

CAIRO AMMAN BANK

(PUBLIC SHAREHOLDING LIMITED COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2022



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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 2022, comprising the interim condensed consolidated statement of financial position as of 30 June 2022 and the related interim condensed consolidated income statement, interim condensed consolidated comprehensive income statement, 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.

Other Matter

The consolidated financial statements for the year ended 31 December 2021 and the interim condensed consolidated financial statements for the period ended 30 June 2021 were audited and reviewed, respectively, by another auditor. Unqualified opinion and unqualified conclusion were issued on these financial statements on 22 February 2022 and 29 July 2021, respectively.

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
31 July 2022

ERNST & YOUNG
Amman - Jordan

CAIRO AMMAN BANK – PUBLIC SHAREHOLDING LIMITED COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Notes	30 June 2022 JD (Reviewed not audited)	31 December 2021 JD (Audited)
Assets			
Cash and balances at central banks	4	369,281,748	413,494,719
Balances at banks and financial institutions	5	126,920,378	121,528,244
Deposits at banks and financial institutions	6	90,574,476	101,054,720
Financial assets at fair value through profit or loss	7	8,985,289	8,164,615
Financial assets at fair value through other comprehensive income	8	72,655,475	65,792,741
Financial assets at amortized cost - net	9	716,971,280	732,404,799
Financial assets pledged as collateral	9	68,490,000	74,203,000
Direct credit facilities - net	10	2,054,692,770	1,951,096,855
Property and equipment - net		43,029,814	43,770,756
Intangible assets - net		5,582,627	5,159,688
Right of use assets		23,317,167	24,154,362
Deferred tax assets	14	11,333,591	12,227,606
Other assets	11	74,694,975	60,756,128
Total Assets		3,666,529,590	3,613,808,233
Liabilities:			
Banks and financial institutions' deposits		315,219,046	202,284,537
Customers' deposits	12	2,394,840,443	2,437,899,526
Cash margins		60,950,053	59,546,408
Borrowed funds	13	348,050,057	363,909,865
Subordinated loans		18,540,350	18,540,350
Sundry provisions		12,930,113	12,313,994
Income tax provision	14	14,501,172	19,810,355
Lease liabilities		22,780,561	23,325,341
Deferred tax liabilities	14	890,834	865,668
Other liabilities	15	75,328,375	77,913,234
Total Liabilities		3,264,031,004	3,216,409,278
Owners' Equity			
Bank's Shareholders' Equity			
Authorized and paid-in capital	1	190,000,000	190,000,000
Statutory reserve	31	86,711,919	86,711,919
General banking risk reserve		4,595,640	4,341,429
Cyclical fluctuations reserve		10,894,653	10,894,653
Fair value reserve - net	16	8,994,154	3,797,698
Foreign currencies translation reserve		(3,188,744)	(3,188,744)
Retained earnings	17	68,651,542	94,481,206
Profits for the period attributable to the banks' shareholders		15,650,916	-
Total Bank's Shareholders' Equity		382,310,080	387,038,161
Non-controlling interest		20,188,506	10,360,794
Total Owners' Equity		402,498,586	397,398,955
Total Liabilities and Owners' Equity		3,666,529,590	3,613,808,233

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 2022 (REVIEWED NOT AUDITED)

	Notes	For the three months ended		For the six months ended	
		30 June		30 June	
		2022	2021	2022	2021
		JD	JD	JD	JD
Interest income	18	44,672,586	43,865,178	87,420,722	86,048,387
Interest expense	19	15,577,094	14,427,973	30,287,256	28,304,555
Net interest income		<u>29,095,492</u>	<u>29,437,205</u>	<u>57,133,466</u>	<u>57,743,832</u>
Net commission income		4,652,220	4,916,988	9,801,351	9,978,264
Net interest and commission income		<u>33,747,712</u>	<u>34,354,193</u>	<u>66,934,817</u>	<u>67,722,096</u>
Gain from foreign currencies		1,066,049	1,041,770	1,354,285	2,253,288
Gain from financial assets at fair value through profit or loss	20	441,040	1,043,252	947,349	2,007,756
Dividends from financial assets at fair value through other comprehensive income	8	89,935	1,061,835	2,280,421	2,603,331
Other income		3,651,541	2,063,531	5,628,747	3,900,714
Gross profit		<u>38,996,277</u>	<u>39,564,581</u>	<u>77,145,619</u>	<u>78,487,185</u>
Employees' expenses		10,601,020	10,765,084	21,541,783	21,508,047
Depreciation and amortization		1,744,400	1,998,454	3,533,281	4,002,999
Other expenses		9,371,744	8,350,227	18,516,097	16,841,389
Provision for expected credit losses	21	3,576,608	6,042,730	7,470,596	11,489,580
Impairment of repossessed assets provision	11	117,053	25,000	217,053	175,000
Sundry provisions		1,036,880	260,573	1,302,437	485,906
Total expenses		<u>26,447,705</u>	<u>27,442,068</u>	<u>52,581,247</u>	<u>54,502,921</u>
Profit for the period before tax		<u>12,548,572</u>	<u>12,122,513</u>	<u>24,564,372</u>	<u>23,984,264</u>
Income tax expense	14	4,469,688	4,131,122	8,743,186	8,569,061
Profit for the period		<u>8,078,884</u>	<u>7,991,391</u>	<u>15,821,186</u>	<u>15,415,203</u>
Attributable to:					
Bank's shareholders		7,960,647	8,038,925	15,650,916	15,537,595
Non-controlling interest		118,237	(47,534)	170,270	(122,392)
Profit for the period		<u>8,078,884</u>	<u>7,991,391</u>	<u>15,821,186</u>	<u>15,415,203</u>
		<u>JD/Fills</u>	<u>JD/Fills</u>	<u>JD/Fills</u>	<u>JD/Fills</u>
Basic and diluted earnings per share from profit for the period	22	<u>0/042</u>	<u>0/042</u>	<u>0/082</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 2022 (REVIEWED NOT AUDITED)

	For the three months ended		For the six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	JD	JD	JD	JD
Profit for the period	8,078,884	7,991,391	15,821,186	15,415,203
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	2,549,314	9,335,448	5,208,312	9,181,553
Total comprehensive income for the period	10,628,198	17,326,839	21,029,498	24,596,756
Total Comprehensive income for the period attributable to:				
Bank's shareholders	10,509,961	17,374,373	20,859,228	24,719,148
Non-controlling interest	118,237	(47,534)	170,270	(122,392)
Total comprehensive Income for the period	10,628,198	17,326,839	21,029,498	24,596,756

CAIRO AMMAN BANK – PUBLIC SHAREHOLDING LIMITED COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2022 (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 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 (Note 2)	-	-	-	-	-	-	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 (Note 17)	-	-	-	-	-	-	(28,500,000)	-	(28,500,000)	-	(28,500,000)
Balance at 30 June 2022	190,000,000	86,711,919	4,595,640	10,894,653	8,994,154	(3,188,744)	68,651,542	15,650,916	382,310,080	20,188,506	402,498,586
For the six months ended 30 June 2021											
Balance at beginning of the period	190,000,000	82,047,879	3,897,183	10,894,653	(5,988,630)	(3,188,744)	88,960,274	-	366,622,615	8,666,334	375,288,949
Total comprehensive income for the period	-	-	-	-	9,181,553	-	-	15,537,595	24,719,148	(122,392)	24,596,756
Transferred to reserves	-	-	444,246	-	-	-	(444,246)	-	-	-	-
Net changes in non-controlling Interests	-	-	-	-	-	-	-	-	-	21,270	21,270
Gains from sale of financial assets at fair value through comprehensive income	-	-	-	-	(109,861)	-	109,861	-	-	-	-
Cash dividends distributed (Note 17)	-	-	-	-	-	-	(22,800,000)	-	(22,800,000)	-	(22,800,000)
Balance at 30 June 2021	190,000,000	82,047,879	4,341,429	10,894,653	3,083,062	(3,188,744)	65,825,889	15,537,595	368,541,763	8,565,212	377,106,975

* 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 2022, the restricted retained earnings balance resulting from the early implementation of IFRS 9 amounted to JD 13,051,148.
- The retained earnings balance includes deferred tax assets amounting to JD 11,333,591 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 2022 (REVIEWED NOT AUDITED)

	Notes	For the six months ended 30	
		June	
		2022	2021
		JD	JD
<u>Operating Activities</u>			
Profit for the period before tax		24,564,372	23,984,264
Adjustments:			
Depreciation and amortization		3,533,281	4,002,999
Provision for expected credit losses	21	7,470,596	11,489,580
Sundry provisions		1,302,437	485,906
(Gain) from valuation of financial assets at fair value through income statement	20	(455,355)	(1,615,206)
Loss from sale of property and equipment		50,417	1,575
(Gain) from sale of repossessed assets		(2,379,429)	(779,183)
Provisions for impairment of repossessed assets	11	217,053	175,000
Effect of exchange rate changes on cash and cash equivalents		(1,235,236)	(2,139,578)
Cash flow from operating activities before changes in net assets		33,068,136	35,605,357
Deposits at banks and financial institutions		10,448,455	(1,667,773)
Financial assets at fair value through income statement		(365,319)	(266,056)
Direct credit facilities		(111,912,584)	(110,483,511)
Other assets		(10,939,276)	479,104
Banks and financial institution' deposits (with maturity date exceeding 3 months)		(65,253,027)	4,339,700
Customers deposits		(43,059,083)	2,517,378
Cash margins		1,403,645	10,654,847
Other liabilities		(2,586,032)	10,338,808
Net cash flows used in operating activities before income tax and provisions paid		(189,195,085)	(48,482,146)
Income tax paid	14	(14,308,388)	(13,885,287)
Provisions paid		(686,318)	(1,362,873)
Net cash flows used in operating activities		(204,189,791)	(63,730,306)
<u>Investing Activities</u>			
(Purchase) of financial assets at fair value through other comprehensive income		(519,402)	(778,289)
Sale of financial assets at fair value through other comprehensive income		40,336	1,185,841
(Purchase) of other financial assets at amortized cost		(145,890,838)	(119,307,941)
Maturity of other financial assets at amortized cost		167,361,905	119,451,179
Cash received from selling subsidiaries shares without losing control	2	12,570,133	21,270
(Purchase) of property and equipment		(2,085,000)	(3,433,080)
Sale of property and equipment		24,770	772
(Purchase) of intangible assets		(1,205,465)	(1,079,563)
Net cash flows from (used in) investing activities		30,296,439	(3,939,811)
<u>Financing Activities</u>			
Increase in borrowed funds		81,306,284	119,294,372
(Settled from) borrowed funds		(97,166,092)	(90,981,406)
Dividends distributed to shareholders	17	(28,500,000)	(22,800,000)
Net cash flows (used in) from financing activities		(44,359,808)	5,512,966
Effect of exchange rate changes on cash and cash equivalents		1,235,236	2,139,578
Net decrease in cash and cash equivalents		(217,017,924)	(60,017,573)
Cash and cash equivalents - beginning of the period		419,435,514	324,193,573
Cash and cash equivalents - end of the period	23	202,417,590	264,176,000

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: 98 branches in Jordan, 21 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 2022.

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 28 July 2022.

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 2022 do not necessarily represent indications of the expected results for the year ending 31 December 2022. Therefore, these interim condensed consolidated financial statements should be read with the Bank's annual report for the year ended 31 December 2021 and it does not contain the appropriation of profit for the six months period ended at 30 June 2022, 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 2022 (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 2022, the Bank owns the following subsidiaries:

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

* During the period ended 30 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 is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Bank controls an investee if and only if the Bank has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. 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 2021 except for the adoption of new amendments on the standards effective as of 1 January 2022 shown below:

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

These amendments had no material impact on the interim condensed consolidated financial statements of the Bank.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no material impact on the interim condensed consolidated financial statements of the Bank.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments had no material impact on the interim condensed consolidated financial statements of the Bank.

IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

These amendments had no material impact on the interim condensed consolidated financial statements of the Bank.

3. Use of Judgments

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 equity. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows.

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 2021.

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 shares prices.

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- The following weights for scenarios were adopted by the Bank as a response to the spread of COVID-19 for the year ended 2021 and 30 June 2022:

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

The Bank manages its risks through a comprehensive strategy for risk management by which the roles and responsibilities of all parties concerned are identified. These include the Board of Directors and subcommittees such as the Risk Committee, the Investment Committee and Audit and Compliance Management Committee, in addition to the executive management and its subcommittees, such as Assets and Liabilities Committee, Procedures Development Committee, Credit committees and other specialized Departments such as the Risk Management Department, Compliance Department and the Audit Department. Furthermore, all of the Bank's business units are considered responsible for identifying the risks associated within their banking operations and committed to applying the appropriate controls and monitoring their effectiveness and maintaining integrity within the internal control system.

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

B. INCOME TAX

Income tax expenses represent accrued taxes and deferred taxes.

Income tax expenses are accounted for on the basis of taxable income. Moreover, taxable income differs from income declared in the consolidated financial statements because the latter includes non-taxable revenues or taxable expenses disallowed in the current year but deductible in subsequent years accumulated losses acceptable by the tax law and items not accepted for tax purposes or subject to tax.

Taxes are calculated on the basis of the tax rates according to the prevailing laws regulations and instructions of the countries where the bank operates.

Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the consolidated financial statements and the value of the taxable amount. Deferred tax is calculated on the basis of the liability method in the consolidated statement of financial position according to the rates expected to be applied when the tax liability is settled, or tax assets are recognized.

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

C. FAIR VALUE

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

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

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

4. Cash and Balances at Central Banks

The item details are as follows:

	30 June 2022	31 December 2021
	JD	JD
	(Reviewed not audited)	(Audited)
Cash in vaults	176,782,274	165,436,466
Balances at Central Banks:		
Current and demand accounts	23,798,668	50,227,537
Time and notice deposits	48,635,000	79,135,000
Statutory cash reserve	120,075,981	118,710,023
Total Balances at Central Banks	<u>192,509,649</u>	<u>248,072,560</u>
Provision for expected credit losses (central banks)	(10,175)	(14,307)
Total	<u><u>369,281,748</u></u>	<u><u>413,494,719</u></u>

- Restricted balances amounted to JD 10,635,000 as of 30 June 2022 (JD 10,635,000 as of 31 December 2021), 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 2022 and as of 31 December 2021.

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

	Stage 1 individual	Stage 2 individual	Stage 3	Total
	JD	JD	JD	JD
<u>For the Six Months Ended 30 June 2022 (Reviewed not audited)</u>				
Total balances - beginning of the period	248,072,560	-	-	248,072,560
New balances during the period	20,571,359	-	-	20,571,359
Settled balances	(76,134,270)	-	-	(76,134,270)
Total balances - End of the Period	<u>192,509,649</u>	<u>-</u>	<u>-</u>	<u>192,509,649</u>
<u>For the Year Ended 31 December 2021 (Audited)</u>				
Total balances - beginning of the year	202,963,689	-	-	202,963,689
New balances during the year	60,987,962	-	-	60,987,962
Settled balances	(15,879,091)	-	-	(15,879,091)
Total balances - End of the Year	<u>248,072,560</u>	<u>-</u>	<u>-</u>	<u>248,072,560</u>

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

	Stage 1 individual	Stage 2 individual	Stage 3	Total
	JD	JD	JD	JD
<u>For the Six Months Ended 30 June 2022 (Reviewed not audited)</u>				
Total balances - beginning of the period	14,307	-	-	14,307
New balances during the period	5,987	-	-	5,987
Settled balances	(10,119)	-	-	(10,119)
Total balances - End of the Period	<u>10,175</u>	<u>-</u>	<u>-</u>	<u>10,175</u>
<u>For the Year Ended 31 December 2021 (Audited)</u>				
Total balances - beginning of the year	17,476	-	-	17,476
New balances during the year	10,727	-	-	10,727
Settled balances	(13,896)	-	-	(13,896)
Total balances - End of the Year	<u>14,307</u>	<u>-</u>	<u>-</u>	<u>14,307</u>

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5. Balances at Banks and Financial Institutions

The item details are as follows:

	30 June 2022	31 December 2021
	JD (Reviewed not audited)	JD (Audited)
Local Banks and Financial Institutions		
Current and demand accounts	2,067,162	2,870,179
Deposits maturing within 3 months or less	51,251,018	48,539,000
Total Local	53,318,180	51,409,179
Foreign Banks and Financial Institutions		
Current and demand accounts	53,278,157	59,180,520
Deposits maturing within 3 months or less	20,364,853	10,984,776
Total Foreign	73,643,010	70,165,296
Total	126,961,190	121,574,475
<u>Less:</u> provision for expected credit losses (balances at banks)	(40,812)	(46,231)
Total	126,920,378	121,528,244

- Non-interest bearing balances at banks and financial institutions amounted to JD 55,345,319 as of 30 June 2022 (JD 77,385,789 as of 31 December 2021).
- There are no restricted balances as of 30 June 2022 and 31 December 2021.

	Stage 1 individual	Stage 2 individual	Stage 3	Total
	JD	JD	JD	JD
<u>For the Six Months Ended 30 June 2022 (Reviewed not audited)</u>				
Total balances - beginning of the period	121,574,475	-	-	121,574,475
New balances during the period	30,092,113	-	-	30,092,113
Settled balances	(24,705,398)	-	-	(24,705,398)
Total balances - End of the Period	126,961,190	-	-	126,961,190
<u>For the Year Ended 31 December 2021 (Audited)</u>				
Total balances - beginning of the year	154,882,165	-	-	154,882,165
New balances during the year	13,927,391	-	-	13,927,391
Settled balances	(47,235,081)	-	-	(47,235,081)
Total balances - End of the Year	121,574,475	-	-	121,574,475

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Movement on the provision for expected credit losses (balances at banks and financial institutions) during the period/ year:

	Stage 1 individual	Stage 2 individual	Stage 3	Total
	JD	JD	JD	JD
For the Six Months Ended 30 June 2022				
(Reviewed not audited)				
Total balances - beginning of the period	46,231	-	-	46,231
Credit loss on new balances and deposits during the period	41,748	-	-	41,748
Reversed credit loss on settled balances	(49,100)	-	-	(49,100)
Changes resulting from adjustments	1,933	-	-	1,933
Total balances - End of the Period	40,812	-	-	40,812
For the Year Ended 31 December 2021 (Audited)				
Total balances - beginning of the year	85,535	-	-	85,535
Credit loss on new balances and deposits during the year	43,840	-	-	43,840
Reversed credit loss on settled balances	(83,144)	-	-	(83,144)
Total balances - End of the Year	46,231	-	-	46,231

6. Deposits at Banks and Financial Institutions

The item details are as follows:

	30 June 2022	31 December 2021
	JD (Reviewed not audited)	JD (Audited)
Deposits maturing within:		
More than 3 to 6 months	14,822,300	33,069,913
More than 6 to 9 months	-	7,832,565
More than 9 to 12 months	56,000,000	17,368,277
More than a year	20,000,000	43,000,000
Total	90,822,300	101,270,755
<u>Less:</u> provision for expected credit losses (deposits at banks)	(247,824)	(216,035)
Total	90,574,476	101,054,720

There are no restricted deposits as of 30 June 2022 and 31 December 2021.

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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 2022 (Reviewed not audited)</u>				
Total balances - beginning of the period	101,270,755	-	-	101,270,755
New deposits during the period	10,000,000	-	-	10,000,000
Settled deposits	(20,448,455)	-	-	(20,448,455)
Total balances - End of the Period	90,822,300	-	-	90,822,300

<u>For the Year Ended 31 December 2021 (Audited)</u>				
Total balances - beginning of the year	80,206,427	-	-	80,206,427
New deposits during the year	24,448,220	-	-	24,448,220
Settled deposits	(3,383,892)	-	-	(3,383,892)
Total balances - End of the Year	101,270,755	-	-	101,270,755

Movement on the provision for expected credit losses (deposits at banks and financial institutions) 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 2022 (Reviewed not audited)</u>				
Total balances - beginning of the period	216,035	-	-	216,035
Credit losses on new balances and deposits during the period	2,689	-	-	2,689
Reversed credit loss on settled deposits	(15,227)	-	-	(15,227)
Changes resulting from adjustments	44,327	-	-	44,327
Total balances - End of the Period	247,824	-	-	247,824

<u>For the Year Ended 31 December 2021 (Audited)</u>				
Total balances - beginning of the year	342,051	-	-	342,051
Credit losses on new balances and deposits during the year	15,942	-	-	15,942
Reversed credit loss on settled deposits	(5,789)	-	-	(5,789)
Changes resulting from adjustments	(136,169)	-	-	(136,169)
Total balances - End of the Year	216,035	-	-	216,035

7. Financial Assets at Fair Value Through Income Statement

The item details are as follows:

	30 June 2022 JD (Reviewed not audited)	31 December 2021 JD (Audited)
Quoted Corporate Shares	8,985,289	8,164,615
	8,985,289	8,164,615

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8. Financial Assets at Fair Value through Other Comprehensive Income

The item details are as follows:

	30 June 2022	31 December 2021
	JD (Reviewed not audited)	JD (Audited)
Quoted shares	64,717,487	58,284,132
Unquoted shares *	7,787,537	7,303,740
Quoted bonds	154,631	209,205
	<u>72,659,655</u>	<u>65,797,077</u>
Less: Expected credit loss (bonds)	(4,180)	(4,336)
Total	<u><u>72,655,475</u></u>	<u><u>65,792,741</u></u>

Dividends on investments amounted to JD 2,280,421 for the six months ended 30 June 2022 (JD 2,603,331 for the six months ended 30 June 2021).

* 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 2022	31 December 2021
	JD (Reviewed not audited)	JD (Audited)
Quoted Investments		
Governmental treasury bills	2,822,913	6,069,503
Foreign government treasury bonds	27,472,577	14,007,499
Corporate debt securities	21,910,290	22,037,086
Total quoted investments	<u>52,205,780</u>	<u>42,114,088</u>
Unquoted Investments		
Governmental treasury bonds	48,339,659	40,257,102
Governmental treasury bonds	556,040,351	585,972,667
Corporate debt securities	61,000,000	65,000,000
Total unquoted investments	<u>665,380,010</u>	<u>691,229,769</u>
Total	717,585,790	733,343,857
<u>Less:</u> Provision for expected credit losses	(614,510)	(939,058)
	<u>716,971,280</u>	<u>732,404,799</u>
Analysis of bonds:		
Fixed rate bonds	717,585,790	733,343,857
Total	<u><u>717,585,790</u></u>	<u><u>733,343,857</u></u>

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Financial Assets Pledged as Collateral

The item details are as follows:

	30 June 2022		31 December 2021	
	Financial Assets Pledged as Collateral	Related Financial Liabilities	Financial Assets Pledged as Collateral	Related Financial Liabilities
	JD	JD	JD	JD
	(Reviewed not audited)		(Audited)	
Governmental treasury bonds	68,490,000	69,638,639	74,203,000	77,018,278
Financial assets at amortized cost	<u>68,490,000</u>	<u>69,638,639</u>	<u>74,203,000</u>	<u>77,018,278</u>

These bonds were collateralized against the borrowed funds obtained from the Central Bank of Jordan for financing SMEs loans, industrial loans, short-term financing advances, and repurchasing agreements with the Central Bank of Jordan.

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

	Stage 1 individual	Stage 2 individual	Stage 3	Total
	JD	JD	JD	JD
<u>For the Six Months Ended 30 June 2022 (Reviewed not audited)</u>				
Total balances - beginning of the period	807,546,857	-	-	807,546,857
New investment during the period	160,746,019	-	-	160,746,019
Matured investments	(182,217,086)	-	-	(182,217,086)
Total balances - End of the Period	<u>786,075,790</u>	<u>-</u>	<u>-</u>	<u>786,075,790</u>
<u>For the Year Ended 31 December 2021 (Audited)</u>				
Total balances - beginning of the year	814,060,717	-	-	814,060,717
New investment during the year	202,087,060	-	-	202,087,060
Matured investments	(208,600,920)	-	-	(208,600,920)
Total balances - End of the Year	<u>807,546,857</u>	<u>-</u>	<u>-</u>	<u>807,546,857</u>

The movement on the provision for expected credit losses (financial assets at amortized cost) 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 2022 (Reviewed not audited)</u>				
Total balances - beginning of the period	939,058	-	-	939,058
Credit losses on new balances and deposits during the period	126,205	-	-	126,205
Reversed credit loss on matured deposits	(226,648)	-	-	(226,648)
Changes resulting from adjustments	(224,105)	-	-	(224,105)
Total balances - End of the Period	<u>614,510</u>	<u>-</u>	<u>-</u>	<u>614,510</u>
<u>For the Year Ended 31 December 2021 (Audited)</u>				
Total balances - beginning of the year	1,135,611	-	-	1,135,611
Credit losses on new balances and deposits during the year	365,650	-	-	365,650
Reversed credit loss on matured deposits	(160,407)	-	-	(160,407)
Changes resulting from adjustments	(401,796)	-	-	(401,796)
Total balances - End of the Year	<u>939,058</u>	<u>-</u>	<u>-</u>	<u>939,058</u>

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10. Direct Credit Facilities - Net

The item details are as follows:

	30 June 2022	31 December 2021
	(Reviewed not audited)	(Audited)
	JD	JD
Individuals (Retail)		
Overdrafts	9,421,620	11,352,113
Loans and bills *	753,908,900	742,776,330
Credit cards	15,678,069	15,918,091
Others	7,157,318	7,334,987
Real-estate mortgages	295,457,063	292,037,120
Corporate		
Overdrafts	92,835,615	76,804,352
Loans and bills *	543,477,166	519,538,033
Small and medium enterprises “SMEs”		
Overdrafts	25,101,532	21,329,174
Loans and bills *	194,009,913	190,553,826
Public and governmental sectors	231,722,695	179,626,656
Total	<u>2,168,769,891</u>	<u>2,057,270,682</u>
<u>Less:</u> Suspended interests	(10,819,393)	(10,625,131)
<u>Less:</u> Expected credit losses	(103,257,728)	(95,548,696)
Net- Direct Credit Facilities	<u>2,054,692,770</u>	<u>1,951,096,855</u>

* Net of interest and commissions collected in advance amounting to JD 3,085,808 as of 30 June 2022 (JD 3,654,883 as of 31 December 2021).

- Non-performing credit facilities, in accordance with the instructions of the Central Bank of Jordan, amounted to JD 111,181,737 representing 5.13% of gross direct credit facilities as of 30 June 2022 (JD 107,568,549 representing 5.23% of gross direct credit facilities as of 31 December 2021).
- Non-performing credit facilities net of suspended interest, in accordance with the instructions of the Central Bank of Jordan, amounted to JD 100,481,494 representing 4.66% of gross direct credit facilities after excluding suspended interest as of 30 June 2022 (JD 97,015,679 representing 4.74% of gross direct credit facilities after excluding suspended interest as of 31 December 2021).
- Credit facilities granted to the Government of Jordan under its own guarantee, amounted to JD 21,128,323 representing 0.97% of gross direct credit facilities as of 30 June 2022 (JD 25,783,194 representing 1.25% of gross credit facilities as of 31 December 2021).
- Credit facilities granted to the public sector in Palestine amounted to JD 70,998,165 representing 3.27% of gross direct credit facilities as of 30 June 2022 (JD 79,649,701 representing 3.87% of gross direct credit facilities as of 31 December 2021).

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

	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD		
<u>For the Six Months Ended 30 June 2022 (Reviewed not audited)</u>						
Total balances - beginning of the period	670,432,682	920,836,269	251,752,904	98,965,998	115,282,829	2,057,270,682
New facilities during the period	213,701,398	98,259,979	42,202,204	8,595,697	3,591,575	366,350,853
Settled facilities	(112,435,297)	(82,509,406)	(39,314,104)	(9,069,010)	(11,517,612)	(254,845,429)
Transferred to stage 1	36,820,695	34,435,030	(35,871,469)	(30,138,688)	(5,245,568)	-
Transferred to stage 2	(118,960,892)	(39,602,433)	123,516,754	46,080,292	(11,033,721)	-
Transferred to stage 3	(3,366,304)	(7,596,740)	(6,825,504)	(13,947,872)	31,736,420	-
Written off facilities	-	-	-	-	(6,215)	(6,215)
Total balances - End of the Period	686,192,282	923,822,699	335,460,785	100,486,417	122,807,708	2,168,769,891
<u>For the Year Ended 31 December 2021 (Audited)</u>						
Total balances - beginning of the year	677,476,471	848,232,031	164,739,542	82,096,387	116,287,864	1,888,832,295
New facilities during the year	242,729,382	224,228,397	48,229,131	25,891,920	6,348,327	547,427,157
Settled facilities	(172,280,794)	(134,682,552)	(38,139,950)	(11,899,484)	(14,420,153)	(371,422,933)
Transferred to stage 1	4,273,038	29,254,976	(2,617,002)	(22,036,026)	(8,874,986)	-
Transferred to stage 2	(80,067,655)	(31,924,917)	82,991,726	37,608,614	(8,607,768)	-
Transferred to stage 3	(1,697,760)	(14,271,666)	(3,450,543)	(12,695,413)	32,115,382	-
Written off facilities	-	-	-	-	(7,565,837)	(7,565,837)
Total balances - End of the Year	670,432,682	920,836,269	251,752,904	98,965,998	115,282,829	2,057,270,682

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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	SMEs		
			JD	JD		
<u>For the Six Months Ended 30 June 2022 (Reviewed not audited)</u>						
Total balances - beginning of the period	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 period	2,180,978	397,133	1,827,766	1,155,668	126,505	5,688,050
Reversed credit loss on settled facilities	(3,964,726)	(2,059,044)	(4,064,865)	(1,726,345)	(526,720)	(12,341,700)
Transferred to stage 1	1,776,609	1,137,874	(125,548)	555,832	-	3,344,767
Transferred to stage 2	1,364,261	(763,703)	2,682,423	(109,956)	(17)	3,173,008
Transferred to stage 3	(3,140,870)	(374,171)	(2,556,875)	(445,876)	17	(6,517,775)
Effect on the provision at the end of the period – resulting from the reclassification between the three stages during the period	1,901,197	186,647	(720,103)	3,291,456	(11)	4,659,186
Changes resulting from adjustments	9,979,435	365,546	(679,557)	245,073	400,636	10,311,133
Written off facilities	(6,215)	-	-	-	-	(6,215)
Valuation differences	(101,857)	(99,521)	(200,521)	(199,523)	-	(601,422)
Total balances - End of the Period	57,257,727	9,790,168	18,567,445	15,066,190	2,576,198	103,257,728
<u>For the Year Ended 31 December 2021 (Audited)</u>						
Total balances - beginning of the year	40,334,148	9,136,154	18,537,650	13,186,398	684,183	81,878,533
Credit loss on new facilities during the year	4,399,728	2,239,975	3,890,962	1,459,085	453,756	12,443,506
Reversed credit loss on settled facilities	(3,823,275)	(1,116,180)	(3,292,064)	(3,134,627)	(232,160)	(11,598,306)
Transferred to stage 1	3,117,789	482,557	2,967,480	890,287	(318,696)	7,139,417
Transferred to stage 2	1,159,348	344,727	(2,359,700)	678,735	318,696	141,806
Transferred to stage 3	(4,277,137)	(827,284)	(607,780)	(1,569,022)	-	(7,281,223)
Effect on the provision at the end of the year - resulting from the reclassification between the three stages during the year	3,323,033	896,285	(1,679,000)	(245,063)	1,670,009	3,965,264
Changes resulting from adjustments	5,389,367	167,044	5,809,307	1,162,253	-	12,527,971
Written off facilities	(2,417,091)	(323,871)	(962,382)	(128,185)	-	(3,831,529)
Valuation differences	63,005	-	100,252	-	-	163,257
Total balances - End of the Year	47,268,915	10,999,407	22,404,725	12,299,861	2,575,788	95,548,696

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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	SMEs		
			JD	JD		
<u>For the Six Months Ended 30 June 2022 (Reviewed not audited)</u>						
Total balances - beginning of the period	2,545,940	781,322	4,971,325	2,326,544	-	10,625,131
Suspended interest on new exposures during the period	165,191	248,526	429,300	154,354	-	997,371
Suspended interest on settled exposures transferred to revenue during the period	(190,339)	(92,179)	(508,572)	(75,891)	-	(866,981)
Transferred to stage 1	14,729	2,878	(2)	2,481	-	20,086
Transferred to stage 2	55,973	16,454	355,676	537	-	428,640
Transferred to stage 3	(70,702)	(19,332)	(355,674)	(3,018)	-	(448,726)
Changes resulting from adjustments	63,872	-	-	-	-	63,872
Total balances - End of the Period	2,584,664	937,669	4,892,053	2,405,007	-	10,819,393
<u>For the Year Ended 31 December 2021 (Audited)</u>						
Total balances - beginning of the year	2,331,972	621,534	7,949,234	2,179,538	-	13,082,278
Suspended interest on new exposures during the year	530,510	279,978	843,555	261,138	-	1,915,181
Suspended interest on settled exposures transferred to revenue during the year	(279,455)	(102,619)	(145,478)	(110,468)	-	(638,020)
Transferred to stage 1	44,039	12,992	4,763	27,681	-	89,475
Transferred to stage 2	32,111	2,180	33,757	(2,859)	-	65,189
Transferred to stage 3	(76,150)	(15,172)	(38,520)	(24,822)	-	(154,664)
Suspended interest on written off exposures	(37,087)	(17,571)	(3,675,986)	(3,664)	-	(3,734,308)
Total balances - End of the Year	2,545,940	781,322	4,971,325	2,326,544	-	10,625,131

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11. Other Assets

The item details are as follows:

	30 June 2022	31 December 2021
	JD (Reviewed not audited)	JD (Audited)
Accrued revenues	21,362,545	17,148,232
Prepaid expenses	11,493,476	8,411,098
Repossessed assets – net	18,638,536	14,401,475
Accounts receivable – net	9,742,812	4,443,816
Clearing checks	4,614,736	10,920,101
Settlement guarantee fund	39,000	39,000
Refundable deposits	912,690	609,971
Cards deposits	1,595,271	3,062,901
Others	6,295,909	1,719,534
	<u>74,694,975</u>	<u>60,756,128</u>

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

	30 June 2022	31 December 2021
	(Reviewed not audited)	(Audited)
	JD	JD
Balance - beginning of the period/year	16,628,415	12,556,317
Additions	6,940,638	5,349,503
Disposals	(2,513,301)	(1,277,405)
Total	<u>21,055,752</u>	<u>16,628,415</u>
Impairment of repossessed assets	(531,541)	(541,265)
Impairment of repossessed assets as per the Central Bank of Jordan instructions	(1,885,675)	(1,685,675)
Balance - End of the Period/Year	<u>18,638,536</u>	<u>14,401,475</u>

A summary of the movement on repossessed assets provision:

Balance-beginning of the period/year	2,226,940	1,712,181
Additions	217,053	514,759
Used during the period/year	(26,777)	-
Balance - End of the Period/Year	<u>2,417,216</u>	<u>2,226,940</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>2022 (Reviewed not audited)</u>					
Current and demand accounts	370,191,364	150,645,095	64,085,127	70,849,383	655,770,969
Saving deposits	588,924,991	10,946,327	10,199,950	219,927	610,291,195
Time and notice deposits	517,542,560	362,276,742	40,506,943	208,452,034	1,128,778,279
Total	1,476,658,915	523,868,164	114,792,020	279,521,344	2,394,840,443
<u>For the Year Ended 31 December</u>					
<u>2021 (Audited)</u>					
Current and demand accounts	371,868,503	139,086,704	70,417,626	135,953,491	717,326,324
Saving deposits	603,705,970	10,293,976	10,555,649	200,117	624,755,712
Time and notice deposits	513,703,740	322,091,429	42,362,723	217,659,598	1,095,817,490
Total	1,489,278,213	471,472,109	123,335,998	353,813,206	2,437,899,526

- The Government of Jordan and the public sector deposits inside Jordan amounted to JD 264,202,884 equivalent to 11% of total deposits as of 30 June 2022 (JD 341,267,864 equivalent to 14% of total deposits as of 31 December 2021).
- There are no restricted deposits as of 30 June 2022 and 31 December 2021.
- Non-interest bearing deposits amounted to JD 594,372,598 equivalent to 24.82% of total deposits as of 30 June 2022 (JD 599,643,817 equivalent to 24.6% of total deposits as of 31 December 2021).
- Dormant deposit accounts amounted to JD 52,943,804 as of 30 June 2022 (JD 58,323,012 as of 31 December 2021).

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13. Borrowed Funds

The item details are as follows:

	Amount	Total	Outstanding	Payable every	Maturity date	Collaterals	Interest rate
	JD						
30 June 2022 (Reviewed not audited)							
Amounts borrowed from overseas investment company							
(OPIC)	15,598,000	1	1	One payment	2034	None	4.845%-4.895%
Amounts borrowed from French Development Agency	1,063,500	20	7	Biannually	2025	None	3.358%
Amounts borrowed from Central Bank of Jordan	5,225,000	20	11	Annually	2028	None	2.700%
				One payment per		Governmental	
Amounts borrowed from Central Bank of Jordan	88,183,587	486	486	loan	2022-2035	Bonds	0.5% - 1.75%
				One payment per			
Amounts borrowed from Central Bank of Jordan	29,552,598	429	429	loan	2022 - 2024	None	-
Amounts borrowed from Central Bank of Jordan	719,904	14	4	Biannually	2028	None	2.5%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	7,090,000	4	1	Biannually	2022	None	2.02%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	4,051,429	7	2	Biannually	2023	None	5.5%
Amounts borrowed from Central Bank of Jordan	3,280,000	20	16	Biannually	2030	None	2.8%
Amounts borrowed from Central Bank of Jordan	3,941,315	34	34	Biannually	2039	None	3%
Jordan Mortgage Refinance Company	10,000,000	1	1	One payment	2024	None	5%
Jordan Mortgage Refinance Company	30,000,000	1	1	One payment	2024	None	5.75%
Jordan Mortgage Refinance Company	10,000,000	1	1	One payment	2025	None	4.9%
Jordan Mortgage Refinance Company	10,000,000	1	1	One payment	2028	None	4.75%
Jordan Mortgage Refinance Company	4,000,000	1	1	One payment	2028	None	4.65%
						Governmental	
Amounts borrowed from Central Bank of Jordan	27,397,260	1	1	One payment	2022	Bonds	2%
						Governmental	
Amounts borrowed from Central Bank of Jordan	16,666,667	1	1	One payment	2022	Bonds	2%
						Governmental	
Amounts borrowed from Central Bank of Jordan	8,333,333	1	1	One payment	2022	Bonds	2%
						Governmental	
Amounts borrowed from Central Bank of Jordan	17,241,379	1	1	One payment	2022	Bonds	2%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	1,012,857	7	2	Biannually	2023	None	2.200%
Amounts borrowed from French Development Agency	8,721,883	20	18	Biannually	2031	None	1.273%
Palestine Monetary Authority	4,154,676	1	1	-	None	None	0.5%
Etiihad Bank	6,000,000	8	8	Quarterly	2024	None	3.75%
Housing Bank for Trade and Finance	30,839,333			Current account	2022	None	3.500%
Arab Jordan Investment Bank	62,112			Current Account	2022	None	5.750%
Jordan Kuwait bank	3,841,000	8		Quarterly		None	
Amounts borrowed from International Financial Markets (FMI)	1,074,224	1	-		None	None	-
Total	348,050,057						

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	Amount	Total	Outstanding	Payable every	Maturity date	Collaterals	Interest rate
	JD						
31 December 2021 (Audited)							
Amounts borrowed from overseas investment company							
(OPIC)	15,598,000	1	1	One payment	2034	None	4.845%-4.895%
Amounts borrowed from French Development Agency	1,240,750	20	7	Biannually	2025	None	3.358%
Amounts borrowed from Central Bank of Jordan	5,700,000	10	4	Biannually	2028	None	2.700%
				One payment per		Governmental	
Amounts borrowed from Central Bank of Jordan	85,560,776	437	437	loan	2022-2035	Bonds	0.5% - 1.75%
Amounts borrowed from Central Bank of Jordan	32,539,540	391	391	One payment per loan	2022- 2024	None	0.000%
Amounts borrowed from Central Bank of Jordan	888,000	14	5	Biannually	2024	None	2.500%
Amounts borrowed from European Bank for							
Reconstruction and Development	14,180,000	3	2	Biannually	2022	None	2.020%
Amounts borrowed from European Bank for							
Reconstruction and Development	6,077,143	7	3	Biannually	2023	None	5.500%
Amounts borrowed from Central Bank of Jordan	3,485,000	20	16	Biannually	2030	None	2.8%
Amounts borrowed from Central Bank of Jordan	3,941,315	34	34	Biannually	2039	None	3.000%
Jordan Mortgage Refinance Company	10,000,000	1	1	One payment	2024	None	5.000%
Jordan Mortgage Refinance Company	30,000,000	1	1	One payment	2024	None	5.750%
Jordan Mortgage Refinance Company	10,000,000	1	1	One payment	2022	None	5.350%
Jordan Mortgage Refinance Company	10,000,000	1	1	One payment	2026	None	4.750%
Jordan Mortgage Refinance Company	4,000,000	1	1	One payment	2028	None	4.650%
						Governmental	
Amounts borrowed from Central Bank of Jordan	12,658,228	1	1	One payment	2022	Bonds	2.000%
						Governmental	
Amounts borrowed from Central Bank of Jordan	6,250,000	1	1	One payment	2022	Bonds	2.000%
						Governmental	
Amounts borrowed from Central Bank of Jordan	34,188,034	1	1	One payment	2022	Bonds	2.000%
						Governmental	
Amounts borrowed from Central Bank of Jordan	14,662,757	1	1	One payment	2022	Bonds	2.000%
						Governmental	
Amounts borrowed from Central Bank of Jordan	9,259,259	1	1	One payment	2022	Bonds	2.000%
Amounts borrowed from European Bank for							
Reconstruction and Development (EBRD)	1,519,286	7	3	Biannually	2023	None	2.200%
Amounts borrowed from French Development Agency	9,948,638	20	19	Biannually	2031	None	1.273%
Palestine Monetary Authority	4,263,488	1	1	-	None	None	0.5%
Etihad Bank	6,000,000	8	8	Quarterly	2024	None	3.75%
Housing Bank for Trade and Finance	30,815,178	Current account		-	2022	None	3.500%
Arab Jordan Investment Bank	60,249	Current Account		-	2022	None	5.750%
Amounts borrowed from International Financial Markets							
(FMI)	1,074,224	1	1	-	None	None	-
Total	363,909,865						

14. Income Tax

Income Tax Provision

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

	30 June 2022	31 December 2021
	JD (Reviewed not audited)	JD (Audited)
Balance - beginning of the period/ year	19,810,355	16,002,794
Income tax paid	(14,308,388)	(15,571,667)
Income tax expense	8,999,205	19,379,228
Balance - end of the period/ year	<u>14,501,172</u>	<u>19,810,355</u>

Income tax appearing on the income statement represents the following:

	30 June 2022	30 June 2021
	JD (Reviewed not audited)	JD (Reviewed not audited)
Income tax for the period	8,999,205	8,749,052
Deferred tax liabilities	(256,019)	(147,614)
Deferred tax assets	-	(32,377)
Income tax for current period profit	<u>8,743,186</u>	<u>8,569,061</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, and 2021 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 2017. The Income and Sales Tax Department did not review 2018, 2019, 2020, and 2021 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 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 2020. The Income and Sales Tax Department did not review 2021 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, and 2021 records up to date.

In the opinion of the Bank's management, income tax provisions as of 30 June 2022 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 2022		31 December 2021	
	Assets JD (Reviewed not audited)	Liabilities JD (Reviewed not audited)	Assets JD (Audited)	Liabilities JD (Audited)
Balance - beginning of the period/ year	12,227,606	865,668	13,316,167	808,967
Additions	353,805	29,574	835,415	104,804
Disposal	(1,247,820)	(4,408)	(1,923,976)	(48,103)
Balance - end of the period/ year	<u>11,333,591</u>	<u>890,834</u>	<u>12,227,606</u>	<u>865,668</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 2022 JD (Reviewed not audited)	31 December 2021 JD (Audited)
Accrued interest	12,388,470	10,688,461
Unearned Revenue	494,920	406,018
Accounts payable	9,109,492	9,039,589
Accrued expenses	12,345,937	9,968,439
Temporary deposits	25,213,937	30,022,864
Checks and withdrawals for payments	10,458,420	9,862,144
Others	2,387,221	4,452,134
	<u>72,398,397</u>	<u>74,439,649</u>
Provision for expected credit losses on indirect credit facilities	2,929,978	3,473,585
Total	<u>75,328,375</u>	<u>77,913,234</u>

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

	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD		
<u>For the Six Months Ended 30 June 2022 (Reviewed not audited)</u>						
Total balances - beginning of the period	378,588,060	20,102,040	52,788,934	1,800,173	951,616	454,230,823
New exposures during the period	116,849,816	1,941,174	12,087,182	171,315	37,265	131,086,752
Accrued exposures	(146,110,741)	(9,474,018)	(24,666,065)	(560,020)	(440,682)	(181,251,526)
Transferred to stage 1	8,495,500	572,318	(8,439,325)	(478,072)	(150,421)	-
Transferred to stage 2	(31,278,883)	(375,227)	31,295,883	418,045	(59,818)	-
Transferred to stage 3	(126,111)	(121,553)	(88,754)	(89,262)	425,680	-
Total balances - End of the Period	326,417,641	12,644,734	62,977,855	1,262,179	763,640	404,066,049
<u>For the Year Ended 31 December 2021 (Audited)</u>						
Total balances - beginning of the year	286,385,560	22,180,289	42,163,336	1,165,564	436,827	352,331,576
New exposures during the year	183,001,677	3,739,256	14,524,477	534,942	239,767	202,040,119
Accrued exposures	(83,846,844)	(5,084,500)	(10,627,527)	(394,446)	(187,555)	(100,140,872)
Transferred to stage 1	2,725,857	307,414	(2,593,357)	(266,529)	(173,385)	-
Transferred to stage 2	(9,583,690)	(764,663)	9,586,690	822,375	(60,712)	-
Transferred to stage 3	(94,500)	(275,756)	(264,685)	(61,733)	696,674	-
Total balances - End of the Year	378,588,060	20,102,040	52,788,934	1,800,173	951,616	454,230,823

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

	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD		
<u>For the Six Months Ended 30 June 2022 (Reviewed not audited)</u>						
Total balances - beginning of the period	901,014	796,805	1,221,199	169,157	385,410	3,473,585
Credit loss on new exposures during the period	171,021	148,490	456,829	60,077	5,667	842,084
Credit loss on accrued exposures	(482,889)	(371,072)	(303,773)	(37,162)	(161,553)	(1,356,449)
Transferred to stage 1	287,335	74,912	(253,799)	(37,350)	(71,098)	-
Transferred to stage 2	(40,221)	(23,604)	51,132	37,979	(25,286)	-
Transferred to stage 3	(9)	(6,169)	(1,570)	(6,690)	14,438	-
Effect on the provision at the end of the period - resulting from the reclassification between the three stages at the end of the period	(286,073)	(54,400)	336,634	193	87,945	84,299
Changes resulting from adjustments	(108,642)	307	(7,045)	20	1,819	(113,541)
Total balances - End of the Period	441,536	565,269	1,499,607	186,224	237,342	2,929,978
<u>For the Year Ended 31 December 2021 (Audited)</u>						
Total balances - beginning of the year	816,885	671,283	1,040,909	70,446	223,356	2,822,879
Credit loss on new exposures during the year	553,703	298,763	394,874	76,905	40,638	1,364,883
Credit loss on accrued exposures	(495,421)	(165,678)	(445,507)	(29,123)	(26,152)	(1,161,881)
Transferred to stage 1	111,802	32,880	(22,866)	(21,217)	(100,599)	-
Transferred to stage 2	(7,993)	(42,814)	9,768	59,507	(18,468)	-
Transferred to stage 3	(404)	(11,161)	(12,257)	(5,154)	28,976	-
Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year	(108,798)	(14,842)	245,161	15,049	240,783	377,353
Changes resulting from adjustments	31,240	28,374	11,117	2,744	(3,124)	70,351
Total balances - End of the Year	901,014	796,805	1,221,199	169,157	385,410	3,473,585

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16. Fair Value Reserve - Net

The item details are as follows:

	30 June 2022	31 December 2021
	JD (Reviewed not audited)	JD (Audited)
Balance - beginning of the period / year	3,797,698	(5,988,630)
Unrealized gains	6,383,512	11,744,228
(Gain) from sale of financial assets at fair value through other comprehensive income transferred to retained earnings	(11,856)	(109,861)
Deferred tax assets	(1,150,034)	(1,758,961)
Deferred tax liabilities	(25,166)	(89,078)
Balance - end of the period / year	<u>8,994,154</u>	<u>3,797,698</u>

The fair value reserve - net is presented after deducting the deferred tax assets that amounted to JD 286,433 and the deferred tax liabilities that amount to JD 338,718.

17. Retained Earnings

The item details are as follows:

	30 June 2022	31 December 2021
	JD (Reviewed not audited)	JD (Audited)
Balance - beginning of the period / year	94,481,206	88,960,274
Profit for the year	-	32,799,711
Transferred to statutory reserve	-	(4,664,040)
Transferred from (to) general banking risk reserve	(254,211)	(444,246)
Cash dividends	(28,500,000)	(22,800,000)
Net change in non-controlling interest	2,912,691	519,646
Transfers resulted from sale of financial assets at fair value through other comprehensive income	11,856	109,861
Balance - end of the period / year	<u>68,651,542</u>	<u>94,481,206</u>

Retained earnings as of 30 June 2022 amounts to JD 13,051,148 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 11,333,591 as of 30 June 2022, (JD 12,227,606 as of 31 December 2021), which is not available for distribution in accordance with the Central Bank of Jordan instructions.

The Bank cannot use a restricted amount of JD1,155,916 which represents the remaining balance of the general banking risk reserve included in retained earnings in accordance with the instructions of the Central Bank of Jordan.

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18. Interest Income

This item consists of the following:

	30 June 2022	30 June 2021
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Direct credit facilities:		
Retail lending (individual)		
Overdrafts	704,818	835,954
Loans and bills	28,398,509	29,007,910
Credit cards	1,418,989	1,419,110
Brokerage margin accounts	228,990	637,171
Real-estate mortgages	7,590,926	6,329,827
Corporate		
Overdrafts	3,223,698	3,325,502
Loans and bills	13,906,752	13,562,803
Small and medium enterprises lending		
Overdrafts	884,072	739,185
Loans and bills	4,716,715	3,501,038
Government and public sector	5,676,177	5,934,432
Balances at Central Banks	118,100	24,383
Balances and deposits at banks and financial institutions	1,835,727	1,193,681
Financial assets at amortized cost	18,717,249	19,537,391
	<u>87,420,722</u>	<u>86,048,387</u>

19. Interest Expense

The item details are as follows:

	30 June 2022	30 June 2021
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Banks and financial institutions deposits	3,282,448	2,758,336
Customers' deposits:		
Current accounts and demand deposits	847,996	1,137,138
Saving accounts	1,430,426	1,322,222
Time and notice deposits	17,772,105	17,075,436
Cash margins	139,766	256,710
Loans and borrowings	4,914,298	4,351,202
Deposits guarantee fees	1,900,217	1,403,511
	<u>30,287,256</u>	<u>28,304,555</u>

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20. Gains from Financial Assets at Fair Value Through Income statement

The item details are as follows:

	Realized Gain	Unrealized Gains	Dividends	Total
	JD	JD	JD	JD
<u>For the Six Months Ended 30 June 2022 (Reviewed not audited)</u>				
Corporate shares	34,722	455,355	457,272	947,349
Total	34,722	455,355	457,272	947,349
<u>For the Six Months Ended 30 June 2021 (Reviewed not audited)</u>				
Corporate shares	106,247	1,615,206	286,303	2,007,756
Total	106,247	1,615,206	286,303	2,007,756

21. Provision for Expected Credit Losses

The item details are as follows:

	30 June 2022	30 June 2021
	JD (Reviewed not audited)	JD (Reviewed not audited)
Balances at central banks	(4,132)	117,785
Balances at banks and financial institutions	(5,419)	335,139
Deposits at banks and financial institutions	31,789	149,930
Financial assets at amortized cost	(324,548)	(243,936)
Financial assets at fair value through other comprehensive income	(156)	-
Direct credit facilities	8,316,669	10,418,876
Indirect credit facilities	(543,607)	711,786
	7,470,596	11,489,580

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	
	2022	2021	2022	2021
	JD	JD	JD	JD
	(Reviewed not audited)		(Reviewed not audited)	
Profit for the period attributable to bank's shareholders (JD)	7,960,647	8,038,925	15,650,916	15,537,595
Weighted average number of shares	190,000,000	190,000,000	190,000,000	190,000,000
	(JD/ Fills)	(JD/ Fills)	(JD/ Fills)	(JD/ Fills)
Basic and diluted earnings per share for the period - (Bank's Shareholders)	0/042	0/042	0/082	0/082

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23. Cash and Cash Equivalents

The item details are as follows:

	30 June 2022	30 June 2021
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Cash and balances at Central Banks maturing within three months	369,291,923	308,621,694
<u>Add:</u> Balances at banks and financial institutions maturing within three months	126,961,190	126,592,638
<u>Less:</u> Deposits at banks and financial institutions maturing within three months	(283,200,523)	(160,403,332)
Restricted balances	(10,635,000)	(10,635,000)
	<u>202,417,590</u>	<u>264,176,000</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	
		2022	2021
	%	JD	JD
Al-Watanieh Financial Services Company Limited Liability	100	5,500,000	5,500,000
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 subsidiaries, 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	
	Board of Directors and Relatives	Executive Management	Other *	30 June 2022	31 December 2021
	JD	JD	JD	JD (Reviewed not audited)	JD (Audited)
<u>Statement of Financial Position Items:</u>					
Direct credit facilities	20,477,346	2,932,638	20,485,145	43,895,129	42,612,401
Deposits at the Bank	31,345,225	2,555,245	14,698,452	48,598,922	118,203,631
Cash Margins	237,398	24,076	-	261,474	949,346
<u>Off Statement of Financial Position Items:</u>					
Indirect credit facilities	3,207,486	300	303,002	3,510,788	2,197,851
				30 June 2022	30 June 2021
				JD	JD
				(Reviewed not audited)	(Reviewed not audited)
<u>Income Statements Items:</u>					
Interest and commission income	232,890	80,720	228,760	542,370	606,702
Interest and commission expense	119,866	59,924	128,019	307,809	1,211,384

* 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 3.75% -13.54%.
- Interest income rates on credit facilities in foreign currency range between 4% - 4.75%.
- Interest expense rates on deposits in Jordanian Dinar range between zero% - 4.9%.
- Interest expense rates on deposits in foreign currency range between zero% - 2.1%.

Salaries, wages and bonuses of executive management amounted to JD 2,017,547 as of 30 June 2022 (JD 1,889,559 as of 30 June 2021).

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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 2022	31 December 2021
	JD (Reviewed not audited)	JD (Audited)
Ordinary Share Rights		
Authorized and paid-in capital	190,000,000	190,000,000
Retained earnings after deducting expected dividends	68,651,542	65,981,207
Fair Value reserve - Net	8,994,154	3,797,698
Statutory reserve	86,711,919	86,711,919
Other reserves approved by the Central Bank	10,894,653	10,894,653
Foreign Currencies Translation Net	(3,188,744)	(3,188,744)
Minority rights allowed to be recognized	10,258,170	10,052,233
Profit for the period after subtracting the suggested dividends	7,100,916	-
Total ordinary share capital for ordinary shares	379,422,610	364,248,966
Regulatory adjustments (Capital deductible)		
Intangible assets	5,582,627	5,159,688
Deferred tax assets that should be deducted	11,049,621	12,174,930
Net ordinary shareholders' rights	362,790,362	346,914,348
Net primary capital (Tier I Capital)	362,790,362	346,914,348
Tier II Capital		
Subordinated loans	14,832,280	16,959,280
General banking risk reserve	4,595,640	4,341,429
Required provisions against debt instruments for stage 1 according to IFRS (9)	14,179,196	14,663,713
Minority rights allowed to be recognized	4,559,187	4,467,659
Total Tier II Capital	38,166,303	40,432,081
Net Tier II	38,166,303	40,432,081
Regulatory capital	400,956,665	387,346,429
Total risk weighted assets	2,600,932,559	2,552,300,954
Capital adequacy rate (%)	15,42%	15,18%
Primary capital adequacy rate (%)	13,95%	13,59%
Subordinated capital rate (%)	1,47%	1,58%
Liquidity Coverage Ratio (LCR):		
Total high liquidity assets	1,029,177,545	1,120,360,489
Total high liquidity assets after deductions and maximum adjustments	1,029,177,545	1,120,360,489
Net Cash outflow	491,274,371	461,531,452
Liquidity Coverage Ratio (LCR)	209.5%	242.7%

- Liquidity Coverage Ratio according to average working days is equal to 259.8%.

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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 Banking	Corporate Banking	Treasury	Other *	30 June 2022	30 June 2021
	JD	JD	JD	JD	JD	JD
					(Reviewed not audited)	(Reviewed not audited)
Gross revenues	47,081,323	31,344,342	25,274,164	3,733,046	107,432,875	106,791,740
Expected credit losses	8,987,166	(1,214,104)	(302,466)	-	7,470,596	11,489,580
Impairment of repossessed assets provision	-	-	-	217,053	217,053	175,000
Sundry provisions	-	-	-	1,302,437	1,302,437	485,906
Segment result	27,377,588	22,000,370	16,564,019	2,213,556	68,155,533	66,336,699
Unallocated costs					43,591,161	42,352,435
Profit before tax					24,564,372	23,984,264
Income tax					8,743,186	8,569,061
Profit for the period					<u>15,821,186</u>	<u>15,415,203</u>
Other information						
Capital expenditure					<u>3,290,465</u>	<u>4,512,643</u>
Depreciation and amortization					<u>3,533,281</u>	<u>4,002,999</u>
						31 December
					30 June 2022	2021
					(Reviewed not audited)	(Audited)
					JD	JD
Total segment assets	1,011,052,743	1,043,640,028	1,465,212,237	146,624,582	3,666,529,590	3,613,808,233
Total segment liabilities	1,082,708,750	1,265,940,563	789,841,470	125,540,221	3,264,031,004	3,216,409,278

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Geographical Information:

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

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

	Inside Jordan		Outside Jordan		Total	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	JD	JD	JD	JD	JD	JD
	(Reviewed not audited)		(Reviewed not audited)		(Reviewed not audited)	
Total revenue	83,029,366	83,766,169	24,403,509	23,025,571	107,432,875	106,791,740
Capital expenditures	2,249,709	3,677,955	1,040,756	834,688	3,290,465	4,512,643

	Inside Jordan		Outside Jordan		Total	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	JD	JD	JD	JD	JD	JD
	(Reviewed not audited)	(Audited)	(Reviewed not audited)	(Audited)	(Reviewed not audited)	(Audited)
Total assets	2,678,277,296	2,741,752,016	988,252,294	872,056,217	3,666,529,590	3,613,808,233

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 2022 are consistent with the policies for the year ended 31 December 2021, which are disclosed with the Bank's annual report as of 31 December 2021.

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Reclassified credit exposures

Gross reclassified credit exposures

	Stage 2		Stage 3		Gross reclassified exposures	Reclassified exposures rate
	Gross exposure amount	Reclassified exposures	Gross exposure amount	Reclassified exposures		
	JD	JD	JD	JD		
Direct credit and finance facilities	435,947,202	169,597,046	122,807,708	31,736,420	272,589,191	%12.57
Total	435,947,202	169,597,046	122,807,708	31,736,420	272,589,191	
Financial guarantees	12,107,786	3,160,770	402,362	126,111	6,779,769	%10.08
Letters of credit	5,392,417	2,265,915	-	-	2,265,915	%2.36
Other liabilities	46,739,831	26,287,243	361,278	299,569	32,161,742	%13.35
Total	500,187,236	201,310,974	123,571,348	32,162,100	313,796,617	

Expected credit losses of reclassified credit exposures:

	Reclassified Credit Exposures			Expected Credit Losses of Reclassified Credit Exposures				Total
	Gross exposures reclassified from stage 2	Gross exposures reclassified from stage 3	Gross reclassified exposures	Stage 2		Stage 3		
	JD	JD	JD	Individual	Collective	Individual	Collective	
	JD	JD	JD	JD	JD	JD	JD	
Direct credit and finance facilities	169,597,046	31,736,420	272,589,191	3,380,842	3,188,488	1,329,789	-	7,899,119
Total	169,597,046	31,736,420	272,589,191	3,380,842	3,188,488	1,329,789	-	7,899,119
Financial guarantees	3,160,770	126,111	6,779,769	22,033	-	9	-	22,042
Letters of credit	2,265,915	-	2,265,915	9,261	-	-	-	9,261
Other liabilities	26,287,243	299,569	32,161,742	19,838	37,979	14,429	-	72,246
Total	201,310,974	32,162,100	313,796,617	3,431,974	3,226,467	1,344,227	-	8,002,668

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Allocation of exposures according to economical 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	-	-	-	-	-	-	-	192,499,474	192,499,474
Balances at banks and financial institutions	126,920,378	-	-	-	-	-	-	-	126,920,378
Deposits at banks and financial institutions	90,574,476	-	-	-	-	-	-	-	90,574,476
Direct credit facilities	101,490,389	143,618,501	363,690,552	373,394,483	19,493,795	27,863,479	793,999,738	231,141,833	2,054,692,770
Financial assets at amortized cost	61,443,103	-	21,078,923	-	-	-	-	634,449,254	716,971,280
Financial assets pledged as collateral	-	-	-	-	-	-	-	68,490,000	68,490,000
Other assets	6,233,421	3,514,482	12,277,098	796,708	627,172	204,371	6,481,102	7,181,010	37,315,364
Total assets	386,661,767	147,132,983	397,046,573	374,191,191	20,120,967	28,067,850	800,480,840	1,133,761,571	3,287,463,742
Financial guarantees	13,405,893	9,841,893	25,313,272	15,993,654	572,966	-	-	1,619,421	66,747,099
Letters of credit and acceptances	19,902,092	26,454,228	16,245,020	-	-	-	-	32,987,262	95,588,602
Other liabilities	25,939,935	22,048,440	115,092,614	11,693,946	1,473,115	-	11,460,518	51,091,802	238,800,370
Total	445,909,687	205,477,544	553,697,479	401,878,791	22,167,048	28,067,850	811,941,358	1,219,460,056	3,688,599,813

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

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

	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD		
Financial	398,978,156	3,121,732	43,809,766	-	33	445,909,687
Industrial and mining	165,117,565	4,922,424	32,104,857	344,845	2,987,853	205,477,544
General Commercial	302,517,134	36,915,807	187,867,398	14,399,405	11,997,735	553,697,479
Real estate purchase financing	188,839,601	156,551,854	23,655,273	19,425,471	13,406,592	401,878,791
Agricultural	13,146,485	847,917	7,817,992	6,767	347,887	22,167,048
Trading	6,197,165	5,362,889	16,116,070	113,269	278,457	28,067,850
Consumer	96,557,562	660,481,646	563,777	50,926,639	3,411,734	811,941,358
Government and public sector	1,035,324,696	93,701,715	77,944,940	12,403,279	85,426	1,219,460,056
Total	2,206,678,364	961,905,984	389,880,073	97,619,675	32,515,717	3,688,599,813

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Allocation of exposures according to economical sectors

Allocation of exposures according to geographical regions – net

	Other Middle					Other	Total
	Inside Jordan	Eastern Countries	Europe	Asia	America	Countries	
	JD	JD	JD	JD	JD	JD	
Balances at central banks	84,967,288	107,532,186	-	-	-	-	192,499,474
Balances at banks and financial institutions	53,318,180	9,982,963	46,393,343	648,627	16,482,207	95,058	126,920,378
Deposits at banks and financial institutions	90,574,476	-	-	-	-	-	90,574,476
Credit Facilities	1,484,573,699	543,725,577	26,266,580	-	126,914	-	2,054,692,770
Financial Assets at amortized cost - net	669,582,402	46,826,745	562,133	-	-	-	716,971,280
Financial assets pledged as collateral	68,490,000	-	-	-	-	-	68,490,000
Other assets	29,562,582	6,062,958	1,689,774	-	50	-	37,315,364
Total assets	2,481,068,627	714,130,429	74,911,830	648,627	16,609,171	95,058	3,287,463,742
Financial guarantees	46,109,242	16,995,404	3,130,612	299,141	212,700	-	66,747,099
Letters of credit and acceptances	71,276,055	24,312,547	-	-	-	-	95,588,602
Other liabilities	201,520,078	37,280,292	-	-	-	-	238,800,370
Total	2,799,974,002	792,718,672	78,042,442	947,768	16,821,871	95,058	3,688,599,813

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

	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD		
Inside Jordan	1,643,711,591	796,497,284	285,788,443	52,179,471	21,797,213	2,799,974,002
Other Middle Eastern Countries	479,367,279	163,813,429	93,379,256	45,440,204	10,718,504	792,718,672
Europe	65,734,797	1,595,271	10,712,374	-	-	78,042,442
Asia	947,768	-	-	-	-	947,768
America	16,821,871	-	-	-	-	16,821,871
Other Countries	95,058	-	-	-	-	95,058
Total	2,206,678,364	961,905,984	389,880,073	97,619,675	32,515,717	3,688,599,813

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28. Fair Value Hierarchy

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

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

	Fair value		The Level of Fair Value	Valuation Method and Inputs Used	Important Intangible Inputs	Relation between Fair Value and Significant Intangible Inputs
	30 June 2022	31 December 2021				
	(Reviewed not audited) JD	(Audited) JD				
<u>Financial Assets at Fair Value through Income statement</u>						
Equity Securities	8,985,289	8,164,615	Level I	Prices issued in market values	Not Applicable	Not Applicable
Total	8,985,289	8,164,615				
<u>Financial Assets at Fair Value through Other Comprehensive Income</u>						
Quoted shares	64,717,487	58,284,132	Level I	Prices issued in market values Comparing the market value with a similar financial instrument	Not Applicable	Not Applicable
Unquoted shares	7,787,537	7,303,740	Level II		Not Applicable	Not Applicable
Quoted bonds	150,451	204,869	Level I	Prices issued in market values	Not Applicable	Not Applicable
Total	72,655,475	65,792,741				
Financial Assets at Fair Value	81,640,764	73,957,356				

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

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

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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 2022		31 December 2021		Fair Value Level
	Book Value	Fair Value	Book Value	Fair Value	
	JD	JD	JD	JD	JD
	(Reviewed not audited)		(Audited)		
Financial Assets with Unspecified Fair Value					
Balances at Central Banks	192,499,474	192,501,570	248,058,253	248,065,416	Level II
Balances at Banks and other Financial Institutes	126,920,378	127,291,566	121,528,244	121,627,102	Level II
Deposits at Banks and other Financial Institutes	90,574,476	92,061,716	101,054,720	102,697,913	Level II
Financial assets at amortized costs	785,461,280	794,349,190	806,607,799	815,543,829	Level II
Direct credit facilities - net	2,054,692,770	2,065,306,881	1,951,096,855	1,957,559,843	Level II
Total Financial Assets with Unspecified Fair Value	3,250,148,378	3,271,510,923	3,228,345,871	3,245,494,103	
Financial Liabilities with Unspecified Fair Value					
Banks and financial institutions' deposits	315,219,046	317,223,556	202,284,537	204,092,559	Level II
Customer Deposits	2,394,840,443	2,403,749,990	2,437,899,526	2,445,538,713	Level II
Cash collaterals	60,950,053	60,950,053	59,546,408	59,546,408	Level II
Borrowed funds	348,050,057	349,275,369	363,909,865	364,901,553	Level II
Subordinated loans	18,540,350	18,789,451	18,540,350	18,789,914	Level II
Total Financial Liabilities with Unspecified Fair Value	3,137,599,949	3,149,988,419	3,082,180,686	3,092,869,147	

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 2022	31 December 2021
	(Reviewed not audited)	(Audited)
	JD	JD
Letters of credit:		
Issued	90,546,468	70,742,768
Acceptances	5,194,761	24,036,068
Letters of guarantee:		
Payments	29,621,902	27,079,626
Performance	19,095,513	19,156,735
Other	18,551,849	16,688,210
Credit facility ceiling not used	206,804,945	246,203,611
Total	369,815,438	403,907,018

30. Lawsuits

In the normal course of business, the Bank appears as a defendant in a number of lawsuits amounting to JD 19,982,137 and JD 20,060,128 as of 30 June 2022 and 31 December 2021 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 1,756,281 and JD 1,876,281 as of 30 June 2022 and 31 December 2021, 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 2022 as the Bank has consulted with legal consultants specialized in US courts and concluded that the legal status of the lawsuits is in favour of the Bank and that there are no legal or judicial grounds for the lawsuits. As the Legal specialist attorney believe that the legal status of the bank is favourable in regard to this lawsuit.

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.