

CAIRO AMMAN BANK

(PUBLIC SHAREHOLDING LIMITED COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2023



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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 June 2023, comprising the interim condensed consolidated statement of financial position as of 30 June 2023 and the related interim condensed consolidated income statement, interim condensed consolidated comprehensive statement of income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six 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 July 2023

ERNST & YOUNG
Amman - Jordan

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

| | Notes | 30 June 2023 JD (Reviewed not audited) | 31 December 2022 JD (Audited) |
|---|-------|--|--|
| Assets | | | |
| Cash and balances at Central Banks-Net | 4 | 345,134,677 | 320,698,816 |
| Balances at banks and financial institutions-Net | 5 | 146,301,132 | 123,920,745 |
| Deposits at banks and financial institutions-Net | 6 | 52,359,757 | 73,083,268 |
| Financial assets at fair value through profit or loss | 7 | 8,595,662 | 9,980,141 |
| Financial assets at fair value through other comprehensive income- Net | 8 | 80,087,660 | 71,879,372 |
| Financial assets at amortized cost-Net | 9 | 761,350,403 | 740,827,140 |
| Financial assets at amortized cost - pledged as collaterals | 9 | - | 54,538,000 |
| Direct credit facilities - Net | 10 | 2,212,574,488 | 2,127,194,065 |
| Property and equipment-Net | | 43,652,248 | 43,924,827 |
| Intangible assets - Net | | 5,257,699 | 5,361,339 |
| Right of use assets - Net | | 22,145,591 | 23,347,071 |
| Deferred tax assets | 14 | 13,286,786 | 13,574,826 |
| Other assets | 11 | 64,890,633 | 66,644,844 |
| Total Assets | | 3,755,636,736 | 3,674,974,454 |
| Liabilities and Equity | | | |
| Liabilities: | | | |
| Banks and financial institutions' deposits | | 257,902,731 | 218,453,233 |
| Customers' deposits | 12 | 2,522,573,968 | 2,454,183,350 |
| Margin Accounts | | 77,590,556 | 89,697,152 |
| Borrowed funds | 13 | 303,792,287 | 341,726,015 |
| Subordinated loans | | 18,540,350 | 18,540,350 |
| Sundry provisions | | 14,278,666 | 14,065,732 |
| Income tax provision | 14 | 16,770,471 | 23,867,415 |
| Lease liabilities | | 22,122,092 | 23,137,223 |
| Deferred tax liabilities | 14 | 1,416,959 | 1,308,124 |
| Other liabilities | 15 | 91,575,761 | 68,178,051 |
| Total Liabilities | | 3,326,563,841 | 3,253,156,645 |
| Equity | | | |
| Banks Shareholders Equity | | | |
| Authorized and paid capital | | 190,000,000 | 190,000,000 |
| Statutory reserve | | 91,364,494 | 91,364,494 |
| General banking risk reserve | | 4,646,255 | 4,646,255 |
| Cyclical fluctuations reserve | | 11,396,874 | 11,396,874 |
| Fair value reserve-net | 16 | 14,726,741 | 9,304,467 |
| Foreign currencies translation reserve | | (1,584,070) | (3,188,744) |
| Retained earnings | 17 | 79,513,681 | 97,910,555 |
| Profits for the period attributable to the bank's shareholders | | 18,439,470 | - |
| Total Bank's Shareholders' Equity | | 408,503,445 | 401,433,901 |
| Non-controlling interest | | 20,569,450 | 20,383,908 |
| Total Equity | | 429,072,895 | 421,817,809 |
| Total Liabilities and Equity | | 3,755,636,736 | 3,674,974,454 |

THE ACCOMPANYING NOTES FROM NO. (1) TO NO. (31) 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 & SIX MONTHS ENDED 30 JUNE 2023 (REVIEWED NOT AUDITED)

| | Notes | For the three months ended | | For the six months ended | |
|--|-------|----------------------------|-------------------|--------------------------|-------------------|
| | | 30 June | | 30 June | |
| | | 2023 | 2022 | 2023 | 2022 |
| | | JD | JD | JD | JD |
| Interest income | 18 | 60,412,639 | 44,672,586 | 117,261,247 | 87,420,722 |
| Interest expense | 19 | 24,989,179 | 15,577,094 | 47,442,867 | 30,287,256 |
| Net interest income | | <u>35,423,460</u> | <u>29,095,492</u> | <u>69,818,380</u> | <u>57,133,466</u> |
| Net commission income | | 4,582,710 | 4,652,220 | 9,134,956 | 9,801,351 |
| Net interest and commission income | | <u>40,006,170</u> | <u>33,747,712</u> | <u>78,953,336</u> | <u>66,934,817</u> |
| Gain from foreign currencies | | 1,460,368 | 1,066,049 | 3,041,490 | 1,354,285 |
| Gain from financial assets at fair value through profit or loss | 20 | (722,654) | 441,040 | 383,534 | 947,349 |
| Dividends from financial assets at fair value through other comprehensive income | 8 | 144,726 | 89,935 | 2,430,421 | 2,280,421 |
| Other income | | 1,731,568 | 3,651,541 | 3,469,377 | 5,628,747 |
| Gross profit | | <u>42,620,178</u> | <u>38,996,277</u> | <u>88,278,158</u> | <u>77,145,619</u> |
| Employees' expenses | | 11,720,562 | 11,637,900 | 23,818,263 | 22,944,220 |
| Depreciation and amortization | | 1,874,270 | 1,744,400 | 3,718,345 | 3,533,281 |
| Other expenses | | 9,788,625 | 9,371,744 | 20,888,613 | 18,516,097 |
| Provision for expected credit losses | 21 | 4,871,950 | 3,576,608 | 11,856,960 | 7,470,596 |
| Impairment of repossessed assets provision | | 26,920 | 117,053 | 26,920 | 217,053 |
| (Reversal of) sundry provisions | | - | - | - | (100,000) |
| Total expenses | | <u>28,282,327</u> | <u>26,447,705</u> | <u>60,309,101</u> | <u>52,581,247</u> |
| Profit for the period before tax | | <u>14,337,851</u> | <u>12,548,572</u> | <u>27,969,057</u> | <u>24,564,372</u> |
| Income tax expense | 14 | 4,293,127 | 4,469,688 | 9,344,045 | 8,743,186 |
| Profit for the period | | <u>10,044,724</u> | <u>8,078,884</u> | <u>18,625,012</u> | <u>15,821,186</u> |
| Attributable to: | | | | | |
| Bank's shareholders | | 9,960,137 | 7,960,647 | 18,439,470 | 15,650,916 |
| Non-controlling interest | | 84,587 | 118,237 | 185,542 | 170,270 |
| Profit for the period | | <u>10,044,724</u> | <u>8,078,884</u> | <u>18,625,012</u> | <u>15,821,186</u> |
| | | <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>0/052</u> | <u>0/042</u> | <u>0/097</u> | <u>0/082</u> |

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

| | For the three months ended | | For the six months ended | |
|--|----------------------------|-------------------|--------------------------|-------------------|
| | 30 June | | 30 June | |
| | 2023 | 2022 | 2023 | 2022 |
| | JD | JD | JD | JD |
| Profit for the period | 10,044,724 | 8,078,884 | 18,625,012 | 15,821,186 |
| Other comprehensive income items: Items which will not be transferred subsequently to the interim condensed consolidated statement of income: | | | | |
| Change in fair value reserve after tax | 3,646,473 | 2,549,314 | 6,025,400 | 5,208,312 |
| Change in foreign currency translation | - | - | 1,604,674 | - |
| Total comprehensive income for the period | 13,691,197 | 10,628,198 | 26,255,086 | 21,029,498 |
| Total Comprehensive income for the period attributable to: | | | | |
| Bank's shareholders | 13,606,610 | 10,509,961 | 26,069,544 | 20,859,228 |
| Non-controlling interest | 84,587 | 118,237 | 185,542 | 170,270 |
| Total comprehensive Income for the period | 13,691,197 | 10,628,198 | 26,255,086 | 21,029,498 |

CAIRO AMMAN BANK – PUBLIC SHAREHOLDING LIMITED COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 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 shareholders' equity | Non- controlling interest | Total owners' equity |
|---|--------------------------------------|----------------------|--|-------------------------------------|---------------------------|---|----------------------|---|----------------------------------|---------------------------------|-------------------------|
| | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| <u>For the six months ended 30 June 2023</u> | | | | | | | | | | | |
| 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 | - | - | - | - | 6,025,400 | 1,604,674 | - | 18,439,470 | 26,069,544 | 185,542 | 26,255,086 |
| Gains from sale of financial assets at fair value through comprehensive income | - | - | - | - | (603,126) | - | 603,126 | - | - | - | - |
| Cash dividends distributed to shareholders (Note 17) | - | - | - | - | - | - | (19,000,000) | - | (19,000,000) | - | (19,000,000) |
| Balance at 30 June 2023 | 190,000,000 | 91,364,494 | 4,646,255 | 11,396,874 | 14,726,741 | (1,584,070) | 79,513,681 | 18,439,470 | 408,503,445 | 20,569,450 | 429,072,895 |
| <u>For the six months ended 30 June 2022</u> | | | | | | | | | | | |
| 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 | - | - | - | - | 5,208,312 | - | - | 15,650,916 | 20,859,228 | 170,270 | 21,029,498 |
| Transferred to reserves | - | - | 254,211 | - | - | - | (254,211) | - | - | - | - |
| Net changes in non-controlling Interests | - | - | - | - | - | - | 2,912,691 | - | 2,912,691 | 9,657,442 | 12,570,133 |
| Gains from sale of financial assets at fair value through comprehensive income | - | - | - | - | (11,856) | - | 11,856 | - | - | - | - |
| Cash dividends distributed to shareholders (Note 17) | - | - | - | - | - | - | (28,500,000) | - | (28,500,000) | - | (28,500,000) |
| Balance at 30 June 2022 | 190,000,000 | 86,711,919 | 4,595,640 | 10,894,653 | 8,994,154 | (3,188,744) | 68,651,542 | 15,650,916 | 382,310,080 | 20,188,506 | 402,498,586 |

* 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 June 2023, the restricted retained earnings balance resulting from the early implementation of International Financial Reporting Standard no. (9) amounted to JD 12,672,287.
- The retained earnings balance includes deferred tax assets amounting to JD 13,286,786 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. (31) 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 SIX MONTHS ENDED 30 JUNE 2023 (REVIEWED NOT AUDITED)

| | Notes | For the six months ended 30 | |
|---|-------|-----------------------------|----------------------|
| | | June | |
| | | 2023 | 2022 |
| | | JD | JD |
| <u>Operating Activities</u> | | | |
| Profit for the period before tax | | 27,969,057 | 24,564,372 |
| Adjustments: | | | |
| Depreciation and amortization | | 3,718,345 | 3,533,281 |
| Provision for expected credit losses | 21 | 11,856,960 | 7,470,596 |
| Sundry provisions | | 1,158,473 | 1,302,437 |
| Loss (Profit) from valuation of financial assets at fair value through Profit or loss | 20 | 827,682 | (455,355) |
| Dividends from financial assets at fair value through other comprehensive income | 8 | (2,430,421) | (2,280,421) |
| Loss from sale of property and equipment | | 12,815 | 50,417 |
| (Gain) from sale of repossessed assets | | (653,632) | (2,379,429) |
| Provisions for impairment of repossessed assets | | 26,920 | 217,053 |
| Effect of exchange rate changes on cash and cash equivalents | | (2,935,823) | (1,235,236) |
| Cash flow from operating activities before changes in net assets | | <u>39,550,376</u> | <u>30,787,715</u> |
| Deposits at banks and financial institutions | | 20,386,448 | 10,448,455 |
| Financial assets at fair value through profit or loss | | 556,797 | (365,319) |
| Direct credit facilities | | (97,029,546) | (111,912,584) |
| Other assets | | 3,582,403 | (10,939,276) |
| Banks and financial institution' deposits (with maturity date exceeding 3 months) | | 56,720 | (65,253,027) |
| Customers deposits | | 68,390,618 | (43,059,083) |
| Cash margins | | (12,106,596) | 1,403,645 |
| Other liabilities | | 22,425,863 | (2,586,032) |
| Net cash flows from (used in) operating activities before income tax and provisions paid | | <u>45,813,083</u> | <u>(191,475,506)</u> |
| Income tax paid | 14 | (16,869,602) | (14,308,388) |
| Provisions paid | | (945,539) | (686,318) |
| Net cash flows from (used in) operating activities | | <u>27,997,942</u> | <u>(206,470,212)</u> |
| <u>Investing Activities</u> | | | |
| (Purchase) of financial assets at fair value through other comprehensive income | | (2,827,912) | (519,402) |
| Sale of financial assets at fair value through other comprehensive income | | 3,075,841 | 40,336 |
| (Purchase) of other financial assets at amortized cost | | (84,649,311) | (145,890,838) |
| Maturity of other financial assets at amortized cost | | 118,729,918 | 167,361,905 |
| Dividends from financial assets at fair value through other comprehensive income | 8 | 2,430,421 | 2,280,421 |
| Cash received from selling subsidiaries shares without losing control | 2 | - | 1,170,133 |
| (Purchase) of property and equipment | | (2,906,946) | (2,085,000) |
| Sale of property and equipment | | 128,037 | 24,770 |
| (Purchase) of intangible assets | | (576,032) | (1,205,465) |
| Net cash flows from investing activities | | <u>33,404,016</u> | <u>21,176,860</u> |
| <u>Financing Activities</u> | | | |
| Increase in borrowed funds | | 23,687,910 | 81,306,284 |
| (Settled from) borrowed funds | | (61,621,638) | (97,166,092) |
| Dividends distributed to shareholders | 17 | (19,000,000) | (17,100,000) |
| Net cash flows used in financing activities | | <u>(56,933,728)</u> | <u>(32,959,808)</u> |
| Effect of exchange rate changes on cash and cash equivalents | | 2,935,823 | 1,235,236 |
| Net increase (decrease) in cash and cash equivalents | | 7,404,053 | (217,017,924) |
| Cash and cash equivalents - beginning of the period | | 253,419,043 | 419,435,514 |
| Cash and cash equivalents - end of the period | 23 | <u>260,823,096</u> | <u>202,417,590</u> |

THE ACCOMPANYING NOTES FROM NO. (1) TO NO. (31) 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 bank's conditions are in compliance with the Jordanian Companies Law 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 June 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 July 2023

2. Basis of preparation and 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 its in compliance 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. Moreover, the results of the Bank's operations for the six-months period ended on 30 June 2023 do not necessarily represent indications of the expected results for the year ending 31 December 2023. Therefore, these interim condensed consolidated financial statements should be read with the Bank's annual report for the year ended 31 December 2022 and it does not contain the appropriation of profit for the six months period ended at 30 June 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 JUNE 2023 (REVIEWED NOT AUDITED)

The interim condensed consolidated financial statements comprise of the financial statements of the Bank and the subsidiaries controlled by the Bank. As of 30 June 2023, the Bank owns the following subsidiaries:

| Company's Name | Paid-in Capital | Ownership Percentage | Industry | Location | Acquisition Date |
|--|-----------------|----------------------|--------------------------|-----------|------------------|
| | JD | % | | | |
| | | | Brokerage and investment | | |
| Al-Watanieh Financial Services Company | 6,500,000 | 100 | management | Jordan | 1992 |
| Al-Watanieh Securities Company | 1,600,000 | 100 | Brokerage | Palestine | 1995 |
| Tamallak for Financial Leasing Company | 5,000,000 | 100 | Finance Leasing | Jordan | 2013 |
| Safa Bank* | 53,175,000 | 51 | Islamic Banking | Palestine | 2016 |

* During the period ended 30 June 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 share, hence the bank ownership decreased from 74.64% to 51% with no loss of control.

Control is achieved when the Bank 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. However, the Bank has less than a majority of the voting or similar rights of an investee, therefore, the Bank considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's current 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 are consolidated 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 (OCI) are attributed to the shareholder's rights of the parent Company 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 to be in line with the Bank's accounting policies. Assets and liabilities, equity, revenues, expenses, profit and losses relating to transactions between the Bank and its subsidiaries are fully eliminated at consolidation.

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 standards and 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. Accounting Estimate

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 and expenses and the resultant provisions as well as fair value changes reported in interim condensed statement of comprehensive income. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. These mentioned estimates based on assumptions and multiple factors with varying degrees of uncertainty, and actual results may differ from the estimates due to changes in future circumstances and the management believes that the accounting 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 (Credlens) 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 according to the nature of the terms are set based on historical performance in terms of granting, default and collection. The scoring is periodically reviewed, and the terms are updated based on 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 and probability of default and assessment of collaterals this was applied 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 significant 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 significant 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 the debt under control.
- 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 / evidence that they have become non-performing (irregular).

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 IAS (17) and 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 and housing loans portfolio. These rates are calculated using independent variables which affect the probability of default rate (salary, sector, age, gender, interest rate, loan duration).

- Corporate portfolio:

Risk rating is calculated based on Moody's Credit rating and then mapped to the relevant assigned PD. The ECL model then converts the probability of default (PP) from a TTC into PTC based on each instrument's data taking into consideration the risk of economical and geographical segments associated with the customers.

Exposure at Default (EAD):

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

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

Loss Given Default (LGD):

- Retail portfolio:

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

- Corporate portfolio:

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

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

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

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

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

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

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- The following weights for scenarios were adopted by the Bank as a response to the spread of COVID-19 for the year ended 2022 and for the period ended 30 June 2023:

| <u>Baseline Scenario</u> | <u>Downturn Scenario</u> | <u>Upturn Scenario</u> |
|--------------------------|--------------------------|------------------------|
| 30% | 60% | 10% |

The Bank manages its risks through a comprehensive strategy for risk management by which the roles and responsibilities of all parties concerned are identified. These include the Board of Directors and subcommittees such as the Risk Committee, the Investment Committee and Audit and Compliance Management Committee, in addition to the executive management and its subcommittees, such as Assets and Liabilities Committee, Procedures Development Committee, Credit committees and other specialized Departments such as the Risk Management Department, Compliance Department and the Audit Department and cyber security. 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 by using the effective interest rate method and amortizing premium / discount 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 evaluating of the financial instrument. When the financial instrument fair value can't be reliably measured, they are stated at cost less any impairment.

4. Cash and balances at central banks - net

The item details are as follows:

| | 30 June 2023 | 31 December 2022 |
|--|---------------------------------|---------------------|
| | JD (Reviewed not audited) | JD (Audited) |
| Cash in vaults | 167,006,143 | 140,359,414 |
| Balances at Central Banks - Net | 178,128,534 | 180,339,402 |
| Balances at Central Banks: | | |
| Current and demand accounts | 13,788,299 | 10,750,494 |
| Time and notice deposits | 32,635,000 | 40,735,000 |
| Statutory cash reserve | 131,709,566 | 128,869,443 |
| Total Balances at Central Banks | 178,132,865 | 180,354,937 |
| Provision for expected credit losses (Central banks) | (4,331) | (15,535) |
| Total | 345,134,677 | 320,698,816 |

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

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Movement on the balances at central banks during the period / year is as follows:

| | Stage 1 individual | Stage 2 individual | Stage 3 | Total |
|--|---------------------------|-----------------------|-----------------|---------------------------|
| | JD | JD | JD | JD |
| <u>For the Six Months Ended 30 June 2023 (Reviewed not audited)</u> | | | | |
| Total balances - beginning of the period | 180,354,937 | - | - | 180,354,937 |
| New balances during the period | 31,362,833 | - | - | 31,362,833 |
| Settled balances | (33,584,905) | - | - | (33,584,905) |
| Total balances - End of the Period | <u>178,132,865</u> | <u>-</u> | <u>-</u> | <u>178,132,865</u> |
| <u>For the Year Ended 31 December 2022 (Audited)</u> | | | | |
| Total balances - beginning of the year | 248,072,560 | - | - | 248,072,560 |
| New balances during the year | 27,121,002 | - | - | 27,121,002 |
| Settled balances | (94,838,625) | - | - | (94,838,625) |
| Total balances - End of the Year | <u>180,354,937</u> | <u>-</u> | <u>-</u> | <u>180,354,937</u> |

Movement on the provision for expected credit losses (central banks) during the period/ year:

| | Stage 1 individual | Stage 2 individual | Stage 3 | Total |
|--|-----------------------|-----------------------|-----------------|----------------------|
| | JD | JD | JD | JD |
| <u>For the Six Months Ended 30 June 2023 (Reviewed not audited)</u> | | | | |
| Total balances - beginning of the period | 15,535 | - | - | 15,535 |
| New balances during the period | 1,630 | - | - | 1,630 |
| Settled balances | (12,834) | - | - | (12,834) |
| Total balances - End of the Period | <u>4,331</u> | <u>-</u> | <u>-</u> | <u>4,331</u> |
| <u>For the Year Ended 31 December 2022 (Audited)</u> | | | | |
| Total balances - beginning of the year | 14,307 | - | - | 14,307 |
| New balances during the year | 11,632 | - | - | 11,632 |
| Settled balances | (10,404) | - | - | (10,404) |
| Total balances - End of the Year | <u>15,535</u> | <u>-</u> | <u>-</u> | <u>15,535</u> |

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5. Balances at banks and financial institutions - net

The item details are as follows:

| | 30 June 2023 | 31 December 2022 |
|---|---------------------------------|---------------------|
| | JD (Reviewed not audited) | JD (Audited) |
| Local Banks and Financial Institutions | | |
| Current and demand accounts | 1,822,171 | 1,201,739 |
| Deposits maturing within 3 months or less | 47,078,906 | 39,561,570 |
| Total Local | 48,901,077 | 40,763,309 |
| Foreign Banks and Financial Institutions | | |
| Current and demand accounts | 32,850,655 | 48,766,712 |
| Deposits maturing within 3 months or less | 64,561,459 | 34,410,996 |
| Total Foreign | 97,412,114 | 83,177,708 |
| Total | 146,313,191 | 123,941,017 |
| <u>Less:</u> provision for expected credit losses (balances at banks) | (12,059) | (20,272) |
| Total | 146,301,132 | 123,920,745 |

Non-interest bearing balances at banks and financial institutions amounted to JD 34,672,826 as of 30 June 2023 (JD 38,666,236 as of 31 December 2022).

There are no restricted balances as of 30 June 2023 and 31 December 2022.

Movement on the balances at banks and Financial Institutions during the period / year as follows:

| | Stage 1 individual JD | Stage 2 individual JD | Stage 3 JD | Total JD |
|--|-----------------------------|-----------------------------|---------------|--------------------|
| <u>For the Six Months Ended 30 June 2023 (Reviewed not audited)</u> | | | | |
| Total balances - beginning of the period | 123,941,017 | - | - | 123,941,017 |
| New balances during the period | 51,918,406 | - | - | 51,918,406 |
| Settled balances | (29,546,232) | - | - | (29,546,232) |
| Total balances - End of the Period | 146,313,191 | - | - | 146,313,191 |
| <u>For the Year Ended 31 December 2022 (Audited)</u> | | | | |
| Total balances - beginning of the year | 121,574,475 | - | - | 121,574,475 |
| New balances during the year | 14,971,566 | - | - | 14,971,566 |
| Settled balances | (12,605,024) | - | - | (12,605,024) |
| Total balances - End of the Year | 123,941,017 | - | - | 123,941,017 |

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Movement on the provision for expected credit losses (Balances at banks) during the period/year:

| | Stage 1 individual | Stage 2 individual | Stage 3 | Total |
|---|-----------------------|-----------------------|----------|---------------|
| | JD | JD | JD | JD |
| <u>For the Six Months Ended 30 June 2023</u> | | | | |
| <u>(Reviewed not audited)</u> | | | | |
| Total balances - beginning of the period | 20,272 | - | - | 20,272 |
| Credit loss on new balances and deposits during the period | 7,434 | - | - | 7,434 |
| Reversed credit loss on settled balances | (15,647) | - | - | (15,647) |
| Total balances - End of the Period | 12,059 | - | - | 12,059 |
| <u>For the Year Ended 31 December 2022 (Audited)</u> | | | | |
| Total balances - beginning of the year | 46,231 | - | - | 46,231 |
| Credit loss on new balances and deposits during the year | 18,797 | - | - | 18,797 |
| Reversed credit loss on settled balances | (44,756) | - | - | (44,756) |
| Total balances - End of the Year | 20,272 | - | - | 20,272 |

6. Deposits at banks and financial institutions-net

The item details are as follows:

| | 30 June 2023 | 31 December 2022 |
|---|---------------------------------|---------------------|
| | JD (Reviewed not audited) | JD (Audited) |
| Deposits maturing within: | | |
| More than 3 to 6 months | - | 56,000,000 |
| More than 6 to 9 months | 5,000,000 | 17,151,451 |
| More than 9 to 12 months | 39,765,003 | - |
| More than a year | 8,000,000 | - |
| Total | 52,765,003 | 73,151,451 |
| <u>Less:</u> provision for expected credit losses (deposits at banks) | (405,246) | (68,183) |
| Total | 52,359,757 | 73,083,268 |

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

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The movement on deposits at banks and financial institutions during the period / year is as follows:

| | Stage 1 Individual JD | Stage 2 Individual JD | Stage 3 JD | Total JD |
|--|-----------------------------|-----------------------------|---------------|-------------------|
| <u>For the Six Months Ended 30 June 2023 (Reviewed not audited)</u> | | | | |
| Total balances - beginning of the period | 73,151,451 | - | - | 73,151,451 |
| New deposits during the period | 21,765,003 | - | - | 21,765,003 |
| Settled deposits | (42,151,451) | - | - | (42,151,451) |
| Total balances - End of the Period | 52,765,003 | - | - | 52,765,003 |
| <u>For the Year Ended 31 December 2022 (Audited)</u> | | | | |
| Total balances - beginning of the year | 101,270,755 | - | - | 101,270,755 |
| New deposits during the year | 1,151,451 | - | - | 1,151,451 |
| Settled deposits | (29,270,755) | - | - | (29,270,755) |
| Total balances - End of the Year | 73,151,451 | - | - | 73,151,451 |

Movement on the provision for expected credit losses (deposits at banks) during the period / year:

| | Stage 1 Individual JD | Stage 2 Individual JD | Stage 3 JD | Total JD |
|--|-----------------------------|-----------------------------|---------------|----------------|
| <u>For the Six Months Ended 30 June 2023 (Reviewed not audited)</u> | | | | |
| Total balances - beginning of the period | 68,183 | - | - | 68,183 |
| Credit losses on new balances and deposits during the period | 80,911 | - | - | 80,911 |
| Reversed credit loss on settled deposits | (62,859) | - | - | (62,859) |
| Changes resulting from adjustments | 319,011 | - | - | 319,011 |
| Total balances - End of the Period | 405,246 | - | - | 405,246 |
| <u>For the Year Ended 31 December 2022 (Audited)</u> | | | | |
| Total balances - beginning of the year | 216,035 | - | - | 216,035 |
| Credit losses on new balances and deposits during the year | 1,034 | - | - | 1,034 |
| Reversed credit loss on settled deposits | (14,745) | - | - | (14,745) |
| Changes resulting from adjustments | (134,141) | - | - | (134,141) |
| Total balances - End of the Year | 68,183 | - | - | 68,183 |

7. Financial assets at fair value through profit or loss

The item details are as follows:

| | 30 June 2023 JD (Reviewed not audited) | 31 December 2022 JD (Audited) |
|-------------------------|---|--|
| Quoted Corporate Shares | 8,595,662 | 9,980,141 |
| Total | 8,595,662 | 9,980,141 |

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8. Financial assets at fair value through other comprehensive income

The item details are as follows:

| | 30 June 2023 | 31 December 2022 |
|------------------------------------|---------------------------------|---------------------|
| | JD (Reviewed not audited) | JD (Audited) |
| Quoted shares | 71,880,872 | 63,640,617 |
| Unquoted shares * | 8,063,993 | 8,062,416 |
| Quoted bonds | 146,570 | 180,769 |
| | 80,091,435 | 71,883,802 |
| Less: Expected credit loss (bonds) | (3,775) | (4,430) |
| Total | 80,087,660 | 71,879,372 |

Dividends on investments amounted to JD 2,430,421 for the six months ended 30 June 2023 (JD 2,280,421 for the six months ended 30 June 2022).

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

9. Financial assets at amortized cost - net

The item details are as follows:

| | 30 June 2023 | 31 December 2022 |
|--|---------------------------------|---------------------|
| | JD (Reviewed not audited) | JD (Audited) |
| Quoted Investments | | |
| Foreign government treasury bonds | 42,326,168 | 42,283,648 |
| Corporate debt securities | 21,755,752 | 21,930,422 |
| Total quoted investments | 64,081,920 | 64,214,070 |
| Unquoted Investments | | |
| Governmental treasury bills | 31,193,366 | 41,017,822 |
| Governmental treasury bonds | 612,843,626 | 575,429,627 |
| Corporate debt securities | 54,000,000 | 61,000,000 |
| Total unquoted investments | 698,036,992 | 677,447,449 |
| Total | 762,118,912 | 741,661,519 |
| Less: Provision for expected credit losses | (768,509) | (834,379) |
| | 761,350,403 | 740,827,140 |
| Analysis of bonds: | | |
| Fixed rate bonds | 762,118,912 | 741,661,519 |
| Total | 762,118,912 | 741,661,519 |

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Financial assets pledged as collateral

The item details are as follows:

| | 30 June 2023 (Reviewed not audited) | | 31 December 2022 (Audited) | |
|---------------------------------------|--|-------------------------------------|--|-------------------------------------|
| | Financial Assets Pledged as Collateral JD | Related Financial Liabilities JD | Financial Assets Pledged as Collateral JD | Related Financial Liabilities JD |
| Governmental treasury bonds and bills | - | - | 54,538,000 | 54,910,714 |
| Financial assets at amortized cost | - | - | 54,538,000 | 54,910,714 |

The movement on financial assets at amortized cost (including financial assets pledged as collateral) during the period \ year is as follows:

| | Stage 1 individual JD | Stage 2 individual JD | Stage 3 JD | Total JD |
|---|--|-----------------------------|---------------|--------------------|
| | <u>For the Six Months Ended 30 June 2023 (Reviewed not audited)</u> | | | |
| Total balances - beginning of the period | 796,199,519 | - | - | 796,199,519 |
| New investment during the period | 84,649,311 | - | - | 84,649,311 |
| Matured investments | (118,729,918) | - | - | (118,729,918) |
| Total balances - End of the Period | 762,118,912 | - | - | 762,118,912 |
| <u>For the Year Ended 31 December 2022 (Audited)</u> | | | | |
| Total balances - beginning of the year | 807,546,857 | - | - | 807,546,857 |
| New investment during the year | 212,485,390 | - | - | 212,485,390 |
| Matured investments | (223,832,728) | - | - | (223,832,728) |
| Total balances - End of the Year | 796,199,519 | - | - | 796,199,519 |

The movement on the provision for expected credit losses (financial assets at amortized cost) during the period/ year:

| | Stage 1 individual JD | Stage 2 individual JD | Stage 3 JD | Total JD |
|--|--|-----------------------------|---------------|----------------|
| | <u>For the Six Months Ended 30 June 2023 (Reviewed not audited)</u> | | | |
| Total balances - beginning of the period | 834,379 | - | - | 834,379 |
| Credit losses on new balances and deposits during the period | 71,169 | - | - | 71,169 |
| Reversed credit loss on matured deposits | (214,956) | - | - | (214,956) |
| Changes resulting from adjustments | 77,917 | - | - | 77,917 |
| Total balances - End of the Period | 768,509 | - | - | 768,509 |
| <u>For the Year Ended 31 December 2022 (Audited)</u> | | | | |
| Total balances - beginning of the year | 939,058 | - | - | 939,058 |
| Credit losses on new balances and deposits during the year | 381,028 | - | - | 381,028 |
| Reversed credit loss on matured deposits | (270,482) | - | - | (270,482) |
| Changes resulting from adjustments | (215,225) | - | - | (215,225) |
| Total balances - End of the Year | 834,379 | - | - | 834,379 |

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10. Direct credit facilities - net

The item details are as follows:

| | 30 June 2023 | 31 December 2022 |
|--|---------------------------|----------------------|
| | (Reviewed not audited) | (Audited) |
| | JD | JD |
| Individuals (Retail) | | |
| Overdrafts | 11,161,672 | 10,328,134 |
| Loans and bills * | 789,312,442 | 782,319,683 |
| Credit cards | 15,851,773 | 15,852,286 |
| Others | 7,409,652 | 7,390,467 |
| Real-estate mortgages | 334,831,666 | 316,905,071 |
| Corporate | | |
| Overdrafts | 105,821,860 | 76,648,337 |
| Loans and bills * | 596,787,629 | 549,654,447 |
| Small and medium enterprises “SMEs” | | |
| Overdrafts | 27,205,551 | 20,514,825 |
| Loans and bills * | 221,105,839 | 220,781,322 |
| Public and governmental sectors | 232,485,736 | 243,828,742 |
| Total | <u>2,341,973,820</u> | <u>2,244,223,314</u> |
| <u>Less:</u> Suspended interests | (12,334,658) | (11,382,722) |
| <u>Less:</u> Expected credit losses | (117,064,674) | (105,646,527) |
| Net- Direct Credit Facilities | <u>2,212,574,488</u> | <u>2,127,194,065</u> |

* Net of interest and commissions collected in advance amounting to JD 2,258,964 as of 30 June 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 132,560,074 representing 5.66% of gross direct credit facilities as of 30 June 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 120,306,911 representing 5.16% of gross direct credit facilities after excluding suspended interest as of 30 June 2023 (JD 106,136,981 representing 4.75% of gross direct credit facilities after excluding suspended interest as of 31 December 2022).
- Credit facilities granted to the Government of Jordan under its own guarantee, amounted to JD 11,700,754 representing 0.50% of gross direct credit facilities as of 30 June 2023 (JD 16,386,805 representing 0.73% of gross credit facilities as of 31 December 2022).
- Credit facilities granted to the public sector in Palestine amounted to JD 72,544,999 representing 3.10% of gross direct credit facilities as of 30 June 2023 (JD 71,169,122 representing 3.17% of gross direct credit facilities as of 31 December 2022).

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Disclosure on the movement of facilities at a collective level at the end of the period/ year:

| | Stage 1 | | Stage 2 | | Stage 3 | Total |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|----------------------|
| | Individual | Collective | Individual | Collective | | |
| | JD | JD | JD | JD | | |
| <u>For the Six Months Ended 30 June 2023 (Reviewed not audited)</u> | | | | | | |
| Total balances - beginning of the period | 756,293,634 | 953,665,882 | 286,724,256 | 115,694,304 | 131,845,238 | 2,244,223,314 |
| New facilities during the period | 181,563,279 | 87,093,210 | 37,265,764 | 7,102,169 | 3,582,999 | 316,607,421 |
| Settled facilities | (106,885,700) | (59,497,249) | (36,947,173) | (7,425,407) | (8,096,153) | (218,851,682) |
| Transferred to stage 1 | 22,740,541 | 41,471,135 | (22,319,839) | (36,730,983) | (5,160,854) | - |
| Transferred to stage 2 | (80,284,579) | (55,914,897) | 85,854,113 | 64,267,776 | (13,922,413) | - |
| Transferred to stage 3 | (7,825,326) | (10,490,556) | (8,884,279) | (17,990,860) | 45,191,021 | - |
| Written off facilities | - | - | - | - | (5,233) | (5,233) |
| Total balances - End of the Period | 765,601,849 | 956,327,525 | 341,692,842 | 124,916,999 | 153,434,605 | 2,341,973,820 |
| <u>For the Year Ended 31 December 2022 (Audited)</u> | | | | | | |
| Total balances - beginning of the year | 670,432,682 | 920,836,269 | 251,752,904 | 98,965,998 | 115,282,829 | 2,057,270,682 |
| New facilities during the year | 316,316,820 | 191,860,421 | 80,755,814 | 18,481,613 | 6,014,899 | 613,429,567 |
| Settled facilities | (179,633,399) | (129,290,609) | (84,997,592) | (11,349,640) | (17,422,383) | (422,693,623) |
| Transferred to stage 1 | 31,986,316 | 41,463,502 | (31,128,917) | (33,615,397) | (8,705,504) | - |
| Transferred to stage 2 | (76,774,089) | (51,279,486) | 81,230,546 | 57,441,298 | (10,618,269) | - |
| Transferred to stage 3 | (6,034,696) | (19,924,215) | (10,888,499) | (14,229,568) | 51,076,978 | - |
| Written off facilities | - | - | - | - | (3,783,312) | (3,783,312) |
| Total balances - End of the Year | 756,293,634 | 953,665,882 | 286,724,256 | 115,694,304 | 131,845,238 | 2,244,223,314 |

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The movement on the provision for expected credit losses (Direct Credit Facilities) 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 Six Months Ended 30 June 2023 (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 | 2,906,674 | 379,401 | 2,021,219 | 867,819 | 197,007 | 6,372,120 |
| Reversed credit loss on settled facilities | (2,632,139) | (638,494) | (2,743,060) | (2,028,634) | (170,431) | (8,212,758) |
| Transferred to stage 1 | 2,106,966 | 247,569 | 341,742 | 462,975 | (91,251) | 3,068,001 |
| Transferred to stage 2 | 2,235,050 | 425,185 | 805,369 | 583,434 | 91,251 | 4,140,289 |
| Transferred to stage 3 | (4,342,016) | (672,754) | (1,147,111) | (1,046,409) | - | (7,208,290) |
| Effect on the provision at the end of the period – resulting from the reclassification between the three stages during the period | 4,108,737 | 2,433,994 | 5,372,967 | 3,074,301 | 339,829 | 15,329,828 |
| Changes resulting from adjustments | 5,340,852 | (939,406) | (4,605,314) | (1,636,199) | - | (1,840,067) |
| Written off facilities | (2,500) | (2,733) | - | - | - | (5,233) |
| Valuation differences | (75,500) | (9,581) | - | (4,897) | (135,765) | (225,743) |
| Total balances - End of the Period | 61,097,340 | 11,749,039 | 25,481,002 | 15,786,917 | 2,950,376 | 117,064,674 |
| <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 Six Months Ended 30 June 2023 (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 | 288,912 | 300,428 | 608,756 | 192,155 | - | 1,390,251 |
| Suspended interest on settled exposures transferred to revenue during the period | (135,321) | (181,817) | (33,197) | (87,980) | - | (438,315) |
| Transferred to stage 1 | 18,902 | 722 | - | 9,519 | - | 29,143 |
| Transferred to stage 2 | 65,834 | 31,401 | 2 | 23,762 | - | 120,999 |
| Transferred to stage 3 | (84,736) | (32,123) | (2) | (33,281) | - | (150,142) |
| Total balances - End of the Period | 2,748,677 | 1,325,882 | 5,854,197 | 2,405,902 | - | 12,334,658 |
| <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 June 2023 | 31 December 2022 |
|---------------------------|---------------------------------|---------------------|
| | JD (Reviewed not audited) | JD (Audited) |
| Accrued revenues | 19,483,154 | 24,407,275 |
| Prepaid expenses | 9,766,172 | 8,722,241 |
| Repossessed assets – net* | 16,359,655 | 18,454,850 |
| Accounts receivable – net | 4,661,588 | 4,484,719 |
| Clearing checks | 4,311,765 | 3,459,376 |
| Settlement guarantee fund | 86,000 | 39,000 |
| Refundable deposits | 743,190 | 913,990 |
| Cards deposits | 2,391,337 | 1,595,271 |
| Others | 7,087,772 | 4,568,122 |
| | <u>64,890,633</u> | <u>66,644,844</u> |

* The instruction of the Central Bank of Jordan require the Bank to dispose the assets it seizes during a maximum period of two years from the acquisition date, the Central Bank of Jordan might provide an exceptional exemption for an additional period of 2 years.

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

| | 30 June 2023 | 31 December 2022 |
|--|---------------------------------|---------------------|
| | JD (Reviewed not audited) | JD (Audited) |
| Balance - beginning of the period/ year | 20,800,735 | 16,628,415 |
| Additions | 1,183,513 | 7,656,935 |
| Disposals | (3,251,788) | (3,484,615) |
| Total | <u>18,732,460</u> | <u>20,800,735</u> |
| Impairment of repossessed assets provision | (2,372,805) | (2,345,885) |
| Balance - End of the Period/ Year | <u>16,359,655</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 | 26,920 | 164,741 |
| Disposals | - | (45,796) |
| Balance - End of the Period/ Year | <u>2,372,805</u> | <u>2,345,885</u> |

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12. Customers deposits

The item details are as follows:

| | Retail | Corporate | SMEs | Government and Public sector | Total |
|--|----------------------|--------------------|--------------------|---------------------------------|----------------------|
| | JD | JD | JD | JD | JD |
| <u>For the Six Months Ended 30 June</u> | | | | | |
| <u>2023 (Reviewed not audited)</u> | | | | | |
| Current and demand accounts | 379,801,570 | 99,471,293 | 69,038,465 | 97,462,274 | 645,773,602 |
| Saving deposits | 569,141,168 | 6,206,144 | 11,376,713 | 46,507 | 586,770,532 |
| Time and notice deposits | 558,676,769 | 417,231,740 | 56,058,292 | 258,063,033 | 1,290,029,834 |
| Total | 1,507,619,507 | 522,909,177 | 136,473,470 | 355,571,814 | 2,522,573,968 |
| <u>For the Year Ended 31 December</u> | | | | | |
| <u>2022 (Audited)</u> | | | | | |
| Current and demand accounts | 358,673,308 | 98,070,076 | 68,756,139 | 82,200,584 | 607,700,107 |
| Saving deposits | 590,037,525 | 9,363,911 | 9,414,144 | 63,051 | 608,878,631 |
| Time and notice deposits | 521,199,696 | 429,488,232 | 44,191,135 | 242,725,549 | 1,237,604,612 |
| Total | 1,469,910,529 | 536,922,219 | 122,361,418 | 324,989,184 | 2,454,183,350 |

- The Government of Jordan and the public sector deposits inside Jordan amounted to JD 337,307,332 equivalent to 13.37% of total deposits as of 30 June 2023 (JD 307,303,950 equivalent to 12.52% of total deposits as of 31 December 2022).
- There are no restricted deposits as of 30 June 2023 and 31 December 2022.
- Non-interest bearing deposits amounted to JD 553,682,275 equivalent to 21.95% of total deposits as of 30 June 2023 (JD 534,120,314 equivalent to 21.76% of total deposits as of 31 December 2022).
- Dormant deposit accounts amounted to JD 45,061,373 as of 30 June 2023 (JD 47,445,416 as of 31 December 2022).

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13. Borrowed Funds

The item details are as follows:

| | No. of Installments | | Payment | Maturity | | Collaterals | Interest rate |
|---|---------------------|-----------|-----------|------------------------|---------------|----------------|-------------------|
| | Amount | Total | frequency | Date | Maturity date | | |
| JD | | | | | | | |
| 30 June 2023 (Reviewed not audited) | | | | | | | |
| Amounts borrowed from overseas investment company (OPIC) | 15,598,000 | 1 | 1 | At maturity | 2034 | None | 4.845%- 4.895% |
| Amounts borrowed from French Development Agency | 709,000 | 20 | 4 | Semi- annually | 2025 | None | 3.358% |
| Amounts borrowed from Central Bank of Jordan | 4,275,000 | 20 | 9 | Semi- annually | 2027 | None | 5.64% |
| Amounts borrowed from Central Bank of Jordan | 104,673,923 | 710 | 710 | At maturity / per Loan | 2023-2035 | Treasury Bills | 0.5%-1.75% |
| Amounts borrowed from Central Bank of Jordan | 27,878,777 | 455 | 455 | At maturity / per Loan | 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 (EBRD) | 5,317,500 | 7 | 7 | Semi- annually | 2028 | None | 6.45% |
| Amounts borrowed from European Bank for Reconstruction and Development (EBRD) | 1,772,500 | 7 | 7 | Semi- annually | 2028 | None | 5.2% |
| Amounts borrowed from Central Bank of Jordan | 2,870,000 | 20 | 13 | Semi- annually | 2030 | None | 5.69% |
| 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 | 5.62% |
| Amounts borrowed from French Development Agency | 2,417,567 | 7 | 5 | Semi- annually | 2025 | None | 5.55% |
| Palestine Monetary Authority | 2,694,950 | - | - | Monthly | - | None | 3.00% |
| Jordan Kuwait bank | 14,000,000 | 8 | 8 | Quarterly | 2024 | None | 5.00 % |
| Etihad Bank | 6,000,000 | 8 | 8 | Quarterly | 2024 | None | 6.5% |
| Housing Bank for Trade and Finance | 15,354,110 | Overdraft | - | - | 2023 | None | 7% |
| 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 | 6.00% |
| 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 | 303,792,287 | | | | | | |

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| | Amount JD | No. of Installments | | Payment frequency | Maturity Date | Collaterals | Interest Rate |
|---|--------------------|---------------------|-------------|------------------------|------------------|----------------|----------------|
| | | Total | Outstanding | | | | |
| 31 December 2022 (Audited) | | | | | | | |
| Amounts borrowed from overseas investment company (OPIC) | 15,598,000 | 1 | 1 | At maturity | 2034 2025 | None | 4.845% - 4.895 |
| Amounts borrowed from French Development Agency | 886,250 | 20 | 5 | Semi- annually | 2027 | None | 3.358% |
| Amounts borrowed from Central Bank of Jordan | 4,750,000 | 20 | 10 | Semi- annually | | 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 (EBRD) | 2,025,714 | 7 | 1 | Semi- annually | 2023 | None | 5.5% |
| Amounts borrowed from Central Bank of Jordan | 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% |
| Jordan Mortgage Refinance Company | 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% |
| Amounts borrowed from Central Bank of Jordan | 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 Central Bank of Jordan | 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 European Bank for Reconstruction and Development (EBRD) | 506,429 | 7 | 1 | Semi- annually | 2023 | None | 5.80% |
| Amounts borrowed from European Bank for Reconstruction and Development (EBRD) | 5,672,000 | 7 | 7 | Semi- annually | 2027 | None | 5.62% |
| Amounts borrowed from French Development Agency | 8,302,743 | 20 | 17 | Semi- annually | 2031 | None | 4.222% |
| Palestine Monetary Authority | 3,938,936 | - | - | Monthly | - | None | ٪3.0 |
| Jordan Kuwait bank | 7,000,000 | 8 | 8 | Quarterly | 2024 | None | 5.0% |
| Ethiad 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 | 5.750% |
| Amounts borrowed from International Financial Markets (FMI) | 1,074,224 | - | 1 | 1 | - | None | - |
| Total | 341,726,015 | | | | | | |

14. Income Tax

Income Tax Provision

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

| | 30 June 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 | (16,869,602) | (16,428,764) |
| Income tax expense | 9,772,658 | 20,485,824 |
| Balance - end of the period/ year | <u>16,770,471</u> | <u>23,867,415</u> |

Income tax appearing on the income statement represents the following:

| | 30 June 2023 | 30 June 2022 |
|--------------------------------------|---------------------------------|---------------------------------|
| | JD (Reviewed not audited) | JD (Reviewed not audited) |
| Income tax for the period | 9,772,658 | 8,999,205 |
| Deferred tax liabilities | (540,528) | - |
| Deferred tax assets | 111,915 | (256,019) |
| Income tax for current period profit | <u>9,344,045</u> | <u>8,743,186</u> |

- The income tax rate on banks in Jordan is 38% and varies between 0%-31% in countries that the bank has branches and subsidiaries. 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 up to date.
- A final settlement was reached with the tax authorities for the Bank's branches in Palestine up until the end of the year 2020. The Income and Sales Tax Department did not review 2021, and 2022 records up to date.
- Al-Watanieh Financial Services Company - (Awraq) has reached a final settlement with the Income and Sales Tax Department up to the year 2019, except for the years 2015, 2016, and 2017, 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 and 2021, 2022 records up to date.
- 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 records up to date.
- Tamallak for Financial Leasing Company has reached a final settlement with the Income and sales tax Department up until the end of the year 2018. The Income Tax Department did not review 2019, 2020, 2021 and 2022 records up to date.
- In the opinion of the Bank's management, income tax provisions as of 30 June 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 June 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 | 56,886 | 830,630 | 2,810,020 | 466,445 |
| Disposal | (344,926) | (721,795) | (1,462,800) | (23,989) |
| Balance - end of the period/ year | <u>13,286,786</u> | <u>1,416,959</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 June 2023 | 31 December 2022 |
|--|---------------------------------|---------------------|
| | JD (Reviewed not audited) | JD (Audited) |
| Accrued interest | 17,005,186 | 11,807,002 |
| Unearned Revenue | 462,060 | 460,739 |
| Accounts payable | 8,712,679 | 5,153,434 |
| Accrued expenses | 12,815,936 | 10,325,963 |
| Temporary deposits | 36,438,672 | 24,465,104 |
| Checks and withdrawals for payments | 7,558,928 | 7,712,928 |
| Others | 3,818,543 | 3,445,840 |
| | <u>86,812,004</u> | <u>63,371,010</u> |
| Provision for expected credit losses on indirect credit facilities | 4,763,757 | 4,807,041 |
| Total | <u>91,575,761</u> | <u>68,178,051</u> |

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Disclosure on the movement of indirect credit facilities at a collective level at the end of the period/ year:

| | Stage 1 | | Stage 2 | | Stage 3 | Total |
|--|-------------------|--------------------|------------------|-------------------|------------------|--------------------|
| | Individual | Collective | Individual | Collective | | |
| | JD | JD | JD | JD | | |
| <u>For the Six Months Ended 30 June 2023 (Reviewed not audited)</u> | | | | | | |
| Total balances - beginning of the period | 12,302,978 | 307,356,309 | 910,910 | 72,799,844 | 1,177,193 | 394,547,234 |
| New exposures during the period | 3,655,787 | 87,352,250 | 379,733 | 21,361,007 | 107,709 | 112,856,486 |
| Accrued exposures | (2,914,797) | (99,887,980) | (292,564) | (13,479,664) | (814,459) | (117,389,464) |
| Transferred to stage 1 | 175,157 | 8,643,293 | (156,496) | (8,643,293) | (18,661) | - |
| Transferred to stage 2 | (439,254) | (8,768,217) | 511,302 | 9,221,733 | (525,564) | - |
| Transferred to stage 3 | (65,114) | (5,530) | (78,524) | (1,883,049) | 2,032,217 | - |
| Total balances - End of the Period | 12,714,757 | 294,690,125 | 1,274,361 | 79,376,578 | 1,958,435 | 390,014,256 |
| <u>For the Year Ended 31 December 2022 (Audited)</u> | | | | | | |
| Total balances - beginning of the year | 20,102,040 | 378,588,060 | 1,800,173 | 52,788,934 | 951,616 | 454,230,823 |
| New exposures during the year | 2,987,277 | 142,312,844 | 228,085 | 36,721,523 | 286,286 | 182,536,015 |
| Accrued exposures | (10,855,324) | (201,092,042) | (955,703) | (28,722,555) | (593,980) | (242,219,604) |
| Transferred to stage 1 | 537,864 | 16,229,626 | (472,311) | (16,227,626) | (67,553) | - |
| Transferred to stage 2 | (348,880) | (28,548,568) | 373,907 | 28,648,568 | (125,027) | - |
| Transferred to stage 3 | (119,999) | (133,611) | (63,241) | (409,000) | 725,851 | - |
| Total balances - End of the Year | 12,302,978 | 307,356,309 | 910,910 | 72,799,844 | 1,177,193 | 394,547,234 |

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The disclosure on the movement of the provision for expected credit losses for indirect facilities at a collective level as of period/ year end is as follows:

| | Stage 1 | | Stage 2 | | Stage 3 | Total |
|--|----------------|----------------|----------------|------------------|----------------|------------------|
| | Individual | Collective | Individual | Collective | | |
| | JD | JD | JD | JD | | |
| <u>For the Six Months Ended 30 June 2023 (Reviewed not audited)</u> | | | | | | |
| Total balances - beginning of the period | 516,716 | 889,163 | 112,093 | 2,664,388 | 624,681 | 4,807,041 |
| Credit loss on new exposures during the period | 312,332 | 177,308 | 54,391 | 500,829 | 44,154 | 1,089,014 |
| Credit loss on accrued exposures | (101,405) | (271,209) | (24,821) | (856,561) | (178,401) | (1,432,397) |
| Transferred to stage 1 | 27,131 | 60,578 | (19,416) | (60,578) | (7,715) | - |
| Transferred to stage 2 | (38,845) | (30,096) | 62,151 | 292,893 | (286,103) | - |
| Transferred to stage 3 | (4,550) | (106) | (7,906) | (43,099) | 55,661 | - |
| Effect on the provision at the end of the period - resulting from the reclassification between the three stages at the end of the period | (13,792) | (54,350) | 53,789 | (103,795) | 735,466 | 617,318 |
| Changes resulting from adjustments | 890 | (205,251) | 4 | (111,623) | (1,239) | (317,219) |
| Total balances - End of the Period | 698,477 | 566,037 | 230,285 | 2,282,454 | 986,504 | 4,763,757 |
| <u>For the Year Ended 31 December 2022 (Audited)</u> | | | | | | |
| Total balances - beginning of the year | 796,805 | 901,014 | 169,157 | 1,221,199 | 385,410 | 3,473,585 |
| Credit loss on new exposures during the year | 151,362 | 398,900 | 36,204 | 1,355,289 | 167,066 | 2,108,821 |
| Credit loss on accrued exposures | (437,604) | (447,505) | (59,739) | (218,273) | (185,029) | (1,348,150) |
| Transferred to stage 1 | 89,164 | 451,496 | (59,933) | (450,306) | (30,421) | - |
| Transferred to stage 2 | (19,226) | (65,453) | 33,084 | 115,242 | (63,647) | - |
| Transferred to stage 3 | (6,520) | (37) | (8,394) | (25,901) | 40,852 | - |
| Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year | (57,313) | (397,266) | 1,697 | 621,889 | 307,300 | 476,307 |
| Changes resulting from adjustments | 48 | 48,014 | 17 | 45,249 | 3,150 | 96,478 |
| Total balances - End of the Year | 516,716 | 889,163 | 112,093 | 2,664,388 | 624,681 | 4,807,041 |

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16. Fair Value Reserve - Net

The item details are as follows:

| | 30 June 2023 | 31 December 2022 |
|--|---------------------------------|---------------------|
| | JD (Reviewed not audited) | JD (Audited) |
| Balance - beginning of the period / year | 9,304,467 | 3,797,698 |
| Unrealized gains | 6,132,062 | 7,268,999 |
| (Gain) loss from sale of financial assets at fair value through other comprehensive income transferred to retained earnings | (603,126) | 137,544 |
| Deferred tax assets | 4,425 | (1,436,466) |
| Deferred tax liabilities | (111,087) | (463,308) |
| Balance - end of the period / year | <u>14,726,741</u> | <u>9,304,467</u> |

The fair value reserve - net is presented after deducting the deferred tax assets that amounted to JD 2,174 and the deferred tax liabilities that amount to JD 885,695.

17. Retained Earnings

The item details are as follows:

| | 30 June 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 from (to) general banking risk reserve | - | (304,826) |
| Transferred (to) Cyclical fluctuations | - | (502,221) |
| Cash dividends distrusted | (19,000,000) | (28,500,000) |
| Net change in non-controlling interest | - | 2,912,691 |
| Transfers resulted from sale of financial assets at fair value through other comprehensive income | 603,126 | (137,544) |
| Balance - end of the period / year | <u>79,513,681</u> | <u>97,910,555</u> |

- Retained earnings as of 30 June 2023 includes JD 12,672,287 resulting from the early implementation of IFRS 9. This amount is not available for distribution 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 13,286,786 as of 30 June 2023, (JD 13,574,826 as of 31 December 2022), which is not available for distribution in accordance with the Central Bank of Jordan instructions.
- The Bank cannot use a restricted amount of JD 1,155,916 which represents the remaining balance of the general banking risk reserve included in retained earnings in accordance with the instructions of the Central Bank of Jordan.

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- The General Assembly of Shareholders decided in its meeting held on 13 April 2023 to approve the distribution of cash dividends to shareholders at 100 Fils per share i.e 10% of the par value per share amounting to 1 JD as dividends for 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 to shareholders at 90 Fils 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 of 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 dividends for the year 2021.

18. Interest Income

This item consists of the following:

| | 30 June 2023 | 30 June 2022 |
|---|---------------------------------|---------------------------------|
| | JD (Reviewed not audited) | JD (Reviewed not audited) |
| Direct credit facilities: | | |
| Retail lending (individual) | | |
| Overdrafts | 494,415 | 704,818 |
| Loans and bills | 40,153,381 | 28,398,509 |
| Credit cards | 1,383,714 | 1,418,989 |
| Brokerage margin accounts | 276,828 | 228,990 |
| Real-estate mortgages | 10,193,305 | 7,590,926 |
| Corporate | | |
| Large corporate | | |
| Overdrafts | 6,065,194 | 3,223,698 |
| Loans and bills | 19,738,291 | 13,906,752 |
| Small and medium enterprises lending | | |
| Overdrafts | 1,171,940 | 884,072 |
| Loans and bills | 6,203,229 | 4,716,715 |
| Government and public sector | 6,011,312 | 5,676,177 |
| Balances at Central Banks | 588,706 | 118,100 |
| Balances and deposits at banks and financial institutions | 4,409,681 | 1,835,727 |
| Financial assets at amortized cost | 20,571,251 | 18,717,249 |
| Total | 117,261,247 | 87,420,722 |

19. Interest Expense

The item details are as follows:

| | 30 June 2023 | 30 June 2022 |
|---|---------------------------------|---------------------------------|
| | JD (Reviewed not audited) | JD (Reviewed not audited) |
| Banks and financial institutions deposits | 6,991,204 | 3,282,448 |
| Customers' deposits: | | |
| Current accounts and demand deposits | 2,060,831 | 847,996 |
| Saving accounts | 1,469,974 | 1,430,426 |
| Time and notice deposits | 28,598,750 | 17,772,105 |
| Cash margins | 275,345 | 139,766 |
| Loans and borrowings | 6,614,684 | 4,914,298 |
| Deposits guarantee fees | 1,432,079 | 1,900,217 |
| Total | 47,442,867 | 30,287,256 |

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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 (Loss) Gains | Dividends | Total |
|--|----------------|----------------------------|----------------|----------------|
| | JD | JD | JD | JD |
| <u>For the Six Months Ended 30 June 2023 (Reviewed not audited)</u> | | | | |
| Corporate shares | 738,062 | (827,682) | 473,154 | 383,534 |
| Total | 738,062 | (827,682) | 473,154 | 383,534 |
| <u>For the Six Months Ended 30 June 2022 (Reviewed not audited)</u> | | | | |
| Corporate shares | 34,722 | 455,355 | 457,272 | 947,349 |
| Total | 34,722 | 455,355 | 457,272 | 947,349 |

21. Provision for expected credit losses

The item details are as follows:

| | 30 June 2023 | 30 June 2022 |
|---|------------------------------|------------------------------|
| | JD (Reviewed not audited) | JD (Reviewed not audited) |
| Balances at central banks | (11,204) | (4,132) |
| Balances at banks and financial institutions | (8,213) | (5,419) |
| Deposits at banks and financial institutions | 337,063 | 31,789 |
| Financial assets at amortized cost | (65,870) | (324,548) |
| Financial assets at fair value through other comprehensive income | (655) | (156) |
| Direct credit facilities | 11,649,123 | 8,316,669 |
| Indirect credit facilities | (43,284) | (543,607) |
| | 11,856,960 | 7,470,596 |

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

The item details are as follows:

| | For the Three Months Ended 30 June | | For the Six Months Ended 30 June | |
|---|---------------------------------------|--------------------|-------------------------------------|--------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | JD | JD | JD | JD |
| | (Reviewed not audited) | | (Reviewed not audited) | |
| Profit for the period attributable to bank's shareholders (JD) | 9,960,137 | 7,960,647 | 18,439,470 | 15,650,916 |
| Weighted average number of shares | 190,000,000 | 190,000,000 | 190,000,000 | 190,000,000 |
| | (JD/ Fills) | (JD/ Fills) | (JD/ Fills) | (JD/ Fills) |
| Basic and diluted earnings per share for the period - (Bank's Shareholders) | 0/052 | 0/042 | 0/097 | 0/082 |

23. Cash and Cash Equivalents

The item details are as follows:

| | 30 June 2023 | 30 June 2022 |
|---|---------------------------|---------------------------|
| | JD | JD |
| | (Reviewed not audited) | (Reviewed not audited) |
| Cash and balances at Central Banks maturing within three months | 345,139,008 | 369,291,923 |
| <u>Add:</u> Balances at banks and financial institutions maturing within three months | 146,313,191 | 126,961,190 |
| <u>Less:</u> Banks and financial institutions deposits maturing within three months | (219,994,103) | (283,200,523) |
| <u>Less:</u> Restricted balances | (10,635,000) | (10,635,000) |
| | <u>260,823,096</u> | <u>202,417,590</u> |

24. Balances and Transactions with Related Parties

The interim condensed consolidated financial statements include the bank's financial statement and the following subsidiaries:

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

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

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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 June 2023 | 31 December 2022 |
| | | JD | JD | JD | JD | JD |
| | | | | | (Reviewed not audited) | (Audited) |
| <u>Statement of Financial Position</u> | | | | | | |
| <u>Items:</u> | | | | | | |
| Direct credit facilities | 11,171,019 | 30,334,440 | 3,256,733 | 36,360,852 | 81,123,044 | 69,406,297 |
| Deposits at the Bank | 7,239,911 | 53,868,061 | 2,759,057 | 16,068,382 | 79,935,411 | 62,022,124 |
| Cash Margins | 140,353 | 159,032 | 71 | 198,370 | 497,826 | 330,527 |
| <u>Off Statement of Financial Position Items:</u> | | | | | | |
| Indirect credit facilities | 360,337 | 4,122,510 | 14,480 | 855,524 | 5,352,851 | 4,175,410 |
| | | | | | 30 June 2023 | 30 June 2022 |
| | | | | | JD | JD |
| | | | | | (Reviewed not audited) | (Reviewed not audited) |
| <u>Income Statements Items:</u> | | | | | | |
| Interest and commission income | 396,626 | 859,382 | 73,974 | 1,116,694 | 2,446,676 | 542,370 |
| Interest and commission expense | 180,998 | 1,324,583 | 81,307 | 348,379 | 1,935,267 | 307,809 |

* 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% - 6.25%.
- Interest expense rates on deposits in foreign currency range between zero% - 4.25%.

Salaries, wages and bonuses of executive management amounted to JD 2,247,126 as of 30 June 2023 (JD 2,017,547 as of 30 June 2022).

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25. Capital Adequacy

The capital adequacy ratio is calculated in accordance with the Central Bank of Jordan instructions which are based on Basel committee decisions. Below is the capital adequacy ratio as per Basel III:

| | 30 June 2023 | 31 December 2022 |
|---|---------------------------------|---------------------|
| | JD (Reviewed not audited) | JD (Audited) |
| Ordinary Share Rights | | |
| Paid in capital | 190,000,000 | 190,000,000 |
| Retained earnings | 79,513,681 | 78,910,555 |
| Fair value reserve -Net | 14,726,741 | 9,304,467 |
| Statutory reserve | 91,364,494 | 91,364,494 |
| Other reserves approved by the Central Bank | 11,396,874 | 11,396,874 |
| Foreign Currencies translation reserve - net | (1,584,070) | (3,188,744) |
| Minority rights allowed to be recognized | 10,326,345 | 10,490,434 |
| Profits for attributable to the banks shareholders after subtracting the expected accumulated distributions | 8,939,470 | - |
| Total ordinary shares' capital | <u>404,683,535</u> | <u>388,278,080</u> |
| Regulatory Adjustments (Deductible from capital) | | |
| Intangible assets | (5,257,699) | (5,361,339) |
| Deferred tax assets that should be deducted | (13,286,786) | (13,574,826) |
| Net ordinary shareholders' equity | <u>386,139,050</u> | <u>369,341,915</u> |
| Net primary capital (Tier I) | 386,139,050 | 369,341,915 |
| Tier II Capital | | |
| Subordinated loans | 11,124,000 | 13,251,210 |
| General banking risk reserve | 4,646,255 | 4,646,255 |
| Required provisions against debt instruments for stage 1 according to IFRS (9) | 13,699,899 | 13,653,697 |
| Minority rights allowed to be recognized | 4,347,935 | 4,662,415 |
| Tier II Capital Total | <u>33,818,089</u> | <u>36,213,577</u> |
| Net Tier II | 33,818,089 | 36,213,577 |
| Regulatory capital | 419,957,139 | 405,555,492 |
| Total risk weighted assets | 2,640,821,673 | 2,601,650,465 |
| Capital adequacy percentage (%) | 15.90% | 15.59% |
| Primary capital percentage (%) | 14.62% | 14.20% |
| Subordinated capital percentage (%) | 1.28% | 1.39% |
| <u>Liquidity coverage ratio (LCR)</u> | | |
| Total high quality liquid assets | 1,027,968,125 | 994,379,267 |
| Total high quality liquid assets after deduction and subtracting maximum adjustments | 1,027,968,125 | 994,379,267 |
| Net cash outflow | <u>435,622,278</u> | <u>456,470,162</u> |
| Liquidity coverage Ratio (LCR) | <u>236%</u> | <u>217.8%</u> |

- The average liquidity coverage ratio reached to 231,22%.

26. 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 CEO 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 | Corporate | Treasury | Other | 30 June 2023 | 30 June 2022 |
|---|---------------|---------------|---------------|-------------|---------------------------|---------------------------|
| | JD | JD | JD | JD | JD | JD |
| | | | | | (Reviewed not audited) | (Reviewed not audited) |
| Gross revenues | 60,017,010 | 42,112,657 | 31,468,003 | 2,123,355 | 135,721,025 | 107,432,875 |
| Expected credit losses | 10,959,619 | 646,220 | 251,121 | | 11,856,960 | 7,470,596 |
| Impairment of repossessed assets provision | - | - | - | 26,920 | 26,920 | 217,053 |
| Segment result | 32,040,423 | 25,224,778 | 17,032,673 | 2,096,404 | 76,394,278 | 69,457,970 |
| Unallocated costs | | | | | (48,425,221) | (44,893,598) |
| Profit before tax | | | | | 27,969,057 | 24,564,372 |
| Income tax | | | | | (9,344,045) | (8,743,186) |
| Profit for the period | | | | | <u>18,625,012</u> | <u>15,821,186</u> |
| Other information | | | | | | |
| Capital expenditure | | | | | <u>3,482,978</u> | <u>3,290,465</u> |
| Depreciation and amortization | | | | | <u>3,718,345</u> | <u>3,533,281</u> |
| | | | | | 30 June 2023 | 31 December 2022 |
| | | | | | JD | JD |
| | | | | | (Reviewed not audited) | (Audited) |
| Total segment assets | 1,080,981,132 | 1,131,593,356 | 1,407,116,073 | 135,946,175 | 3,755,636,736 | 3,674,974,454 |
| Total segment liabilities | 1,133,066,042 | 1,403,179,745 | 645,571,064 | 144,746,990 | 3,326,563,841 | 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 and Bahrain.

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 June 2023 | 30 June 2022 | 30 June 2023 | 30 June 2022 | 30 June 2023 | 30 June 2022 |
| | JD | JD | JD | JD | JD | JD |
| | (Reviewed not audited) | | (Reviewed not audited) | | (Reviewed not audited) | |
| Gross revenue | 104,737,813 | 83,029,366 | 30,983,212 | 24,403,509 | 135,721,025 | 107,432,875 |
| Capital expenditures | 2,870,067 | 2,249,709 | 612,911 | 1,040,756 | 3,482,978 | 3,290,465 |

| | Inside Jordan | | Outside Jordan | | Total | |
|--------------|------------------------|---------------------|------------------------|---------------------|------------------------|---------------------|
| | 30 June 2023 | 31 December 2022 | 30 June 2023 | 31 December 2022 | 30 June 2023 | 31 December 2022 |
| | JD | JD | JD | JD | JD | JD |
| | (Reviewed not audited) | (Audited) | (Reviewed not audited) | (Audited) | (Reviewed not audited) | (Audited) |
| Total assets | 2,680,679,722 | 2,723,867,894 | 1,074,957,014 | 951,106,560 | 3,755,636,736 | 3,674,974,454 |

27. Risk Management

The Bank's risk management is performed based on a comprehensive strategy for risk reduction and mitigation, after identifying acceptable risks by the Bank to manage its business to ensure the level and quality of the various risks the Bank wishes to accept, in which it will not affect the achievement of the strategic objectives, in addition to mitigating the negative effects of internal and external events on the profitability of the bank, the rate of capital, market share and any other intangible factors such as Bank's reputation.

The Bank's risk management policies for the six-month period ended 30 June 2023 are consistent with the policies for the year ended 31 December 2022, which are disclosed with the Bank's annual report as of 31 December 2022.

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Reclassified credit exposures

Gross reclassified credit exposures

| | Stage 2 | | Stage 3 | | Gross reclassified exposures | Reclassified exposures percentage |
|--------------------------------------|-----------------------|------------------------|-----------------------|------------------------|------------------------------|-----------------------------------|
| | Gross exposure amount | Reclassified exposures | Gross exposure amount | Reclassified exposures | | |
| | JD | JD | JD | JD | | |
| | | | | | | |
| Direct credit and finance facilities | 466,609,841 | 150,121,889 | 153,434,605 | 45,191,021 | 259,524,586 | 11.08% |
| Total | 466,609,841 | 150,121,889 | 153,434,605 | 45,191,021 | 259,524,586 | |
| Financial guarantees | 16,394,485 | 2,338,787 | 1,542,672 | 1,247,853 | 4,201,744 | 5.92% |
| Letters of credit | 3,589,220 | - | - | - | - | - |
| Other liabilities | 60,667,234 | 7,394,248 | 415,763 | 784,364 | 16,381,958 | 6.91% |
| Total | 547,260,780 | 159,854,924 | 155,393,040 | 47,223,238 | 280,108,288 | |

Expected credit losses of reclassified credit exposures

| | Reclassified Credit Exposures | | | Expected Credit Losses of Reclassified Credit Exposures | | | | Total |
|--------------------------------------|---|---|------------------------------|---|------------|------------|------------|------------|
| | Gross exposures reclassified from stage 2 | Gross exposures reclassified from stage 3 | Gross exposures reclassified | Stage 2 | | Stage 3 | | |
| | JD | JD | JD | Individual | Collective | Individual | Collective | |
| | JD | JD | JD | JD | JD | JD | JD | |
| Direct credit and finance facilities | 150,121,889 | 45,191,021 | 259,524,586 | 3,287,479 | 4,310,019 | 2,026,032 | - | 9,623,530 |
| Total | 150,121,889 | 45,191,021 | 259,524,586 | 3,287,479 | 4,310,019 | 2,026,032 | - | 9,623,530 |
| Financial guarantees | 2,338,787 | 1,247,853 | 4,201,744 | 138,015 | - | 31,459 | - | 169,474 |
| Other liabilities | 7,394,248 | 784,364 | 16,381,958 | 154,878 | 62,151 | 24,202 | - | 241,231 |
| Total | 159,854,924 | 47,223,238 | 280,108,288 | 3,580,372 | 4,372,170 | 2,081,693 | - | 10,034,235 |

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Allocation of exposures according to economic sectors

Allocation of exposures according to financial instruments – net:

| | Financial | Industrial | Commercial | Real Estate* | Agricultural | Trading | Consumer | Government and Public Sector | Total |
|--|--------------------|--------------------|--------------------|--------------------|-------------------|-------------------|--------------------|------------------------------|----------------------|
| | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Balances at central banks | - | - | - | - | - | - | - | 178,128,534 | 178,128,534 |
| Balances at banks and financial institutions | 146,301,132 | - | - | - | - | - | - | - | 146,301,132 |
| Deposits at banks and financial institutions | 52,359,757 | - | - | - | - | - | - | - | 52,359,757 |
| Direct credit facilities | 156,578,713 | 160,218,369 | 376,616,491 | 420,520,193 | 26,576,681 | 21,719,720 | 818,957,233 | 231,387,088 | 2,212,574,488 |
| Financial assets at amortized cost - net | 54,193,143 | - | 21,398,400 | - | - | - | - | 685,758,860 | 761,350,403 |
| Other assets | 8,455,236 | 3,127,791 | 7,518,934 | 327,955 | 417,332 | 98,920 | 2,322,519 | 8,579,157 | 30,847,844 |
| Total assets | 417,887,981 | 163,346,160 | 405,533,825 | 420,848,148 | 26,994,013 | 21,818,640 | 821,279,752 | 1,103,853,639 | 3,381,562,158 |
| Financial guarantees | 11,034,145 | 7,675,244 | 45,127,607 | 4,068,141 | 150,736 | - | - | 1,399,411 | 69,455,284 |
| Letters of credit and acceptances | 26,511,910 | 20,601,262 | 28,092,020 | - | - | - | - | 6,595,371 | 81,800,563 |
| Other liabilities | 22,194,099 | 18,412,211 | 140,232,021 | 8,961,541 | 2,281,915 | 323 | 19,243,545 | 22,668,996 | 233,994,651 |
| Total | 477,628,135 | 210,034,877 | 618,985,473 | 433,877,830 | 29,426,664 | 21,818,963 | 840,523,297 | 1,134,517,417 | 3,766,812,656 |

* The industrial sector of real estate includes loans granted to corporates and housing loans.

Allocation of exposures according to stage categories of IFRS (9):

| | Stage 1 | | Stage 2 | | Stage 3 | Total |
|------------------------------|----------------------|--------------------|--------------------|--------------------|-------------------|----------------------|
| | Individual | Collective | Individual | Collective | | |
| | JD | JD | JD | JD | | |
| Financial | 452,161,485 | 3,185,391 | 22,281,255 | - | 4 | 477,628,135 |
| Industrial | 140,879,676 | 2,218,698 | 62,431,306 | 272,951 | 4,232,246 | 210,034,877 |
| Commercial | 368,025,083 | 43,183,584 | 185,875,956 | 2,888,107 | 19,012,743 | 618,985,473 |
| Real estate | 112,015,065 | 232,979,074 | 16,814,909 | 53,744,316 | 18,324,466 | 433,877,830 |
| Agricultural | 19,142,359 | 350,163 | 8,821,511 | - | 1,112,631 | 29,426,664 |
| Trading | 15,953,785 | 5,834,450 | - | 27,317 | 3,411 | 21,818,963 |
| Consumer | 56,589,976 | 693,796,895 | 13,604,595 | 64,771,998 | 11,759,833 | 840,523,297 |
| Government and public sector | 1,031,169,903 | 8,320,929 | 95,026,585 | - | - | 1,134,517,417 |
| Total | 2,195,937,332 | 989,869,184 | 404,856,117 | 121,704,689 | 54,445,334 | 3,766,812,656 |

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Allocation of exposures according to geographical regions

Allocation of exposures according to financial instruments – net:

| | Other Middle | | | | | Other | Total |
|--|----------------------|--------------------|-------------------|----------------|------------------|---------------|----------------------|
| | Inside Jordan | Eastern Countries | Europe | Asia | America | Countries | |
| | JD | JD | JD | JD | JD | JD | |
| Balances at central banks | 67,917,505 | 110,211,029 | - | - | - | - | 178,128,534 |
| Balances at banks and financial institutions | 48,901,077 | 55,464,461 | 36,298,516 | 314,391 | 5,311,275 | 11,412 | 146,301,132 |
| Deposits at banks and financial institutions | 49,000,000 | 3,359,757 | - | - | - | - | 52,359,757 |
| Credit Facilities | 1,589,896,379 | 607,925,320 | 14,634,397 | - | 118,392 | - | 2,212,574,488 |
| Financial Assets at amortized cost - net | 723,601,476 | 37,393,205 | 355,722 | - | - | - | 761,350,403 |
| Financial assets pledged as collateral | | | | | | | |
| Other assets | 21,457,336 | 6,857,720 | 2,523,525 | - | 9,263 | - | 30,847,844 |
| Total assets | 2,500,773,773 | 821,211,492 | 53,812,160 | 314,391 | 5,438,930 | 11,412 | 3,381,562,158 |
| Financial guarantees | 50,482,295 | 16,656,679 | 1,804,703 | 298,956 | 212,651 | - | 69,455,284 |
| Letters of credit and acceptances | 57,452,562 | 24,348,001 | - | - | - | - | 81,800,563 |
| Other liabilities | 195,836,058 | 38,158,593 | - | - | - | - | 233,994,651 |
| Total | 2,804,544,688 | 900,374,765 | 55,616,863 | 613,347 | 5,651,581 | 11,412 | 3,766,812,656 |

Allocation of exposures according to stage categories of IFRS (9):

| | Stage 1 | | Stage 2 | | Stage 3 | Total |
|--------------------------------|----------------------|--------------------|--------------------|--------------------|-------------------|----------------------|
| | Individual | Collective | Individual | Collective | | |
| | JD | JD | JD | JD | | |
| Inside Jordan | 1,630,545,598 | 778,986,745 | 276,281,614 | 74,905,151 | 43,825,580 | 2,804,544,688 |
| Other Middle Eastern Countries | 518,188,849 | 208,491,102 | 116,275,522 | 46,799,538 | 10,619,754 | 900,374,765 |
| Europe | 40,926,545 | 2,391,337 | 12,298,981 | - | - | 55,616,863 |
| Asia | 613,347 | - | - | - | - | 613,347 |
| America | 5,651,581 | - | - | - | - | 5,651,581 |
| Other Countries | 11,412 | - | - | - | - | 11,412 |
| Total | 2,195,937,332 | 989,869,184 | 404,856,117 | 121,704,689 | 54,445,334 | 3,766,812,656 |

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28. Fair Value Hierarchy

The fair value of financial assets and liabilities of the Bank specified at fair value on an ongoing basis:

Some financial assets and liabilities of the Bank are measured at fair value at the end of each fiscal period. The following table shows information about how the fair value of these financial assets and financial liabilities is determined (valuation methods and inputs used):

| | Fair value | | The Level of Fair Value | Valuation Method and Inputs Used | Important Intangible Inputs |
|---|------------------------------|------------------|-------------------------|--|-----------------------------|
| | 30 June 2023 | 31 December 2022 | | | |
| | (Reviewed not audited) JD | (Audited) JD | | | |
| <u>Financial Assets at Fair Value through profit or loss</u> | | | | | |
| Corporate shares | 8,595,662 | 9,980,141 | Level I | Prices listed in stock exchange market | Not Applicable |
| Total | 8,595,662 | 9,980,141 | | | |
| <u>Financial Assets at Fair Value through Other Comprehensive Income</u> | | | | | |
| Quoted shares | 71,880,872 | 63,640,617 | Level I | Prices listed in stock exchange market | Not Applicable |
| Unquoted shares | 8,063,993 | 8,062,416 | Level III | Equity method and using latest available financial information | Not Applicable |
| Quoted bonds | 142,795 | 176,339 | Level I | Prices listed in stock exchange market | Not Applicable |
| Total | 80,087,660 | 71,879,372 | | | |
| Financial Assets at Fair Value | 88,683,322 | 81,859,513 | | | |

There were no transfers between the first level and second level during period.

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Fair value of financial assets and financial liabilities of the Bank with non-specific fair value on an ongoing basis:

Except as set out in the table below, we believe that the carrying value of financial assets and financial liabilities in the financial statements of the Bank approximates their fair value, as the Bank's management believes that the carrying value of the items listed below approximate their fair value, due to either their short-term maturity or repricing of their interest rates during the year.

| | 30 June 2023 | | 31 December 2022 | | Fair Value Level |
|---|------------------------|----------------------|----------------------|----------------------|------------------|
| | Book Value | Fair Value | Book Value | Fair Value | |
| | JD | JD | JD | JD | |
| | (Reviewed not audited) | | (Audited) | | |
| <u>Financial Assets with Unspecified Fair Value</u> | | | | | |
| Balances at Central Banks - Net | 178,128,534 | 178,183,515 | 180,339,402 | 180,827,761 | Level II |
| Balances at Banks and other Financial Institutes - Net | 146,301,132 | 146,750,834 | 123,920,745 | 124,081,446 | Level II |
| Deposits at Banks and other Financial Institutes - Net | 52,359,757 | 52,789,243 | 73,083,268 | 75,210,513 | Level II |
| Financial assets at amortized costs | 761,350,403 | 772,822,473 | 795,365,140 | 805,297,635 | Level II |
| Direct credit facilities - Net | 2,212,574,488 | 2,219,651,403 | 2,127,194,065 | 2,138,892,540 | Level II |
| Total Financial Assets with Unspecified Fair Value | 3,350,714,314 | 3,370,197,468 | 3,299,902,620 | 3,324,309,895 | |
| <u>Financial Liabilities with Unspecified Fair Value</u> | | | | | |
| Banks and financial institutions' deposits | 257,902,731 | 259,063,767 | 218,453,233 | 219,095,392 | Level II |
| Customer Deposits | 2,522,573,968 | 2,536,673,133 | 2,454,183,350 | 2,463,995,097 | Level II |
| Margin account | 77,590,556 | 77,590,556 | 89,697,152 | 89,697,152 | Level II |
| Borrowed funds | 303,792,287 | 305,034,557 | 341,726,015 | 342,822,161 | Level II |
| Subordinated loans | 18,540,350 | 19,043,065 | 18,540,350 | 18,797,300 | Level II |
| Total Financial Liabilities with Unspecified Fair Value | 3,180,399,892 | 3,197,405,078 | 3,122,600,100 | 3,134,407,102 | |

For the above-mentioned items, the second level financial liabilities and financial assets have been determined at fair value according to the agreed-upon pricing model, which reflects the credit risk of the parties dealt with.

29. Contingent Liabilities and Commitments

The item details are as follows:

| | 30 June 2023 | 31 December 2022 |
|--|------------------------------|--------------------|
| | JD (Reviewed not audited) | JD (Audited) |
| Letters of credit: | | |
| Issued | 67,637,866 | 56,758,889 |
| Acceptances | 7,261,275 | 6,729,439 |
| Letters of guarantee: | | |
| Payments | 35,283,833 | 30,719,570 |
| Performance | 19,843,725 | 19,714,916 |
| Other | 15,826,702 | 18,672,110 |
| Unutilized direct credit facilities ceilings | 194,086,677 | 222,194,088 |
| | 339,940,078 | 354,789,012 |

30. Lawsuits

In the normal course of business, the Bank appears as a defendant in a number of lawsuits amounting to JD 19,831,988 and JD 27,427,909 as of 30 June 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 June 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 June 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 consultant believes that the legal status of the bank is favourable in regard to this lawsuit.

31. Statutory Reserve

The Bank did not deduct the statutory reserves during the period in accordance with the companies' law, as these statements are interim financial statements.