

CAIRO AMMAN BANK

(PUBLIC SHAREHOLDING LIMITED COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 SEPTEMBER 2024



**Building a better
working world**

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Cairo Amman Bank (Public Shareholding Limited Company) and its subsidiaries (the Bank) as of 30 September 2024, comprising of the interim condensed consolidated statement of financial position as of 30 September 2024 ,interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the nine months period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 (Interim Financial Reporting). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34.

Amman – Jordan
30 October 2024

ERNST & YOUNG
Amman - Jordan

CAIRO AMMAN BANK – PUBLIC SHAREHOLDING LIMITED COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024

	Notes	30 September 2024 JD (Reviewed not audited)	31 December 2023 JD (Audited)
<u>Assets</u>			
Cash and balances at Central Banks-Net	4	419,039,566	337,257,545
Balances at banks and financial institutions-Net	5	97,126,565	120,276,796
Deposits at banks and financial institutions-Net	6	38,234,281	67,259,075
Financial assets at fair value through income statement	7	12,769,741	13,374,678
Financial assets at fair value through other comprehensive income-Net	8	109,090,407	96,019,835
Financial assets at amortized cost-Net	9	835,483,110	802,088,677
Direct credit facilities-Net	10	2,264,304,872	2,294,235,138
Property and equipment-Net		43,088,097	44,129,439
Intangible assets – Net		6,963,020	6,105,699
Right of use assets – Net		19,404,979	20,725,499
Deferred tax assets	14	16,966,367	16,266,401
Other assets	11	61,503,125	65,714,016
Total Assets		3,923,974,130	3,883,452,798
<u>Liabilities And Shareholders' Equity</u>			
<u>Liabilities</u>			
Banks and financial institutions' deposits		271,378,769	286,673,306
Customers' deposits	12	2,591,418,997	2,599,283,904
Cash margin		98,978,102	82,630,709
Borrowed funds	13	349,567,961	295,875,564
Subordinated loans		18,540,350	18,540,350
Sundry provisions		14,096,675	14,376,455
Income tax provision	14	14,242,968	23,492,297
Lease liabilities		19,955,709	20,927,349
Deferred tax liabilities	14	3,303,588	2,684,880
Other liabilities	15	79,160,959	81,006,918
Total Liabilities		3,460,644,078	3,425,491,732
<u>Shareholders' Equity</u>			
<u>Bank's Shareholders' Equity</u>			
Subscribed and paid-up capital	1	200,000,000	190,000,000
Statutory reserve		95,868,196	95,868,196
General banking risk reserve		6,174,583	6,174,583
Cyclical fluctuations reserve		11,526,630	11,526,630
Fair value reserve-net	16	38,457,732	27,494,289
Foreign currencies translation reserve		(1,584,070)	(1,584,070)
Retained earnings excluding profit for the period	17	85,022,581	108,402,893
Profits for the period attributable to the Bank's shareholders		10,036,310	-
Total Bank's Shareholders' Equity		445,501,962	437,882,521
Non-controlling interest		17,828,090	20,078,545
Total Shareholders' Equity		463,330,052	457,961,066
Total Liabilities and Shareholders' Equity		3,923,974,130	3,883,452,798

CAIRO AMMAN BANK – PUBLIC SHAREHOLDING LIMITED COMPANY
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THREE & NINE MONTHS ENDED 30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2024	2023	2024	2023
		JD	JD	JD	JD
Interest income	18	61,340,032	61,244,510	184,536,070	178,505,757
Less: Interest expense	19	28,600,511	25,370,175	86,074,262	72,813,042
Net interest income		32,739,521	35,874,335	98,461,808	105,692,715
Net commission income		3,717,389	4,159,852	11,567,882	13,294,808
Net interest and commission income		36,456,910	40,034,187	110,029,690	118,987,523
Gain from foreign currencies		2,160,155	1,511,341	5,712,378	4,552,831
Gain from financial assets at fair value through Income statement	20	61,648	56,346	270,554	439,880
Dividends from financial assets at fair value through other comprehensive income	8	-	118,909	5,137,133	2,549,330
Other income		1,613,805	1,533,459	4,903,302	5,002,836
Gross profit		40,292,518	43,254,242	126,053,057	131,532,400
Employees' expenses		12,119,283	11,977,707	36,552,379	35,795,970
Depreciation and amortization		1,839,303	1,882,552	5,768,206	5,600,897
Other expenses		13,340,320	9,956,220	35,890,157	30,844,833
Provision for expected credit losses	21	4,309,996	6,739,360	34,708,505	18,596,320
Provision for impairment of repossessed assets	11	-	(10,466)	6,781	16,454
Sundry provisions		137,715	-	447,715	-
Total expenses		31,746,617	30,545,373	113,373,743	90,854,474
Profit for the period before tax		8,545,901	12,708,869	12,679,314	40,677,926
Income tax expense	14	(5,689,203)	(4,829,105)	(4,893,459)	(14,173,150)
Profit for the period		2,856,698	7,879,764	7,785,855	26,504,776
Attributable to:					
Bank's shareholders		3,313,154	8,004,872	10,036,310	26,444,342
Non-controlling interest		(456,456)	(125,108)	(2,250,455)	60,434
Profit for the period		2,856,698	7,879,764	7,785,855	26,504,776
		<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 attributed to the Bank's shareholders	22	<u>0/017</u>	<u>0/040</u>	<u>0/050</u>	<u>0/132</u>

CAIRO AMMAN BANK – PUBLIC SHAREHOLDING LIMITED COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE & NINE MONTHS ENDED 30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

	For the three months ended 30 September		For the nine months ended 30 September	
	2024	2023	2024	2023
	JD	JD	JD	JD
Profit for the period -	2,856,698	7,879,764	7,785,855	26,504,776
Other comprehensive income items: Items that will not be reclassified to income statement in subsequent periods:				
Change in fair value reserve after tax	(4,429,390)	14,932,502	10,963,443	20,957,902
Change in foreign currency translation	-	-	-	1,604,674
Total comprehensive income for the period	(1,572,692)	22,812,266	18,749,298	49,067,352
Total comprehensive income for the period attributable to:				
Bank's shareholders	(1,116,236)	22,937,374	20,999,753	49,006,918
Non-controlling interest	(456,456)	(125,108)	(2,250,455)	60,434
Total comprehensive income for the period	(1,572,692)	22,812,266	18,749,298	49,067,352

CAIRO AMMAN BANK – PUBLIC SHAREHOLDING LIMITED COMPANY
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024 (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 excluding profit for the period	Profit for the period attributable to the Banks' shareholders	Total Bank's shareholders' equity	Non- controlling interests	Total shareholders' equity
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
For the nine months ended 30 September 2024											
Balance at beginning of the period	190,000,000	95,868,196	6,174,583	11,526,630	27,494,289	(1,584,070)	108,402,893	-	437,882,521	20,078,545	457,961,066
Total comprehensive income for the period	-	-	-	-	10,963,443	-	-	10,036,310	20,999,753	(2,250,455)	18,749,298
Increase in capital (note 17)	10,000,000	-	-	-	-	-	(10,000,000)	-	-	-	-
Capital increase expenses	-	-	-	-	-	-	(80,312)	-	(80,312)	-	(80,312)
Dividends distributed to shareholders (Note 17)	-	-	-	-	-	-	(13,300,000)	-	(13,300,000)	-	(13,300,000)
Balance at period end	200,000,000	95,868,196	6,174,583	11,526,630	38,457,732	(1,584,070)	85,022,581	10,036,310	445,501,962	17,828,090	463,330,052
For the nine months ended 30 September 2023											
Balance at beginning of the period	190,000,000	91,364,494	4,646,255	11,396,874	9,304,467	(3,188,744)	97,910,555	-	401,433,901	20,383,908	421,817,809
Total comprehensive income for the period	-	-	-	-	20,957,902	1,604,674	-	26,444,342	49,006,918	60,434	49,067,352
Transferred to reserves	-	-	1,528,328	124,183	-	-	(1,652,511)	-	-	-	-
Net change in non-controlling interest	-	-	-	-	(369,430)	-	369,430	-	-	-	-
Dividends distributed to shareholders (Note 17)	-	-	-	-	-	-	(19,000,000)	-	(19,000,000)	-	(19,000,000)
Balance at period end	190,000,000	91,364,494	6,174,583	11,521,057	29,892,939	(1,584,070)	77,627,474	26,444,342	431,440,819	20,444,342	451,885,161

* The general banking risk reserve is restricted from use this item represents amounts transferred to the reserves and is related to items at the Banks' branches in Palestine

** The negative balance of the fair value reserve is restricted from use without prior approval from the Central Bank of Jordan.

- The retained earnings balance includes amount of JD 12,669,542 as of 30 September 2024 and is restricted from use resulting from the early implementation of IFRS (9).
- The retained earnings balance includes deferred tax assets amounting to JD 16,966,367 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. (28) 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 NINE MONTHS ENDED 30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

		For the nine months ended 30 September	
	Notes	2024	2023
		JD	JD
<u>Operating Activities</u>			
Profit for the period before tax		12,679,314	40,677,926
Adjustments:			
Depreciation and amortization		8,158,843	8,802,899
Provision for expected credit losses	21	34,708,505	18,596,320
Sundry provisions		1,833,802	1,593,756
Loss from valuation of financial assets at fair value through Income statement	20	452,837	767,265
Loss from sale of property and equipment		117,189	12,469
Interest expense on leases		651,227	691,432
Gain from sale of repossessed assets		(361,251)	(637,911)
Provision for impairment of repossessed assets	11	6,781	16,454
Dividends from financial assets at fair value through other comprehensive income		(5,137,133)	(2,549,330)
Effect of exchange rate changes on cash and cash equivalents		(5,576,558)	(4,409,555)
Cash flow from operating activities before changes in net assets		47,533,556	63,561,725
Deposits at banks and financial institutions		29,034,584	3,253,705
Financial assets at fair value through income statement		152,100	404,920
Direct credit facilities		(6,587,964)	(153,617,318)
Other assets		6,329,987	8,432,804
Banks and financial institution' deposits (with maturity exceeding 3 months)		(333,231)	22,709,310
Customers deposits		(7,864,907)	110,363,988
Cash margins		16,347,393	5,060,137
Other liabilities		(1,725,236)	15,238,269
Net cash flows from operating activities before income tax and provisions paid		82,886,282	75,407,540
Income tax paid	14	(14,844,171)	(20,392,644)
Provisions paid		(2,113,582)	(1,487,790)
Net cash flows from operating activities		65,928,529	53,527,106
<u>Investing Activities</u>			
(Purchase) of financial assets at fair value through other comprehensive income		(1,758,884)	(3,748,095)
Sale of financial assets at fair value through other comprehensive income		272,950	3,076,193
(Purchase) of other financial assets at amortized cost		(202,215,452)	(103,264,424)
Maturity of other financial assets at amortized cost		168,872,831	130,766,976
Dividends from financial assets at fair value through other comprehensive Income		5,137,133	2,549,330
(Purchase) of property and equipment		(3,590,585)	(5,354,689)
Sale of property and equipment		-	128,383
(Purchase) of intangible assets		(2,110,789)	(562,316)
Net cash flows (used in) from investing activities		(35,392,796)	23,591,358
<u>Financing Activities</u>			
Increase in borrowed funds		108,341,971	39,393,724
(Repaid from) Borrowed funds		(54,649,574)	(81,835,735)
Capital increase expenses		(80,312)	-
Lease obligations payments		(2,834,743)	(3,507,397)
Cash dividends distributed to shareholders	17	(13,300,000)	(19,000,000)
Net cash flows from (used in) financing activities		37,477,342	(64,949,408)
Effect of exchange rate changes on cash and cash equivalents		5,576,558	4,409,555
Net change in cash and cash equivalents		73,589,633	16,578,611
Cash and cash equivalents - beginning of the period		221,259,732	253,419,043
Cash and cash equivalents - End of the period	23	294,849,365	269,997,654

THE ACCOMPANYING NOTES FROM NO. (1) TO NO. (28) 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 Banks' conditions were reconciled with the Jordanian Companies Laws No. (12) for the year 1964.

The Bank provides its banking and financial services through its headquarter office in Amman and its branches; 103 branches in Jordan, 22 branches in Palestine, one in Bahrain, and through its subsidiaries.

The Banks' authorized and paid-in-capital is equal to 200,000,000 JD/share as of 30 September 2024.

The General Assembly of Shareholders decided in its extraordinary meeting held on 3 April 2024, to approve an increase in the bank's capital by JD 10 million and to capitalize it from the retained earnings by distributing free shares at a rate of 5.263% to the shareholders, the authorized and paid-in-capital became 200,000,000 JD/share.

The Bank's shares are listed on the Amman Stock Exchange.

The Bank's Board of Directors approved the interim condensed consolidated financial statements on 30 October 2024.

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 comply 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. Therefore, these interim condensed consolidated financial statements should be read with the Bank's annual report for the year ended 31 December 2023. Moreover, the results of the Bank's operations for the nine-months period ended on 30 September 2024 do not necessarily represent indications of the expected results for the year ending 31 December 2024. Also, no appropriation of profit was made for the nine months period ended at 30 September 2024, which is usually performed at the year end.

CAIRO AMMAN BANK – PUBLIC SHAREHOLDING LIMITED COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

The interim condensed consolidated financial statements comprise of the financial statements of the Bank and the subsidiaries controlled by it. As of 30 September 2024, 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	6,500,000	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	8,000,000	100	Finance Leasing	Jordan	2013
Safa Bank	36,963,136	51	Islamic Banking	Palestine	2016

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. To support this presumption and the Bank has less than a majority of the voting or similar rights of an investee, the Bank considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Bank's 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 acquired or disposed of during the year are included 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 are attributed to the equity holders of the parent of the Bank 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 in line with the Bank's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Bank are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary without a loss of control, is accounted for as an equity transaction. If the Bank loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

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 consolidated financial statements for the year ended 31 December 2023 except for the adoption of the following new standards and amendments effective as of 1 January 2024 shown below:

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group's interim condensed consolidated financial statements.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement,

- That a right to defer must exist at the end of the reporting period,
- That classification is unaffected by the likelihood that an entity will exercise its deferral right,
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

3. Use of Estimates

The preparation of the interim condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions as well as fair value changes reported in interim condensed statement of comprehensive income. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. These mentioned estimates based on assumptions and multiple factors with varying degrees of uncertainty, and actual results may differ from the estimates due to changes in future circumstances and the management believes that the accounting estimates used in the condensed interim financial statements are reasonable.

The Bank's management believes that its estimates within the interim condensed consolidated financial statements are reasonable and consistent with those estimates used in the preparation for the annual financial statement for the year 2023.

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 (CreditLens) 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 the nature of hiring, job, and other relevant factors.

The conditions of the programs are also determined based on the historical performance of each program in terms of grants, defaults and collections, and those programs are reviewed periodically and their conditions are updated based on their 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, probability of default, and assessment of collaterals 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 influential 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 influential 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 watchlist.
- 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 / evidences that they have become non-performing (irregular) as mentioned in the non-performing classification criteria.

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

- Corporate portfolio:

The Probability of Default - PD data used by Moody's has been adopted as input to the calculation system, and the expected credit loss calculation system converts the probability of default from (Through The Cycle Probability of Default - TTC PD) to (Point In Time Probability of Default - PIT PD) for each instrument and after taking into account the risks of the country and the economic sector of the client.

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 loss at default has been computed using the Bank's historical default information for the retail loans and housing loans portfolio, credit cards, and overdrawn applications. 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 stock prices.
- Retail portfolio:
 - Jordan: Real Gross Domestic Product and Unemployment Rate.
 - Palestine: Interest Rate on Loans and Unemployment Rate.

The following weights for scenarios were adopted for the year ended 2023 and period ended 30 September 2024:

Jordan and Bahrain

Baseline Scenario	Downturn Scenario	Upturn Scenario
40%	30%	30%

The following weights for scenarios were adopted for the year ended 2023 and period ended 30 September 2024:

Palestine

Baseline Scenario	Downturn Scenario	Upturn Scenario
40%	60%	0%

The Bank manages its risks through a comprehensive strategy for risk management by which the roles and responsibilities of all parties responsible for the application of these policies are identified. These include the Board of Directors and subcommittees such as the Risk Committee, Compliance committee, Audit committee, the Corporate Governance committee, Information Technology Governance committee, the Nominations and Remuneration committee, Strategy committee, and Credit Facilities committee. In addition, included are the executive management and its subcommittees such as Assets and Liabilities Committee, the Procurement and Bids Committee, the Internal Control and Control Systems Development Committee, the Strategy and Branching Committee, the Information Technology Steering Committee and the Facilities Committees. Also, other specialized departments are included such as Risk management, Compliance department, internal audit department, and Financial Crimes and Cyber Security 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- Net

The item details are as follows:

	30 September 2024	31 December 2023
	JD (Reviewed not audited)	JD (Audited)
Cash in vaults	188,912,839	138,972,676
Balances at Central Banks:		
Current and demand accounts	18,424,750	19,178,540
Time and notice deposits	56,635,000	43,135,000
Certificates of Deposit	26,400,000	-
Statutory cash reserve	128,671,285	135,979,726
Total Balances at Central Banks	230,131,035	198,293,266
Provision for expected credit losses (central banks)	(4,308)	(8,397)
Balances at Central Banks -Net	230,126,727	198,284,869
Total	419,039,566	337,257,545

- Restricted balances amounted to JD 10,635,000 as of 30 September 2024 (JD 10,635,000 as of 31 December 2023), 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 September 2024 and as of 31 December 2023.

CAIRO AMMAN BANK – PUBLIC SHAREHOLDING LIMITED COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

5. Balances at Banks and Financial Institutions - Net

The item details are as follows:

	30 September 2024	31 December 2023
	JD (Reviewed not audited)	JD (Audited)
Local Banks and Financial Institutions		
Current and demand accounts	3,076,977	2,464,219
Deposits maturing within 3 months or less	22,183,094	42,397,879
Total local	25,260,071	44,862,098
Foreign Banks and Financial Institutions		
Current and demand accounts	26,754,976	20,284,900
Deposits maturing within 3 months or less	45,155,376	55,133,030
Total Foreign	71,910,352	75,417,930
Total	97,170,423	120,280,028
<u>Less:</u> provision for expected credit losses (balances at banks)	(3,858)	(3,232)
Total	97,166,565	120,276,796

Non-interest bearing balances at banks and financial institutions amounted to JD 29,831,953 as of 30 September 2024 (JD 38,666,236 as of 31 December 2023).

There are no restricted balances as of 30 September 2024 and 31 December 2023.

6. Deposits at Banks and Financial Institutions- Net

The item details are as follows:

	30 September 2024	31 December 2023
	JD (Reviewed not audited)	JD (Audited)
Deposits maturing within:		
More than 3 to 6 months	8,538,798	31,000,000
More than 6 to 9 months	6,000,000	1,266,127
More than 9 to 12 months	8,752,076	2,514,331
More than a year	15,000,000	32,545,000
Total	38,290,874	67,325,458
<u>Less:</u> provision for expected credit losses (Deposits at banks)	(56,593)	(66,383)
Total	38,234,281	67,259,075

-There are no restricted deposits as of 30 September 2024 and 31 December 2023.

7. Financial Assets at Fair Value through Income Statement

The item details are as follows:

	30 September 2024	31 December 2023
	JD	JD
	(Reviewed not audited)	(Audited)
Quoted corporate shares	8,426,207	9,120,040
Government treasury bonds	4,343,534	4,254,638
Total	12,769,741	13,374,678

8. Financial Assets at Fair Value through Other Comprehensive Income - Net

The item details are as follows:

	30 September 2024	31 December 2023
	JD	JD
	(Reviewed not audited)	(Audited)
Quoted shares	96,426,365	84,879,129
Unquoted shares *	12,462,473	10,976,155
Quoted Bonds	204,541	168,592
	109,093,379	96,023,876
Less: Expected credit loss	(2,972)	(4,041)
Total	109,090,407	96,019,835

Cash dividends on investments amounted to JD 5,137,133 for the nine months ended 30 September 2024 (JD 2,549,330 for the nine months ended 30 September 2023).

* 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 September 2024	31 December 2023
	JD	JD
	(Reviewed not audited)	(Audited)
Quoted financial assets		
Foreign government treasury bonds	42,390,321	42,372,382
Corporate debt securities	35,562,800	21,772,555
Total quoted financial assets	77,953,121	64,144,937
Unquoted financial assets		
Governmental treasury bills	10,238,882	13,856,523
Governmental treasury bonds	679,001,051	670,848,973
Corporate debt securities	69,000,000	54,000,000
Total unquoted financial assets	758,239,933	738,705,496
Total	836,193,054	802,850,433
<u>Less:</u> Provision for expected credit losses	(709,944)	(761,756)
	835,483,110	802,088,677
Analysis of bonds:		
Fixed rate bonds	836,193,054	802,850,433
Total	836,193,054	802,850,433

CAIRO AMMAN BANK – PUBLIC SHAREHOLDING LIMITED COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

10. Direct Credit Facilities - Net

The item details are as follows:

	30 September 2024	31 December 2023
	JD	JD
	(Reviewed not audited)	(Audited)
Individuals (Retail)		
Overdrafts	21,072,542	6,614,425
Loans and bills *	796,475,066	819,460,797
Credit cards	17,203,757	16,709,817
Others	6,508,263	6,582,555
Real-estate	354,228,488	349,021,919
Corporate		
Overdrafts	121,848,999	124,225,843
Loans and bills *	618,526,384	623,364,730
Small and medium enterprises “SMEs”		
Overdrafts	29,983,912	20,973,913
Loans and bills *	209,270,843	229,018,913
Governmental and public sectors	271,665,887	242,962,246
Total	2,446,784,141	2,438,935,158
<u>Less: Suspended interests</u>	(14,725,906)	(13,310,310)
<u>Less: Expected credit losses</u>	(167,753,363)	(131,389,710)
Net Direct Credit Facilities	2,264,304,872	2,294,235,138

- * Net of interest collected in advance amounting to JD 1,707,813 as of 30 September 2024 (JD 2,024,011 as of 31 December 2023).
- Non-performing credit facilities, in accordance with the instructions of the Central Bank of Jordan, amounted to JD 203,271,113 representing 8.31% of gross direct credit facilities as of 30 September 2024 (JD 140,231,367 representing 5.75% of gross direct credit facilities as of 31 December 2023).
 - Non-performing credit facilities net of suspended interest, in accordance with the instructions of the Central Bank of Jordan, amounted to JD 188,650,574 representing 7.76% of gross direct credit facilities after excluding suspended interest as of 30 September 2024 (JD 127,031,987 representing 5.24% as of 31 December 2023).
 - Credit facilities granted to the Government of Jordan under its own guarantee, amounted to JD 6,342 representing 0% of gross direct credit facilities as of 30 September 2024 (JD 7,306,191 representing 0.3% as of 31 December 2023).
 - Credit facilities granted to the public sector in Palestine amounted to JD 91,855,489 representing 3.75% of gross direct credit facilities as of 30 September 2024 (JD 89,882,782 representing 3.69% as of 31 December 2023).

CAIRO AMMAN BANK – PUBLIC SHAREHOLDING LIMITED COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

The movement on the provision for expected credit losses (Direct Credit Facilities) during the period / year is as follows:

	Corporates				Government and Public sector	Total
	Individual	Real-estate	Large	SMEs		
	JD	JD	JD	JD	JD	JD
<u>For the Nine Months Ended 30 September 2024</u>						
<u>(Reviewed not audited)</u>						
Total balances - beginning of the period	75,785,245	10,614,391	26,879,319	16,107,277	2,003,478	131,389,710
Credit loss on new facilities during the period	6,947,697	823,180	5,260,526	1,656,522	582,414	15,270,339
Reversed credit loss on settled facilities	(3,693,887)	(2,259,475)	(4,278,811)	(2,388,378)	(468,017)	(13,088,568)
Transferred to stage 1	9,115,427	1,342,019	1,316,177	721,407	1,711,132	14,206,162
Transferred to stage 2	(3,974,756)	(128,327)	(4,634,544)	165,138	(1,711,132)	(10,283,621)
Transferred to stage 3	(5,140,672)	(1,213,691)	3,318,368	(886,543)	-	(3,922,538)
Effect on the provision at the end of the period – resulting from the reclassification between the three stages during the period	12,196,359	1,905,249	8,834,001	4,517,803	25,718	27,479,130
Changes resulting from adjustments	7,541,325	688,375	(3,050,418)	1,678,044	-	6,857,326
Written off facilities	(2,012)	-	-	(61,420)	-	(63,432)
Valuation differences	(32,911)	(25,111)	(20,582)	(12,541)	-	(91,145)
Total balances - End of the Period	98,741,815	11,746,610	33,624,036	21,497,309	2,143,593	167,753,363
<u>For the Year Ended 31 December 2023 (Audited)</u>						
Total balances - beginning of the year	51,451,216	10,525,858	25,435,190	15,514,527	2,719,736	105,646,527
Credit loss on new facilities during the year	12,812,482	1,990,916	5,661,102	1,998,981	634,120	23,097,601
Reversed credit loss on settled facilities	(4,437,863)	(3,814,344)	(5,029,471)	(3,815,701)	(1,000,418)	(18,097,797)
Transferred to stage 1	3,821,699	385,691	985,694	571,577	565,360	6,330,021
Transferred to stage 2	2,562,933	337,748	(2,394,761)	766,605	(565,360)	707,165
Transferred to stage 3	(6,384,632)	(723,439)	1,409,067	(1,338,182)	-	(7,037,186)
Effect on the provision at the end of the year - resulting from the reclassification between the three stages during the year	15,034,719	3,186,116	1,398,649	2,462,228	(349,960)	21,731,752
Changes resulting from adjustments	5,500,225	(1,202,800)	(586,151)	(45,373)	-	3,665,901
Written off facilities	(4,483,108)	(71,355)	-	(7,385)	-	(4,561,848)
Valuation differences	(92,426)	-	-	-	-	(92,426)
Total balances - End of the Year	75,785,245	10,614,391	26,879,319	16,107,277	2,003,478	131,389,710

CAIRO AMMAN BANK – PUBLIC SHAREHOLDING LIMITED COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

Suspended Interest

The movement on the suspended interest during the period/ year is as follows:

	Corporates				Government and Public sector	Total
	Individual	Real-estate	Large	SMEs		
	JD	JD	JD	JD	JD	JD
<u>For the Nine months Ended 30 September 2024</u> <u>(Reviewed not audited)</u>						
Total balances - beginning of the period	2,999,507	1,513,370	6,355,367	2,442,066	-	13,310,310
Suspended interest on new exposures during the period	801,364	468,424	671,335	493,615	-	2,434,738
Suspended interest on settled exposures transferred to revenue during the period	(284,080)	(530,476)	(113,077)	(91,509)	-	(1,019,142)
Transferred to stage 1	61,306	5,067	57,692	7,948	-	132,013
Transferred to stage 2	61,438	15,278	-	860	-	77,576
Transferred to stage 3	(122,744)	(20,345)	(57,692)	(8,808)	-	(209,589)
Total balances - End of the Period	3,516,791	1,451,318	6,913,625	2,844,172	-	14,725,906
<u>For the Year Ended 31 December 2023 (Audited)</u>						
Total balances - beginning of the year	2,595,086	1,207,271	5,278,638	2,301,727	-	11,382,722
Suspended interest on new exposures during the year	770,144	570,008	1,117,952	313,976	-	2,772,080
Suspended interest on settled exposures transferred to revenue during the year	(272,061)	(257,015)	(41,223)	(173,509)	-	(743,808)
Transferred to stage 1	71,621	33,983	-	45,371	-	150,975
Transferred to stage 2	73,862	22,141	242	13,856	-	110,101
Transferred to stage 3	(145,483)	(56,124)	(242)	(59,227)	-	(261,076)
Suspended interest on written off exposures	(93,662)	(6,894)	-	(128)	-	(100,684)
Total balances - End of the Year	2,999,507	1,513,370	6,355,367	2,442,066	-	13,310,310

CAIRO AMMAN BANK – PUBLIC SHAREHOLDING LIMITED COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

11. Other Assets

The item details are as follows:

	30 September 2024	31 December 2023
	JD	JD
	(Reviewed not audited)	(Audited)
Accrued revenues	18,097,282	24,210,547
Prepaid expenses	8,045,150	7,026,476
Reposessed Assets – net *	16,400,749	17,432,653
Accounts receivable – net	4,433,256	5,656,136
Clearing checks	3,075,588	3,645,684
Settlement guarantee fund	25,000	86,000
Refundable deposits	768,572	767,572
Other deposits	5,098,726	3,388,122
Others	5,558,802	3,500,826
	<u>61,503,125</u>	<u>65,714,016</u>

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

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

	30 September 2024	31 December 2023
	JD	JD
	(Reviewed not audited)	(Audited)
Balance - beginning of the period/ year	19,818,954	20,800,735
Additions	2,287,248	2,462,219
Disposals	(3,335,050)	(3,444,000)
Total	<u>18,771,152</u>	<u>19,818,954</u>
Impairments of reposessed assets	(2,370,403)	(2,386,301)
Balance - end of the period/ year	<u>16,400,749</u>	<u>17,432,653</u>

A summary of the movement on reposessed assets provision:

Balance - beginning of the period/ year	2,386,301	2,345,885
Additions	6,781	40,416
Disposals	(22,679)	-
Balance - end of the period/ year	<u>2,370,403</u>	<u>2,386,301</u>

12. Customers Deposits

The item details are as follows:

	30 September 2024	31 December 2023
	JD	JD
	(Reviewed not audited)	(Audited)
Current and demand accounts	670,883,661	649,599,972
Saving deposits	541,134,884	576,036,204
Time and notice deposits	1,379,400,452	1,373,647,728
Total	2,591,418,997	2,599,283,904

- The Government of Jordan and the public sector deposits inside Jordan amounted to JD 368,727,339 representing 14.23% of total deposits as of 30 September 2024 (JD 354,345,149 representing 13.63% of total deposits as of 31 December 2023).
- Non-interest bearing deposits amounted to JD 575,676,781 representing 22.21% of total deposits as of 30 September 2024 (JD 573,610,659 representing 22.07% of total deposits as of 31 December 2023).

CAIRO AMMAN BANK – PUBLIC SHAREHOLDING LIMITED COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

13. Borrowed Funds

The item details are as follows:

	Amount	No. of Installments		Payment	Maturity	Collaterals	Interest rate
		Total	Outstanding	Frequency	date		
JD							
30 September 2024 (Reviewed not audited)							
Amounts borrowed from overseas investment company (OPIC)	15,598,000	1	1	At maturity	2034	None	4.845%-4.895%
Amounts borrowed from French Development Agency	354,500	20	2	Semi- annually	2025	None	3,358%
Amounts borrowed from Central Bank of Jordan	2,850,000	20	6	Semi- annually	2027	None	7,12%
				At maturity / per			
Amounts borrowed from Central Bank of Jordan	101,487,146	808	808	Loan	2024-2035	None	0.5%-1.75%
				At maturity / per			
Amounts borrowed from Central Bank of Jordan	21,405,809	306	306	Loan	2024 -2030	None	-
Amounts borrowed from Central Bank of Jordan	47,840	14	1	Semi- annually	2024	None	2.5%
Amounts borrowed from Central Bank of Jordan	2,255,000	20	11	Semi- annually	2030	None	7.17%
Amounts borrowed from Central Bank of Jordan	6,680,387	35	31	Semi- annually	2039	None	3%
Jordan Mortgage Refinance Company	15,000,000	1	1	At maturity	2026	None	7.1%
Jordan Mortgage Refinance Company	30,000,000	1	1	At maturity	2024	None	5.75%
Jordan Mortgage Refinance Company	10,000,000	1	1	At maturity	2025	None	4.9%
Jordan Mortgage Refinance Company	10,000,000	1	1	At maturity	2028	None	4.75%
Jordan Mortgage Refinance Company	4,000,000	1	1	At maturity	2026	None	4.65%
European Investment Bank	74,231,040	7	7	Semi- annually	2028	None	4.47%
Arab fund for economic and social development	2,659,311	11	11	Semi- annually	2031	None	3.50%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	5,317,500	7	7	Semi- annually	2028	None	6.812%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	1,772,500	7	7	Semi- annually	2028	None	5.692%
Palestine Monetary Authority	1,294,763	-	-	Monthly	-	None	3.0%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	4,861,714	7	6	Semi- annually	2027	None	7.42%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	1,418,000	7	7	Semi- annually	2027	None	7.34%
Proparco	3,105,024	13	11	Semi- annually	2030	None	7.71%
Amounts borrowed from French Development Agency	1,487,504	20	3	Semi- annually	2025	None	5.539%
Amounts borrowed from International Financial Markets (FMI)	1,074,224	1	1	1	-	None	-
Jordan Kuwait bank	13,717,010	8	8	Quarterly	2027	None	5.0%
Etihad Bank	4,014,999	8	8	Quarterly	2028	None	6.75%
Ahli Bank	4,935,690	18	18	Annual	2027	None	5.75%
Ahli Bank	10,000,000	1	1	At maturity	2025	None	4.75%
Total	349,567,961						

CAIRO AMMAN BANK – PUBLIC SHAREHOLDING LIMITED COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

	No. of installments			Payment frequency	Maturity date	Collaterals	Interest Rate
	Amount	Total	Outstanding				
	JD						
<u>31 December 2023 (Audited)</u>							
							4.845%-
Amounts borrowed from overseas investment company (OPIC)	15,598,000	1	1	At maturity	2034	None	4.895%
Amounts borrowed from French Development Agency	531,750	20	3	Semi- annually	2025	None	3.358%
Amounts borrowed from Central Bank of Jordan	3,800,000	20	8	Semi- annually	2027	None	8.65%
				At maturity / per	2024-		
Amounts borrowed from Central Bank of Jordan	106,779,184	802	802	Loan	2035	None	0.5%-1.75%
				At maturity / per	2024-		
Amounts borrowed from Central Bank of Jordan	22,483,088	402	402	Loan	2030	None	-
Amounts borrowed from Central Bank of Jordan	215,856	14	2	Semi- annually	2024	None	2.5%
Amounts borrowed from Central Bank of Jordan	2,665,000	20	12	Semi- annually	2030	None	8.75%
Amounts borrowed from Central Bank of Jordan	6,610,826	35	32	Semi- annually	2039	None	3%
Jordan Mortgage Refinance Company	10,000,000	1	1	At maturity	2024	None	8.65%
Jordan Mortgage Refinance Company	30,000,000	1	1	At maturity	2024	None	5.75%
Jordan Mortgage Refinance Company	10,000,000	1	1	At maturity	2025	None	4.9%
Jordan Mortgage Refinance Company	10,000,000	1	1	At maturity	2028	None	4.75%
Jordan Mortgage Refinance Company	4,000,000	1	1	At maturity	2026	None	4.65%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	5,317,500	7	7	Semi- annually	2028	None	6.812%
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	1,772,500			Semi- annually			
		7	7		2028	None	5.692%
Amounts borrowed from French Development Agency	1,968,594	20	4	Semi- annually	2031	None	5.83%
Palestine Monetary Authority	1,708,447	-	-	Monthly	-	None	3.0 %
Amounts borrowed from European Bank for Reconstruction and Development (EBRD)	5,672,000	7	7	Semi- annually	2027	None	6.9%
Proparco	3,545,000	13	13	Semi- annually	2030	None	8.7%
Amounts borrowed from International Financial Markets (FMI)	1,074,224	1	1	1	-	None	-
Jordan Kuwait Bank	13,797,500	8	8	Quarterly	2024	None	5.0%
Etihad Bank	5,551,666	8	7	Quarterly	2024	None	6.75%
Housing Bank for Trade and Finance	12,784,429	Overdraft	-	-	2023	None	7.25%
Jordan Ahli Bank	5,000,000	8	8	Quarterly	2024	None	5.75%
Jordan Ahli Bank	10,000,000	1	1	At maturity	2025	None	4.75%
Arab Jordan Investment Bank	5,000,000	24	24	Quarterly	2025	None	6%
Total	295,875,564						

CAIRO AMMAN BANK – PUBLIC SHAREHOLDING LIMITED COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

14. Income Tax

Income Tax Provision

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

	30 September 2024	31 December 2023
	JD	JD
	(Reviewed not audited)	(Audited)
Balance - beginning of the period/ year	23,492,297	23,867,415
Income tax paid	(14,844,171)	(20,114,636)
Income tax expense	5,594,842	19,739,518
Balance - end of the period/ Year	<u>14,242,968</u>	<u>23,492,297</u>

Income tax appearing on the income statement represents the following:

	30 September 2024	30 September 2023
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Income tax for the period	5,594,842	14,461,018
Deferred tax liabilities	-	(397,295)
Deferred tax assets	(701,383)	109,427
Income tax for current period profit	<u>4,893,459</u>	<u>14,173,150</u>

- The income tax rate on banks in Jordan is 38% and varies between 0%-31% in countries that the Bank has branches and companies in. 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 2019 for the Bank's branches in Jordan. The Income and Sales Tax Department did not review 2020, 2021, 2022 and 2023.
- A final settlement was reached with the tax authorities for the Bank's branches in Palestine up to the end of the year 2020. The Income and Sales Tax Department did not review 2021, 2022 and 2023.
- A final settlement was reached with the Income and Sales Tax Department for Al-Watanieh Financial Services (Awraq) up to the end of the year 2019, except for the years 2015, 2016, and 2017. The tax due for these years was estimated at JD 1,361,990, which is an increase over the amounts paid. An objection to the decision was filed with the Income Tax Court, which issued its ruling on February 26, 2024, obligating the company to pay the tax difference. The company has submitted a request for a retrial, which is still pending before the court, and the accounts for the years 2020, 2021, 2022, and 2023 have not been reviewed.
- A final settlement was made for the Al-Watanieh Securities Company (Palestine) up to the end of the year 2022, and the accounts for the year 2023 have not been reviewed.
- Tamallak for Financial Leasing Company has reached a final settlement with the Income and sales tax Department up to the end of the year 2020. The Income Tax Department did not review 2021, 2022 and 2023.

In the opinion of the Bank's management, income tax provisions as of 30 September 2024 are sufficient to meet any future tax obligations.

CAIRO AMMAN BANK – PUBLIC SHAREHOLDING LIMITED COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

The movement on the deferred tax assets and liabilities is as follows:

	30 September 2024		31 December 2023	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
	(Reviewed not audited)	(Reviewed not audited)	(Audited)	(Audited)
Balance - beginning of the period/ year	16,266,401	2,684,880	13,574,826	1,308,124
Additions	3,870,717	1,814,000	3,040,258	2,824,574
Disposals	(3,170,751)	(1,195,292)	(348,683)	(1,447,818)
Balance - End of the Period/ Year	<u>16,966,367</u>	<u>3,303,588</u>	<u>16,266,401</u>	<u>2,684,880</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

	30 September 2024	31 December 2023
	JD	JD
	(Reviewed not audited)	(Audited)
Accrued unpaid interest	24,483,845	20,918,960
Unearned Revenue	711,309	537,195
Accounts payable	8,349,837	6,814,916
Accrued expenses	12,368,413	10,818,804
Temporary deposits	22,569,079	25,057,407
Checks and withdrawals for payments	5,327,213	7,644,290
Others	2,773,956	4,894,448
	<u>76,583,652</u>	<u>76,686,020</u>
Provision for expected credit losses on indirect credit facilities	2,577,307	4,320,898
Total	<u><u>79,160,959</u></u>	<u><u>81,006,918</u></u>

CAIRO AMMAN BANK – PUBLIC SHAREHOLDING LIMITED COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

16. Fair Value Reserve – Net

The item details are as follows:

	30 September 2024	31 December 2023
	JD	JD
	(Reviewed not audited)	(Audited)
Balance - beginning of the period / year	27,494,289	9,304,467
Unrealized gains	11,583,568	19,936,274
(Gain) from sale of financial assets at fair value through other comprehensive income transferred to retained earnings	-	(369,430)
Deferred tax assets	(1,417)	3,669
Deferred tax liabilities	(618,708)	(1,380,691)
Balance - end of the Period / Year	38,457,732	27,494,289

The fair value reserve appears net after deducting deferred tax liabilities in the amount of JD 2,774,007.

17. Retained Earnings

The item details are as follows:

	30 September 2024	31 December 2023
	JD	JD
	(Reviewed not audited)	(Audited)
Balance - beginning of the period / year	108,402,893	95,668,899
Profit for the year	-	34,613,659
Transferred to statutory reserve	-	(4,503,702)
Transferred to general banking risk reserve	-	(1,528,328)
Transferred to cyclical fluctuations reserve	-	(129,756)
Dividends distributed to shareholders	(13,300,000)	(19,000,000)
Transfer to capital increase	(10,000,000)	-
Capital increase expenses	(80,312)	-
Net change in non-controlling interest	-	2,912,691
Transfers resulted from sale of financial assets at fair value through other comprehensive income	-	369,430
Balance - end of the period / year	85,022,581	108,402,893

- Retained earnings as of 30 September 2024 includes JD 12,669,542 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 16,966,367 as of 30 September 2024, (JD 16,266,401 as of 31 December 2023), which is not available for distribution in accordance with the Central Bank of Jordan instructions.
- The Bank cannot use a restricted amount of JD 1,155,916 which represents the remaining balance of the general banking risk reserve included in retained earnings in accordance with the instructions of the Central Bank of Jordan.

CAIRO AMMAN BANK – PUBLIC SHAREHOLDING LIMITED COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

- The General Assembly of Shareholders decided in its meeting held on 3 April 2024 to approve the distribution of cash dividends to shareholders at 70 Fils per share i.e. 7% of the par value per share amounting to 1 JD as dividends.
- The General Assembly of Shareholders decided in its extraordinary meeting held on 3 April 2024, to approve an increase in the bank's capital by JD 10 million and to capitalize it from the retained earnings by distributing free shares at a rate of 5.263% to the shareholders.
- The General Assembly of Shareholders decided in its ordinary meeting held on 13 April 2023, to distribute cash dividends to the shareholders at an amount of 100 fils per share, i.e. 10% of the par value per share amounting to JD 1 as dividends for the year 2022.

18. Interest Income

This item consists of the following:

	30 September 2024	30 September 2023
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Direct credit facilities:		
Overdrafts	22,164,122	20,120,568
Loans and bills	115,281,201	117,953,604
Credit cards	2,150,022	2,090,137
Balances at central banks	1,239,767	925,136
Balances and deposits at banks and financial institutions	5,228,250	6,127,928
Financial assets at amortized cost	37,894,298	30,880,546
Financial assets at fair value through income statement	206,745	-
Other	371,665	407,838
	<u>184,536,070</u>	<u>178,505,757</u>

19. Interest Expense

The item details are as follows:

	30 September 2024	30 September 2023
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Banks and financial institutions deposits	11,918,062	10,320,962
Customers' deposits:		
Current accounts and demand deposits	2,919,956	2,906,622
Saving accounts	1,704,536	2,030,531
Time and notice deposits	55,985,999	45,214,430
Cash margins	275,201	353,713
Loans and borrowings	11,034,999	9,836,522
Deposits guarantee fees	2,235,509	2,150,262
	<u>86,074,262</u>	<u>72,813,042</u>

CAIRO AMMAN BANK – PUBLIC SHAREHOLDING LIMITED COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

20. Gains from Financial Assets at Fair Value through Income Statement

The item details are as follows:

	Realized Gain	Unrealized Losses	Stock Dividends	Total
	JD	JD	JD	JD
<u>For the Nine months ended 30 September 2024</u>				
<u>(Reviewed not audited)</u>				
Corporate shares	59,042	(403,406)	664,349	319,985
Government bonds	-	(49,431)	-	(49,431)
Total	59,042	(452,837)	664,349	270,554
<u>For the Nine months Ended 30 September 2023</u>				
<u>(Reviewed not audited)</u>				
Corporate shares	731,411	(767,265)	475,734	439,880
Total	731,411	(767,265)	475,734	439,880

21. Provision for Expected Credit Losses

The item details are as follows:

	30 September 2024	30 September 2023
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Balances at central banks	(4,089)	(12,118)
Balances at banks and financial institutions	626	(17,126)
Deposits at banks and financial institutions	(9,790)	14,029
Financial assets at amortized cost	(51,812)	(201,345)
Financial assets at fair value through other comprehensive income	(1,069)	2,993
Direct credit facilities	36,518,230	19,638,483
Indirect credit facilities	(1,743,591)	(828,596)
	34,708,505	18,596,320

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

The item details are as follows:

	For the Three Months Ended 30 September		For the Nine months Ended 30 September	
	2024	2023	2024	2023
	JD	JD	JD	JD
	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)
Profit for the period attributable to Bank's shareholders (JD)	3,313,154	8,004,872	10,036,310	26,444,342
Weighted average number of shares	200,000,000	200,000,000	200,000,000	200,000,000
	(JD/ Fills)	(JD/ Fills)	(JD/ Fills)	(JD/ Fills)
Basic and diluted earnings per share for the period - (Bank's Shareholders)	0/017	0/040	0/050	0/132

23. Cash and Cash Equivalents

The item details are as follows:

	30 September 2024	30 September 2023
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Cash and balances at Central Banks maturing within three months	419,043,874	358,025,238
<u>Add:</u> Balances at banks and financial institutions maturing within three months	97,130,423	75,628,056
<u>Less:</u> Deposits at banks and financial institutions maturing within three months	(210,689,932)	(153,020,640)
<u>Less:</u> Restricted balances	(10,635,000)	(10,635,000)
	<u>294,849,365</u>	<u>269,997,654</u>

24. Balances and Transactions with Related Parties

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.

The consolidated financial statements include the Bank's financial statement and the following subsidiaries:

Company Name	Ownership %	Company's Capital	
		2024	2023
		JD	JD
Al-Watanieh Financial Services Company Limited Liability	100	6,500,000	6,500,000
Al-Watanieh Securities Company Private shareholding	100	1,600,000	1,600,000
Tamallak for Financial Leasing Company	100	8,000,000	5,000,000
Safa Bank	51	36,963,136	53,175,000

CAIRO AMMAN BANK – PUBLIC SHAREHOLDING LIMITED COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

The following related party transactions took place during the period:

	Related Parties				Total	
	Major Shareholders	Board of Directors and Relatives	Executive Management	Other *	30 September 2024	31 December 2023
	JD	JD	JD	JD	JD (Reviewed not audited)	JD (Audited)
<u>Statement of Financial Position</u>						
<u>Items:</u>						
Direct credit facilities	16,276,438	36,040,372	2,970,149	29,280,587	84,567,546	90,464,225
Deposits at the Bank	13,041,939	70,560,752	2,885,979	10,190,008	96,678,678	105,671,863
Cash Margins	188,465	93,156	71	50,541	332,233	99,057
<u>Off Statement of Financial</u>						
<u>Position Items:</u>						
Indirect credit facilities	2,036,170	9,263,511	14,180	11,168	11,325,029	6,746,366
					30 September 2024	30 September 2023
					JD	JD
					(Reviewed not audited)	(Reviewed not audited)
<u>Income Statements Items:</u>						
Interest and commission income	1,081,729	1,977,258	118,175	1,656,209	4,833,371	3,670,014
Interest and commission expense	702,612	2,269,587	142,158	392,790	3,507,147	2,902,902

* Others include the rest of bank employees and their relatives up to the third degree.

Interest income rates on credit facilities in Jordanian Dinar range between 2% - 21%.

Interest income rates on credit facilities in foreign currency range between 4% - 7.5%.

Interest expense rates on deposits in Jordanian Dinar range between zero – 6.95%.

Interest expense rates on deposits in foreign currency range between zero – 5%.

Salaries, wages and bonuses of executive management amounted to JD 3,216,953 as of 30 September 2024 (JD 2,945,656 as of 30 September 2023).

25. 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 executive manager and key decision maker at the Bank, through the following major sectors:

- Retail banking: Principally handling individual customers' deposits, and providing consumer type loans, overdrafts, credit cards facilities and other services.
- Corporate banking: Principally handling deposits, loans and other credit facilities, and other services related to corporate and institutional customers.
- Treasury: Principally providing trading, treasury services, and management of the Bank's money and investments.

Below is information on the Bank's segments:

	Retail	Corporate	Treasury	Other	30 September 2024	30 September 2023
	JD	JD	JD	JD	JD	JD
					(Reviewed not audited)	(Reviewed not audited)
Gross revenues	86,251,215	68,093,718	55,673,389	2,108,997	212,127,319	204,345,442
Expected credit losses	24,148,823	10,625,816	(66,134)	-	34,708,505	18,596,320
Impairment of repossessed assets provision	-	-	-	6,781	6,781	16,454
Sundry provisions	-	-	-	447,715	447,715	-
Segment result	32,181,350	23,390,363	33,663,842	1,654,501	90,890,056	112,919,626
Unallocated costs					78,210,742	(72,241,700)
Profit before tax					12,679,314	40,677,926
Income tax					(4,893,459)	(14,173,150)
Profit for the period					<u>7,785,855</u>	<u>26,504,776</u>
Other information						
Capital expenditure					<u>5,701,374</u>	<u>5,917,005</u>
Depreciation and amortization					<u>5,768,206</u>	<u>5,600,897</u>
					30 September 2024	31 December 2023
					JD	JD
					(Reviewed not audited)	(Audited)
Total segment assets	1,080,031,582	1,184,273,290	1,528,710,037	130,959,221	3,923,974,130	3,883,452,798
Total segment liabilities	1,169,696,658	1,557,746,630	605,744,479	127,456,311	3,460,644,078	3,425,491,732

CAIRO AMMAN BANK – PUBLIC SHAREHOLDING LIMITED COMPANY
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 SEPTEMBER 2024 (REVIEWED NOT AUDITED)

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 September 2024	30 September 2023	30 September 2024	30 September 2023	30 September 2024	30 September 2023
	JD	JD	JD	JD	JD	JD
	(Reviewed not audited)		(Reviewed not audited)		(Reviewed not audited)	
Gross revenue	168,956,284	157,781,603	43,171,034	46,563,839	212,127,319	204,345,442
Capital expenditures	4,691,574	5,008,638	1,009,800	908,367	5,701,374	5,917,005

	Inside Jordan		Outside Jordan		Total	
	30 September 2024	31 December 2023	30 September 2024	31 December 2023	30 September 2024	31 December 2023
	JD	JD	JD	JD	JD	JD
	(Reviewed not audited)	(Audited)	(Reviewed not audited)	(Audited)	(Reviewed not audited)	(Audited)
Total assets	2,772,881,586	2,727,637,883	1,151,092,544	1,155,814,915	3,923,974,130	3,883,452,798

26. Contingent Liabilities and Commitments

The item details are as follows:

	30 September 2024	31 December 2023
	JD	JD
	(Reviewed not audited)	(Audited)
Letters of credit:		
Issued	59,816,106	70,160,614
Acceptances	12,361,148	7,186,598
Letters of guarantee:		
Payments	52,543,980	34,927,304
Performance	33,288,628	27,108,920
Other	13,234,503	17,143,511
Unutilized direct credit facilities ceilings	229,221,159	230,439,236
Total	400,465,524	386,966,183

27. Lawsuits raised against the Bank

In the normal course of business, the Bank appears as a defendant in several lawsuits amounting to JD 25,662,501 and JD 29,500,750 as of 30 September 2024 and 31 December 2023 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 2,252,421 and JD 1,908,328 as of 30 September 2024 and 31 December 2023, 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 September 2024 and 31 December 2023 as the Bank has consulted with legal consultants specialized in US courts and concluded that the legal status of the lawsuits is in favour of the Bank and that there are no legal or judicial grounds for the lawsuits. As the Legal specialist attorney believe that the legal status of the Bank is favourable in regard to this lawsuit.

28. Statutory Reserve

The Bank did not deduct any statutory reserve in accordance with the Companies Laws and the Regulations issued, as these financial statements are interim statements.