

JORDAN AHLI BANK
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED CONDENSED INTERIM FINANCIAL
STATEMENTS FOR THE THREE MONTHS
ENDED MARCH 31, 2023

JORDAN AHLI BANK
(PUBLIC SHAREHOLDING COMPANY)
AMMAN - HASHEMITE KINGDOM OF JORDAN
CONSOLIDATED CONDENSED INTERIM FINANCIAL
STATEMENTS TOGETHER WITH
THE REVIEW REPORT FOR THE THREE MONTHS
ENDED MARCH 31, 2023

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Independent Auditor's Review Report

AM/ 010932

To the Chairman and Board of Directors Members
Jordan Ahli Bank
(A Public Shareholding Company)
Amman – Hashemite Kingdom of Jordan

Introduction

We have reviewed the accompanying consolidated condensed interim statement of financial position of Jordan Ahli Bank (a Public Shareholding Company) (The "Bank") and its subsidiaries and foreign branches (The "Group") as of March 31, 2023 and the related consolidated condensed interim statements of profit and loss, and comprehensive income, changes in owners' equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for preparation and fair presentation of this consolidated condensed interim financial information in accordance with the international accounting standard (34) "Interim Financial Reporting" as adopted by Central Bank of Jordan. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial information is not prepared, in all material respects, in accordance with the International Accounting Standard (34) "Interim Financial Reporting" as adopted by Central Bank of Jordan.

Other Matter

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

Amman –Jordan
April 27, 2023


Deloitte & Touche (M.E.) – Jordan
Deloitte & Touche (M.E.)
ديلويت أند توش (الشرق الأوسط)
010105

JORDAN AHLI BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
Assets:			
		JD	JD
Cash and balances at central banks	5	190,209,827	208,440,151
Balances at banks and financial institutions	6	129,538,175	110,803,850
Direct credit facilities, net	7	1,627,107,619	1,595,272,646
Financial assets at fair value through other comprehensive income		37,724,600	37,735,650
Financial assets at amortized cost, net	8	853,906,205	870,996,932
Property and equipment		81,345,096	81,575,718
Deferred tax assets		15,761,061	16,013,873
Right of use assets		11,389,858	10,582,187
Intangible assets, net		4,709,828	4,928,612
Other assets	9	129,711,618	126,163,674
TOTAL ASSETS		<u>3,081,403,887</u>	<u>3,062,513,293</u>
LIABILITIES AND OWNERS' EQUITY:			
LIABILITIES:			
Banks' and financial institutions' deposits		119,200,603	116,878,759
Customers' deposits		2,068,108,212	2,027,658,466
Margin accounts		339,234,833	329,873,356
Loans and borrowings		135,695,223	164,628,175
Subordinated bonds		20,000,000	20,000,000
Sundry provisions		4,542,068	5,141,770
Income tax provision	10	9,014,762	10,871,837
Lease liability		10,540,316	10,477,672
Other liabilities	11	54,736,358	46,635,430
TOTAL LIABILITIES		<u>2,761,072,375</u>	<u>2,732,165,465</u>
OWNERS' EQUITY:			
BANK'S SHAREHOLDERS' EQUITY:			
Subscribed and paid in capital		200,655,000	200,655,000
Statutory reserve		67,779,725	67,779,725
Voluntary reserve		15,761,637	15,761,637
Periodic fluctuations reserve		3,678,559	3,678,559
Fair value reserve		(5,797,231)	(5,871,290)
Retained earnings		32,291,797	48,344,197
Profit for the period		5,962,025	-
TOTAL OWNERS' EQUITY		<u>320,331,512</u>	<u>330,347,828</u>
TOTAL LIABILITIES AND OWNERS' EQUITY		<u>3,081,403,887</u>	<u>3,062,513,293</u>

THE ACCOMPANYING NOTES FROM (1) TO (21) CONSTITUTE AN INTEGRAL PART OF
THESE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ
WITH THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

JORDAN AHLI BANK
(PUBLIC SHAREHOLDING COMPANY)
AMMAN - HASHEMITE KINGDOM OF JORDAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS
(REVIEWED NOT AUDITED)

	Note	For the Three Months Ended March 31,	
		2023 (Reviewed)	2022 (Reviewed)
		JD	JD
Interest income		46,752,267	35,173,888
Interest expense		<u>22,303,065</u>	<u>14,803,646</u>
Net interest income		24,449,202	20,370,242
Net commission income		<u>3,748,552</u>	<u>3,490,795</u>
Net interest and commission income		28,197,754	23,861,037
Gain from foreign currencies		589,201	578,006
Dividend from financial assets at fair value through other comprehensive income		325,605	73,500
Other income		<u>2,324,842</u>	<u>2,019,334</u>
Gross Income		<u>31,437,402</u>	<u>26,531,877</u>
Expenses:			
Employees expenses		9,537,782	9,089,084
Depreciation and amortization		2,768,766	2,768,257
Other expenses		7,270,037	6,354,641
Provision for expected credit loss - Net	13	3,030,165	2,260,527
Impairment on assets seized by the Bank		464,250	575,000
Other Provisions		<u>249,767</u>	<u>239,554</u>
Total Expenses		<u>23,320,767</u>	<u>21,287,063</u>
Income for the Period before Taxes		8,116,635	5,244,814
Income tax expense	10	<u>(2,154,610)</u>	<u>(1,407,681)</u>
Income for the Period		<u>5,962,025</u>	<u>3,837,133</u>
<u>Attributed to:</u>			
Bank's Shareholders		<u>5,962,025</u>	<u>3,837,133</u>
		<u>5,962,025</u>	<u>3,837,133</u>
Basic and diluted earnings per share for the period attributable to the Bank's Shareholders	12	<u>0.030</u>	<u>0.019</u>

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JORDAN AHLI BANK
(PUBLIC SHAREHOLDING COMPANY)
AMMAN - HASHEMITE KINGDOM OF JORDAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(REVIEWED NOT AUDITED)

	For the Three Months Ended March 31,	
	2023 (Reviewed)	2022 (Reviewed)
	JD	JD
Income for the Period	5,962,025	3,837,133
Other comprehensive income items not to be reclassified to profit or loss in subsequent periods :		
Change in Fair value reserve- net	74,059	(156,618)
Total Comprehensive Income for the Period	6,036,084	3,680,515
 <u>Total Comprehensive Income for the Period Attributed to:</u>		
Bank's shareholders	6,036,084	3,680,515
	6,036,084	3,680,515

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JORDAN AHLI BANK
(PUBLIC SHAREHOLDING COMPANY)
AMMAN - HASHEMITE KINGDOM OF JORDAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN OWNERS' EQUITY
(REVIEWED NOT AUDITED)

	Equity- Bank's Shareholders									
	Reserves			Periodic Fluctuations	Fair Value Reserve - net	Retained Earnings	Income for the Period	Total Shareholders		
Authorized and paid-up Capital	Statutory	Voluntary	JD						JD	JD
For the Three Months Ended March 31, 2023										
Balance - Beginning of the Period	200,655,000	67,779,725	15,761,637	3,678,559	(5,871,290)	48,344,197	-	330,347,828		
Income for the period	-	-	-	-	-	-	5,962,025	5,962,025		
Change in fair value reserve	-	-	-	-	74,059	-	-	74,059		
Total comprehensive income	-	-	-	-	74,059	-	5,962,025	6,036,084		
Distributed dividends	-	-	-	-	-	(16,052,400)	-	(16,052,400)		
Balance - End of the Period	200,655,000	67,779,725	15,761,637	3,678,559	(5,797,231)	32,291,797	5,962,025	320,331,512		
For the Three Months Ended March 31, 2022										
Balance - Beginning of the Period	200,655,000	65,208,593	15,761,637	3,678,559	(5,645,628)	48,061,337	-	327,719,498		
Income for the period	-	-	-	-	-	-	3,837,133	3,837,133		
Change in fair value reserve	-	-	-	-	(156,618)	-	-	(156,618)		
Total comprehensive income	-	-	-	-	(156,618)	-	3,837,133	3,680,515		
Balance - End of the Period	200,655,000	65,208,593	15,761,637	3,678,559	(5,802,246)	48,061,337	3,837,133	331,400,013		

- An amount of JD 13,027,383 from retained earnings is restricted to be used based on the Central Bank of Jordan instructions, against deferred tax assets as of March 31, 2023.
- The use of, periodic fluctuations reserve is restricted unless approved by the Central Bank of Jordan and the Palestinian Monetary Authority.
- The use of the retained earring balance in equivalent of negative balance of the fair value reserve amounted to JD 5,797,231 is prohibited, according to the instructions of Jordan Securities Commission.

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JORDAN AHLI BANK
(PUBLIC SHAREHOLDING COMPANY)
AMMAN - HASHEMITE KINGDOM OF JORDAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS
(REVIEWED NOT AUDITED)

	Note	For the Three Months Ended March 31,	
		2023 (Reviewed) JD	2022 (Reviewed) JD
Cash flow from operating activities			
Income for the period before income tax		8,116,635	5,244,814
Adjustments:			
Depreciation and amortisation		2,768,766	2,768,257
Provision on expected credit losses, net	13	3,030,165	2,260,527
Impairment on assets seized by the Bank		464,250	575,000
Gain from sale of property and equipment		1,064,185	(95,853)
Other provisions		249,767	239,554
Net interest		(8,184,271)	(7,587,560)
Effect of exchange rate changes on cash and cash equivalents		(13,992)	(30,735)
Profit before changes in assets and liabilities		7,495,505	3,374,004
CHANGES IN ASSETS AND LIABILITIES:			
Deposits at banks and financial institutions		(2,834)	20,310,925
Direct credit facilities		(34,914,867)	(62,535,597)
Right of use assets		(1,371,856)	(2,470,491)
Other assets		14,197,741	18,373,900
Banks' and financial institutions' deposits (maturing within a period exceeding 3 months)		5,102,469	(8,746,143)
Customers' deposits		40,449,746	27,991,079
Margin accounts		9,361,477	9,226,217
Lease liability		1,493,087	2,490,248
Other liabilities		(3,442,279)	(9,950,903)
Net Cash Flow from (used in) Operating Activities before Income tax and sundry provision paid		38,368,189	(1,936,761)
Income tax paid	10	(3,739,001)	(3,089,577)
Sundry provisions paid		(849,469)	(198,235)
Net Cash from (used in) Operating Activities		33,779,719	(5,224,573)
Net cash flow from Investing activities			
Financial assets at fair value through other comprehensive income		65,237	86,852
Financial assets at amortized cost		17,146,364	(43,657,258)
(Purchase) of property & equipment and intangible assets		(2,113,688)	(753,093)
Proceeds from sale of property and equipment and foreclosed assets		808,797	154,920
Installments payments of the lease liability principal		(1,430,443)	(1,112,276)
Net Cash flows from (used in) Investing Activities		14,476,267	(45,280,855)
Cash Flow from Financing activities			
(Decrease) increase in loans and borrowings		(28,932,952)	29,003,710
Distributed dividends		(16,052,400)	-
Net Cash flows (used in) from Financing Activities		(44,985,352)	29,003,710
Effect of exchange rate changes on cash and cash equivalents		13,992	30,735
Net Increase (Decrease) in Cash and Cash Equivalents		3,284,626	(21,470,983)
Cash and cash equivalents at the beginning of the year		192,714,619	289,949,087
Cash and Cash Equivalents at the End of the Period	14	195,999,245	268,478,104

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JORDAN AHLI BANK
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE CONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

1. Establishment and Activities

Jordan Ahli Bank was established in the year 1955 as a public shareholding Company under registration No. (6) on July 1,1955 in accordance with the company's law for the year 1927, with headquarters in Amman. Its address is Queen Noor Street, P.O Box 3103, Amman 11181 Jordan. AL A'MAL Bank was merged with the Bank effective from December 1,1996. Moreover, Philadelphia Investment Bank was merged with Jordan Ahli Bank Company Public Shareholding Compnay effective from July 1,2005.

The Bank provides all banking and financial services related to its business thought its main office, branches in Jordan (49 branches), foreign branches in Palestine and Cyprus (10 branches) and its subsidiaries in Jordan.

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

The consolidated condensed interim financial statements have been approved by the Board of Directors in its meeting No. (4) held on April 27, 2023.

2. Basis of Preparation

The accompanying consolidated condensed interim financial information for the ended three months March 31, 2023 in accordance to the International Financial Reporting Standard number 34 (IFRS 34) (intrem financial reports) as adopted by the Central Bank of Jordan.

The Bank fiscal year ends on December 31 from each year, except that the accompanying consolidated condensed interim financial information were prepared for management and Jordan Security Commission purposes only.

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

- a. Provisions for expected credit losses are calculated in accordance with IFRS 9 and the Central Bank of Jordan, whichever is higher, the material differences are as follows:
 - Exempt debt instruments and any other credit exposures issued or granted by the Jordanian government, so that credit exposures is treated on the Jordanian Government and by its guarantee without credit losses.
 - When calculating the credit losses against credit exposures, the calculation results according to IFRS 9 are compared with those according to the Central Bank of Jordan's Instructions No. (2009/47) dated December 10, 2009 for each stage separately and the most severe results are taken.
 - In some special cases the the Central Bank of Jordan agrees on special arrangements related to the calculation of the expected credit losses' provision of direct credit facilities customers.
 - Exclusion of the Debt instruments issued or guaranteed by the Jordanian Government, so that credit exposures issued or guaranteed by the Jordanian Government are treated with no credit losses.

- b. Interest and commissions on non performing credit facilities granted to clients are suspended, in accordance with the instructions of the Central Bank of Jordan.
 - c. Assets seized by the Bank are shown in the consolidated condensed interim statement of financial position, among other assets, at their current value when seized by the Bank or at their fair value, whichever is lower. Furthermore, they are reassessed on the date of the consolidated condensed interim financial statements, and any decrease in value is recorded as a loss in the consolidated condensed interim statement of profit or loss and comprehensive income and the increase in value is not recorded as revenue. In addition, any subsequent increase is taken to the consolidated condensed interim statement of profit or loss and comprehensive income to the extent that it does not exceed the previously recorded impairment value. In accordance with the circular of the Central Bank of Jordan NO. 10/3/16234 dated October 10, 2022, the gradual provision for the seized assets was suspended, provided that the allocated provisions for the expropriated real estate in violation of the provisions of the Banking Law are maintained, and only the allocated provision is released against any of the violating real estate that are disposed of.
- The reporting currency of the consolidated condensed interim financial statements is the Jordanian Dinar, which is the functional currency of the Bank.
 - The consolidated condensed interim financial information does not include all the information and clarifications required for the annual financial statements and should be read with the Bank's annual financial statements for the year ended December 31, 2022, and the results of the three months ended March 31, 2023 do not necessarily represent an indication of the expected results of the fiscal year ending December 31, 2023. The three-month profit for the three months ended March 31, 2023, which is held at the end of the fiscal year, was not allocated.

Significant Accounting Judgments and key Sources of Uncertainty Estimates, and Risk Management:

Preparation of the consolidated condensed interim financial information and application of the accounting policies require management to make judgments, estimates, and assumptions that affect the amounts of financial assets and financial liabilities, and to disclose potential liabilities. Moreover, these estimates and judgments affect revenue, expenses, provisions, in general, expected credit losses, as well as changes in fair value that appear in the condensed consolidated interim statement of comprehensive income and within shareholders' equity. In particular, the Bank's management requires judgments to be made to estimate the amounts and timing of future cash flows. These estimates are necessarily based on multiple assumptions and factors with varying degrees of estimation and uncertainty. Meanwhile, the actual results may differ from estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

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

3. Significant Accounting Policies

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

IFRS 17 Insurance Contracts (including the June 2020 amendments to IFRS 17)

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

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

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

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

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

For the purpose of transition requirements, the initial application date is the start of the period in which the entity first applies the standard for annual reporting, and the transition date is the beginning of the immediately preceding period to the initial application date. Amendments are retrospectively applied, unless impractical, and in this case, a modified retrospective approach or fair value approach is used.

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

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

The amendments clarify that the classification of liabilities as current or noncurrent is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

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

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

4. Basis of Preparation the consolidated condensed interim financial information

The consolidated condensed interim financial information include the financial information of the Bank and its subsidiaries under its control, Meanwhile, control exists when the Bank has control over the investee company, or it is exposed to variable returns or holds rights for its participation in the investee company, and the Bank is able to use its control over the investee company to affect those returns.

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

When the Bank has less than the majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally, In this regard, the Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

- The size of the Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders.
- Potential voting rights held by the Bank, other vote holders or other parties.
- Rights arising from other contractual arrangements.

- Any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Control is achieved when the Bank:

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

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

When the Bank has less than the majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally, In this regard, the Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and

- any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
 - Derecognizes the book value of any non-controlling interests,
 - Derecognizes transfer differences accumulated in Owners' Equity.
 - Derecognizes the fair value to the next controlling party.
 - Derecognizes the fair value of any investment retained.
 - Derecognizes any gain or loss in the income statement.
 - Reclassifies owners' equity already booked in other comprehensive income to the profit or loss statement as appropriate.
- All balances, transactions, income, and expenses between the Bank and its subsidiaries are eliminated.
 - The subsidiaries financial statements are prepared under the same accounting policies adopted by the Bank, If the subsidiaries apply different accounting policies than those used by the Bank, the necessary modifications shall be made to the subsidiaries' financial statements to make them comply with the accounting policies used by the Bank.
 - The results of the subsidiaries' operations are consolidated in the consolidated statement of profit or loss effective from their acquisition date, which is the date on which control over subsidiaries is effectively transferred to the Bank, Furthermore, the results of the disposed of subsidiaries are consolidated in the consolidated statement of profit or loss up to the date of their disposal, which is the date on which the Bank loses control over the subsidiaries.
 - The non-controlling interests represent the portion not owned by the Bank in the subsidiaries, Non-controlling interests are shown in the subsidiaries' net assets as a separate line item within the Bank's statement of shareholders' equity.

The Bank owns the following subsidiaries as of March 31, 2023:

Company's Name	Paid-up Capital	Investment	Ownership of the Bank	Nature of Operation	Date of Acquisition	Location
	JD	JD	%			
Ahli Mircofinance Company	6,000,000	6,000,000	100	Micro Finance	1999	Jordan
Ahli Financial Leasing Company	17,500,000	17,500,000	100	Finance Leasing	2009	Jordan
Ahli Financial Brokerage Company	3,000,000	3,000,000	100	Financial Brokerage	2006	Jordan
Ahli Financial Techology Compnay	1,500,000	1,500,000	100	Manufacturing, programming, preparing, developing and supplying programs	2017	Jordan

5. Cash and Balances at Central Banks

Details of this item are as follows:

	March 31, <u>2023 (Reviewed)</u>	December 31, <u>2022 (Audited)</u>
	JD	JD
Cash at treasury	65,821,657	66,137,926
Balances at the Central Banks:		
Current accounts and demand deposits	15,882,001	13,031,476
Term and notice deposits	10,635,000	32,762,000
Statutory cash reserve	<u>97,871,169</u>	<u>96,508,749</u>
Total Balances at the Central Banks	<u>124,388,170</u>	<u>142,302,225</u>
Total Cash and Balances at Central Banks	<u><u>190,209,827</u></u>	<u><u>208,440,151</u></u>

- Except for the cash reserve with the central banks and the capital deposit with the Palestinian Monetary Authority amounting to JD 10,635,000 shown within time and notice deposit, there are no restricted cash balances as at March 31, 2023 and December 31, 2022.
- There are no balances, maturing within a period exceeding three months as at March 31, 2023 and December 31, 2022.

6. Balances at Banks and Financial Institutions

The details of this item is as follows:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
Current and under demand accounts	74,855	113,260	41,871,426	44,356,195	41,946,281	44,469,455
Deposits maturing within 3 months or less	-	-	87,799,478	66,539,145	87,799,478	66,539,145
Total	74,855	113,260	129,670,904	110,895,340	129,745,759	111,008,600
Impairment provision	(861)	(861)	(206,723)	(203,889)	(207,584)	(204,750)
Net balance at banks and financial institutions	73,994	112,399	129,464,181	110,691,451	129,538,175	110,803,850

- Non-interest bearing balances at banks and financial institutions amounted to JD 41,946,281 as of March 31, 2023 (JD 44,469,455 as of December 31, 2022).

- There are no Restricted balances as of March 31, 2023 and as of December 31, 2022.

7. Direct Credit and Financing Facilities - Net

The details of this item are as follows:

	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Individuals (retail):		
Overdraft accounts	2,217,370	1,822,681
Loans and promissory notes *	392,975,359	377,894,960
Credit cards	11,124,077	11,511,002
Real estate loans	334,590,717	329,799,397
Companies :		
Large Companies		
Overdraft accounts	159,760,455	177,990,289
Loans and promissory notes *	613,711,816	602,776,362
Small and Medium		
Overdraft accounts	34,289,040	34,049,264
Loans and promissory notes *	144,345,376	133,749,424
Government and public sector	40,333,210	30,117,405
Total	1,733,347,420	1,699,710,784
<u>Less: Interest in suspense</u>	(24,094,637)	(24,159,202)
Expected credit losses	(82,145,164)	(80,278,936)
Net Direct Credit Facilities and Financing	1,627,107,619	1,595,272,646

* Net after deducting interest and commission received in advance of JD 13,780,096 as of March 31, 2023 (JD 14,257,407 as of December 31, 2022).

- Non-performing credit facilities were amounted to JD 106,774,528 which is equivalent to 6.16% of total direct credit facilities as of March 31, 2023 (JD 109,309,465 which is equivalent to 6.43% of total direct credit facilities as of December 31, 2022).
- Non- performing credit facilities after deducting interest and returns in suspense were amounted to JD 83,874,367 which is equivalent to 4.9% of total direct credit facilities balance after deducting interest and returns in suspense as of March 31, 2023 (JD 86,110,168 which is equivalent to 5.14% of total credit facilities balance after deducting interest and returns in suspense as of December 31, 2022).
- Non-performing credit facilities transferred to off consolidated financial position items, amounted to JD 139,774,998 as at March 31, 2023, Moreover, these credit facilities are fully covered with the suspended interests and provisions (JD 139,384,618 as of December 31, 2022).
- There are no credit facilities granted to and guaranteed by the Jordanian government as at March 31, 2023 and December 31, 2022.

The disclosure on the movement of the provision for gross expected credit losses is as follows:

	Real					Corporates			Government and	Total
	Retail	Estate Loans	Corporate	SMES	Public Sector	JD	JD	JD	JD	
<u>For the Three Months Period Ended March 31, 2023 (reviewed not audited)</u>										
Balance at the beginning of the period	15,926,747	7,787,058	47,156,879	9,405,312	2,940	-	80,278,936			
Expected credit loss on new facilities granted during the period	254,628	230,768	93,314	617,089	1,027	-	1,196,826			
Recovered of provision for expected credit loss paid	(422,720)	(365,510)	(946,231)	(287,309)	-	-	(2,021,770)			
Transferred to stage 1	(52,246)	8,379	(153,303)	(4,894)	-	-	(202,064)			
Transferred to stage 2	33,831	(32,825)	153,303	(43,357)	-	-	110,952			
Transferred to stage 3	18,415	24,446	-	48,251	-	-	91,112			
Transferred to off statement of financial position	(64,864)	(1,092)	(838,776)	(13,948)	-	-	(918,680)			
Effect on the provision at the end of the year - resulting from the reclassification between the three stages during the period	671,392	236,465	(13,042)	96,443	-	-	991,258			
Changes resulting from adjustments	(251,952)	230,849	2,700,605	234,061	17	-	2,913,580			
Written off facilities	(6,885)	(18)	(218,309)	(63)	-	-	(225,275)			
Foreign exchange adjustments	(5,467)	-	(31,055)	(33,189)	-	-	(69,711)			
Balance as at the end of the period	<u>16,100,879</u>	<u>8,118,520</u>	<u>47,903,385</u>	<u>10,018,396</u>	<u>3,984</u>	<u>-</u>	<u>82,145,164</u>			
Redistribution:										
Provision on an Individual basis	16,100,879	8,118,520	47,903,385	10,018,396	3,984	-	82,145,164			
Provision on a collective basis	-	-	-	-	-	-	-			
	<u>16,100,879</u>	<u>8,118,520</u>	<u>47,903,385</u>	<u>10,018,396</u>	<u>3,984</u>	<u>-</u>	<u>82,145,164</u>			
<u>For the Year Ended December 31, 2022 (audited)</u>										
Balance beginning of the year	15,811,294	8,192,139	49,121,082	9,738,762	77,253	-	82,940,530			
Expected credit loss on new facilities granted during the year	2,113,668	599,420	2,513,267	1,102,577	-	-	6,328,932			
Recovered of provision for expected credit loss paid	(1,283,875)	(1,309,677)	(1,159,679)	(1,247,277)	-	-	(5,000,508)			
Transferred to stage 1	548,135	185,378	(128,074)	(16,959)	-	-	588,480			
Transferred to stage 2	(650,364)	(78,867)	(572,769)	(418,497)	-	-	(1,132,017)			
Transferred to stage 3	102,229	(106,511)	700,843	435,456	-	-	1,132,017			
Transferred to off statement of financial position	(943,262)	(676,550)	(4,367,915)	(1,923,737)	-	-	(7,911,464)			
Effect on the provision at the end of the year - resulting from the reclassification between the three stages during the year	1,048,917	(3,350)	1,299,581	1,003,297	-	-	3,348,445			
Changes resulting from adjustments	(784,413)	1,012,149	1,660,296	1,000,024	(74,313)	-	2,813,743			
Written off facilities	(22,532)	(27,226)	(1,014,227)	(86,020)	-	-	(1,150,005)			
Foreign exchange adjustments	(13,050)	153	(895,526)	(182,314)	-	-	(1,090,737)			
Balance as at the end of the year	<u>15,926,747</u>	<u>7,787,058</u>	<u>47,156,879</u>	<u>9,405,312</u>	<u>2,940</u>	<u>-</u>	<u>80,278,936</u>			
Redistribution:										
Provision on an Individual basis	15,926,747	7,787,058	47,156,879	9,405,312	2,940	-	80,278,936			
Provision on a collective basis	-	-	-	-	-	-	-			
	<u>15,926,747</u>	<u>7,787,058</u>	<u>47,156,879</u>	<u>9,405,312</u>	<u>2,940</u>	<u>-</u>	<u>80,278,936</u>			

Provisions no longer needed resulted from settlements, repayments or transferred against other facilities were amounted to JD 2,021,770 for the three Months Period

Ended March 31, 2023 (JD 5,000,508 for the year ended December 31, 2022).

Suspended Interests

The movement of the suspended interests is as follows:

	<u>Companies</u>				
	<u>Individuals</u>	<u>Real estate loans</u>	<u>Corporates</u>	<u>SMEs</u>	<u>Total</u>
	JD	JD	JD	JD	JD
<u>For the Three Months Period Ended March 31, 2023 (reviewed and not audited)</u>					
Balance beginning of the period	2,863,096	2,609,569	14,435,104	4,251,433	24,159,202
<u>Add: Interest suspended during period</u>	180,302	175,986	577,970	299,190	1,233,448
<u>Less: Interests transferred to revenues</u>	(34,970)	(23,745)	(12,323)	(72,206)	(143,244)
Transferred to stage (1)	3,942	11,977	-	7,558	23,477
Transferred to stage (2)	(55)	(5,876)	(735)	(16)	(6,682)
Transferred to stage (3)	(3,887)	(6,101)	735	(7,542)	(16,795)
<u>Less: Transferred to off-consolidated statement of financial position</u>	(16,981)	-	(268,872)	(3,658)	(289,511)
Written off suspended interests	(30,267)	(399)	(764,832)	(55,708)	(851,206)
Foreign exchange adjustments	(7,061)	-	(3,297)	(3,694)	(14,052)
Balance End of the Period	<u>2,954,119</u>	<u>2,761,411</u>	<u>13,963,750</u>	<u>4,415,357</u>	<u>24,094,637</u>
<u>For the Year 2022 (Audited)</u>					
Balance beginning of the year	3,006,442	3,030,874	13,869,994	4,142,637	24,049,947
<u>Add: Interest suspended during the year</u>	541,607	776,067	2,492,773	1,498,813	5,309,260
<u>Less: Interests transferred to revenue</u>	(178,058)	(428,916)	(334,119)	(169,847)	(1,110,940)
Transferred to stage (1)	11,100	19,327	-	1,012	31,439
Transferred to stage (2)	9,022	36,022	(536,305)	(91,155)	(582,416)
Transferred to stage (3)	(20,122)	(55,349)	536,305	90,143	550,977
<u>Less: Transferred to off-consolidated statement of financial position</u>	(327,134)	(545,675)	(1,219,774)	(872,695)	(2,965,278)
<u>Less: Written off suspended interests</u>	(162,867)	(222,781)	(312,219)	(144,149)	(842,016)
Foreign exchange adjustments	(16,894)	-	(61,551)	(203,326)	(281,771)
Balance End of the Year	<u>2,863,096</u>	<u>2,609,569</u>	<u>14,435,104</u>	<u>4,251,433</u>	<u>24,159,202</u>

8. Financial Assets at Amortized Cost

The details of this item are as follows:

	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
<u>Unquoted Financial Assets:</u>		
Treasury bonds and bills	750,786,736	768,028,106
Companies' bonds	103,949,942	103,854,936
	<u>854,736,678</u>	<u>871,883,042</u>
Less: Provision for expected credit losses	(830,473)	(886,110)
	<u>853,906,205</u>	<u>870,996,932</u>
<u>Bonds and Bills Analysis (before provision):</u>		
With Fixed rate	<u>854,736,678</u>	<u>871,883,042</u>
	<u>854,736,678</u>	<u>871,883,042</u>
<u>Bond Analysis according to IFRS 9 (before provision):</u>		
Stage (1)	<u>854,736,678</u>	<u>871,883,042</u>
	<u>854,736,678</u>	<u>871,883,042</u>

9. Other Assets

The details of this item are as follows:

	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Foreclosed assets by the Bank against debts - net*	82,191,309	81,285,040
Accrued interest and commissions	19,724,404	19,780,154
Checks and transfers under collection	2,614,894	1,698,629
Seized assets sold through installments - net	13,390,266	13,540,517
Prepaid expenses	8,091,283	5,840,392
Various debtors	1,589,475	2,265,354
Refundable deposits - Net	344,357	363,411
Temporary advances	1,658,785	1,265,114
Other	106,845	125,063
Total	<u>129,711,618</u>	<u>126,163,674</u>

* Below is a summary on the movement of foreclosed assets against debts:

	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Balance Beginning of Period / Year	81,285,040	89,012,597
Additions	1,664,236	3,064,873
Disposals	(629,167)	(10,556,633)
Impairment loss	(100,000)	(53,072)
Sold real estate impairment provision used	106,700	127,275
Provision for foreclosed asset	<u>(135,500)</u>	<u>(310,000)</u>
Balance End of Period / Year	<u>82,191,309</u>	<u>81,285,040</u>

Below is a summary on the movement on the provision of the foreclosed assets:

Balance Beginning of Period / Year	10,759,641	10,458,902
Impairment loss for the period / year	135,500	310,000
Recoverd from sold foreclosed assets	<u>(1,557,415)</u>	<u>(9,261)</u>
Balance End of Period / Year	<u>9,337,726</u>	<u>10,759,641</u>

10. Provision for Income Tax

The movement on the provision for income tax provision is as follows:

	For the Three Months Ended March 31, 2023 (Reviewed)	For the Year Ended December 31, 2022 (Audited)
	JD	JD
Balance beginning of the period / year	10,871,837	10,398,470
Income tax paid	(3,739,001)	(11,449,421)
Income tax for the period / year	1,881,926	11,922,788
Balance End of the Period / Year	9,014,762	10,871,837

The income tax in the consolidated condensed interim statements of profit or loss represents the follow :

	For the Three Months Ended March 31,	
	2023 (Reviewed)	2022 (Reviewed)
	JD	JD
Accrued income tax for the profits of the period	1,881,926	1,783,371
Deferred tax assets for the year	(466,657)	(387,351)
Amortization of deferred tax assets for the period	739,341	11,661
	2,154,610	1,407,681

☐The statutory tax rate for the banks in Jordan is 38% which contains 35% + 3% national contribution according to tax law no. (34) from the year 2014, amended by law no. (38) for the year 2018, and the statutory tax rates for the foreign branches and subsidiaries range between 12.5% to 28.79%.

☐The Bank has reached a final settlement with the Income and Sales Tax Department for the year 2018 for Jordan Branches.

-For the years 2019 and 2020, after finalizing and adjusting the return the bank has rejected it.

☐Financial year 2021 : Tax return was submitted However, the Income and Sales Tax Department did not review the records until the date of preparation these consolidated financial statements.

☐A final tax settlement has been reached with the income tax and value-added tax for Palestine branches up to the year 2020, the years 2021 and 2022 still under discussion with the Income and Sales Tax Department.

☐A final tax settlement has been reached for Cyprus branch up to the year 2019.

☐Ahli Financial Brokerage Company (subsidiary) – reached to a final settlement with the Income and Sales Tax Department up to the year 2021.

☐Ahli Finance Leasing Company (subsidiary) – reached to a final settlement with the Income and Sales Tax Department up to the year 2021.

☐Ahli Microfinance Company (subsidiary) – reached to a final settlement with the Income and Sales Tax Department up to the year 2017, tax return was submitted for the years 2018,2019,2020 and 2021. However, the Income and Sales Tax Department

☐Ahli Financial Technology Company (subsidiary) – reached to a final settlement with the Income and Sales Tax Department up to the year 2021.

- A provision for income tax for the period ended March 31, 2023 has been calculated and in the opinion of the bank's management and tax consultant the provision booked as of March 31, 2023 is sufficient to meet tax obligations and no need to book any other provisions.

11. Other Liabilities

The details of this item are as follows:

	March 31, <u>2023 (Reviewed)</u>	December 31, <u>2022 (Audited)</u>
	JD	JD
Accepted checks and transfer	8,248,442	6,081,458
Accounts payable to financial brokerage customers	521,576	729,696
Accrued interests	11,540,133	10,256,858
Temporary deposits *	12,368,329	7,994,442
Various creditors	2,012,931	2,099,160
Accrued expenses	8,456,279	9,537,726
Interest and commissions received in advance	2,556,417	2,492,008
Dividends checks - delayed in payment	2,598,220	1,251,118
Board of directors' remuneration	85,083	68,834
Provision for expected credit losses on indirect credit facilities and unutilized facilities limits **	6,113,615	6,110,541
Others	<u>235,333</u>	<u>13,589</u>
Total	<u><u>54,736,358</u></u>	<u><u>46,635,430</u></u>

* This account includes the amounts received from Al Shareka Al Ehterafeyah Lil Estithmar Alaqari for Real Estate development against purchasing lands from the Banks's.

** The movement on the provision for expected credit losses for the indirect credit facilities during the period/ year is as follows:

	March 31, <u>2023 (Reviewed)</u>	December 31, <u>2022 (Audited)</u>
	JD	JD
Balance - beginning of the period / year	6,110,541	6,185,918
Provision during the period / year	771,603	1,234,230
Recovered from the impairment loss on the paid facilities	(496,145)	(1,446,825)
Effect on provision-resulting from reclassification among three stages for the year	76,347	162,238
Changes resulted from adjustments	<u>(348,731)</u>	<u>(25,020)</u>
Balance at the End of the period / year	<u><u>6,113,615</u></u>	<u><u>6,110,541</u></u>

12. Basic and Diluted Earnings per Share for the Period

Details of this item are as follows:

	<u>For the Three Months Ended March 31,</u>	
	<u>2023 (Reviewed)</u>	<u>2022 (Reviewed)</u>
	JD	JD
Income for the period	<u>5,962,025</u>	<u>3,837,133</u>
Weighted average number of (shares)	200,655,000	200,655,000
	Fils / JD	Fils / JD
Earnings per share for the period	<u>0/030</u>	<u>0/019</u>

13. Provision for Expected Credit Losses - Net

Details of this item are as follows:

	<u>For the Three Months Ended March 31,</u>	
	<u>2023 (Reviewed)</u>	<u>2022 (Reviewed)</u>
	JD	JD
Balances and deposits at Banks and financial institutions	2,834	1,936
Direct facilities	3,079,894	2,373,598
Financial assets at amortized cost	(55,637)	(62,011)
Indirect credit facilities and unutilized facilities	<u>3,074</u>	<u>(52,996)</u>
	<u>3,030,165</u>	<u>2,260,527</u>

14. Cash and Cash Equivalent

Details of this item are as follows:

	<u>For the Three Months Ended March 31,</u>	
	<u>2023 (Reviewed)</u>	<u>2022 (Reviewed)</u>
	JD	JD
Balances at central banks due within three months	190,209,827	200,320,245
<u>Add:</u> Balances at banks and financial institutions due within three months	129,538,175	218,070,296
<u>Less:</u> Deposits at banks and financial institutions due within three months	(113,113,757)	(139,277,437)
<u>Less:</u> Restricted deposits	<u>(10,635,000)</u>	<u>(10,635,000)</u>
	<u>195,999,245</u>	<u>268,478,104</u>

15. Transactions and Balances with Related Parties

Related parties, as defined in International Accounting Standard 24: Related Party Disclosures, include associate companies, major shareholders, directors and other key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties.

The Bank entered into transactions with major shareholders, Board of Directors and executive management within the normal banking practice and according to the normal commercial interests and commissions rates. All of the credit facilities granted to related parties are considered to be performing facilities, and no impairment provisions have been taken except for the below:

a. The following is a summary of the transactions with related parties during the period

	Board of Directors					Executive Management		Subsidiaries		Others*		Total	
	Members		Management		Subsidiaries		Others*		2023 (Reviewed)		2022 (Audited)		
<u>On-Consolidated Condensed Interim Statement of Financial Position Items:</u>	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Direct credit facilities	2,739,182	9,405,171	913,841	77,290,812	90,349,006	87,904,971							
Deposits	71,429,711	5,706,415	5,427,669	16,947,373	99,511,168	95,725,182							
Cash margin	33,415	288,429	-	5,910,637	6,232,481	9,727,039							
Financial assets at amortized cost	-	-	-	2,359,897	2,359,897	2,358,790							

Off-Consolidated Condensed Interim Statement of Financial Position Items:

Letter of credits	50,000	-	1,203,500	3,851,970	5,105,470	5,894,689
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Consolidated Condensed Interim Statement of Profit or Loss Items:

	For the Three Months Ended March 31,	
	2023 (Reviewed)	2022 (Reviewed)
Credit interests and commissions	127,605	89,375
Debit interests and commissions	879,128	15,538
	19,164	35,118
	1,175,497	284,681
	1,411,641	1,214,465
	1,259,358	677,015

* This item represents companies partially owned by members of the Bank's Board of Directors' relatives, and the Bank's employees

b. The Salaries, bonuses and transportation allowances of Executive management for the Bank's top executive management amounted to JD 1,339,316 for three months ended March 31, 2023. (JD 1,398,151 for three month ended March 31, 2022).

16. Information on the Bank's Business

- Bank Activities Information

For management purposes the Bank is organized into the following major business segments based on the reports sent to the chief operating decision maker:

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

The following table represents information on the Bank's sectors according to activities:

	Total						
	For the Three Months Ended March 31,						
	2023 (Reviewed)		2022 (Reviewed)		Total		
	JD	JD	JD	JD	JD	JD	
Total Revenue	14,058,520	7,218,479	9,327,412	120,632	712,359	31,437,402	26,531,877
Expected credit losses allowance	(583,920)	(660,283)	(1,835,690)	52,802	(3,074)	(3,030,165)	(2,260,527)
Segment results	13,474,600	6,558,196	7,491,722	173,434	709,285	28,407,237	24,271,350
Net Undistributed expenses						(19,576,585)	(18,211,982)
Impairment on assets seized by the Bank						(464,250)	(575,000)
Other Provisions						(249,767)	(239,554)
Income before tax						8,116,635	5,244,814
Income tax						(2,154,610)	(1,407,681)
Profit for the period						5,962,025	3,837,133
Other Information							
Capital expenses						2,113,688	753,093
Depreciation and Amortization						2,768,766	2,768,257
Undistributed assets on Sectors	700,853,690	178,375,463	784,659,169	1,174,998,103	242,517,462	3,081,403,887	3,062,513,293
Undistributed liabilities on Sectors	1,186,327,710	410,105,225	713,981,508	241,968,899	208,689,033	2,761,072,375	2,732,165,465

17. Capital Adequacy

Through the management of its capital, the Bank seeks to achieve the below goals:

- Compliance with the Central Bank capital related requirements.
- To keep the ability of the Bank to continue as a going concern.
- Having a strong capital base for supporting the Bank's expansion and development.

Capital adequacy is reviewed monthly and reported quarterly to the Central Bank of Jordan.

According to the Central Bank Instructions, the minimum requirement for capital adequacy is 12%. For Banks that have foreign presence the minimum capital adequacy ratio is 14%, Banks are classified into 5 categories, the best of which is having an average capital adequacy equal to or more than 14%

The Bank manage its capital structure and makes the necessary adjustments in terms of working conditions. No adjustments were made on the objectives, policies and procedures related to capital restructuring during the year

The Bank manage its capital structure in way that insures the continuing of the operations and achieving the highest profit on equity, share capital as defined by Basel 3 agreement is as stated in the table below :

	March 31, 2023 (Review)	December 31, 2022 (Audited)
	JD (In Thousands)	JD (In Thousands)
Common Equity Shareholders Rights		
Authorized capital - (Paid)	200,655	200,655
Retained earnings	32,292	48,344
The cumulative change in fair value	(5,797)	(5,871)
Statutory reserve	67,780	67,780
Voluntary reserve	15,762	15,762
other reserve	3,678	3,678
Interim profit after tax	5,962	-
Total Common Equity Tire 1 before regulatory adjustments	320,332	330,348
Regulatory Adjustments (deductions from Capital)		
Goodwill and intangible assets	(4,710)	(4,928)
Proposed dividends	(3,512)	(16,052)
Postponed provisions with the approval of the Central Bank	(4,191)	(4,790)
Investment in Bank's capital, financial institutions and insurance companies	(3,100)	(3,100)
Deferred tax assets	(15,761)	(16,014)
Net Common Equity Shareholders Rights	289,058	285,464
Additional capital	-	-
Net Primary Capital (Tier 1)	289,058	285,464
Tier 2 capital		
Provision for debts tools listed in Stage 1	12,256	11,845
Subordinated bonds	20,000	20,000
Total Supporting Capital	32,256	31,845
Total Regulatory Capital	321,314	317,309
Total Risk Weighted Assets	2,065,519	2,031,800
Capital percentage from regular shares (CET 1) (%)	%13,99	%14,05
Regulatory capital percentage (%)	%15,56	%15,62

During November 2022, the bank issued subordinated bonds in the amount of JD 20 million for a period of (7) years at discounted interest rate to the Central Bank of Jordan in addition to 1.75% margin in order to improve the capital adequacy percentage.

During October 2017, the bank issued subordinated bonds in the amount of JD 25 million for a period of (6) years at discounted interest rate to the Central Bank of Jordan in addition to 2% margin in order to improve the capital adequacy percentage, during the year 2022 these bonds were closed and replaced with new bonds issued during the year 2022.

Liquidity Coverage Ratio (LCR):

	March 31, 2023 (Review)	December 31, 2022 (Audited)
	JD (In Thousands)	JD (In Thousands)
Total high-quality liquid assets after adjustments	933,162	936,511
Total net cash outflow	439,278	441,130
Liquidity Corves Ratio (LCR) (%)	%212,4	%212,2
The Liquidity Coverage Ratio/ based on the average of all working days	% 199,6	% 198,8

18. Contingent Liabilities and Commitments

The details of this item is as follows:

	March 31, (Reviewed) 2023	December 31, 2022 (Audited)
	JD	JD
Letter of credit-outgoing	62,359,064	65,501,271
Letter of credit-incoming	38,332,190	32,289,744
Acceptances	27,345,050	30,929,152
 Letters of guarantee:		
- Payments	140,171,651	132,196,322
- Performance	111,608,492	113,101,666
- Other	33,404,000	34,928,640
- Unused Limits of Credit Facilities	481,847,890	434,551,114
Total	895,068,337	843,497,909

The estimated cost of completing the project under construction for the new administration building about JD 32 million, and it's expected to be completed by the end of year 2025.

19. Lawsuits against the Bank

Total cases against the Bank were amounted to JD 2,791,879 as of March 31, 2023 (JD 2,463,894 as of December 31, 2022), provisions booked against them was amounted to JD 281,924 as of March 31, 2023 (253,424 as of December 31, 2022). The Bank Management and it legal counsel believe that the provisions booked for these cases are sufficient.

20. Fair Value Hierarchy

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

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

	Fair Value		The Level of	Evaluation Method	Important Intangible	Relation between the Fair Value
	March 31, 2023 (Reviewed)	December 31, 2022 (Audited)				
<u>Financial Assets</u>						
	JD	JD				
Financial Assets at Fair Value Through Other Comprehensive Income						
Quoted Shares in active markets	10,328,975	10,449,929	Level 1	Quoted prices in financial markets Based on the latest available financial information	N/A	N/A
Unquoted Shares in active markets	27,395,625	27,285,721	Level 3		N/A	N/A
Total	37,724,600	37,735,650				
Total Financial Assets at Fair Value	37,724,600	37,735,650				

There were no transfers between level 1 and level 2 during the Three months ended March 31, 2023 and for the year ended December 31, 2022.

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

Except for what is set out in the table below, we believe that the carrying amount of financial assets and liabilities shown in the consolidated condensed interim financial information of the Bank approximates their fair value.

	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		The level of Fair Value
	Book value	Fair value	Book value	Fair value	
	JD	JD	JD	JD	
Financial Assets of Non-specified Fair Value					
Term deposits, and certificate of deposits at Central Bank	10,635,000	10,635,000	32,762,000	32,774,670	Level 2
Current accounts, and balances at Banks and Financial Institutions	129,538,175	129,560,972	110,803,850	110,834,515	Level 2
Direct credit facilities at amortized costs	1,627,107,619	1,636,978,162	1,595,272,646	1,603,388,258	Level 2
Other financial assets at amortized costs	853,906,205	862,683,559	870,996,932	881,653,247	Level 1&2
Real estate seized by the Bank against debts - Net	82,191,309	97,748,743	81,285,040	98,269,749	
Total Financial Assets of Non-specified Fair Value	2,703,378,308	2,737,606,436	2,691,120,468	2,726,920,439	
Financial Liabilities of Non-specified Fair Value					
Banks' and Financial Institutions' deposits	119,200,603	119,411,836	116,878,759	117,092,382	Level 2
Customers' deposits	2,068,108,212	2,078,037,475	2,027,658,466	2,036,689,676	Level 2
Cash margin	339,234,833	339,238,122	329,873,356	329,877,693	Level 2
Borrowed funds	135,695,223	136,219,019	164,628,175	164,805,999	Level 2
Total Financial Liabilities of Non-specified Fair Value	2,662,238,871	2,672,906,452	2,639,038,756	2,648,465,750	

The fair value of the financial assets and liabilities for level 2 was determined in accordance with agreed pricing models, which reflect the credit risk of the parties dealt with.

21. Comparative figures

Some Comparative Figures for the year 2022 have been reclassified to match the year 2023 Figures and have no impact on the Consolidated statements of profit or loss for the year 2022.