

ARAB BANKING CORPORATION (JORDAN)
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

CONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION FOR THE
PERIOD ENDED MARCH 31, 2023

ARAB BANKING CORPORATION (JORDAN)
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION AND
INDEPENDENT AUDITOR'S REVIEWER REPORT
FOR THE THREE-MONTHS PERIOD
ENDED MARCH 31, 2023

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Independent Auditor's Review Report

AM/ 003305

To the Chairman and Board of Directors Members
Arab Banking Corporation
(A Public Shareholding Limited Company)
Amman – The Hashemite Kingdom of Jordan

Introduction

We have reviewed the accompanying consolidated condensed statement of financial position of the Arab Banking Corporation (A Public Shareholding Limited Company) as of March 31, 2023, and the related consolidated condensed statements of income and other comprehensive income for the three-month period ended March 31, 2023, and the condensed statement of changes in equity and cash flows for the Three -months then ended and the summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of these consolidated condensed interim financial information in accordance with International Accounting Standard number (34) related to "Interim Financial Reporting" as adopted by the Central Bank Jordan. Our responsibility is to express a conclusion on these consolidated condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagement 2410 "Review of consolidated condensed interim financial information performed by the Independent Auditor". A review of consolidated condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters in the Bank, 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 consolidated condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard (34) related to "Interim Financial Reporting" as adopted by the Central Bank Jordan.

Other Matter Paragraph

The accompanying consolidated condensed financial statements are a translation of the statutory consolidated condensed financial statements in the Arabic Language to which reference should be made.

Amman – The Hashemite Kingdom of Jordan
April 26, 2023


Deloitte & Touche (M.E.) - Jordan

Deloitte & Touche (M.E.)
ديلويت أند توش (الشرق الأوسط)
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ARAB BANKING CORPORATION (JORDAN)
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
Assets		JD	JD
Cash and balances at Central Bank of Jordan	5	48,789,661	59,743,320
Balances at Banks and Financial institutions	6	123,154,431	116,654,302
Deposits at Banks and Financial institutions	7	10,586,022	7,532,571
Direct credit facilities at amortized cost - net	8	774,565,685	766,122,745
Financial assets at fair value through other comprehensive income	9	133,667,918	145,260,349
Financial assets at amortized cost	10	175,678,612	140,522,255
Financial assets at amortized cost - Mortgaged	11	30,983,893	47,518,001
Property and equipment - net		32,781,080	33,059,659
Intangible assets - net		1,407,623	1,254,297
Right of use assets		2,849,145	2,926,289
Deferred tax assets		8,266,746	8,071,489
Other assets	12	20,860,151	22,133,962
Total Assets		1,363,590,967	1,350,799,239
Liabilities and Owners' Equity			
Liabilities			
Banks and financial institutions deposits		165,410,358	138,696,896
Customers' deposits	13	847,136,590	841,914,436
Margin accounts		48,843,040	50,294,894
Borrowed funds		102,048,377	124,757,215
Sundry provisions		3,115,096	3,096,646
Income tax provision	14	3,450,915	2,283,188
Deferred tax liabilities		443,899	461,371
Lease liability contracts		2,646,886	2,819,028
Other liabilities	15	24,920,770	22,703,554
Total Liabilities		1,198,015,931	1,187,027,228
Owner's Equity			
Subscribed and paid-up capital	16	110,000,000	110,000,000
Share premium		66,943	66,943
Statutory reserve	17	30,762,318	30,762,318
Voluntary reserve	17	197,281	197,281
Fair value reserve - Net	18	(964,838)	(1,081,938)
Retained earnings	19	23,827,407	23,827,407
Profit for the period		1,685,925	-
Total Owner's Equity		165,575,036	163,722,011
Total Liabilities And Owner's Equity		1,363,590,967	1,350,799,239

THE ACCOMPANYING NOTES FROM (1) TO (29) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED INTERIM CONDENSED FINANCIAL INFORMATION.

ARAB BANKING CORPORATION (JORDAN)
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE THREE MONTHS AND THREE MONTHS
PERIOD ENDED MARCH 31, 2023

	Note	For the Three-Months Ended March 31,	
		2023 (Reviewed)	2022 (Reviewed)
		JD	JD
Interest income		22,505,286	15,345,653
Interest expense		(11,891,124)	(6,824,726)
Net Interest Income		10,614,162	8,520,927
Net commission income		710,643	738,186
Net Interest and commission Income		11,324,805	9,259,113
Gain from foreign currencies		271,458	220,035
Gain from financial assets at fair value through other comprehensive income		35,875	25,500
Other income – net		870,196	583,816
Total Income		12,502,334	10,088,464
Expenses:			
Employees' expenses		4,066,227	3,682,252
Depreciation and amortization		906,496	861,363
Other expenses		2,463,583	2,348,781
Provision for expected credit loss on financial assets	20	2,361,093	1,150,577
Sundry provisions		18,452	81,539
Total Expenses		9,815,851	8,124,512
Profit for the period before Tax		2,686,483	1,963,952
Income tax expense	14	(1,000,558)	(407,369)
Profit for the Period		1,685,925	1,556,583
Earnings Per Share for the period attributable to the Bank's Shareholders		JD/fills	(JD/Fils)
Basic & Diluted	21	0.015	0.014

**THE ACCOMPANYING NOTES FROM (1) TO (29) CONSTITUTE AN INTEGRAL PART
OF THESE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION.**

ARAB BANKING CORPORATION (JORDAN)
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS AND THREE MONTHS
PERIOD ENDED MARCH 31, 2023

	For the Three-Months Ended March 31,	
	2023	2022
	(Reviewed)	(Reviewed)
	JD	JD
Profit for the period	1,685,925	1,556,583
<u>Other comprehensive income items:</u>		
<u>Other comprehensive income items which may be reclassified to profit or loss in subsequent periods:</u>		
Net Change in valuation reserve of financial assets at fair value through comprehensive income after tax – Debt instruments	146,892	(1,192,931)
Gain in the fair value of the derivatives	(30,331)	133,193
<u>Items not to be subsequently transferred to statement of profit or loss:</u>		
Net Change in valuation reserve of financial assets at fair value through comprehensive income after tax – Equity Instruments	539	216
Total Comprehensive Income for the Period	1,803,025	497,061

THE ACCOMPANYING NOTES FROM (1) TO (29) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION.

ARAB BANKING CORPORATION (JORDAN)
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS AND THREE MONTHS PERIOD ENDED MARCH 31, 2023

	Subscribed and Paid-up Capital	Share Premium	Statutory Reserve	Voluntary Reserve	Fair Value Reserve - Net	Retained Earnings	Profit for the Period	Total
	JD	JD	JD	JD	JD	JD	JD	JD
<u>For the Three - Months Ended March 31, 2023</u>								
Balance - beginning of the period (Audited)	110,000,000	66,943	30,762,318	197,281	(1,081,938)	23,827,407	-	163,772,011
Total Comprehensive income for the period	-	-	-	-	117,100	-	1,685,925	1,803,025
Balance - End of the Period (Reviewed)	110,000,000	66,943	30,762,318	197,281	(964,838)	23,827,407	1,685,925	165,575,036
<u>For the Three - Months Ended March 31, 2022</u>								
Balance - beginning of the period (Audited)	11,000,000	66,943	29,892,408	197,281	3,570,478	24,627,485	-	168,354,595
Total Comprehensive income for the period	-	-	-	-	(1,059,522)	-	1,556,583	497,061
Balance - End of the Period (Reviewed)	11,000,000	66,943	29,892,408	197,281	2,510,956	24,627,485	1,556,583	168,851,656

- An amount of JD 8,266,746 as of March 31, 2023 is restricted against deferred tax assets (JD 8,071,489 as of December 31, 2022 which represents the capitalization or distribution only to the extent that it is actually realized according to Jordan Securities Commission and Central Bank of Jordan instructions.
- Included in retained earnings an amount of JD 2,761 as of March 31, 2023 and December 31, 2022 which is restricted, representing the effect of IFRS (9) early adoption, except for the amounts realized through the actual sale.

**THE ACCOMPANYING NOTES FROM (1) TO (29) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED
CONDENSED INTERIM FINANCIAL INFORMATION.**

ARAB BANKING CORPORATION (JORDAN)
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS
PERIOD ENDED MARCH 31, 2023

		For the Three-Months Ended March 31,	
	Note	2023 (Reviewed) JD	2022 (Reviewed) JD
Operating Activities:			
Profit for the period before income tax		2,686,483	1,963,952
Adjustments for non-cash items			
Depreciation and amortization		906,496	861,363
Provision for expected credit loss on financial assets	20	2,361,093	1,150,577
(Profit) loss from disposed property and equipment		(74,508)	205,818
(Profit) from disposed of seized assets		(45,139)	-
Sundry provisions		18,452	81,539
Accrued interests		3,649,497	2,081,295
Effect of Exchange rate fluctuation on cash and cash equivalents		45,771	(36,683)
Income before Changes in Assets and Liabilities		9,548,145	6,307,861
Changes in Assets and Liabilities			
(Increase) decrease in deposits at banks and financial Institutions that mature after three months		(3,101,850)	5,814,240
(Increase) decrease in direct credit facilities		(10,699,490)	2,267,611
(Increase) decrease in other assets		(2,852,863)	5,768,216
Increase in Bank's and financial institutions deposits that mature after three months		34,819,850	36,111,238
Increase in customers' deposits		5,222,154	14,928,745
(Decrease) in margin accounts		(1,451,854)	(1,101,479)
Increase in other liabilities		2,698,576	1,800,865
Net Cash Flows from Operating Activities before Income Tax and Paid Sundry Provision		34,182,668	71,897,297
Income tax paid	14	(117,330)	(865,056)
Paid from sundry provisions		-	(4,689)
Net Cash Flows from Operating Activities		34,065,338	71,027,552
Investing Activities			
(Purchase) of financial assets at amortized cost		(18,621,952)	(30,004,811)
Proceeds from maturity of financial assets at amortized cost and mortgaged - net		-	38,003,509
(Purchase) of property and equipment		(449,773)	(916,649)
(Purchase) of Intangible assets		(280,572)	(16,244)
Proceeds from sale of property and equipment		183,000	448,673
(Purchase) of Financial assets at fair value through other comprehensive income		(3,024,329)	(5,277,941)
Proceeds from sale and maturity of financial assets at fair value through other comprehensive income		14,852,111	3,502,930
Net Cash Flows (used in) from Investing Activities		(7,341,515)	5,739,467
Financing Activities			
Dividends paid to shareholders		(12,989)	(8,447)
Payments against Lease contracts		(292,377)	(439,877)
(Decrease) in borrowing funds		(22,708,838)	(13,539,943)
Net Cash Flows (used in) Financing Activities		(23,014,204)	(13,988,267)
Net Increase in Cash and Cash Equivalents		3,709,619	62,778,752
Effect of exchange rate fluctuation on cash and cash equivalents		(45,771)	36,683
Cash and cash equivalents - Beginning of the Period		39,318,535	(31,559,716)
Cash and Cash Equivalents - End of the Period	22	42,982,383	31,255,719

THE ACCOMPANYING NOTES FROM (1) TO (29) CONSTITUTE AN INTEGRAL PART OF THESE
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION.

ARAB BANKING CORPORATION (JORDAN)
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL
INFORMATION

1. Incorporation and Activities

Arab Banking Corporation (Jordan) was established as a public shareholding company on January 21, 1990 in accordance with the Companies Law No (1) of 1989 with headquarter in Amman.

The Bank provides banking services through its head office in Amman and its 23 branches and office in Jordan and the subsidiary Company.

The Bank's shares are listed in Amman Stock Exchange.

The Bank and its subsidiary "the Group" financial statements are consolidated in the Arab Banking Corporation – Bahrain financial statements (the parent company).

2. Basis of Preparation

The accompanying consolidated condensed interim financial information for the Bank and its subsidiaries are prepared in accordance to the International Financial Reporting Standard number (34) (interim financial reports) as adopted by Central Bank of Jordan.

The main differences between the IFRSs as they should be applied and what has been approved by Central Bank of Jordan, is as follows:

- a. Provisions for expected credit losses are calculated in accordance with IFRS (9) and the Central Bank of Jordan, whichever is higher, the material differences are as follows:
 - Exempt debt instruments and any other credit exposures issued or granted by the Jordanian government, so that credit exposures on the Jordanian Government and its guarantee are treated without credit losses, so that credit exposures is treated on the Jordanian Government and by its guarantee without credit losses.
 - When calculating the credit losses against credit exposures, the calculation results according to IFRS 9 are compared with those according to the Central Bank of Jordan's Instructions No. (2009/47) dated December 10, 2009 for each stage separately and the most severe results are taken.
 - In some / certain special cases, the Central Bank of Jordan agrees on special arrangements related to the calculation of the expected credit losses' provision of direct credit facilities customers for a given period.
 - Exempt facilities associated with government projects (financing government dues) from classification when calculating provisions.
- b. Interest and commissions are suspended on non performing credit facilities granted to clients, in accordance with the instructions of the Central Bank of Jordan.
- c. Assets seized by the Bank are shown in the consolidated condensed interim statement of financial position, among other assets, at their current value when seized by the Bank or at their fair value, whichever is lower. Furthermore, they are reassessed on the date of the consolidated condensed interim financial statements, and any decrease in value is recorded as a loss in the consolidated condensed interim statement of profit or loss and comprehensive income and the increase in value is not recorded as revenue. In addition, any subsequent increase is taken to the consolidated condensed interim statement of profit or loss and comprehensive income to the extent that it does not exceed the previously recorded impairment value. In accordance with the circular of the Central Bank of Jordan NO. 10/3/16234 dated October 10, 2022, the gradual provision for the seized assets was suspended, provided that the allocated provisions for the expropriated real estate in violation of the provisions of the Banking Law are maintained, and only the allocated provision is released against any of the violating real estate that are disposed of.
- The reporting currency of the consolidated condensed interim financial statements is the Jordanian Dinar, which is the functional currency of the Bank.

- The consolidated condensed interim financial information does not include all the information and clarifications required for the annual financial statements and should be read with the Bank's annual financial statements for the year ended December 31, 2022, and the results of the three months ended March 31, 2023 do not necessarily represent an indication of the expected results of the fiscal year ending December 31, 2022. The profit for the three months ended March 31, 2023, which is held at the end of the fiscal year, was not allocated.
- **Significant Accounting Judgments and key Sources of Uncertainty Estimates, and Risk Management:**
Preparation of the consolidated condensed interim financial information and application of the accounting policies require Bank's management to make Judgments, estimates, and assumptions that affect the amounts of financial assets, financial liabilities and to disclose potential liabilities. Moreover, these estimates and judgments affect revenues, expenses, provisions, in general, expected credit losses, as well as changes in fair value that appear in the consolidated condensed interim statement of comprehensive income and within shareholders' equity. In particular, Bank's management requires judgments to be made to estimate the amounts and timing of future cash flows. These mentioned estimates are necessarily based on multiple assumptions and many factors with varying degrees of estimation and uncertainty. Meanwhile, the actual results may differ from estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

We believe that our estimates in the preparation of summary consolidated condensed interim financial information are reasonable and similar to those adopted in the preparation of consolidated financial statements for the year 2022, except for the following:

3. Significant Accounting Policies

The accounting policies used in the preparation of the condensed consolidated interim financial information for the period ended on March 31, 2023 are consistent with those used in the preparation of the annual consolidated financial statement for the year ended December 31, 2022. However, the Bank has adopted the following amendments and interpretations that apply for the first time in 2023 and have not materially affected the amounts and disclosures in the condensed consolidated interim financial information for the period and prior years, which may have an impact on the accounting treatment of future transactions and arrangements:

IFRS (17) Insurance Contracts

IFRS (17) establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS (4) Insurance Contracts.

IFRS (17) outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the Board issued Amendments to IFRS (17) to address concerns and implementation challenges that were identified after IFRS (17) was published. The amendments defer the date of initial application of IFRS (17) (incorporating the amendments) to annual reporting periods beginning on or after January 1, 2023. At the same time, the Board issued Extension of the Temporary Exemption from Applying IFRS (9) (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS (9) in IFRS (4) to annual reporting periods beginning on or after January 1, 2023.

In December 2021, the IASB issued Initial Application of IFRS (17) and IFRS (9) –Comparative Information (Amendment to IFRS 17) to address implementation challenges that were identified after IFRS (17) was published. The amendment addresses challenges in the presentation of comparative information.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current

The amendments to IAS (1) affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or noncurrent is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Amendments to IAS (1) Presentation of Financial Statements and IFRS Practice Statement (2) Making Materiality Judgements - Disclosure of Accounting Policies

The amendments change the requirements in IAS (1) with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS (1) are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement (2).

Amendments to IAS (8) Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error.
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The IASB added two examples (4&5) to the Guidance on implementing IAS (8), which accompanies the Standard. The IASB has deleted one example (3) as it could cause confusion in light of the amendments.

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

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS (16) at the commencement date of a lease.

Following the amendments to IAS (12), an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS (12).

The Board also adds an illustrative example to IAS (12) that explains how the amendments are applied.

The amendments apply 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 an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
 - Right-of-use assets and lease liabilities.
 - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset.

The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

4. Basis of Consolidation of the Financial Statements

- The accompanying consolidated condensed Interim financial statements include the financial statements of the Bank and the subsidiary under its control. Moreover, control is achieved when the Bank has the ability to control the investee company, the company is exposed to variable returns or has rights to participate in the investee company, and the Bank is able to use its authority over the investee company, which affects its revenues.
- The Bank reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.
- When the Bank has less than the majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.
- Transactions, balances, revenues and expenses are eliminated between the Bank and the subsidiary.
- The financial statements of the subsidiary are prepared for the same financial year, using the same accounting policies adopted by the Bank. If the accounting policies adopted by the company are different from those used by the Bank, the necessary adjustments to the financial statements of the subsidiary are made to comply with the accounting policies followed by the Bank.

- The results of the subsidiary are incorporated into the consolidated Interim Condensed interim statement of Profit or Loss from the effective date of acquisition, which is the date on which actual control over the subsidiaries is assumed by the Bank. Moreover, the operating results of the disposed-of subsidiary are incorporated into the consolidated statement of Profit or Loss up to the effective date of disposal, which is the date on which the Bank loses control over its subsidiary.
- Non-controlling interests represent that part of the equity that is not owned by the Bank. Non-controlling interests in the net assets of the subsidiary are presented separately in the Bank's statement of equity.

The Bank's subsidiary as of March 31, 2023 represents the following:

- Arab Co-operation for Financial Investments (ABCI)

Arab Co-operation for Financial Investments is wholly owned by the Bank, and its objective is to carry out brokerage investments on behalf of its clients, in addition to providing financial consultation services on stock exchange investing. Its paid-up capital amounted to JD 15,600,000, total assets to JD 49,070,162 and total liabilities to JD 24,364,210 as at March 31, 2023. Moreover, its total revenue amounted to JD 830,597 and total expenses to JD 618,824 for the period ended March 31, 2023, before excluding any transactions, balances, revenue, and expenses between the Company and the Bank.

Control is achieved when the Bank:

- Has the power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect the investee's returns.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

When the Bank has less than the majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

In this regard, the Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders, or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

When the Bank loses control of the subsidiary, the Bank performs the following:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the book value of any non-controlling interests.
- Derecognizes the transfer difference accumulated in Owners' Equity.
- Derecognizes the fair value to the next controlling party.
- Derecognizes the fair value of any investment retained.
- Derecognizes any gain or loss in the Profit or Loss statement.
- Reclassifies owners' equity already booked in other comprehensive income to the profit or loss statement, as appropriate.

5. Cash and balances at Central Bank of Jordan

The details of this item are as follows:

	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Cash on hand	6,839,721	6,729,607
Balances at central bank of Jordan:		
Current accounts and demand deposits	623,692	12,025,413
Statutory cash reserve	41,326,248	40,988,300
Total cash at Central Bank of Jordan	41,949,940	53,013,713
Total	48,789,661	59,743,320

- The statutory cash reserve amounted to JD 41,326,248 as of March 31, 2023 (JD 40,988,300 as of December 31, 2022).
- There are no restricted balances except for the statutory cash reserve as of March 31, 2023 and December 31, 2022.
- Balances with the Central Bank of Jordan are classified as part of the first stage in accordance with the requirements of IFRS (9), and there are no transfers between the first, second and third stages or non-performing balances during the three-months ended March 31, 2023.

6. Balances at banks and financial institutions

The details of this item is as follows:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	3,233	107,383	24,705,408	44,485,966	24,708,641	44,593,349
Deposits maturing within or less than 3 months	62,461,844	41,718,645	36,008,102	30,355,475	98,469,946	72,074,120
Total	62,465,077	41,826,028	60,713,510	74,841,441	123,178,587	116,667,469
Provision for expected credit loss	(15,675)	(3,112)	(8,481)	(10,055)	(24,156)	(13,167)
Total	62,449,402	41,822,916	60,705,029	74,831,386	123,154,431	116,654,302
-	Non-interest bearing balances at banks and financial institutions amounted to JD 8,783,251 as of March 31, 2023 (JD 4,311,358 as of December 31, 2022).					
-	There are no restricted balances at the banks and financial institutions as of March 31, 2023 and December 31, 2022.					

7. Deposits at banks and financial institutions

The details of this item is as follows:

	Local Banks and financial institutions		Foreign Banks and financial institutions		Total	
	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD	JD	JD	JD	JD
Deposits maturing during the period:						
From 3 months to 6 months	10,635,000	-	-	7,533,150	10,635,000	7,533,150
Total	10,635,000	-	-	7,533,150	10,635,000	7,533,150
Provision for expected credit loss	(48,978)	-	-	(579)	(48,978)	(579)
Net deposits at banks and financial institutions	10,586,022	-	-	7,532,571	10,586,022	7,532,571

- No deposit due within more than six months as of March 31, 2023 and December 31, 2022.
- There are no restricted deposits as of March 31, 2023 and December 31, 2022.
- Deposits balances with banks and financial institutions which are classified as part of the first stage amounted to JD 10,635,000 as of March 31, 2023, there are also no transfers between the first, second and third stages or written off balances during the three-months period ended March 31, 2023.

8. Direct credit facilities at amortized cost - net

The details of this item are as follow:

	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Individual (Retail)		
Overdrafts*	30,955,352	30,426,813
Loans and bills **	407,230,690	396,142,220
Credit cards	3,500,180	3,602,393
Real Estate loans	64,599,175	65,454,857
Corporate		
Overdrafts*	64,189,696	62,471,947
Loans and bills **	204,687,775	206,420,842
Small and medium enterprises		
Overdrafts*	5,304,262	5,238,876
Loans and bills **	21,445,300	19,983,912
Government and public sector ***	66,578,316	66,862,888
Total	<u>868,490,746</u>	<u>856,604,748</u>
<u>Less: Interest in suspense</u>	(23,538,154)	(22,351,209)
<u>Less: Expected credit loss</u>	<u>70,386,907</u>	<u>(68,130,794)</u>
Direct credit facilities – net	<u>774,565,685</u>	<u>766,122,745</u>

* Net of interest and commission received in advance amounting to JD 4,719 as of March 31, 2023 (JD 12,282 as of December 31, 2022).

** Net of interest and commissions received in advance amounting to JD 143,626 as of March 31, 2023 (JD 139,612 as of December 31, 2022).

- The non-performing credit facilities amounted to JD 86,351,063 which represent 9.943% of the gross direct facilities as of March 31, 2023 (JD 84,103,461 which represent 9.818% of the granted balance as of December 31, 2022).
- The non-performing credit facilities after deducting interest suspended amounted to JD 62,812,909 which represent 7.434% of the gross direct facilities after deducting interest suspended as of March 31, 2023 (JD 61,752,252 which represent 7.402% of the granted balance as of December 31, 2022).
- The credit facilities that were granted to the Jordanian government with guarantee amounted to JD 66,578,316 which represent 7.666% as of March 31, 2023 against JD 66,862,888 which represent 7.806% as of December 31, 2022.

The movement in direct credit facilities on collective basis:

	Stage (1)		Stage (2)		Stage (3)	Total
	Individual	Collective	Individual	Collective		
For the Three-Months Ended March 31, 2023	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period (Audited)	262,526,849	447,788,005	40,058,124	22,128,309	84,103,461	856,604,748
New credit facilities during the period	53,732,290	39,883,228	1,610,780	1,037,774	1,290,930	97,555,002
Settled credit facilities	(54,388,620)	(28,330,364)	(1,135,269)	(602,257)	(299,330)	(84,755,840)
Transferred to Stage (1)	-	1,795,746	-	(1,795,717)	(29)	-
Transferred to Stage (2)	-	(4,083,016)	-	4,300,229	(217,213)	-
Transferred to Stage (3)	-	(30)	-	(1,631,531)	1,631,561	-
Adjustments resulting from the reclassification between the three stages	-	45,554	-	(800,401)	(1,853)	(756,700)
Written off credit facilities	-	-	-	-	(156,464)	(156,464)
Total balance at the end of the period (Reviewed)	261,870,519	457,099,123	40,533,635	22,636,406	86,351,063	868,490,746
For the year Ended December 31, 2022						
Balance at the beginning of the year (Audited)	223,435,496	407,238,514	52,415,207	22,418,598	66,258,023	771,765,838
New credit facilities during the year	97,705,981	170,282,796	23,338,565	2,011,907	4,600,526	297,939,775
Settled credit facilities	(58,261,718)	(121,142,280)	(24,718,829)	(2,565,471)	(3,863,868)	(210,552,166)
Transferred to Stage (1)	511,532	5,024,475	(511,532)	(4,649,690)	(374,785)	-
Transferred to Stage (2)	(900,881)	(9,437,519)	900,881	9,658,934	(221,415)	-
Transferred to Stage (3)	-	(2,572,123)	(11,344,161)	(4,016,961)	17,933,245	-
Adjustments resulting from the reclassification between the three stages	36,439	(1,605,858)	(22,007)	(729,008)	(45,960)	(2,366,394)
Written off credit facilities	-	-	-	-	(182,305)	(182,305)
Total balance at the end of the year (Audited)	262,526,849	447,788,005	40,058,124	22,128,309	84,103,461	856,604,748

The following represents the movement in expected credit loss according to the sectors on collective basis:

For the Three –Months Ended as of March 31, 2023

Balance at the beginning of the period (Audited)

Impairment on new credit facilities during the period

Settled credit facilities

Transferred to Stage (1)

Transferred to Stage (2)

Transferred to Stage (3)

Impact on provision- as of the end of the period – resulting from the reclassification between the three stages during the period
Written off credit facilities

**Total balance as of the end of the period
(Reviewed)**

Corporates	Small and medium enterprises	Retail	Real Estate	Government and public sector	Total
JD	JD	JD	JD	JD	JD
40,516,982	2,092,680	24,689,835	826,598	4,699	68,130,794
817,939	203,089	1,441,826	107,931	-	2,570,785
(360,533)	(42,402)	(635,631)	(83,344)	-	(1,121,910)
-	-	(443,183)	(3,435)	-	(446,618)
-	-	(491,340)	(3,830)	-	(495,170)
-	-	934,523	7,265	-	941,788
-	-	806,569	1,125	-	807,694
-	-	(456)	-	-	(456)
40,974,388	2,253,367	26,302,143	852,310	4,699	70,386,907

For the year Ended as of December 31, 2022

Balance at the beginning of the year (Audited)

Impairment on new credit facilities during the year

Settled credit facilities

Transferred to Stage (1)

Transferred to Stage (2)

Transferred to Stage (3)

Impact on provision- as of the end of the year – resulting from the reclassification between the three stages during the year
Written off credit facilities

Adjustments due to change in exchange rates

Total balance as of the end of the year (Audited)

Corporates	Small and medium enterprises	Retail	Real Estate	Government and public sector	Total
JD	JD	JD	JD	JD	JD
37,054,558	1,981,042	21,493,729	567,178	-	61,096,507
4,950,219	182,308	2,162,370	164,694	4,699	7,464,290
(4,443,563)	(213,671)	(2,057,929)	(31,249)	-	(6,746,412)
(14,939)	(4,349)	(2,357,027)	(104,169)	-	(2,480,484)
(9,867,906)	(156,072)	(598,762)	(16,257)	-	(10,638,997)
9,882,845	160,421	2,955,789	120,426	-	13,119,481
2,955,768	143,001	3,103,445	125,975	-	6,328,189
-	-	-	-	-	-
-	-	(11,780)	-	-	(11,780)
40,516,982	2,092,680	24,689,835	826,598	4,699	68,130,794

- The amount of provisions that were no longer needed as a result of settlement and payment of debts and converted to other debts amounted to JD 452,540 as of March 31, 2023 (JD 2,391,236 as of December 31, 2022).

Interest in Suspense:

The movement of interest in suspense is as follows:

For the Three-months Ended on March 31, 2023

Balance – beginning of the period (Audited)
 Suspended interest during the period
 Interest in suspense reversed to income
 Written-off suspended interest

Balance - End of the Period (Reviewed)

Corporates				
	Retail	Real Estate	Large Corporate Customers	SMEs
	JD	JD	JD	JD
	9,941,172	490,537	10,763,643	1,155,857
	531,443	25,322	866,795	25,313
	(102,260)	-	(1,000)	(2,660)
	(86,245)	-	-	(69,763)
	10,284,110	515,859	11,629,438	1,108,747
				23,538,154

For the Year Ended December 31, 2022

Balance – beginning of the year (Audited)
 Suspended interest during the year
 Interest in suspense reversed to income
 Written-off suspended interest

Balance - End of the year (Audited)

	8,737,795	386,792	7,145,861	1,069,686	17,340,134
	1,685,511	106,569	3,650,076	112,571	5,554,727
	(345,526)	-	(1,201)	(26,400)	(373,127)
	(136,608)	(2,824)	(31,093)	-	(170,525)
	9,941,172	490,537	10,763,643	1,155,857	22,351,209

9. Financial assets at fair value through other comprehensive income

The details of this items are as follows:

	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Shares listed in active market	1,251,505	1,250,705
Shares unlisted in active market	2,899,585	2,899,316
Government guaranteed bonds	100,401,598	115,299,365
Jordanian treasury bills	15,900,881	15,652,517
Other financial bonds	13,221,240	10,162,899
	133,674,809	145,264,802
<u>Less:</u> Provision for expected credit loss	(6,891)	(4,453)
	133,667,918	145,260,349

10. Financial assets at amortized cost

The details of this item are as follows:

	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Unquoted Financial Assets		
Jordanian treasury bills	22,459,947	18,830,972
Governmental guaranteed bonds	138,233,573	106,706,487
Other financial bonds	15,000,000	15,000,000
	175,693,520	140,537,459
<u>Less:</u> provision for expected credit loss	(14,908)	(15,204)
Total	175,678,612	140,522,255
Bonds and treasury bills analysis:		
Fixed return	175,693,520	140,537,459
Variable return	-	-
Total	175,693,520	140,537,459
Bond Analysis IFRS (9)		
Stage (1)	175,693,520	140,537,459
Stage (2)	-	-
Stage (3)	-	-
Total	175,693,520	140,537,459

11. Financial assets at amortized cost-Mortgaged

The details of this item are as follows:

	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Governmental guaranteed bonds	30,983,893	47,518,001
Total	30,983,893	47,518,001

- On April 4, 2020, the Bank sold three bond of Jordanian treasury bonds with a nominal value of JD 31,000,000 to Arab Bank. The amount of repurchasing agreement for the bond reached JD 34,455,130, noting that the amount received was JD 33,766,027 which has been recorded as borrowed financial at an interest rate of 3.97% per annum, as indicated. The Bank did not recognize this transaction as sale transaction, as the bank reserved the right to repurchase these bonds on April 4, 2024.

12. Other assets

The details of this item are as follow:

	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Revenue and interest under collection	4,882,918	8,972,504
Prepaid expenses	1,765,918	759,250
Assets seized by the Bank against due debts *	2,896,816	3,034,678
Assets / profits of unrealized financial derivatives	416,946	465,904
Other receivables/brokerage Company	1,961,195	88,259
Land held for sale/brokerage Company	1,696,734	1,696,734
Discounted LC's	-	75,640
Seized assets sold in installments	3,822,675	3,822,675
Other	3,416,949	3,218,318
Total	20,860,151	22,133,962

* The regulations of Central Bank of Jordan require disposing of the assets seized by the Bank during a maximum period of two years from the date of the acquisition. In exceptional cases, the Central Bank may extend this period to a maximum of two consecutive years.

- The following represents the movement of the assets seized by the Bank against due debts:

	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Balance at the beginning of the period	3,034,678	3,270,042
Additions	-	73,925
Disposals	(137,862)	(309,289)
(Expense) provision of the seized assets during the year	-	-
Total	2,896,816	3,034,678

- The provision of the seized assets is JD 201,322 as of March 31, 2023 (JD 201,322 as of December 31, 2022) for the seized amounted to assets owned by the bank for a period exceeding four years.

13. Customers' deposits

The details of this item are as follows:

	Individual	Large corporates	Small and medium enterprises	Government and public sector	Total
	JD	JD	JD	JD	JD
<u>For the Three - Months ended as of March</u>					
<u>31, 2023 (Reviewed)</u>					
Current and demand deposits	49,361,606	128,714,121	10,682,217	252,790	189,010,734
Saving accounts	20,484,655	279,183	77,558	85	20,841,481
Time and notice deposits	300,913,899	226,359,194	11,796,341	98,214,941	637,284,375
Total	370,760,160	355,352,498	22,556,116	98,467,816	847,136,590
<u>For the year ended as of December 31,</u>					
<u>2022 (Audited)</u>					
Current and demand deposits	49,425,795	61,503,771	10,688,854	644,914	122,263,334
Saving accounts	21,551,728	282,174	299,556	85	22,133,543
Time and notice deposits	309,126,999	280,847,274	10,565,453	96,977,833	697,517,559
Total	380,104,522	342,633,219	21,553,863	97,622,832	841,914,436

- Jordan Government and public sector deposits amounted to JD 98,467,816 as of March 31, 2023 which represents 11.624% (JD 97,622,832 as of December 31, 2022 which represents 11.595%) of total customers' deposits.
- Non-interest bearing deposits amounted to JD 170,368,865 which represents 20.111% as of March 31, 2023 (JD 98,512,567 which represents 11.701% as of December 31, 2022) of total deposits.
- Restricted deposits amounted to JD 98,506,576 as of March 31, 2023 which represents 11.628% (JD 97,528,567 of total deposits which represents 11.584% as of December 31, 2022).
- Dormant accounts amounted to JD 13,643,745 as of March 31, 2023 (JD 13,643,745 as of December 31, 2022).

14. Income tax

a. Income tax provision

The movement of the income tax provision is as follows:

	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Balance at the beginning of the period/ year	2,283,188	7,256,848
Income tax paid	(117,330)	(5,031,415)
Accrued income tax	1,285,057	57,755
Balance at the end of the period/ year	3,450,915	2,283,188

Income tax expense appearing in the statement of profit or loss represents the following:

	For the Three-Months Ended as of March 31,	
	2023 (Reviewed)	2022 (Reviewed)
	JD	JD
Current income tax liabilities for the period	1,285,057	(575,074)
Deferred tax assets for the period	(557,170)	(2,139,192)
Amortization of deferred tax assets	272,671	3,121,635
	1,000,558	407,369

- The statutory tax rate on the banks in Jordan reaches 35% and 3% national contribution and the subsidiary company reaches 24% and 4% national contribution.
- The Bank has reached a final settlement with the Income and sales Tax Department for the year 2020. The 2021 tax declaration was submitted to the Income and Sales Tax Department.
- A final settlement was reached with the Income Tax Department for the subsidiary company for the year 2020, The tax declaration for the year 2021 was submitted to the Income and.

15. Other liabilities

The details for this item are as follows:

	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Interest payable	7,104,322	7,544,411
Revenue received in advanced	124,094	159,413
Accounts payable	10,074,734	7,211,264
Unpaid and accrued expenses	1,320,512	1,786,305
Liabilities / losses on unrealized financial derivative	219,572	202,424
Certified cheques withdrawn by the bank	1,043,396	987,073
Provision for expected credit losses on off-statement of financial position items	472,108	429,095
Board of Directors remunerations	80,118	89,243
Transfers held for payment	215,153	1,004,954
Deferred revenues	311,311	329,639
Other	3,955,450	2,959,733
Total	24,920,770	22,703,554

16. Subscribed and Paid-up capital

The paid-up capital amounted to JD 110,000,000 divided into 110,000,000 shares at a par value of JD 1 per share as of March 31, 2023 and of December 31, 2022.

Proposed Dividends

The Board of Directors decided on February 26, 2023 to recommend to the General Assembly to distribute cash dividends amounted to JD 4,400,0000 at 4% of the paid up and subscribed capital.

Dividends Distribution

The board of directors decided on April 21, 2022 to recommend to the general assembly the distribution of cash dividends with an amount of JD 6,600,000 at 6% of the paid up and subscribed capital.

17. Reserves

The bank did not make any transfers to statutory reserves for the period since these are consolidated condensed interim financial information as it will be done at the end of the year.

18. Fair value reserve – net

The details of this item are as follows:

	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Balance at the beginning of the period / year	(1,081,938)	3,570,478
Gains (losses) Unrealized	188,871	(7,503,896)
Deferred tax liabilities	17,470	1,876,070
Deferred tax assets	(89,241)	975,410
Balance at the End of the Period/ Year	(964,838)	(1,081,938)

- The fair value reserve is shown in net after clearing the balance of deferred tax assets which amounted to JD 89,241 and tax liabilities are offset by 17,470 as of March 31, 2023 against deferred tax assets which amounted to JD 975,410 and the tax liabilities are offset by 1,876,070 as of December 31, 2022.

19. Retained earnings

The details of this item are as follows:

	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Balance at the beginning of the period/ year	23,827,407	24,627,485
Profit for the year	-	6,669,832
Transfer from / to reserves	-	(869,910)
Distributed dividends	-	(6,600,000)
Balance at the End of the Period/ Year	23,827,407	23,827,407

- An amount of JD 8,266,746 as of March 31, 2023 is restricted against deferred tax assets (JD 8,071,489 as of December 31, 2022), including the capitalization or distribution only to the extent that it is actually realized according to Jordan Securities Commission and Central Bank of Jordan instructions.
- Retained earnings includes an amount of JD 2,761 as of March 31, 2023, and December 31, 2022 which represents the effect of early implementation of the IFRS no. (9) noting that this amount may not be used except for the amounts actually realized from sales transactions.

20. Provision for expected credit loss on the financial assets

This item consists of the following:

	For the Three-Months Ended March 31,	
	2023	2022
	(Reviewed)	(Reviewed)
	JD	JD
Deposits balances at Banks and Financial Institutions	59,388	23,810
Financial assets at fair value through other comprehensive income	2,438	(1,905)
Financial assets at amortized cost	(296)	(3,597)
Direct credit facilities	2,256,570	884,307
Discounted letter of credits	(20)	482
Interests and revenues under collection	-	565
Off- statement of financial position items	43,013	246,915
Total	2,361,093	1,150,577

21. Basic and diluted earnings per share for the bank's shareholders

The details for this item are as follows

	For the Three-Months Ended March 31,	
	2023	2022
	(Reviewed)	(Reviewed)
	JD	JD
Profit for the period	1,685,925	1,556,583
Weighted average number of shares	110,000,000	110,000,000
Earning per share for the period attributable to the Bank's shareholders:		
Basic and diluted	JD/Fills 0.015	JD/Fills 0.014

22. Cash and cash equivalents

The details of this item are as follows:

	For the Three-Months Ended March 31,	
	2023	2022
	(Reviewed)	(Reviewed)
	JD	JD
Cash and balances with Central Bank of Jordan maturing within three months	48,789,661	48,801,614
<u>Add:</u> Balances at banks and financial institutions maturing within 3 months	123,178,587	81,828,264
<u>Less:</u> Banks and financial institutions' deposits maturing within 3 months	(128,985,865)	(99,374,159)
Total	42,982,383	31,255,719

23. Businesses Segments Information:**a. Information on the Bank's business segment:**

For management purposes, the Bank was organized into the following major operating segments measured through the reports that are used by the Chief Executive Officer and the main decision maker in the bank based on the following main business segments:

- Individual accounts: This item includes following up on individual customer's deposits, and granting them credit facilities, credit cards and other services.
- Small and Medium Enterprises: This item includes following up on the client's deposits and credit facilities that are classified as such based on the volume of the granted deposits and facilities according to the Banks policies and in compliance with the regulatory bodies instructions.
- Corporate Accounts: This item includes following up on the client's deposits and credit facilities that are classified as such, based on the volume of their deposits and facilities according to the Banks policies and in compliance with the regulatory bodies instructions.
- Treasury: This item includes providing treasury and trading services, managing the Bank's funds and long terms investments at amortized costs which is maintained to collect the contractual cash flows.
- Investment and foreign exchange management: This sector includes the local and foreign investments held at fair value as well as foreign currency trading services
- Others: This sector includes all the accounts not listed within the segments mentioned above such as shareholder's affairs, investments in associates, property and equipment, general management and support units management.

The following are the information of the bank's business segments:

	Total			
	For the Three-months ended March 31,			
	Retail	Corporate	Treasury	Other
	JD	JD	JD	JD
Total revenue	11,268,162	6,172,866	6,746,954	205,476
Provision for expected credit loss on financial assets	(1,632,461)	(628,119)	(100,513)	-
Results of the segments	5,256,328	2,373,537	2,323,313	169,611
Unallocated segmental expenses				
Profit for the period before tax				
Income tax				
Profit for the Period				
Capital expenditures				
Depreciation and amortization				

	March 31, 2023		December 31, 2022 (Audited)	
	(Reviewed)		(Reviewed)	
	JD	JD	JD	JD
Other information				
Segmental assets	456,928,461	298,921,057	562,214,397	-
Unallocated segmental assets	-	-	-	45,527,052
Total Assets	<u>456,928,461</u>	<u>298,921,057</u>	<u>562,214,397</u>	<u>45,527,052</u>
Segmental liabilities	600,337,622	339,606,912	246,405,083	-
Unallocated segmental liabilities	-	-	-	11,666,314
Total Liabilities	<u>600,337,622</u>	<u>339,606,912</u>	<u>246,405,083</u>	<u>11,666,314</u>

24. Balances and Transactions with related parties

Includes related parties, as defined in IAS 24 (Related Party Disclosures); affiliated companies, major shareholders, directors, and other key management personnel of the bank, and facilities subject to the control of these parties or that are jointly controlled or affected by them significantly. The following are the balances and movements resulting from related party transactions:

The bank has entered into transactions with major shareholders, members of the board of directors and senior management within the bank's regular activities, using interest rates and commercial commissions. All credit facilities granted to related parties are considered functional and no provisions have been taken for them, except for what is mentioned below:

The group has entered into transactions with the parent company, sister companies, executive management and the subsidiary company within the normal activities of the bank and by using interest rates and the commercial commissions.

That all credit facilities granted to the relevant authorities are considered operational and no provision has been taken for them.

The details for this item are as follow:

	Related parties					Total	
	Parent and sister companies	Executive management	Bank's employees	Board of Directors	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)	JD
	JD	JD	JD	JD	JD	JD	
On - Consolidated Statements of Financial Position Items:							
Credit facilities	-	2,053,619	11,399,430	7,644	13,460,693	13,543,591	
Balance at banks and financial institutions	18,670,867	-	-	-	18,670,867	13,585,922	
Banks and financial institutions deposits	37,687,937	-	-	-	37,687,937	37,653,136	
Customers' deposits	-	2,840,128	1,827,016	327,497	4,994,641	5,459,092	
Borrowed funds	8,862,500	-	-	-	8,862,500	9,217,000	
Off - Consolidated Statements of Financial Position Items:							
Letters of guarantee	31,631,263	-	-	-	31,631,263	18,203,086	
Letters of credit	5,766,426	-	-	-	5,766,426	6,063,293	
Interest rate swap contracts	13,825,500	-	-	-	13,825,500	10,635,000	
Currency swap contracts	17,725,000	-	-	-	17,725,000	14,401,575	
Consolidated Statements of Profit or Loss Items:							
Interest and commission income	454,324	10,956	69,707	-	534,987	159,558	
Interest and commission expense	(545,943)	(30,055)	(17,360)	(2,225)	(595,583)	(130,526)	

For the Three-Months Ended as of March 31,

2023 (Reviewed)

2022 (Reviewed)

JD

- Interest rates on credit facilities range between 3% to 8.872% while interest rates on customers' deposits range between 0.1% to 6%.
- In addition to what was disclosed in the above table, the total balance of credit facilities granted to the Bank's related parties amounted to JD 6,694,197 and they counted to 117 clients against acceptable guarantees amounted to JD 4,681,336. The interest rates payable on credit facilities range from 2% to 14% commission rates range from 0.5% to 1%.

Benefits and compensations of the banks executive management are as follows:

	For the Three-Months Ended March 31,	
	2023 (Reviewed)	2022 (Reviewed)
	JD	JD
Salaries and bonuses	<u>1,004,599</u>	<u>1,173,852</u>

25. Capital adequacy ratio

In addition to the subscribed capital, the capital includes statutory reserve, voluntary reserve, share premium, retained earnings, fair value reserve, general banking risk reserve, and treasury stocks.

The bank is committed to apply the regulators requirements regarding the capital adequacy and as follow:

1. Central Bank of Jordan instructions that capital adequacy ratio is kept at a minimum of 12%
2. Comply with the minimum limit set for paid up capital for Jordanian Banks at JD 100 million.
3. The Bank's investments in stocks and shares which should not exceed 50% of the subscribed capital.
4. The ratio of credit limits (credit concentration) to regulatory capital.
5. The Banks and Companies laws related to the deduction of the statutory reserve of 10% of the Bank's profit before tax.

	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
	Thousands JD	Thousands JD
Common Equity Shareholder Rights		
Subscribed capital (Paid-up)	110,000	110,000
Retained earnings less proposed dividends	21,111	19,425
Cumulative change in fair value of financial assets	(965)	(1,082)
Share premium	67	67
Statutory reserve	30,762	30,762
Voluntary reserve	197	197
Total Capital of Common Stock	161,172	159,369
Regulatory amendments (deduction from capital)		
Goodwill and intangible assets	(1,408)	(1,254)
Deferred tax assets	(8,267)	(8,071)
Total Primary Capital	151,497	150,044
Additional capital		
Total Capital (Tier1)	151,497	150,044
General banking risk reserve / stage (1) IFRS 9	4,463	4,302
Total Supporting Capital	4,463	4,302
Total Regulatory Capital	155,960	154,346
Total Risk Weighted Assets	885,344	884,198
Capital adequacy ratio (%)	%17.62	%17.46
Primary Capital adequacy Ratio (%)	%17.11	%16.97

26. Contingent liabilities and commitments

This item consists of the following:

	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Letters of credit:		
Import LCs	135,476,231	77,282,080
Export LCs	4,596,740	2,702,644
Acceptances	2,332,508	8,973,417
Letters of guarantee:		
Payments	24,030,058	24,618,727
Performance	49,411,567	43,344,599
Other	17,697,642	19,366,310
Unutilized granted credit limits	41,192,957	33,539,046
Futures contracts in Foreign Currency	73,498,937	59,465,509
Interest rates swap contracts	13,825,500	10,635,000
Total	362,062,140	279,927,332

27. Lawsuits raised against the bank

The lawsuits raised against the Bank amounted to JD 4,479,454 as of March 31, 2023 (JD 4,479,454 as of December 31, 2022). According to the management and legal advisor opinion, no material liability will arise as a result of these lawsuits in excess of the amounts already provided for which amounted to JD 159,376 as of March 31, 2023 and December 31, 2022.

28. Fair value hierarchy

a. Fair value of financial assets and financial liabilities that are measured at fair value on recurring basis:

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

	Fair value		The Level of Fair Value	Evaluation Method and Inputs	Significant Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
	March 31, 2023 (reviewed) JD	December 31, 2022 (audited) JD				
Financial assets						
Financial Assets at Fair Value through other comprehensive income:						
Bonds	116,302,479	130,951,882	Level 2	According to the latest available financial information	N/A	N/A
Quoted Shares in active markets	14,465,854	11,409,151	Level 1	Quoted prices in financial markets	N/A	N/A
Unquoted Shares in active markets	2,899,585 133,667,918	2,899,316 145,260,349	Level 2	According to the latest available financial information	N/A	N/A
Total Financial Assets at Fair Value	133,667,918	145,260,349				
Unrealized gains on financial assets	416,946	465,904	Level 2	According to the latest available financial information	N/A	N/A
Financial Liabilities						
Unrealized losses on financial derivatives	219,572	202,424	Level 2	According to the latest available financial information	N/A	N/A
Total Financial Liabilities at Fair Value	219,572	202,424				

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

b. The fair value of the financial assets and financial liabilities that don't have specific fair value on an ongoing basis

These financial instruments include cash balances and deposits with banks and central banks, direct credit facilities, other financial assets, customers deposits, bank deposits and other financial liabilities.

The fair value of the financial instruments does not significantly differ from its booked value.

29. Approval on consolidated condensed interim financial information

The consolidated condensed interim financial information was approved by the bank Board of Directors on April 13, 2023.