

CAIRO AMMAN BANK

(PUBLIC SHAREHOLDING LIMITED COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2023



**Building a better
working world**

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Cairo Amman Bank (Public Shareholding Limited Company) and its subsidiaries (the Bank) as of 30 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)
<u>Assets</u>			
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
<u>Liabilities and Equity</u>			
<u>Liabilities:</u>			
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
<u>Equity</u>			
<u>Banks Shareholders Equity</u>			
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 30 June		For the six months ended 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		35,423,460	29,095,492	69,818,380	57,133,466
Net commission income		4,582,710	4,652,220	9,134,956	9,801,351
Net interest and commission income		40,006,170	33,747,712	78,953,336	66,934,817
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		42,620,178	38,996,277	88,278,158	77,145,619
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		28,282,327	26,447,705	60,309,101	52,581,247
Profit for the period before tax		14,337,851	12,548,572	27,969,057	24,564,372
Income tax expense	14	4,293,127	4,469,688	9,344,045	8,743,186
Profit for the period		10,044,724	8,078,884	18,625,012	15,821,186
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		10,044,724	8,078,884	18,625,012	15,821,186
		<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
For the six months ended 30 June 2023											
Balance at beginning of the period	190,000,000	91,364,494	4,646,255	11,396,874	9,304,467	(3,188,744)	97,910,555	-	401,433,901	20,383,908	421,817,809
Total comprehensive income for the period	-	-	-	-	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	<u>190,000,000</u>	<u>91,364,494</u>	<u>4,646,255</u>	<u>11,396,874</u>	<u>14,726,741</u>	<u>(1,584,070)</u>	<u>79,513,681</u>	<u>18,439,470</u>	<u>408,503,445</u>	<u>20,569,450</u>	<u>429,072,895</u>
For the six months ended 30 June 2022											
Balance at beginning of the period	190,000,000	86,711,919	4,341,429	10,894,653	3,797,698	(3,188,744)	94,481,206	-	387,038,161	10,360,794	397,398,955
Total comprehensive income for the period	-	-	-	-	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	<u>190,000,000</u>	<u>86,711,919</u>	<u>4,595,640</u>	<u>10,894,653</u>	<u>8,994,154</u>	<u>(3,188,744)</u>	<u>68,651,542</u>	<u>15,650,916</u>	<u>382,310,080</u>	<u>20,188,506</u>	<u>402,498,586</u>

* 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		39,550,376	30,787,715
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		45,813,083	(191,475,506)
Income tax paid	14	(16,869,602)	(14,308,388)
Provisions paid		(945,539)	(686,318)
Net cash flows from (used in) operating activities		27,997,942	(206,470,212)
<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		33,404,016	21,176,860
<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		(56,933,728)	(32,959,808)
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	260,823,096	202,417,590

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.

- 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:

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

The Bank manages its risks through a comprehensive strategy for risk management by which the roles and responsibilities of all parties 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 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	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	178,132,865	-	-	178,132,865

For the Year Ended 31 December 2022 (Audited)

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	180,354,937	-	-	180,354,937

Movement on the provision for expected credit losses (central 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	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	4,331	-	-	4,331

For the Year Ended 31 December 2022 (Audited)

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	15,535	-	-	15,535

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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	JD
	(Reviewed not audited)	(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

For the Year Ended 31 December 2022 (Audited)

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

For the Year Ended 31 December 2022 (Audited)

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

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
<u>Less:</u> 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 (Reviewed not audited) JD	31 December 2022 (Audited) 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	2,341,973,820	2,244,223,314
<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	2,212,574,488	2,127,194,065

* 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	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

For the Year Ended 31 December 2022 (Audited)

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
Reposessed 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 reposessed 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 reposessed 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 reposessed 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:

	Amount	No. of Installments		Payment	Maturity		Interest rate
		Total	frequency	Date	Maturity date	Collaterals	
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	No. of Installments		Payment frequency	Maturity Date	Collaterals	Interest Rate
	JD	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%
Etihad Bank	6,000,000	8	8	Quarterly	2024	None	6.50%
Housing Bank for Trade and Finance	30,990,360	Overdraft	-	-	2023	None	5.75%
Arab Jordan Investment Bank	1,042,796	Overdraft	-	-	2023	None	5.750%
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	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
	(Reviewed not audited)	(Reviewed not audited)	(Audited)	(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	JD
	(Reviewed not audited)	(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	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	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

16. Fair Value Reserve - Net

The item details are as follows:

	30 June 2023	31 December 2022
	JD	JD
	(Reviewed not audited)	(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	JD
	(Reviewed not audited)	(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	<u>738,062</u>	<u>(827,682)</u>	<u>473,154</u>	<u>383,534</u>
<u>For the Six Months Ended 30 June 2022 (Reviewed not audited)</u>				
Corporate shares	34,722	455,355	457,272	947,349
Total	<u>34,722</u>	<u>455,355</u>	<u>457,272</u>	<u>947,349</u>

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)
	<u>11,856,960</u>	<u>7,470,596</u>

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
	<u>(JD/ Fills)</u>	<u>(JD/ Fills)</u>	<u>(JD/ Fills)</u>	<u>(JD/ Fills)</u>
Basic and diluted earnings per share for the period - (Bank's Shareholders)	<u>0/052</u>	<u>0/042</u>	<u>0/097</u>	<u>0/082</u>

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)	JD (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</u>						
<u>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	404,683,535	388,278,080
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	386,139,050	369,341,915
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	33,818,089	36,213,577
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%
Liquidity coverage ratio (LCR)		
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	435,622,278	456,470,162
Liquidity coverage Ratio (LCR)	236%	217.8%

- 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					18,625,012	15,821,186
Other information						
Capital expenditure					3,482,978	3,290,465
Depreciation and amortization					3,718,345	3,533,281
					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	Reclassified	Gross exposure	Reclassified		
	amount	exposures	amount	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				
				Stage 2		Stage 3		
	Gross exposures reclassified from stage 2	Gross exposures reclassified from stage 3	Gross exposures reclassified	Individual	Collective	Individual	Collective	Total
	JD	JD	JD					
	JD	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	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:

	Inside Jordan	Other Middle Eastern Countries	Europe	Asia	America	Other Countries	Total
	JD	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	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

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				
	30 June 2023	31 December 2022	The Level of Fair Value	Valuation Method and Inputs Used	Important Intangible Inputs
	(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
	Book Value	Fair Value	Book Value	Fair Value	Level
	JD	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.