

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

CONSOLIDATED CONDENSED INTERIM FINANCIAL
STATEMENTS FOR THE PERIOD
ENDED MARCH 31, 2022

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
PERIOD ENDED MARCH 31, 2022

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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, 2022 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.

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.

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.

Amman – Jordan
April 28, 2022


Deloitte & Touche (M.E.) – Jordan
Deloitte & Touche (M.E.)
ديلويت أند توش (الشرق الأوسط)
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JORDAN AHLI BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	March 31, 2022 (Reviewed)	December 31, 2021 (Audited)
		JD	JD
<u>Assets:</u>			
Cash and balances at central banks	5	200,320,245	259,677,707
Balances at banks and financial institutions	6	218,070,296	177,418,823
Deposits at banks and financial institutions	7	-	20,312,861
Direct credit facilities, net	8	1,417,846,638	1,357,684,639
Financial assets at fair value through other comprehensive income		26,058,632	26,485,706
Financial assets at amortized cost, net	9	909,969,676	866,250,407
Property and equipment		79,870,664	80,356,732
Deferred tax assets		15,828,069	15,268,775
Right of use assets		11,952,464	10,031,598
Intangible assets, net		6,548,217	7,586,755
Other assets	10	130,228,737	132,342,750
TOTAL ASSETS		<u>3,016,693,638</u>	<u>2,953,416,753</u>
<u>LIABILITIES AND OWNERS' EQUITY:</u>			
<u>LIABILITIES:</u>			
Banks' and financial institutions' deposits		155,805,073	161,786,222
Customers' deposits		2,031,741,942	2,003,750,863
Margin accounts		223,112,760	213,886,543
Loans and borrowings		186,992,101	157,988,391
Subordinated bonds		25,000,000	25,000,000
Sundry provisions		3,727,001	3,685,682
Income tax provision	11	9,092,264	10,398,470
Lease liability		11,041,569	9,663,597
Other liabilities	12	38,780,915	39,537,487
TOTAL LIABILITIES		<u>2,685,293,625</u>	<u>2,625,697,255</u>
<u>OWNERS' EQUITY:</u>			
<u>BANK'S SHAREHOLDERS' EQUITY:</u>			
Subscribed and paid in capital		200,655,000	200,655,000
Statutory reserve		65,208,593	65,208,593
Voluntary reserve		15,761,637	15,761,637
Periodic fluctuations reserve		3,678,559	3,678,559
Fair value reserve, net		(5,802,246)	(5,645,628)
Retained earnings		48,061,337	48,061,337
Profit for the period		3,837,133	-
TOTAL OWNERS' EQUITY		<u>331,400,013</u>	<u>327,719,498</u>
TOTAL LIABILITIES AND OWNERS' EQUITY		<u>3,016,693,638</u>	<u>2,953,416,753</u>

THE ACCOMPANYING NOTES FROM (1) TO (23) 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)

		For the Three Months Ended March 31,	
	Note	2022 (Reviewed)	2021 (Reviewed)
		JD	JD
Interest income		35,231,173	35,343,917
Interest expense		14,860,931	14,081,076
Net interest income		20,370,242	21,262,841
Net commission income		3,427,795	3,340,052
Net interest and commission income		23,798,037	24,602,893
Gain from foreign currencies		578,006	661,015
Other income		2,156,203	1,636,161
Gross Income		26,532,246	26,900,069
Expenses:			
Employees expenses		9,265,638	9,067,914
Depreciation and amortization		2,768,257	2,767,490
Other expenses		6,418,010	6,158,983
Provision for expected credit loss - Net	14	2,260,527	4,382,992
Impairment on assets seized by the Bank	10	575,000	431,818
Total Expenses		21,287,432	22,809,197
Income for the Period before Taxes		5,244,814	4,090,872
Income tax expense	11	(1,407,681)	(2,449,413)
Income for the Period		3,837,133	1,641,459
<u>Attributed to:</u>			
Bank's Shareholders		3,837,133	1,641,459
		3,837,133	1,641,459
Basic and diluted earnings per share for the period attributable to the Bank's Shareholders			
	13	0.019	0/008

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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,	
	<u>2022 (Reviewed)</u>	<u>2021 (Reviewed)</u>
	JD	JD
Income for the Period	3,837,133	1,641,459
Other comprehensive income items not to be reclassified to profit or loss in subsequent periods :		
Gain from sale of financial assets at fair value through other comprehensive income	-	949
Change in Fair value reserve- net	<u>(156,618)</u>	<u>(4,304)</u>
Total Comprehensive Income for the Period	<u><u>3,680,515</u></u>	<u><u>1,638,104</u></u>
<u>Total Comprehensive Income for the Period Attributed to:</u>		
Bank's shareholders	<u>3,680,515</u>	<u>1,638,104</u>
	<u><u>3,680,515</u></u>	<u><u>1,638,104</u></u>

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

	Equity- Bank's Shareholders							
	Authorized and paid-up Capital	Reserves			Fair Value Reserve - net	Retained Earnings	Income for the Period	Total Shareholders Equity
For the Three Months Ended March 31, 2022	JD	Statutory JD	Voluntary JD	Periodic Fluctuations JD	JD	JD	JD	JD
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
For the Three Months Ended March 31, 2021								
Balance - Beginning of the Period	200,655,000	62,722,983	15,761,637	3,678,559	(4,794,408)	44,306,191	-	322,329,962
Income for the period	-	-	-	-	-	-	1,641,459	1,641,459
Gain from sale of financial assets at fair value through other comprehensive income	-	-	-	-	(33,679)	34,628	-	949
Change in fair value reserve	-	-	-	-	(4,304)	-	-	(4,304)
Total comprehensive income	-	-	-	-	(37,983)	34,628	1,641,459	1,638,104
Balance - End of the Period	200,655,000	62,722,983	15,761,637	3,678,559	(4,832,391)	44,340,819	1,641,459	323,968,066

- An amount of JD 13,202,558 from retained earnings is restricted to be used based on the Central Bank of Jordan instructions, against deferred tax assets as of March 31, 2022.
- 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 earning balance in equivalent of negative balance of the fair value reserve amounted to JD 5,802,246 is prohibited, according to the instructions of Jordan Securities Commission.

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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 CASH FLOWS
(REVIEWED NOT AUDITED)

		For the Three Months Ended March 31,	
	Note	2022 (Reviewed)	2021 (Reviewed)
Cash flow from operating activities		JD	JD
Income for the period before income tax		5,244,814	4,090,872
Adjustments:			
Depreciation and amortisation		2,768,257	2,767,490
Provision on expected credit losses, net	14	2,260,527	4,382,992
Bank's share of associate companies' profits			-
Impairment on assets seized by the Bank		575,000	431,818
Gain from sale of property and equipment		(95,853)	(79,924)
Other provisions		239,554	162,423
Net interest		(7,587,560)	(7,400,024)
Effect of exchange rate changes on cash and cash equivalents		(30,735)	(56,702)
Profit before changes in assets and liabilities		3,374,004	4,298,945
CHANGES IN ASSETS AND LIABILITIES:			
Deposits at banks and financial institutions		20,310,925	19,624,727
Direct credit facilities		(62,535,597)	(41,574,640)
Right of use assets		(2,470,491)	(81,847)
Other assets		18,373,900	18,474,600
Banks' and financial institutions' deposits (maturing within a period exceeding 3 months)		(8,746,143)	(27,148,378)
Customers' deposits		27,991,079	7,818,130
Margin accounts		9,226,217	320,883
Lease liability		2,490,248	263,012
Other liabilities		(9,950,903)	(8,988,653)
Net Cash Flow (Used in) Operating Activities before Income tax		(1,936,761)	(26,993,221)
Income tax paid	11	(3,089,577)	(4,040,387)
Sundry provisions paid		(198,235)	(28,464)
Net Cash (used in) Operating Activities		(5,224,573)	(31,062,072)
Net cash flow from Investing activities			
Financial assets at fair value through other comprehensive income		86,852	(3,952)
(Purchase) of Financial assets at amortized cost		(43,657,258)	(23,610,356)
(Purchase) of property & equipment and intangible assets		(753,093)	(1,387,850)
Proceeds from sale of property and equipment		154,920	85,752
Installments payments of the lease liability principal		(1,112,276)	(921,502)
Net Cash (used in) Investing Activities		(45,280,855)	(25,837,908)
Cash Flow from Financing activities			
Increase (decrease) in loans and borrowings		29,003,710	(2,668,809)
Net Cash from (used in) Financing Activities		29,003,710	(2,668,809)
Effect of exchange rate changes on cash and cash equivalents		30,735	56,702
Net (decrease) in Cash and Cash Equivalents		(21,470,983)	(59,512,087)
Cash and cash equivalents at the beginning of the year		289,949,087	239,652,198
Cash and Cash Equivalents at the End of the Period	15	268,478,104	180,140,111

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CONDENSED INTERIM FINANCIAL STATEMENTS AND SHOULD BE READ WITH
THEM AND WITH THE ACCOMPANYING REVIEW REPORT.

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 Company effective from July 1, 2005.

The Bank provides all banking and financial services related to its business through 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. (2) held on April 28, 2022.

2. Basis of Preparation

The accompanying consolidated condensed interim financial information for the ended three months March 31, 2022 in accordance to the International Financial Reporting Standard number 34 (IFRS 34) (interim 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 with the exception of the below paragraph.
 - 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. A progressive provision is to be booked for the assets seized by the bank based on Central Bank of Jordan circulations No. 10/3/13246 dated to 2 September 2021 by (5%) of the total book values of these assets as of the year 2022 to reach the required percentage of (50%) of these assets by the end of the year 2030.
- 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, 2021, and the results of the three months ended March 31, 2022 do not necessarily represent an indication of the expected results of the fiscal year ending December 31, 2022. The three-month profit for the three months ended March 31, 2022, 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 2021.

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, 2022 are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2021. However, the Bank has adopted the following amendments and interpretations that apply for the first time in 2022 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:

Amendments to IAS 1 – 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.

Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise 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 the date of initial application.

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

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise 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 the beginning of that earliest period presented.

IFRS Financial Enhancements 2018-2020

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16 (a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16 (a).

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

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 information 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 information 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, 2022:

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 Technology Compnay	600,000	600,000	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, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Cash at treasury	68,430,180	66,311,112
Balances at the Central Banks:		
Current accounts and demand deposits	12,397,376	9,609,467
Term and notice deposits	23,385,000	90,598,000
Statutory cash reserve	96,107,689	93,159,128
Total Balances at the Central Banks	131,890,065	193,366,595
Total Cash and Balances at Central Banks	200,320,245	259,677,707

- 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, 2022 and December 31, 2021.
- There are no balances, maturing within a period exceeding three months as at March 31, 2022 and December 31, 2021.

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, 2022 (Reviewed)	December 31, 2021 (Audited)	March 31, 2022 (Reviewed)	December 31, 2021 (Audited)	March 31, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD	JD	JD	JD	JD
Current and under demand accounts	256,105	147,206	50,223,672	68,526,712	50,479,777	68,673,918
Deposits maturing within 3 months or less	38,995,000	29,069,000	128,648,285	79,697,461	167,643,285	108,766,461
Total	39,251,105	29,216,206	178,871,957	148,224,173	218,123,062	177,440,379
Impairment provision	(4,832)	(4,832)	(47,934)	(16,724)	(52,766)	(21,556)
Net balance at banks and financial institutions	39,246,273	29,211,374	178,824,023	148,207,449	218,070,296	177,418,823

- Non-interest bearing balances at banks and financial institutions amounted to JD 50,479,777 as of March 31, 2022 (JD 68,673,918 as of December 31, 2021).

- There are no Restricted balances as of March 31, 2022 and as of December 31, 2021).

7. Deposits at Banks and Financial Institutions

Details of the following item are as follows:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	March 31, 2022 (Reviewed)	December 31, 2021 (Audited)	March 31, 2022 (Reviewed)	December 31, 2021 (Audited)	March 31, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD	JD	JD	JD	JD
More than 3 months to 6 months	-	-	-	20,342,135	-	20,342,135
More than 6 months to 9 months	-	-	-	-	-	-
More than 9 months to 12 months	-	-	-	-	-	-
Total	-	-	-	20,342,135	-	20,342,135
Provision for expected credit losses	-	-	-	(29,274)	-	(29,274)
Net	-	-	-	20,312,861	-	20,312,861

8. Direct Credit and Financing Facilities - Net

The details of this item are as follows:

	March 31, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Individuals (retail):		
Overdraft accounts	2,394,585	1,488,239
Loans and promissory notes *	330,095,628	317,357,214
Credit cards	10,092,768	9,888,698
Real estate loans	321,545,537	312,679,388
Companies :		
Large Companies		
Overdraft accounts	101,643,248	90,450,818
Loans and promissory notes *	563,438,072	530,526,594
Small and Medium		
Overdraft accounts	33,154,219	33,084,920
Loans and promissory notes *	133,036,545	137,668,140
Government and public sector	31,899,575	31,531,105
Total	1,527,300,177	1,464,675,116
<u>Less:</u> Interest in suspense	(25,098,343)	(24,049,947)
Expected credit losses	(84,355,196)	(82,940,530)
Net Direct Credit Facilities and Financing	<u>1,417,846,638</u>	<u>1,357,684,639</u>

* Net after deducting interest and commission received in advance of JD 13,208,692 as of March 31, 2022 (JD 12,086,982 as of December 31, 2021).

- Non-performing credit facilities were amounted to JD 111,872,617 which is equivalent to 7.32% of total direct credit facilities as of March 31, 2022 (JD 107,430,472 which is equivalent to 7.33% of total direct credit facilities as of December 31, 2021).
- Non-performing credit facilities after deducting interest and returns in suspense were amounted to JD 90,434,353 which is equivalent to 6.01% of total direct credit facilities balance after deducting interest and returns in suspense as of March 31, 2022 (JD 87,210,548 which is equivalent to 6.04% of total credit facilities balance after deducting interest and returns in suspense as of December 31, 2021).
- Non-performing credit facilities transferred to off consolidated financial position items, amounted to JD 130,532,706 as at March 31, 2022, Moreover, these credit facilities are fully covered with the suspended interests and provisions (JD 132,049,587 as of December 31, 2021).
- There are no credit facilities granted to and guaranteed by the Jordanian government as at March 31, 2022 and December 31, 2021.

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

	Real		Corporates		Government and	
	Retail	Estate Loans	Corporate	SMEs	Public Sector	Total
<u>For the Three Months Period Ended March 31, 2022 (reviewed)</u>	JD	JD	JD	JD	JD	JD
Balance at January 1, 2022	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 period	275,942	143,963	519,387	188,419	-	1,127,711
Recovered of provision for expected credit loss paid	(294,407)	(761,603)	(467,134)	(339,708)	-	(1,862,852)
Transferred to stage 1	334,149	72,596	(68,717)	(8,333)	-	329,695
Transferred to stage 2	(464,673)	(78,762)	(299,762)	(122,803)	-	(966,000)
Transferred to stage 3	130,524	6,166	368,479	131,136	-	636,305
Transferred to off statement of financial position	(2,743)	(3,729)	(4,273)	(8,687)	-	(19,432)
Effect on the provision at the end of the year - resulting from the reclassification between the three stages during the period	548,640	709,323	656,271	1,387,706	-	3,301,940
Changes resulting from adjustments	(59,120)	(193,677)	988,049	(909,600)	(18,853)	(193,201)
Written off facilities	(3,855)	-	(716,121)	(42,957)	-	(762,933)
Foreign exchange adjustments	(7,062)	(26)	(125,479)	(44,000)	-	(176,567)
Balance as at the end of the period	16,268,689	8,086,390	49,971,782	9,969,935	58,400	84,355,196
Redistribution:						
Provision on an Individual basis	16,268,689	8,086,390	49,971,782	9,969,935	58,400	84,355,196
Provision on a collective basis	-	-	-	-	-	-
	16,268,689	8,086,390	49,971,782	9,969,935	58,400	84,355,196
<u>For the Year Ended December 31, 2021 (audited)</u>						
Balance at January 1, 2021	14,806,027	6,723,978	43,717,226	11,674,489	52,672	76,974,392
Expected credit loss on new facilities granted during the year	2,607,275	669,527	894,816	1,566,905	-	5,738,523
Recovered of provision for expected credit loss paid	(1,565,321)	(986,882)	(403,387)	(1,509,923)	-	(4,465,513)
Transferred to stage 1	328,369	466,211	(27,832)	(36,270)	-	730,478
Transferred to stage 2	(560,035)	(319,531)	10,042	(226,191)	-	(1,095,715)
Transferred to stage 3	231,666	(146,680)	17,790	262,461	-	365,237
Transferred to off statement of financial position	(396,776)	(541,489)	(1,697,028)	(3,081,320)	-	(5,716,613)
Effect on the provision at the end of the year - resulting from the reclassification between the three stages during the year	1,811,132	1,128,111	76,860	630,191	-	3,646,294
Changes resulting from adjustments	(1,423,994)	1,211,343	6,772,877	507,783	24,581	7,092,590
Written off facilities	(38,402)	(12,449)	(372,714)	(102,843)	-	(526,408)
Foreign exchange adjustments	11,353	-	132,432	53,480	-	197,265
Balance as at the end of the year	15,811,294	8,192,139	49,121,082	9,738,762	77,253	82,940,530
Redistribution:						
Provision on an Individual basis	15,811,294	8,192,139	49,121,082	9,738,762	77,253	82,940,530
Provision on a collective basis	-	-	-	-	-	-
	15,811,294	8,192,139	49,121,082	9,738,762	77,253	82,940,530

Provisions no longer needed resulted from settlements, repayments or transferred against other facilities were amounted to JD 1,862,852 for the three Months Period Ended March 31, 2022 (JD 4,465,513 for the year ended December 31, 2021).

Suspended Interests

The movement of the suspended interests is as follows:

	Individuals	Real estate loans	Companies		Total
			Corporates	SMEs	
	JD	JD	JD	JD	JD
<u>For the Three Months Period Ended March 31, 2022 (reviewed and not audited)</u>					
Balance beginning of the period	3,006,442	3,030,874	13,869,994	4,142,637	24,049,947
<u>Add:</u> Interest suspended during period	207,476	285,229	733,302	321,049	1,547,056
<u>Less:</u> Interests transferred to revenues	(46,618)	(76,474)	(107)	(42,966)	(166,165)
Transferred to stage (1)	498	(29,711)	-	-	(29,213)
Transferred to stage (2)	(8,956)	16,204	(313,636)	(74,785)	(381,173)
Transferred to stage (3)	8,458	13,507	313,636	74,785	410,386
<u>Less:</u> Transferred to off-consolidated statement of financial position	(20,804)	(390)	(45,947)	(14,927)	(82,068)
Written off suspended interests	(34,895)	(35,117)	(134,440)	(45,975)	(250,427)
Balance End of the Period	<u>3,111,601</u>	<u>3,204,122</u>	<u>14,422,802</u>	<u>4,359,818</u>	<u>25,098,343</u>
 <u>For the Year 2021 (Audited)</u>					
Balance beginning of the year	2,649,980	2,721,101	12,785,529	4,742,099	22,898,709
<u>Add:</u> Interest suspended during the year	758,731	1,143,409	3,368,576	1,567,859	6,838,575
<u>Less:</u> Interests transferred to revenue	(101,009)	(383,461)	(35,843)	(405,359)	(925,672)
Transferred to stage (1)	3,418	4,948	-	(6,095)	2,271
Transferred to stage (2)	(574)	(380,298)	-	(19,952)	(400,824)
Transferred to stage (3)	(2,844)	375,350	-	26,047	398,553
<u>Less:</u> Transferred to off-consolidated statement of financial position	(203,834)	(268,197)	(1,987,660)	(1,120,811)	(3,580,502)
<u>Less:</u> Written off suspended interests	(97,426)	(181,978)	(260,608)	(641,151)	(1,181,163)
Balance End of the Year	<u>3,006,442</u>	<u>3,030,874</u>	<u>13,869,994</u>	<u>4,142,637</u>	<u>24,049,947</u>

9. Financial Assets at Amortized Cost

The details of this item are as follows:

	March 31, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
<u>Unquoted Financial Assets:</u>		
Treasury bonds and bills	802,596,262	765,683,348
Companies' bonds	108,247,784	101,503,440
	910,844,046	867,186,788
Less: Provision for expected credit losses	(874,370)	(936,381)
	909,969,676	866,250,407
<u>Bonds and Bills Analysis (before provision):</u>		
With Fixed rate	910,844,046	867,186,788
	910,844,046	867,186,788
<u>Bond Analysis according to IFRS 9 (before provision):</u>		
Stage (1)	910,844,046	867,186,788
	910,844,046	867,186,788

10. Other Assets

The details of this item are as follows:

	March 31, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Seized of assets by the Bank against debts*	87,104,439	89,012,597
Accrued interest and commissions	16,834,887	19,456,857
Checks and transfers under collection	1,619,507	4,178,888
Seized assets sold through installments - net	12,279,619	10,570,432
Prepaid expenses	7,933,813	3,754,555
Various debtors	1,691,996	2,225,458
Prepaid rent	902,144	1,321,878
Refundable deposits - Net	322,596	298,503
Temporary advances	1,341,357	1,357,495
Other	198,379	166,087
Total	130,228,737	132,342,750

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

	March 31, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Balance Beginning of Period / Year	89,012,597	91,749,387
Additions	1,336,218	4,221,207
Disposals *	(2,669,376)	(5,081,443)
Impairment loss	(310,000)	(1,000,000)
Sold real estate impairment provision used	-	108,750
Provision for breached asset recovered	-	14,696
Provision for breached asset	(265,000)	(1,000,000)
Balance End of Period / Year	87,104,439	89,012,597

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

Balance Beginning of Period / Year	10,458,902	9,473,598
Impairment loss for the period / year	265,000	1,000,000
Recoverd from sold foreclosed assets	-	(14,696)
Balance End of Period / Year	10,723,902	10,458,902

* Profit from sales made during the Period Ended 31 March 2022 were amounted to around JD 96 thousand (JOD 80 thousand profit during the Period Ended 31 March 2021).

11. Provision for Income Tax

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

	For the Three Months Ended	For the Year Ended
	March 31, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Balance beginning of the period / year	10,398,470	5,783,953
Income tax paid	(3,089,577)	(9,307,588)
Income tax for the period / year	1,783,371	11,998,460
Prior years income tax provision	-	1,923,645
Balance End of the Period / Year	9,092,264	10,398,470

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

	For the Three Months Ended March 31,	
	2022 (Reviewed)	2021 (Reviewed)
	JD	JD
Accrued income tax for the profits of the period	1,783,371	2,003,019
Prior years income tax	-	522,500
Deferred tax assets for the year	(387,351)	(97,630)
Amortization of deferred tax assets for the period	11,661	21,524
	1,407,681	2,449,413

- 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 all previous years up to the year 2018 for Jordan Branches.

- Financial years 2019 and 2020 : 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 2018.

- 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 2018, tax return was submitted for the years 2019 and 2020. However, the Income and Sales Tax Department did not review the records yet.

- Ahli Finance Leasing Company (subsidiary) – reached to a final settlement with the Income and Sales Tax Department up to the year 2018, tax return was submitted for the years 2019 and 2020. However, the Income and Sales Tax Department did not review the records yet.

- 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 and 2020. However, the Income and Sales Tax Department did not review the records yet.

- Ahli Financial Technology Company (subsidiary) – reached to a final settlement with the Income and Sales Tax Department up to the year 2019, tax return was submitted for the year 2020. However, the Income and Sales Tax Department did not review the records yet.

* A provision for income tax for the period ended 31 March 2022 has been booked for the banks its branches and its subsidiaries.

12. Other Liabilities

The details of this item are as follows:

	March 31, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Accepted checks and transfer	5,676,084	3,310,247
Accounts payable to financial brokerage customers	982,104	825,983
Accrued interests	9,247,327	7,950,110
Temporary deposits	4,113,274	6,288,846
Various creditors	1,222,005	2,562,439
Accrued expenses	7,917,821	8,955,473
Interest and commissions received in advance	1,974,802	1,966,395
Dividends checks - delayed in payment	1,230,525	1,306,997
Board of directors' remuneration	85,084	68,834
Provision for expected credit losses on indirect credit facilities and unutilized facilities limits *	6,132,922	6,185,918
Others	198,967	116,245
Total	38,780,915	39,537,487

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

	March 31, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Balance - beginning of the period / year	6,185,918	5,038,738
Provision during the period / year	-	2,369,467
Recovered from the impairment loss on the paid facilities	(52,996)	(623,265)
Effect on provision-resulting from reclassification among three stages for the year	-	(30,985)
Changes resulted from adjustments	-	(568,037)
Balance at the End of the period / year	6,132,922	6,185,918

13. Basic and Diluted Earnings per Share for the Period

Details of this item are as follows:

	For the Three Months Ended March 31,	
	2022 (Reviewed)	2021 (Reviewed)
	JD	JD
Income for the period	3,837,133	1,641,459
Weighted average number of (shares)	200,655,000	200,655,000
	Fils / JD	Fils / JD
Earnings per share for the period (Basic and Diluted)	0/019	0/008

14. Provision for Expected Credit Losses - Net

Details of this item are as follows:

	For the Three Months Ended March 31,	
	2022 (Reviewed)	2021 (Reviewed)
	JD	JD
Balances and deposits at Banks and financial institutions	1,936	(6,051)
Direct facilities	2,373,598	3,778,964
Financial assets at amortized cost	(62,011)	(206,672)
Indirect credit facilities and unutilized facilities	(52,996)	816,751
	2,260,527	4,382,992

15. Cash and Cash Equivalent

Details of this item are as follows:

	For the Three Months Ended March 31,	
	2022 (Reviewed)	2021 (Reviewed)
	JD	JD
Balances at central banks due within three months	200,320,245	212,320,789
<u>Add:</u> Balances at banks and financial institutions due within three months	218,070,296	111,783,862
<u>Less:</u> Deposits at banks and financial institutions due within three months	(139,277,437)	(133,329,540)
Less: Restricted deposits	(10,635,000)	(10,635,000)
	268,478,104	180,140,111

16. 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. 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 Members	Executive Management	Subsidiaries	Others*	Total	
					March 31, 2022 (Reviewed)	December 31, 2021 (Audited)
<u>On- Consolidated Condensed Interim Statement of Financial Position Items:</u>	JD	JD	JD	JD	JD	JD
Direct credit facilities	2,932,996	4,421,431	924,922	90,718,847	98,998,196	98,624,318
Deposits	48,577,060	1,937,775	6,131,580	22,630,830	79,277,245	81,208,199
Cash margin	900	290,287	-	13,477,726	13,768,913	14,777,049
Financial assets at amortized cost	-	-	-	2,361,868	2,361,868	3,572,937

Off- Consolidated Condensed Interim Statement of Financial Position Items:

Letter of credits	51,000	-	1,505,662	3,676,423	5,233,085	4,712,599
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	Board of Directors Members	Executive Management	Subsidiaries	Others*	For the Three Months Ended March 31,	
					2022 (Reviewed)	2021 (Reviewed)
<u>Consolidated Condensed Interim Statement of Profit or Loss items:</u>	JD	JD	JD	JD	JD	JD
Credit interests and commissions	62,918	58,283	22,032	1,116,125	1,259,358	1,330,853
Debit interests and commissions	513,836	9,134	14,519	139,526	677,015	758,839

* 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 1,398,151 for three months ended March 31, 2022 (JD 1,029,069 for three month ended March 31, 2021).

17. Information on the Bank's Business

1. 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.

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.

18. 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, 2022 (Review) JD (In Thousands)	December 31, 2021 (Audited) JD (In Thousands)
Common Equity Shareholders Rights		
Authorized capital - (Paid)	200,655	200,655
Retained earnings	48,061	48,061
The cumulative change in fair value	(5,802)	(5,645)
Statutory reserve	65,209	65,209
Voluntary reserve	15,762	15,762
other reserve	3,678	3,678
Interim profit after tax	3,837	-
Total Common Equity Tire 1 before regulatory adjustments	331,400	327,720
Regulatory Adjustments (deductions from Capital)		
Goodwill and intangible assets	(6,548)	(7,586)
Proposed dividends	(17,558)	(14,046)
Postponed provisions with the approval of the Central Bank	(6,601)	(7,200)
Investment in Bank's capital, financial institutions and insurance companies	(3,025)	(3,025)
Deferred tax assets	(15,828)	(15,269)
Net Common Equity Shareholders Rights	281,840	280,594
Additional capital	-	-
Net Primary Capital (Tier 1)	281,840	280,594
Tier 2 capital		
Provision for debts tools listed in Stage 1	10,657	10,936
Subordinated bonds	5,000	5,000
Total Supporting Capital	15,657	15,936
Total Regulatory Capital	297,497	296,530
Total Risk Weighted Assets	1,933,147	1,863,180
Capital percentage from regular shares (CET 1) (%)	%14,58	%15,06
Regulatory capital percentage (%)	%15,39	%15,92

During October 2017, the bank issued subordinated bonds in the amount of JD 25 million for a period of six years at discounted interest rate to the Central Bank of Jordan in addition to 2% margin in order to improve the capital adequacy percentage.

19. Contingent Liabilities and Commitments

The details of this item is as follows:

	March 31, (Reviewed) 2022	December 31, 2021 (Audited)
	JD	JD
Letter of credit-outgoing	74,430,426	63,752,264
Letter of credit-incoming	22,783,999	30,359,056
Acceptances	29,301,954	23,939,740
Letters of guarantee:		
- Payments	119,567,527	112,907,034
- Performance	92,070,187	91,018,267
- Other	30,740,299	36,931,062
- Unused Limits of Credit Facilities	414,150,977	442,102,268
Total	783,045,369	801,009,691

20. Lawsuits against the Bank

Total cases against the Bank were amounted to JD 2,123,561 as of March 31, 2022 (JD 2,558,173 as of December 31, 2021), provisions booked against them was amounted to JD 261,176 as of March 31, 2022 (290,601 as of December 31, 2021). The Bank Management and its legal counsel believe that the provisions booked for these cases are sufficient.

21. 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,	December 31,				
<u>Financial Assets</u>	<u>2022 (Reviewed)</u>	<u>2021 (Audited)</u>	<u>Fair Value</u>	<u>and Inputs used</u>	<u>Inputs</u>	<u>and the Important Intangible Inputs</u>
	JD	JD				
Financial Assets at Fair Value Through Other Comprehensive Income						
Quoted Shares in active markets	10,021,519	10,451,048	Level 1	Quoted prices in financial markets based on the latest available financial information	N/A	N/A
Unquoted Shares in active markets	<u>16,037,113</u>	<u>16,034,658</u>	Level 3		N/A	N/A
Total	<u>26,058,632</u>	<u>26,485,706</u>				
Total Financial Assets at Fair Value	<u>26,058,632</u>	<u>26,485,706</u>				

There were no transfers between level 1 and level 2 during the Three months ended March 31, 2022 and for the year ended December 31, 2021.

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, 2022 (Reviewed)		December 31, 2021(Audited)		The level of
	Book value	Fair value	Book value	Fair value	Fair Value
	JD	JD	JD	JD	
Financial Assets of Non-specified Fair Value					
Term deposits, and certificate of deposits at Central Bank	23,385,000	23,386,788	90,598,000	90,606,219	Level 2
Current accounts, and balances at Banks and Financial Institutions	218,070,296	218,078,663	197,731,684	197,734,698	Level 2
Direct credit facilities at amortized costs	1,417,846,638	1,424,283,510	1,357,684,639	1,364,781,919	Level 2
Other financial assets at amortized costs	909,969,676	918,277,004	866,250,407	877,269,669	Level 2
Real estate seized by the Bank against debts - Net	87,104,439	104,417,011	89,012,597	105,770,770	Level 2
Total Financial Assets of Non-specified Fair Value	2,656,376,049	2,688,442,976	2,601,277,327	2,636,163,275	
Financial Liabilities of Non-specified Fair Value					
Banks' and Financial Institutions' deposits	155,805,073	156,192,038	161,786,222	162,198,847	Level 2
Customers' deposits	2,031,741,942	2,039,156,107	2,003,750,863	2,010,471,656	Level 2
Cash margin	223,112,760	223,114,276	213,886,543	213,888,440	Level 2
Borrowed funds	186,992,101	187,369,217	157,988,391	158,116,994	Level 2
Total Financial Liabilities of Non-specified Fair Value	2,597,651,876	2,605,831,638	2,537,412,019	2,544,675,937	

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.

22. Impact of Covid 19

There were no major changes resulted from COVID – 19 regarding the financial positions and operation of the company as of March 31, 2022, and no major changes in the main accounting estimates than the ones adopted in the annual financial statements for the year ended December 31, 2021.

23. Subsequent Events

On April 6, 2022 the General Assembly approved the Board of Directors recommendation to distribute 7% of the paid in capital as cash dividends for the year 2021.