	3.57%
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)	5,672,000	7	7	Semi- annually	2027	None	6.9%
Amounts borrowed from French Development Agency	2,468,465	20	16	Semi- annually	2031	None	5.55%
Palestine Monetary Authority	2,139,428	-	-	Monthly	-	None	3 %
Jordan Kuwait bank	13,797,500	8	8	Quarterly	2024	None	5%
Etihad Bank	6,000,000	8	8	Quarterly	2024	None	6.75%
Housing Bank for Trade and Finance	13,844,016	Overdraft	-	-	2023	None	7.25%
Ahli Bank	5,000,000	8	8	Quarterly	2024	None	5.75%
Ahli Bank	10,000,000	1	1	At maturity	2025	None	4.75%
Investment Bank	5,000,000	8	8	Quarterly	2025	None	6%
Proparco	3,545,000	13	13	Semi- annually	2030	None	7.85%
Amounts borrowed from International Financial Markets (FMI)	1,074,224	1	1	1	-	None	-
Total	<u>299,284,004</u>						

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	Amount	No. of Installments		Payment	Maturity date	Collaterals	Interest rate
		Total	Outstanding	Frequency			
JD							
31 December 2022 (Audited)							
Amounts borrowed from overseas investment company							
(OPIC)	15,598,000	1	1	At maturity	2034	None	4.845%-4.8
Amounts borrowed from French Development Agency	886,250	20	5	Semi- annually	2025	None	3.358%
Amounts borrowed from Central Bank of Jordan	4,750,000	20	10	Semi- annually	2027	None	٪2.93
Amounts borrowed from Central Bank of Jordan	89,629,417	605	605	At maturity / per Loan	2023-2035	Treasury Bills	0.5%-1.75%
Amounts borrowed from Central Bank of Jordan	36,961,787	423	423	At maturity / per Loan	2023-2028	None	-
Amounts borrowed from Central Bank of Jordan	551,888	14	4	Semi- annually	2024	None	2.48%
Amounts borrowed from European Bank for Reconstruction and Development	2,025,714	7	1	Semi- annually	2023	None	5.5%
Amounts borrowed from European Bank for Reconstruction and Development	3,075,000	20	14	Semi- annually	2030	None	2.8%
Amounts borrowed from Central Bank of Jordan	4,809,757	34	34	Semi- annually	2039	None	3%
Amounts borrowed from Central Bank of Jordan	10,000,000	1	1	At maturity	2024	None	7.3%
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%
Jordan Mortgage Refinance Company	16,666,667	1	1	At maturity	2023	Treasury Bills	6%
Amounts borrowed from Central Bank of Jordan	8,333,333	1	1	At maturity	2023	Treasury Bills	6.5%
Amounts borrowed from Central Bank of Jordan	14,285,714	1	1	At maturity	2023	Treasury Bills	4.5%
Amounts borrowed from Central Bank of Jordan	15,625,000	1	1	At maturity	2023	Treasury Bills	6%
Amounts borrowed from Central Bank of Jordan	506,429	7	1	Semi- annually	2023	None	5.80%
Amounts borrowed from Central Bank of Jordan	5,672,000	7	7	Semi- annually	2027	None	5.62%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	8,302,743	20	17	Semi- annually	2031	None	4.222%
Amounts borrowed from French Development Agency	3,938,936	-	-	Monthly	-	None	3.0 %
Palestine Monetary Authority	7,000,000	8	8	Quarterly	2024	None	5.0%
Etihad Bank	6,000,000	8	8	Quarterly	2024	None	6.50%
Housing Bank for Trade and Finance	30,990,360	Overdraft	-	-	2023	None	5.75%
Arab Jordan Investment Bank	1,042,796	Overdraft	-	-	2023	None	5.75%
Amounts borrowed from International Financial Markets (FMI)	1,074,224	-	-	1	-	None	None
Total	341,726,015						

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14. Income Tax

Income Tax Provision

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

	30 September 2023	31 December 2022
	JD (Reviewed not audited)	JD (Audited)
Balance - beginning of the period/ year	23,867,415	19,810,355
Income tax paid	(20,392,644)	(16,428,764)
Income tax expense	14,461,018	20,485,824
Balance - end of the period/ Year	<u>17,935,789</u>	<u>23,867,415</u>

Income tax appearing on the income statement represents the following:

	30 September 2023	30 September 2022
	JD (Reviewed not audited)	JD (Reviewed not audited)
Income tax for the period	14,461,018	13,640,036
Deferred tax liabilities	(397,295)	(14,595)
Deferred tax assets	109,427	(307,803)
Income tax for current period profit	<u>14,173,150</u>	<u>13,317,638</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 2019, 2020, 2021, and 2022.
- A final settlement was reached with the tax authorities for the Bank's branches in Palestine up to the end of the year 2020. The Income and Sales Tax Department did not review 2021 and 2022.
- Al-Watanieh Financial Services Company - (Awraq Investment) 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, and the decision has been appealed and is pending at the Tax Court of First Instance. The Income and Sales Tax Department did not review 2020, 2021, and 2022.
- 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 2022.
- 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 Tax Department did not review 2019, 2020, 2021, and 2022.

In the opinion of the Bank's management, income tax provisions as of 30 September 2023 are sufficient to meet any future tax obligations.

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

	30 September 2023		31 December 2022	
	Assets JD (Reviewed not audited)	Liabilities JD (Reviewed not audited)	Assets JD (Audited)	Liabilities JD (Audited)
Balance - beginning of the period/ year	13,574,826	1,308,124	12,227,606	865,668
Additions	58,428	2,745,404	2,810,020	466,445
Disposals	(341,545)	(846,244)	(1,462,800)	(23,989)
Balance - End of the Period/ Year	<u>13,291,709</u>	<u>3,207,284</u>	<u>13,574,826</u>	<u>1,308,124</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.

15. Other Liabilities

This item consists of the following:

	30 September 2023	31 December 2022
	JD (Reviewed not audited)	JD (Audited)
Accrued unpaid interest	19,809,986	11,807,002
Unearned Revenue	617,051	460,739
Accounts payable	7,255,898	5,153,434
Accrued expenses	14,823,708	10,325,963
Temporary deposits	27,615,153	24,465,104
Checks and withdrawals for payments	6,340,091	7,712,928
Others	4,550,168	3,445,840
	<u>81,012,055</u>	<u>63,371,010</u>
Provision for expected credit losses on indirect credit facilities	3,978,445	4,807,041
Total	<u>84,990,500</u>	<u>68,178,051</u>

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16. Fair Value Reserve – Net

The item details are as follows:

	30 September 2023	31 December 2022
	JD (Reviewed not audited)	JD (Audited)
Balance - beginning of the period / year	9,304,467	3,797,698
Unrealized gains	22,852,455	7,268,999
(Gain) Loss from sale of financial assets at fair value through other comprehensive income transferred to retained earnings	(369,430)	137,544
Deferred tax assets	4,607	(1,436,466)
Deferred tax liabilities	(1,899,160)	(463,308)
Balance - end of the Period / Year	<u>29,892,939</u>	<u>9,304,467</u>

The net fair value reserve is presented after deducting the deferred tax assets that amounted to JD 4,607 and the deferred tax liabilities that amount to JD 2,676,021.

17. Retained Earnings

The item details are as follows:

	30 September 2023	31 December 2022
	JD (Reviewed not audited)	JD (Audited)
Balance - beginning of the period / year	97,910,555	94,481,206
Profit for the year	-	34,613,824
Transferred to statutory reserve	-	(4,652,575)
Transferred to general banking risk reserve	(1,528,328)	(304,826)
Transferred to cyclical fluctuations reserve	(124,183)	(502,221)
Dividends distributed to shareholders	(19,000,000)	(28,500,000)
Net hange in non-controlling interest	-	2,912,691
Transfers resulted from sale of financial assets at fair value through other comprehensive income	369,430	(137,544)
Balance - end of the period / year	<u>77,627,474</u>	<u>97,910,555</u>

- The General Assembly of Shareholders decided in its ordinary meeting held on 13 April 2023 to approve the distribution of cash dividends 100 Fills per share i.e 10% of the par value per share amounting to 1 JD as profit from the year 2022.
- The General Assembly of Shareholders decided in its ordinary meeting held on 24 April 2022 to approve the distribution of cash dividends 90 Fills per share i.e 9% of the par value per share amounting to 1 JD. In addition, they approved the distribution of 16,078,984 shares from Safa Bank/Palestine owned by the Cairo Amman Bank to Cairo Amman Bank Shareholders on a pro rata basis of the shareholders ownership in Cairo Amman Bank's capital as per profit from the year 2021.

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- Retained earnings as of 30 September 2023 amounts to JD 12,672,287 resulting from the early implementation of International Financial Reporting Standard no. (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 amounting to JD 13,291,709 as of 30 September 2023, (JD 13,574,826 as of 31 December 2022), and is restricted from use in accordance with the instructions of the Central Bank of Jordan
- The Bank is restricted from using 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.

18. Interest Income

This item consists of the following:

	30 September 2023	30 September 2022
	JD (Reviewed not audited)	JD (Reviewed not audited)
Direct credit facilities:		
Overdrafts	20,120,568	14,166,491
Loans and bills	117,953,604	86,946,429
Credit cards	2,090,137	2,129,048
Balances at central banks	925,136	236,357
Balances and deposits at banks and financial institutions	6,127,928	3,001,790
Financial assets at amortized cost	30,880,546	28,452,010
Other	407,838	351,979
	<u>178,505,757</u>	<u>135,284,104</u>

19. Interest Expense

The item details are as follows:

	30 September 2023	30 September 2022
	JD (Reviewed not audited)	JD (Reviewed not audited)
Banks and financial institutions deposits	10,320,962	5,634,718
Customers' deposits:		
Current accounts and demand deposits	2,906,622	1,255,398
Saving accounts	2,030,531	2,152,663
Time and notice deposits	45,214,430	28,116,236
Cash margins	353,713	209,006
Loans and borrowings	9,836,522	7,783,611
Deposits guarantee fees	2,150,262	2,854,256
	<u>72,813,042</u>	<u>48,005,888</u>

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20. Gains from Financial Assets at Fair Value through Profit or Loss

The item details are as follows:

	Realized Gain	Unrealized (Losses) Gains	Stock Dividends	Total
	JD	JD	JD	JD
<u>For the Nine months Ended 30 September 2023</u>				
<u>(Reviewed not audited)</u>				
Corporate shares	731,411	(767,265)	475,734	439,880
Total	731,411	(767,265)	475,734	439,880
<u>For the Nine months Ended 30 September 2022</u>				
<u>(Reviewed not audited)</u>				
Corporate shares	318,624	50,672	458,482	827,778
Total	318,624	50,672	458,482	827,778

21. Provision for Expected Credit Losses

The item details are as follows:

	30 September 2023	30 September 2022
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Balances at central banks	(12,118)	(5,534)
Balances at banks and financial institutions	(17,126)	(22,236)
Deposits at banks and financial institutions	14,029	(28,303)
Financial assets at amortized cost	(201,345)	(264,611)
Financial assets at fair value through other comprehensive income	2,993	287
Direct credit facilities	19,638,483	8,792,355
Indirect credit facilities	(828,596)	30,887
	18,596,320	8,502,845

22. Earnings per Share for the period - (Bank's Shareholders)

The item details are as follows:

	For the Three Months Ended 30 September		For the Nine months Ended 30 September	
	2023	2022	2023	2022
	JD	JD	JD	JD
	(Reviewed not audited)		(Reviewed not audited)	
Profit for the period attributable to Bank's shareholders (JD)	8,004,872	8,512,428	26,444,342	24,163,344
Weighted average number of shares	190,000,000	190,000,000	190,000,000	190,000,000
	<u>(JD/ Fills)</u>	<u>(JD/ Fills)</u>	<u>(JD/ Fills)</u>	<u>(JD/ Fills)</u>
Basic and diluted earnings per share for the period - (Bank's Shareholders)	<u>0/042</u>	<u>0/045</u>	<u>0/139</u>	<u>0/127</u>

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23. Cash and Cash Equivalents

The item details are as follows:

	30 September 2023	30 September 2022
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Cash and balances at Central Banks maturing within three months	358,025,238	344,971,207
<u>Add:</u> Balances at banks and financial institutions maturing within three months	75,628,056	142,806,902
<u>Less:</u> Deposits at banks and financial institutions maturing within three months	(153,020,640)	(260,237,703)
<u>Less:</u> Restricted balances	(10,635,000)	(10,635,000)
	<u>269,997,654</u>	<u>216,905,406</u>

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 statement and the following subsidiaries:

Company Name	Ownership %	Company's Capital	
		2023 JD	2022 JD
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

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The following related party transactions took place during the period:

	Related Parties				Total	
	Major Shareholders	Board of Directors and Relatives	Executive Management	Other *	30 September 2023	31 December 2022
	JD	JD	JD	JD	JD (Reviewed not audited)	JD (Audited)
<u>Statement of Financial Position</u>						
<u>Items:</u>						
Direct credit facilities	15,276,042	28,426,345	2,866,885	36,387,152	82,956,424	69,406,297
Deposits at the Bank	13,194,245	50,077,343	2,494,714	10,466,933	76,233,235	62,022,124
Cash Margins	100,155	36,680	1	98,332	235,168	330,527
<u>Off Statement of Financial</u>						
<u>Position Items:</u>						
Indirect credit facilities	1,622,846	7,862,567	110,998	2,930,868	12,527,279	4,175,410
					30 September 2023	30 September 2022
					JD	JD
					(Reviewed not audited)	(Reviewed not audited)
<u>Income Statements Items:</u>						
Interest and commission income	594,939	1,289,073	110,961	1,675,041	3,670,014	845,457
Interest and commission expense	271,497	1,986,875	121,961	522,569	2,902,902	341,809

* 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% - 7.5%.

Interest expense rates on deposits in Jordanian Dinar range between zero – 6.75%.

Interest expense rates on deposits in foreign currency range between zero – 4.75%.

Salaries, wages and bonuses of executive management amounted to JD 2,945,656 as of 30 September 2023 (JD 2,664,825 as of 30 September 2022).

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

Below is information on the Bank's segments:

	Retail Banking	Corporate Banking	Treasury	Other	30 September 2023	30 September 2022
	JD	JD	JD	JD	JD	JD
					(Reviewed not audited)	(Reviewed not audited)
Gross revenues	91,724,769	64,441,549	45,511,688	2,667,436	204,345,442	162,928,719
Expected credit losses	21,841,248	(3,031,361)	(213,567)	-	18,596,320	8,502,845
Provision for impairment of repossessed assets	-	-	-	16,454	16,454	419,447
Segment result	44,403,502	41,073,024	24,792,118	2,650,982	112,919,626	106,000,539
Unallocated costs					(72,241,700)	(68,257,116)
Profit before tax					40,677,926	37,743,423
Income tax					(14,173,150)	(13,317,638)
Profit for the period					26,504,776	24,425,785
Other information						
Capital expenditure					5,917,005	4,975,544
Depreciation and amortization					5,600,897	5,281,980
					30 September 2023	31 December 2022
					JD	JD
					(Reviewed not audited)	(Audited)
Total segment assets	1,101,254,077	1,159,918,823	1,391,207,520	131,946,730	3,784,327,150	3,674,974,454
Total segment liabilities	1,159,795,730	1,438,716,191	595,406,202	138,523,866	3,332,441,989	3,253,156,645

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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 its 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	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	JD	JD	JD	JD	JD	JD
	(Reviewed not audited)		(Reviewed not audited)		(Reviewed not audited)	
Gross revenue	157,781,603	125,770,299	46,563,839	37,158,420	204,345,442	162,928,719
Capital expenditures	5,008,638	3,460,515	908,367	1,515,029	5,917,005	4,975,544

	Inside Jordan		Outside Jordan		Total	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022
	JD	JD	JD	JD	JD	JD
	(Reviewed not audited)	(Audited)	(Reviewed not audited)	(Audited)	(Reviewed not audited)	(Audited)
Total assets	2,699,740,445	2,723,867,894	1,084,586,705	951,106,560	3,784,327,150	3,674,974,454

26. Contingent Liabilities and Commitments

The item details are as follows:

	30 September 2023	31 December 2022
	JD	JD
	(Reviewed not audited)	(Audited)
Letters of credit:		
Issued	93,145,789	56,758,889
Acceptances	6,759,414	6,729,439
Letters of guarantee:		
Payments	34,916,745	30,719,570
Performance	23,243,085	19,714,916
Other	16,937,928	18,672,110
Unutilized direct credit facilities ceilings	215,682,713	222,194,088
Total	390,685,674	354,789,012

27. Lawsuits raised against the Bank

In the normal course of business, the Bank appears as a defendant in several lawsuits amounting to JD 25,214,480 and JD 27,427,909 as of 30 September 2023 and 31 December 2022 respectively. In the opinion of the Bank's management and legal counsel, the Bank maintains adequate provisions against these lawsuits.

Provisions against the cases amounted to JD 1,831,425 and JD 1,861,739 as of 30 September 2023 and 31 December 2022, 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 30 September 2023 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 specialist attorney 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 and the Regulations issued, as these financial statements are interim statements and the deduction is made at the end of the year.