

ARAB BANKING CORPORATION (JORDAN)
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN

CONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD
ENDED JUNE 30, 2023
TOGETHER WITH THE REVIEW REPORT

ARAB BANKING CORPORATION (JORDAN)
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
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Independent Auditor’s Review Report

AM/ 003305

To the Chairman and Board of Directors Members
Arab Banking Corporation
(A Public Shareholding Limited Company)
Amman – The Hashemite Kingdom of Jordan

Introduction

We have reviewed the accompanying consolidated condensed interim statement of financial position of the Arab Banking Corporation (A Public Shareholding Limited Company) as of June 30, 2023, and the related consolidated condensed interim statements of income and other comprehensive income for the three-month and the six-month period ended June 30, 2023, and the consolidated condensed interim statement of changes in equity and cash flows for the six-months then ended and the summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of these consolidated condensed interim financial information in accordance with International Accounting Standard number (34) related to "Interim Financial Reporting" as adopted by the Central Bank Jordan. Our responsibility is to express a conclusion on this consolidated condensed interim financial information based on our review.

Scope of Review

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

Conclusion

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

Other Matter Paragraph

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

Amman – The Hashemite Kingdom of Jordan
July 27, 2023


Deloitte & Touche (M.E) - Jordan
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ARAB BANKING CORPORATION (JORDAN)
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONSOLIDATED CONDENSED INTERIM STATEMENT
OF FINANCIAL POSITION

	Note	June 30, 2023 (Reviewed)	December 31, 2022 (Audited)
		JD	JD
<u>Assets</u>			
Cash and balances at the Central Bank of Jordan	5	109,301,068	59,743,320
Balances at banks and financial institutions	6	125,680,803	116,654,302
Deposits at banks and financial institutions	7	17,654,901	7,532,571
Direct credit facilities-net	11	783,953,428	766,122,745
Financial assets at fair value through other comprehensive income	8	109,564,049	145,260,349
Financial assets at amortized cost	9	168,519,983	140,522,255
Financial assets at amortized cost - Mortgaged	10	30,985,888	47,518,001
Property and equipment - net		33,067,011	33,059,659
Intangible assets - net		1,293,692	1,254,297
Right of use assets	12	2,846,112	2,926,289
Deferred tax assets	17/b	8,399,078	8,071,489
Other assets	13	21,331,918	22,133,962
Total Assets		<u>1,412,597,931</u>	<u>1,350,799,239</u>
<u>Liabilities And Shareholders' Equity</u>			
<u>Liabilities</u>			
Banks' and financial institutions' deposits		257,314,143	138,696,896
Customers' deposits	14	807,726,241	841,914,436
Margin accounts	15	48,193,756	50,294,894
Borrowed Funds	16	100,771,431	124,757,215
Sundry provisions		3,166,622	3,096,646
Income tax provision	17/a	4,339,808	2,283,188
Deferred tax liabilities	17/b	518,147	461,371
Lease liabilities	12	2,668,351	2,819,028
Other liabilities	18	24,243,854	22,703,554
Total Liabilities		<u>1,248,942,353</u>	<u>1,187,027,228</u>
<u>Owner's Equity</u>			
<u>Bank's Shareholders Equity</u>			
Subscribed and paid-in capital	19	110,000,000	110,000,000
Share premium		66,943	66,943
Statutory reserve	20	30,762,318	30,762,318
Voluntary reserve	20	197,281	197,281
Fair value reserve	21	(358,059)	(1,081,938)
Retained earnings	22	19,427,407	23,827,407
Profit for the period		3,559,688	-
Total Owners' Equity		<u>163,655,578</u>	<u>163,772,011</u>
Total Liabilities and Owners' Equity		<u>1,412,597,931</u>	<u>1,350,799,239</u>

THE ACCOMPANYING NOTES FROM (1) TO (36) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION.

ARAB BANKING CORPORATION (JORDAN)
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
(REVIEWED AND NOT AUDITED)

	Note	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
		2023	2022	2023	2022
		(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
		JD	JD	JD	JD
Interest income	24	24,448,064	15,985,875	46,953,350	31,331,528
Interest expense	25	(14,148,852)	(7,426,998)	(26,039,976)	(14,251,724)
Net Interest Income		10,299,212	8,558,877	20,913,374	17,079,804
Net commission income		613,610	711,500	1,324,253	1,449,686
Net Interest and Commission Income		10,912,822	9,270,377	22,237,627	18,529,490
Gain from exchange of foreign currencies		185,572	218,160	457,030	438,195
Gain from financial assets at fair value through other comprehensive income	26	4,800	4,000	40,675	29,500
Other income – net		679,455	593,148	1,549,651	1,176,964
Total Income		11,782,649	10,085,685	24,284,983	20,174,149
Expenses:					
Employee expenses		4,135,813	3,548,296	8,202,040	7,230,548
Depreciation and amortization		888,114	897,092	1,794,610	1,758,455
Other expenses		2,553,233	2,276,569	5,016,816	4,625,350
Provision for expected credit loss on financial assets	23	1,144,542	2,553,559	3,505,635	3,704,136
Sundry provisions		51,525	84,930	69,977	166,469
Provision for impairment of repossessed assets		-	-	-	-
Total Expenses		8,773,227	9,360,446	18,589,078	17,484,958
Profit for the Period Before Tax		3,009,422	725,239	5,695,905	2,689,191
Income tax expense		(1,135,659)	74,443	(2,136,217)	(332,926)
Profit for the Period		1,873,763	799,682	3,559,688	2,356,265
Earnings Per Share for the period attributable to Bank's Shareholders					
		JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and Diluted	27	0.017	0.007	0.032	0.021

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ARAB BANKING CORPORATION (JORDAN)
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN

CONSOLIDATED CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME
(REVIEWED AND NOT AUDITED)

	For the Three Months		For the Six Months Ended	
	Ended June 30,		June 30,	
	2023 (Reviewed)	2022 (Reviewed)	2023 (Reviewed)	2022 (Reviewed)
	JD	JD	JD	JD
Profit for the period	1,873,763	799,682	3,559,688	2,356,265
<u>Other comprehensive income items:</u>				
<u>Other comprehensive income items which</u>				
<u>may be subsequently transferred to profit or</u>				
<u>loss</u>				
Net Change in valuation reserve of financial assets at fair value through other comprehensive income after tax – Debt Instruments	508,414	(1,789,366)	655,306	(2,982,297)
Gain in fair value for derivatives	99,345	14,945	69,014	148,138
<u>Items not to be subsequently transferred to</u>				
<u>statement of profit or loss</u>				
Net Change in valuation reserve of financial assets at fair value through other comprehensive income after tax – Equity Instruments	(980)	59,858	(441)	60,074
Total Comprehensive Income for the Period	<u>2,480,542</u>	<u>(914,881)</u>	<u>4,283,567</u>	<u>(417,820)</u>

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CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION.

ARAB BANKING CORPORATION (JORDAN)
(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN – JORDAN

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(REVIEWED AND NOT AUDITED)

	Reserves									
	Subscribed and Paid in Capital	Share Premium	Statutory Reserve	Voluntary Reserve	Fair Value Reserve - Net	Retained Earnings	Profit for the Period	Total		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
For the Six-Months Ended June 30, 2023 (Reviewed)										
Balance – beginning of the period (Audited)	110,000,000	66,943	30,762,318	197,281	(1,081,938)	23,827,407	-	-	163,772,011	
Distributed dividends	-	-	-	-	-	(4,400,000)	-	-	(4,400,000)	
Total comprehensive income for the period	-	-	-	-	723,879	-	3,559,688	-	4,283,567	
Balance – End of the Period (Reviewed)	<u>110,000,000</u>	<u>66,943</u>	<u>30,762,318</u>	<u>197,281</u>	<u>(358,059)</u>	<u>19,427,407</u>	<u>3,559,688</u>	<u>3,559,688</u>	<u>163,655,578</u>	
For the Six-Months Ended June 30, 2022 (Reviewed)										
Balance – beginning of the period (Audited)	110,000,000	66,943	29,892,408	197,281	3,570,478	24,627,485	-	-	168,354,595	
Distributed dividends	-	-	-	-	-	(6,600,000)	-	-	(6,600,000)	
Total comprehensive income for the period	-	-	-	-	(2,774,085)	-	2,356,265	-	(417,820)	
Balance – End of the Period (Reviewed)	<u>110,000,000</u>	<u>66,943</u>	<u>29,892,408</u>	<u>197,281</u>	<u>796,393</u>	<u>18,027,485</u>	<u>2,356,265</u>	<u>2,356,265</u>	<u>161,336,775</u>	

- An amount of JD 8,399,078 is restricted against deferred tax assets as of June 30, 2023 (JD 8,071,489 as of December 31, 2022), including the capitalization or distribution, except for what is actually realized, according to the Central Bank of Jordan and Jordan Securities Commission instructions.

- The retained earnings balance included a restricted amount of JD 2,761 as of June 30, 2023 and December 31, 2022, which represents the effect of the early adoption of IFRS 9, except for what is actually realized from the sales transactions.

THE ACCOMPANYING NOTES FROM (1) TO (36) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED
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ARAB BANKING CORPORATION (JORDAN)
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AMMAN – JORDAN
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS
(REVIEWED NOT AUDITED)

	Note	For the Six Months Ended June 30,	
		2023 (Reviewed)	2022 (Reviewed)
Operating Activities:		JD	JD
Profit before income tax		5,695,905	2,689,191
Depreciation and amortization		1,794,610	1,758,455
Provision for expected credit loss on financial assets	23	3,505,635	3,704,136
(Gain) loss from disposal of property and equipment		(77,079)	586,932
(Gain) from sale of repossessed assets		(52,999)	-
Sundry provisions		69,977	166,469
Accrued interest		4,295,899	(2,289,871)
Effect of exchange rate fluctuations in cash and cash equivalents		147,418	47,207
Income before Changes in Assets and Liabilities		<u>15,379,366</u>	<u>6,662,519</u>
Changes in Assets and Liabilities:			
(Increase) decrease in deposits at banks and financial institutions that mature after three months		(10,123,100)	13,026,500
(Increase) in direct credit facilities		(21,430,168)	(38,017,793)
(Increase) decrease in other assets		(1,567,390)	6,049,287
Increase in Bank's and financial institution deposits that mature after three months		90,565,358	-
(Decrease) increase in customers' deposits		(34,188,195)	13,245,713
(Decrease) in cash margins		(2,101,138)	(562,067)
(Decrease) increase in other liabilities		(81,075)	4,305,845
Net Cash Flows from Operating Activities before Income Tax		36,453,658	4,710,004
Income tax paid	17/A	(794,077)	(4,724,384)
Sundry provisions paid		-	(4,689)
Net Cash Flows from (used in) Operating Activities		<u>35,659,581</u>	<u>(19,069)</u>
Investing Activities			
(Purchase) of financial assets at amortized cost		(25,119,461)	(41,656,317)
Sale and maturity of financial assets at amortized cost and mortgaged		13,656,086	40,982,342
(Purchase) of property and equipment		(1,333,609)	(1,328,894)
(Purchase) of intangible assets		(296,704)	(59,309)
Proceeds from sale of property and equipment		186,000	68,789
(Purchase) of financial assets at fair value through other comprehensive income		(3,024,329)	(21,038,437)
Sale and maturity of financial assets at fair value through other comprehensive income		39,772,958	10,470,398
Net Cash Flows from (used in) Investing Activities		<u>23,840,941</u>	<u>(12,561,428)</u>
Financing Activities			
Dividends paid to shareholders		(4,348,966)	(6,484,977)
Payments against lease contracts		(466,773)	(439,877)
(Decrease) increase in Borrowed funds		(23,985,783)	25,070,379
Net Cash Flows (used in) from Financing Activities		<u>(28,801,522)</u>	<u>18,145,525</u>
Net Increase in Cash and Cash Equivalents		30,699,000	5,565,028
Effect of exchange rate fluctuations on cash and cash equivalents		(147,418)	(47,207)
Cash and cash equivalents - beginning of the year		<u>39,318,535</u>	<u>(31,559,716)</u>
Cash and Cash Equivalents - End of the Period	28	<u>69,870,117</u>	<u>(26,041,895)</u>
Non-Cash Transactions:			
Transferred from mortgaged financial assets at amortized cost to financial assets at amortized cost	9	16,532,113	-

THE ACCOMPANYING NOTES FROM (1) TO (36) CONSTITUTE AN INTEGRAL PART OF THESE
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION.

ARAB BANKING CORPORATION (JORDAN)
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

1. Incorporation and Activities

Arab Banking Corporation (Jordan) was established as a public shareholding company on January 21, 1990 in accordance with the Companies Law No (1) of 1989 with headquarter in Amman.

The Bank provides banking services through its head office in Amman and its 24 branches in Jordan and the subsidiary Company.

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

The Bank and its subsidiary "the Group" financial statements are consolidated in the Arab Banking Corporation – Bahrain financial statements.

2. Basis of Preparation

The consolidated condensed interim financial information of the Bank were prepared as of June 30, 2023 in accordance with International Accounting Standard Number (34) (Interim Financial Reporting), as adopted by the Central Bank of Jordan.

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

- a. Provisions for expected credit losses are calculated in accordance with IFRS 9 and according to instructions of Central Bank of Jordan's, whichever is more conservative. The material differences are as follows:
 - Elimination of debt instruments issued or guaranteed by the Jordanian government in addition to any other credit exposures with or guaranteed by the Jordanian Government, so that credit exposures with or guaranteed by the Jordanian Government are treated without credit losses.
 - When calculating credit losses against credit exposures, the calculated results according to IFRS (9) are compared with the instructions of the Central Bank of Jordan No. (2009/47) dated December 10, 2009 for each stage separately and the more severe results are adopted.
 - In special cases, the Central Bank of Jordan approves of special arrangements for the calculation and booking of provision for expected credit losses for customers' direct credit facilities over a certain period.
- 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 foreclosed to the Bank are shown in the consolidated condensed interim statement of financial position, among other assets at their current value when it foreclosed to the Bank or at their fair value, whichever is lower. Furthermore, they are revaluated on the date of the consolidated condensed interim financial statements separately, and any decrease in its value is recorded in the consolidated condensed interim statement of profit or loss and consolidated comprehensive income while no increase in its value is recorded as revenue, in which, any subsequent increase is taken to the consolidated condensed interim statement of profit or loss and other comprehensive income to the extent of not exceeding the previously recorded impairment value. In accordance with central Bank of Jordan's generalization (10/3/16234) dated October 10, 2022 the calculation of the gradual provision for the foreclosed assets against debts has been suspended. Provided that the allocated provisions for the expropriated foreclosed assets in violation of the terms included in the banking law maintained, and that only the allocated provision is released against any of the violating real estate that are disposed of.
- The reporting currency of the consolidated condensed interim financial statements is the Jordanian Dinar, which is the functional currency of the Bank.
 - The consolidated condensed interim financial information do not include all notes and information presented in the annual financial statements and should be read with the Bank's annual report for the year ended December 31, 2022. The results of the six months ended June 30, 2023 do not indicate the expected results for the year ended December 31, 2023. There was no appropriation of the profit for the six months ended June 30, 2023 which is usually performed at year end.

- Significant Accounting Judgments and key Sources of Uncertainty Estimates:

Preparation of the consolidated condensed interim financial information and application of the accounting policies require Bank's management to make Judgments, estimates, and assumptions that affect the amounts of financial assets, financial liabilities and to disclose potential liabilities. Moreover, these estimates and judgments affect revenues, expenses, provisions, in general, expected credit losses, as well as changes in fair value that appear in the consolidated condensed interim statement of comprehensive income and within shareholders' equity. In particular, Bank's management requires judgments to be made to estimate the amounts and timing of future cash flows. These mentioned estimates are necessarily based on multiple assumptions and many 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.

The critical judgements and estimates used in the preparation of these consolidated condensed interim financial information are consistent with those used in the preparation of the Bank's annual financial statements for the year ended December 31, 2022.

3. Significant Accounting Policies

The accounting policies used in the preparation of the consolidated condensed interim financial information for the period ended on June 30, 2023 are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2022. 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 consolidated condensed interim financial information for the period and prior years, which may have an impact on the accounting treatment of future transactions and arrangements.

IFRS (17) Insurance Contracts

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

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

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

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

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

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Basis of Consolidation financial statements

- The consolidated condensed interim financial statements include the financial statements of the bank and its subsidiary company that is under its control. Control is achieved when the bank has the ability to control the financial and operating policies of the subsidiaries in order to obtain benefits from their activities. As for the in process transactions, they appear under other assets or other liabilities in the statement of financial position consolidated condensed interim financial.
- 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. 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.
- Transactions, balances, revenues and expenses are eliminated between the Bank and the subsidiary.
- The financial statements of the subsidiary are prepared for the same financial year, using the same accounting policies adopted by the Bank. If the accounting policies adopted by the company are different from those used by the Bank, the necessary adjustments to the financial statements of the subsidiary are made to comply with the accounting policies followed by the Bank.
- The results of the subsidiary are incorporated into the consolidated statement of income from the effective date of acquisition, which is the date on which actual control over the subsidiaries is assumed by the Bank. Moreover, the operating results of the disposed subsidiary are incorporated into the consolidated statement of income up to the effective date of disposal, which is the date on which the Bank loses control over its subsidiary.
- Non-controlling interests represent that part of the equity that is not owned by the Bank. Non-controlling interests are presented in the net assets of the subsidiary are presented separately in the Bank's statement of equity.

The Bank's subsidiary as of June 30, 2023 is as follows:

- Arab Co-operation for Financial Investments (ABCI)

Arab Co-operation for Financial Investments is wholly owned by the Bank. The Company's objective is to perform brokerage investments on behalf of its clients, in addition to providing financial consultation services on stock exchange investing. Its paid-up capital amounted to JD 15,600,000 , total assets amounted to JD 42,928,325 and total liabilities amounted to JD 18,110,351 as at June 30, 2023. Its total revenue amounted to JD 2,243,438 and total expenses amounted to JD 1,930,787 for the six months ended June 30, 2023, before excluding any transactions, balances, revenue, and expenses between the Company and the Bank.

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; and
- 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. 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 the other voting rights;
- 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 the Bank loses control of the 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 the accumulated transfer difference 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.

5. Cash and Balances at Central Bank of Jordan

The details of this item is as follows

	June 30, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Cash on hand	8,900,149	6,729,607
Balances at Central Bank of Jordan:		
Current accounts and demand deposits	9,495,522	12,025,413
Time and notice deposits	38,500,000	-
Statutory cash reserve	38,905,397	40,988,300
Certificates of deposits	13,500,000	-
Total balances at Central Bank of Jordan	<u>100,400,919</u>	<u>53,013,713</u>
Total	<u>109,301,068</u>	<u>59,743,320</u>

- The statutory cash reserve amounted to JD 38,905,397 as of June 30, 2023 (JD 40,988,300 as of December 31, 2022).
- There are no restricted balances except for the statutory cash reserve as of June 30, 2023 and December 31, 2022.
- Balances with the Central Bank of Jordan are classified as part of the first stage in accordance with the requirements of IFRS 9, and there are no transfers between the first, second and third stages or non-performing balances during the six months ended June 30, 2023.

The movement on the cash and balances at Central Bank of Jordan is as follows:

	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Total balance at the beginning of period	53,013,713	-	-	53,013,713
New balances during the period	47,387,206	-	-	47,387,206
Total balance at the end of period	<u>100,400,919</u>	<u>-</u>	<u>-</u>	<u>100,400,919</u>

6. Balances at Banks and Financial Institutions

The details of this item are as follows:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	June 30, 2023 (Reviewed)	December 31, 2022 (Audited)	June 30, 2023 (Reviewed)	December 31, 2022 (Audited)	June 30, 2023 (Reviewed)	December 31, 2022 (Audited)
Current accounts and demand deposits	657,887	107,383	12,387,114	44,485,966	13,045,001	44,593,349
Deposits maturing within or less than 3 months	67,157,733	41,718,645	45,510,458	30,355,475	112,668,191	72,074,120
Total	67,815,620	41,826,028	57,897,572	74,841,441	125,713,192	116,667,469
Provision of balances at banks and financial institutions	(23,522)	(3,112)	(8,867)	(10,055)	(32,389)	(13,167)
Total	67,792,098	41,822,916	57,888,705	74,831,386	125,680,803	116,654,302

The movement on the balances at banks and financial institutions is as follows:

	June 30, 2023 (Reviewed)			December 31, 2022 (Audited)	
	Stage 1 Individual JD	Stage 2 Individual JD	Stage 3 JD	Total JD	Total JD
Total Balance at the beginning of period/year	116,667,469	-	-	116,667,469	57,218,887
New balances during the period/year	75,182,811	-	-	75,182,811	66,529,304
Settled balances	(66,141,418)	-	-	(66,141,418)	(7,080,722)
Transferred to stage (1)	-	-	-	-	-
Transferred to stage (2)	(4,330)	4,330	-	-	-
Transferred to stage (3)	-	-	-	-	-
Adjustments resulting from the reclassification between the three stages	4,330	-	-	4,330	-
Total Balance at the end of period/year	125,708,862	4,330	-	125,713,192	116,667,469
Less: Impairment loss on balances	(32,012)	(377)	-	(32,389)	(13,167)
	125,676,850	3,953	-	125,680,803	116,654,302

- Non-interest-bearing balances at banks and financial institutions amounted to JD 6,543,972 as of June 30, 2023 (JD 4,311,358 as of December 31, 2022).

- There are no restricted balances as of June 30, 2023 and December 31, 2022.

- The movement on the expected credit loss provision for the balances at banks and financial institutions is as follows:

	June 30, 2023 (Reviewed)			December 31, 2022 (Audited)
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Balance at the beginning of the period / year	JD 13,167	JD -	JD -	JD 13,167
Credit losses on the new balances	30,971	-	-	30,971
Credit losses on settled balances	(12,126)	-	-	(12,126)
Transferred to stage (1)	-	-	-	-
Transferred to stage (2)	(377)	377	-	-
Transferred to stage (3)	-	-	-	-
Adjustments resulting from reclassification between the three stages	377	-	-	377
Total balance at the end of period / year	32,012	377	-	32,389
				13,167

7. Deposits at Banks and Financial Institutions

The details of this item are as follows:

	Local Banks and financial institutions		Foreign Banks and financial institutions		Total	
	June 30, 2023 (Reviewed)	December 31, 2022 (Audited)	June 30, 2023 (Reviewed)	December 31, 2022 (Audited)	June 30, 2023 (Reviewed)	December 31, 2022 (Audited)
Deposits maturing during a period of:	JD	JD	JD	JD	JD	JD
From 3 months to 6 months	-	-	17,656,250	7,533,150	17,656,250	7,533,150
Total	-	-	17,656,250	7,533,150	17,656,250	7,533,150
Impairment losses	-	-	(1,349)	(579)	(1,349)	(579)
Net of deposits at Banks and financial institutions	-	-	17,654,901	7,532,571	17,654,901	7,532,571

- There are no deposits maturing within a period longer than six months as of June 30, 2023 and December 31, 2022.
- There are no restricted deposits as of June 30, 2023 and December 31, 2022.
- Deposits balances with banks and financial institutions amounted to JD 17,656,250 classified as part of the first stage as of June 30, 2023 there are also no transfers between the (first, second and third) stages or written off balances during the six months ended June 30, 2023.

The movement on deposits at banks and financial institutions is as follows:

	June 30, 2023 (Reviewed)				December 31, 2022 (Audited)	
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total	Total
	JD	JD	JD	JD	JD	JD
Total balance at the beginning of period/year	7,533,150	-	-	7,533,150	23,982,650	23,982,650
New balances during the period/year	17,656,250	-	-	17,656,250	7,533,150	7,533,150
Settled balances	(7,533,150)	-	-	(7,533,150)	(23,982,650)	(23,982,650)
Total balance at the end of period/year	17,656,250	-	-	17,656,250	7,533,150	7,533,150

The movement on provisions for deposits at banks and financial institutions is as follows:

	June 30, 2023 (Reviewed)				December 31, 2022 (Audited)	
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total	Total
	JD	JD	JD	JD	JD	JD
Total balance at the beginning of period / year	579	-	-	579	3,844	3,844
New balances during the period / year	1,349	-	-	1,349	579	579
Settled balances	(579)	-	-	(579)	(3,844)	(3,844)
Total balance at the end of period / year	1,349	-	-	1,349	579	579

8. Financial Assets at Fair Value Through Other Comprehensive Income

The details of this item are as follows:

	June 30, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Shares listed in active markets	1,249,905	1,250,705
Shares not listed in active markets	2,899,665	2,899,316
Governmental and guaranteed financial bonds	92,151,131	115,299,365
Jordanian treasury bills	-	15,652,517
Other financial bonds	13,271,704	10,162,899
	<u>109,572,405</u>	<u>145,264,802</u>
<u>Less:</u> Impairment loss	<u>(8,356)</u>	<u>(4,453)</u>
	<u>109,564,049</u>	<u>145,260,349</u>

- The movement of provision for expected credit losses on the financial assets through other comprehensive income for the period is as follows:

	June 30, 2023 (Reviewed)				December 31, 2022 (Audited)
	Stage (1) individual	Stage (2) individual	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balance at the Beginning of the period	4,453	-	-	4,453	2,830
Impairment losses on new balances during the period / year	3,977	-	-	3,977	3,477
Recovered from impairment losses on balances settled during the period / year	(74)	-	-	(74)	-
Matured investments	-	-	-	-	(1,854)
Balance at the end of the period	<u>8,356</u>	<u>-</u>	<u>-</u>	<u>8,356</u>	<u>4,453</u>

- The movement of the financial assets through other comprehensive income is as follows:

	June 30, 2023 (Reviewed)				December 31, 2022 (Audited)
	Stage (1) individual	Stage (2) individual	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the period/year	145,264,802	-	-	145,264,802	135,636,739
New investments during the period/year	3,024,328	-	-	3,024,328	27,883,155
Matured investments (settled and sold)	(39,772,958)	-	-	(39,772,958)	(10,149,964)
Change in fair value	1,056,233	-	-	1,056,233	(8,105,128)
Total balances at the end of the Period / year	<u>109,572,405</u>	<u>-</u>	<u>-</u>	<u>109,572,405</u>	<u>145,264,802</u>

- There were no transfers between stages (1, 2, and 3) or written-off balances during the six-month period ended June 30, 2023 and the year ended December 31, 2022.

9. Financial Assets at Amortized Cost

The details of this item are as follows:

	June 30, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Unquoted Financial Assets:		
Jordanian Treasury bills	17,300,175	18,830,972
Governmental and guaranteed financial bonds	136,232,772	106,706,487
Other financial bonds	15,000,000	15,000,000
	<u>168,532,947</u>	<u>140,537,459</u>
<u>Less:</u> Impairment loss on financial assets at amortized cost	<u>(12,964)</u>	<u>(15,204)</u>
Total	<u><u>168,519,983</u></u>	<u><u>140,522,255</u></u>

	June 30, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Bonds and treasury bills analysis:		
Fixed return	168,532,947	140,537,459
Variable return	-	-
Total	<u><u>168,532,947</u></u>	<u><u>140,537,459</u></u>

	June 30, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Bond Analysis IFRS 9:		
Stage (1)	168,532,947	140,537,459
Stage (2)	-	-
Stage (3)	-	-
Total	<u><u>168,532,947</u></u>	<u><u>140,537,459</u></u>

The movement on the financial assets at amortized cost is as follow:

	June 30, 2023 (Reviewed)				December 31, 2022 (Audited)
	Stage (1) Individual JD	Stage (2) Individual JD	Stage (3) JD	Total JD	Total JD
Balance at the beginning of the period/year	140,537,459	-	-	140,537,459	139,322,625
New investments during the period/year *	41,651,574	-	-	41,651,574	77,423,339
Matured investments	(13,656,086)	-	-	(13,656,086)	(76,208,505)
Total balance at the end of the period/year	<u><u>168,532,947</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>168,532,947</u></u>	<u><u>140,537,459</u></u>

* The new investments include an amount of around JD 16.5M which represents investments that were transferred from mortgaged financial assets at amortized cost to financial assets at amortized cost as of June 30, 2023.

The movement of the provision for expected credit losses on financial assets at amortized cost is as follows:

	June 30, 2023 (Reviewed)				December 31, 2022 (Audited)
	Stage (1) Individual	Stage (2) Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the period/year	15,204	-	-	15,204	8,217
Impairment losses on new investments during the year	-	-	-	-	15,204
Recovered amounts from impairment losses on the settled balances during period / year	(2,240)	-	-	(2,240)	(8,217)
Balance at the end of the period/year	<u>12,964</u>	<u>-</u>	<u>-</u>	<u>12,964</u>	<u>15,204</u>

10. Financial Assets at Amortized Cost-Mortgaged

The details of this item are as follows:

	June 30, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Governmental and guaranteed financial bonds	<u>30,985,888</u>	<u>47,518,001</u>
Total	<u>30,985,888</u>	<u>47,518,001</u>

On April 4, 2021, the Bank sold three Jordanian treasury bonds with a nominal value of JD 31,000,000 to Arab Bank. The agreed-upon repurchase price of these bonds was JD 34,455,130, the proceeds, which amounted to JD 33,766,027, were recorded as borrowed funds at an interest rate of 5.15% per annum, as indicated in note (16). The Bank did not recognize this transaction as a sale transaction since the bank reserves the right to repurchase these bonds on October 3, 2024.

11. Direct Credit Facilities - Net

The details of these items are as follows:

	June 30, 2023(Reviewed)	December 31, 2022(Audited)
	JD	JD
Individuals (Retail)		
Overdrafts*	27,692,453	30,426,813
Loans and bills **	403,824,540	396,142,220
Credit cards	3,488,372	3,602,393
Real Estate loans	63,888,070	65,454,857
Corporate		
Overdrafts*	82,122,843	62,471,947
Loans and bills **	204,650,521	206,420,842
Small and medium enterprises		
Overdrafts*	5,104,190	5,238,876
Loans and bills **	20,985,322	19,983,912
Government and public sector **	<u>68,683,151</u>	<u>66,862,888</u>
Total	880,439,462	856,604,748
<u>Less: Interest in suspense</u>	(24,758,657)	(22,351,209)
<u>Less: Expected credit loss</u>	<u>(71,727,377)</u>	<u>(68,130,794)</u>
Direct and transferred credit facilities – net	<u><u>783,953,428</u></u>	<u><u>766,122,745</u></u>

* Net of interest and commission received in advance amounting to JD 4,770 as of June 30, 2023 against JD 12,282 as of December 31, 2022.

** Net of interest and commissions received in advance amounting to JD 115,380 as of June 30, 2023 against JD 139,612 as of December 31, 2022.

- The non-performing credit facilities amounted to JD 88,847,393 which represents (10.091%) of gross direct credit facilities as of June 30, 2023 against an amount of JD 84,103,461 which represents (9.818%) of gross facilities as of December 31, 2022.
- The non-performing credit facilities after deducting the suspended interest amounted to JD 64,088,736 which represents (7.49%) of gross direct credit facilities after deducting the suspended interest as of June 30, 2023 against an amount of JD 61,752,252 which represents (7.402%) its gross as of December 31, 2022.
- The credit facilities granted to the Jordanian government with guarantee amounted to JD 68,683,151 which represents (7.802%) of the gross credit facilities as of June 30, 2023 against an amount of JD 66,862,888 which represents (7.806%) as of December 31, 2022 of gross facilities.

The following is the movement on direct credit facilities on collective basis as at the end of the period :

For the Six Months Ended June 30, 2023 (Reviewed)

	Stage (1)		Stage (2)		Stage (3)		Total JD
	Individual JD	Collective JD	Individual JD	Collective JD	Individual JD	Collective JD	
Balance at the beginning of the period	262,526,849	447,788,005	40,058,124	22,128,309	84,103,461	-	856,604,748
New credit facilities during the period	81,682,589	52,428,007	1,813,689	1,334,719	2,525,299	-	139,784,303
Settled facilities	(62,388,990)	(45,776,400)	(2,537,426)	(2,276,220)	(1,460,401)	-	(114,439,437)
Transferred to Stage 1	117,209	2,413,767	(117,209)	(2,319,410)	(94,357)	-	-
Transferred to Stage 2	(286,967)	(9,234,775)	286,967	9,498,326	(263,551)	-	-
Transferred to Stage 3	-	(1,589,901)	(239,135)	(2,393,972)	4,223,008	-	-
Adjustments resulting from reclassifications between the three stages	(48,636)	(305,476)	(149,085)	(820,889)	(15,587)	(1,339,673)	(1,339,673)
Written-off facilities	-	-	-	-	(170,479)	-	(170,479)
Total balance at the end of the period	281,602,054	445,723,227	39,115,925	25,150,863	88,847,393	-	880,439,462

For the Year Ended December 31, 2022 (Audited)

	Stage (1)		Stage (2)		Stage (3)		Total JD
	Individual JD	Collective JD	Individual JD	Collective JD	Individual JD	Collective JD	
Balance at the beginning of the year	223,435,496	407,238,514	52,415,207	22,418,598	66,258,023	-	771,765,838
New credit facilities during the year	97,705,981	170,282,796	23,338,565	2,011,907	4,600,526	-	297,939,775
Settled facilities	(58,261,718)	(121,142,280)	(24,718,829)	(2,565,471)	(3,863,868)	-	(210,552,166)
Transferred to Stage (1)	511,532	5,024,475	(511,532)	(4,649,690)	(374,785)	-	-
Transferred to Stage (2)	(900,881)	(9,437,519)	900,881	9,658,934	(221,415)	-	-
Transferred to Stage (3)	-	(2,572,123)	(11,344,161)	(4,016,961)	17,933,245	-	-
Changes resulted from adjustments	36,439	(1,605,858)	(22,007)	(729,008)	(45,960)	(2,366,394)	(2,366,394)
Written-off facilities	-	-	-	-	(182,305)	-	(182,305)
Total balance at the end of the year	262,526,849	447,788,005	40,058,124	22,128,309	84,103,461	-	856,604,748

The following is the movement on the expected credit loss on collective basis as at the end of the period:

For the Six Months Ended June 30, 2023 (Reviewed)

	Stage (1)		Stage (2)		Stage (3)		Total JD
	Individual JD	Collective JD	Individual JD	Collective JD	Individual JD	Collective JD	
Balance at the beginning of the period	1,424,631	2,501,980	4,382,190	1,699,524	58,122,469	68,130,794	
New facilities during the period	357,196	490,524	969,471	217,166	1,395,997	3,430,354	
Settled facilities	(420,913)	(366,109)	(183,995)	(172,118)	(1,082,280)	(2,225,415)	
Transferred to Stage 1	2,318	18,912	(2,318)	(18,294)	(618)	-	
Transferred to Stage 2	(4,208)	(785,676)	4,208	813,292	(27,616)	-	
Transferred to Stage 3	-	(671,537)	(77,451)	(1,808,404)	2,557,392	-	
Adjustments resulting from reclassifications between the three stages	558	1,395,938	41,862	1,198,281	(242,073)	2,394,566	
Written-off facilities	-	-	-	-	(2,922)	(2,922)	
Total balance at the end of the period	1,359,582	2,584,032	5,133,967	1,929,447	60,720,349	71,727,377	

For the year ended December 31 2022 (Audited)

	Stage (1)		Stage (2)		Stage (3)		Total JD
	Individual JD	Collective JD	Individual JD	Collective JD	Individual JD	Collective JD	
Balance at the beginning of the year	1,728,672	2,218,724	10,143,371	1,657,326	45,348,414	61,096,507	
New facilities during the year	739,269	1,066,965	3,900,879	276,017	1,481,160	7,464,290	
Settled facilities during the year	(1,039,077)	(734,766)	(2,670,402)	(436,314)	(1,865,853)	(6,746,412)	
Transferred to Stage 1	1,280	21,759	(1,280)	(19,229)	(2,530)	-	
Transferred to Stage 2	(20,568)	(919,713)	20,568	946,288	(26,575)	-	
Transferred to Stage 3	-	(1,616,388)	(10,043,266)	(1,960,897)	13,620,551	-	
Effect on total exposures due to change in the classification between stages	15,055	2,465,399	3,032,320	1,236,333	(420,918)	6,328,189	
Written-off facilities	-	-	-	-	(11,780)	(11,780)	
Total balance at the end of the year	1,424,631	2,501,980	4,382,190	1,699,524	58,122,469	68,130,794	

The following is the movement on expected credit loss according to the sectors on collective basis as of the end of the period:

	Individual	Mortgage Loan	Large Companies	Small and medium companies	Government and public sector	Gross JD
<u>For the Six Months Ended June 30, 2023 (Reviewed)</u>	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	24,689,835	826,598	40,516,982	2,092,680	4,699	68,130,794
Impairment loss on the new facilities during the period	1,767,042	142,607	1,279,415	241,290	-	3,430,354
Settled facilities	(909,644)	(203,406)	(1,034,938)	(76,633)	(793)	(2,225,414)
Transferred to Stage 1	(1,290,447)	(13,723)	2,318	(4,208)	-	(1,306,060)
Transferred to Stage 2	(1,065,209)	2,109	(2,318)	(73,243)	-	(1,138,661)
Transferred to Stage 3	2,355,656	11,614	-	77,451	-	2,444,721
Impact on the provision due to reclassification between the three stages during the year	2,226,674	15,582	103,161	49,148	-	2,394,565
Written off facilities	(2,922)	-	-	-	-	(2,922)
Total balance as of the end of the period (Reviewed)	<u>27,770,985</u>	<u>781,381</u>	<u>40,864,620</u>	<u>2,306,485</u>	<u>3,906</u>	<u>71,727,377</u>
	Individual	Mortgage Loan	Large Companies	Small and medium companies	Government and public sector	Gross
<u>For the year Ended December 31, 2022 (Audited)</u>	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year (Audited)	21,493,729	567,178	37,054,558	1,981,042	-	61,096,507
Impairment loss on the new facilities during the year	2,162,370	164,694	4,950,219	182,308	4,699	7,464,290
Deducted from revenue during the year	(2,057,929)	(31,249)	(4,443,563)	(213,671)	-	(6,746,412)
Transferred to Stage 1	(2,357,027)	(104,169)	(14,939)	(4,349)	-	(2,480,484)
Transferred to Stage 2	(598,762)	(16,257)	(9,867,906)	(156,072)	-	(10,638,997)
Transferred to Stage 3	2,955,789	120,426	9,882,845	160,421	-	13,119,481
Impact on provision- as of the end of the year – resulting from reclassifications between the three stages during the period	3,103,445	125,975	2,955,768	143,001	-	6,328,189
Changes resulted from adjustments	-	-	-	-	-	-
Written-off facilities	(11,780)	-	-	-	-	(11,780)
Total balance as of the end of the year (Audited)	<u>24,689,835</u>	<u>826,598</u>	<u>40,516,982</u>	<u>2,092,680</u>	<u>4,699</u>	<u>68,130,794</u>

- The amount of provisions no longer needed as a result of the settlement and payment of debts and which were converted to other debts is JD 1,436,826 as of June 30, 2023 against JD 2,391,236 as of December 31, 2022.

- Credit exposures according to IFRS 9 are as follows:

June 30, 2023 (Reviewed)

	Stage (1)			Stage (2)			Stage (3)			Total		
	Gross	Expected credit losses	Interest in suspense	Gross	Expected credit losses	Interest in suspense	Gross	Expected credit losses	Interest in suspense	Gross	Expected credit losses	Interest in suspense
Retail	384,168,150	(2,533,085)	-	14,638,552	(1,752,350)	-	36,198,663	(23,485,550)	(10,751,280)	435,005,365	(27,770,985)	(10,751,280)
Real Estate Loans	54,120,046	(46,545)	-	7,854,394	(122,103)	-	1,913,630	(612,733)	(490,193)	63,888,070	(781,381)	(490,193)
Large Corporate Entities	202,925,157	(1,271,737)	-	36,588,419	(4,991,805)	-	47,259,788	(34,601,078)	(12,495,104)	286,773,364	(40,864,620)	(12,495,104)
SME's	17,428,777	(88,341)	-	5,185,423	(197,156)	-	3,475,312	(2,020,988)	(1,022,080)	26,089,512	(2,306,485)	(1,022,080)
Government and Public Sector	68,683,151	(3,906)	-	-	-	-	-	-	-	68,683,151	(3,906)	-
	<u>727,325,281</u>	<u>(3,943,614)</u>	<u>-</u>	<u>64,266,788</u>	<u>(7,063,414)</u>	<u>-</u>	<u>88,847,393</u>	<u>(60,720,349)</u>	<u>(24,758,657)</u>	<u>880,439,462</u>	<u>(71,727,377)</u>	<u>(24,758,657)</u>
As of December 31, 2022 (Audited)												
	Stage (1)			Stage (2)			Stage (3)			Total		
	Gross	Expected credit losses	Interest in suspense	Gross	Expected credit losses	Interest in suspense	Gross	Expected credit losses	Interest in suspense	Gross	Expected credit losses	Interest in suspense
Retail	384,249,352	(2,430,952)	-	13,059,671	(1,529,730)	-	32,862,403	(20,729,153)	(9,941,172)	430,171,426	(24,689,835)	(9,941,172)
Real Estate Loans	55,322,370	(57,656)	-	7,928,901	(147,054)	-	2,203,586	(621,888)	(490,537)	65,454,857	(826,598)	(490,537)
Large Corporate Entities	187,281,412	(1,333,825)	-	35,879,992	(4,279,712)	-	45,731,385	(34,903,445)	(10,763,643)	268,892,789	(40,516,982)	(10,763,643)
SME's	16,598,832	(99,479)	-	5,317,869	(125,218)	-	3,306,087	(1,867,983)	(1,155,857)	25,222,788	(2,092,680)	(1,155,857)
Government and Public Sector	66,862,888	(4,699)	-	-	-	-	-	-	-	66,862,888	(4,699)	-
	<u>710,314,854</u>	<u>(3,926,611)</u>	<u>-</u>	<u>62,186,433</u>	<u>(6,081,714)</u>	<u>-</u>	<u>84,103,461</u>	<u>(58,122,469)</u>	<u>(22,351,209)</u>	<u>856,604,748</u>	<u>(68,130,794)</u>	<u>(22,351,209)</u>

Interest in Suspense:

The movement on interest in suspense is as follows:

	Companies				
	Individuals	Real Estate	Large Corporate Customers	SMEs	Total
<u>For the Six Months Ended on June 30, 2023 (Reviewed)</u>	JD	JD	JD	JD	JD
Balance – beginning of the period	9,941,172	490,537	10,763,643	1,155,857	22,351,209
Suspended interest during the period	1,129,982	33,820	1,716,582	62,228	2,942,612
Interest in suspense reversed to income	(239,443)	(16,801)	(98,623)	(12,740)	(367,607)
Written-off suspended interest	(80,431)	(17,363)	-	(69,763)	(167,557)
Balance - End of the Period	<u>10,751,280</u>	<u>490,193</u>	<u>12,381,602</u>	<u>1,135,582</u>	<u>24,758,657</u>
<u>For the Year Ended December 31, 2022 (Audited)</u>					
Balance – beginning of the year	8,737,795	386,792	7,145,861	1,069,686	17,340,134
Add: Suspended interest during the year	1,685,511	106,569	3,650,076	112,571	5,554,727
Less: Interest in suspense reversed to income	(345,526)	-	(1,201)	(26,400)	(373,127)
Written-off suspended interest	(136,608)	(2,824)	(31,093)	-	(170,525)
Balance - End of the Year	<u>9,941,172</u>	<u>490,537</u>	<u>10,763,643</u>	<u>1,155,857</u>	<u>22,351,209</u>

12. Right of Use Assets / Lease Liability Contracts

The details of these items are as follows:

1. Right of Use Assets:

The bank leases many assets, including lands and buildings, and the average lease term is 8 years, the following is the movement on the right- of-use assets during the year:

	For the period ended June 30, 2023 (Reviewed)	For the year ended December 31, 2022 (Audited)
	JD	JD
Balance Beginning of the period / year	2,926,289	2,826,245
<u>Add:</u> additions during the period / year	239,789	911,603
<u>Less:</u> cancellation of lease contracts for the period/year	-	(206,838)
<u>Less:</u> Depreciation for the period/year	(319,966)	(604,721)
Balance - End of the period/ year	<u>2,846,112</u>	<u>2,926,289</u>
	<u>For the Period Ended June 30,</u>	<u>2022 (Reviewed)</u>
	2023 (Reviewed)	2022 (Reviewed)
	JD	JD
<u>Amounts recorded on the statement of profit or loss</u>		
Depreciation for the period	319,966	337,247
Interest for the period	76,307	84,110
Lease expense during the period	<u>396,273</u>	<u>421,357</u>

2. Lease Liability Contracts

	For the Period Ended June 30, 2023 (Reviewed)	For the Year Ended December 31, 2022 (Audited)
	JD	JD
Balance at the beginning of the period / year	2,819,028	2,762,365
<u>Add:</u> additions during the period / year	239,789	911,603
Interest During the period / year	76,307	167,286
<u>Less:</u> Paid during the period / year	(466,773)	(880,306)
<u>Less:</u> cancellation of lease contracts	-	(141,920)
Balance - End of the period / year	<u>2,668,351</u>	<u>2,819,028</u>

13. Other Assets

The details of this item are as follows:

	June 30, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Revenue and interest under collection	6,790,829	8,972,504
Prepaid expenses	1,403,432	759,250
Assets seized by the Bank against due debts *	2,679,676	3,034,678
Assets / gain of unrealized financial derivatives	577,126	465,904
Other receivables/brokerage company	606,854	88,259
Land held for sale/brokerage company	1,696,734	1,696,734
Discounted letter of credits	123,410	75,640
Seized assets sold in installments	3,822,675	3,822,675
Other	3,631,182	3,218,318
Total	<u>21,331,918</u>	<u>22,133,962</u>

* The details of the movement on the assets seized by the bank to against due debt are as follows:

	June 30, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Balance at the beginning of the period / year	3,034,678	3,270,042
Additions	-	73,925
Disposals	<u>(355,002)</u>	<u>(309,289)</u>
Balance - End of the Year	<u>2,679,676</u>	<u>3,034,678</u>

* The regulations of Central Bank of Jordan require to dispose the assets seized by the Bank by a maximum period of two years from the date of its acquisition. In exceptional cases, the Central Bank may extend this period to a maximum of two consecutive years.

- The provision for the seized real estate assets was JD 201,322 as of June 30, 2023 (JD 201,322 as of December 31, 2022) for assets which have been in possessed by the Bank for a period longer than four years.

14. Customers' Deposits

This item consists of the following:

	Individual	Large Companies	Small and Medium Companies	Government and Public Sector	Total
	JD	JD	JD	JD	JD
<u>For the six months ended as of June 30, 2023 (Reviewed)</u>					
Current and demand deposits	48,473,551	38,139,155	10,412,087	369,189	97,393,982
Saving accounts	19,928,582	160,204	114,035	85	20,202,906
Time and notice deposits	323,258,890	254,849,674	11,376,028	100,644,761	690,129,353
Total	<u>391,661,023</u>	<u>293,149,033</u>	<u>21,902,150</u>	<u>101,014,035</u>	<u>807,726,241</u>

For the year ended as of December 31, 2022 (Audited)

Current and demand deposits	49,425,795	61,503,771	10,688,854	644,914	122,263,334
Saving accounts	21,551,728	282,174	299,556	85	22,133,543
Time and notice deposits	309,126,999	280,847,274	10,565,453	96,977,833	697,517,559
Total	<u>380,104,522</u>	<u>342,633,219</u>	<u>21,553,863</u>	<u>97,622,832</u>	<u>841,914,436</u>

- Jordan Government and public sector deposits amounted to JD 101,014,035 as of June 30, 2023 which represent (12.506%) of total customers' deposits against JD 97,622,832 which represent (11.595%) as of December 31, 2022.
- Non-interest-bearing deposits amounted to JD 86,608,154 which represent (10.722%) of total deposits as of June 30, 2023 against JD 98,512,567 which represent (11.701%) as of December 31, 2022.
- Restricted deposits amounted to JD 99,088,227 as of June 30, 2023 which represent (12.268%) of total deposits against JD 97,528,567 which represent (11.584%) as of December 31, 2022.
- Dormant accounts amounted to JD 10,423,160 as of June 30, 2023 against JD 33,268,206 as of December 31, 2022).

15. Margin Accounts

This item consists of the following:

	June 30, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Margins on direct credit facilities	39,473,308	41,779,992
Margins on indirect credit facilities	4,747,786	4,985,310
Other margins	<u>3,972,662</u>	<u>3,529,592</u>
Total	<u>48,193,756</u>	<u>50,294,894</u>

16. Borrowed Funds

This item consists of the following:

	Amount	Number of Payments		Instalments maturity	collaterals	Interest rate
		Total no. of Payments	Outstanding payments			
For the six months ended June 30, 2023						
(Reviewed)						
	JD					
Borrowing from Arab Bank*	33,766,027	1	1	36 Months	Mortgage bonds - The Central Bank of Jordan	5.150%
Borrowing from Central Bank of Jordan**	216,891	30	8	semi annual	-	2.500%
Borrowing from Central Bank of Jordan***	855,477	18	16	semi annual	-	3.000%
Borrowing from the European Investment Bank****	21,270,000	24	24	Quarterly	-	6.272%
Borrowing from Central Bank of Jordan	2,275,585	211	156	Monthly	-	1.000%
Jordan Mortgage Refinance Company	15,000,000	1	1	24 Months	Mortgage deeds loan portfolio	5.900%
Jordan Mortgage Refinance Company	10,000,000	1	1	7 Years	Mortgage deeds loan portfolio	4.900%
Borrowing from Central Bank of Jordan*****	6,817,997	2136	1252	Monthly	-	0.000%
Arab Banking Corporation (Bahrain) *****	4,963,000	1	1	2 weeks	-	7.250%
Cairo Amman Bank *****	5,606,454	1	1	Monthly	-	7.500%
Total	100,771,431					
For the year ended December 31, 2022						
(Audited)						
Borrowing from Arab Bank*	33,766,027	1	1	36 Months	Mortgage bonds - The Central Bank of Jordan	3.970%
Borrowing from Central Bank of Jordan**	311,404	30	12	semi annual	-	2.500%
Borrowing from Central Bank of Jordan***	740,694	168	168	semi annual	-	3.00%
Borrowing from Central Bank of Jordan	1,991,377	186	173	Monthly	-	1.00%
Jordan Mortgage Refinance Co.	15,000,000	1	1	24 Months	Mortgage deeds loan portfolio	5.90%
Jordan Mortgage Refinance Co.	10,000,000	1	1	7 years	Mortgage deeds loan portfolio	4.900%
Jordan Mortgage Refinance Co.	7,000,000	1	1	24 Months	Mortgage deeds loan portfolio	4.250%
Borrowing from Central Bank of Jordan loan ****	16,589,953	1	1	Monthly	Mortgage bonds - The Central Bank of Jordan	6.00%
Borrowing from Central Bank of Jordan loan *****	6,849,608	2128	1158	Monthly	-	0.00%
European Investment Bank ****	21,270,000	24	24	Quarterly	-	5.522%
Arab Banking Corporation (Bahrain) *****	9,217,000	1	1	2 weeks	-	5.00%
Cairo Amman Bank *****	2,021,152	1	1	Monthly	-	7.00%
Total	124,757,215					

* The funds borrowed from the Arab Bank which amounted to JD 33,766,027 represent, a repurchase agreement of treasury bonds amounted to nominal value of JD 31M, that the bank holds the repurchase right of these bonds on October 3, 2024.

** The funds borrowed from the Central Bank amounted to JD 216,891 as of June 30, 2023 represent the loan agreement of the Arab Fund for Economic and Social Development to finance the sector of micro, small and medium enterprises against JD 311,404 as of December 31, 2022.

*** The funds borrowed from the Central Bank amounted to JD 855,477 as of June 30, 2023 represent the loan agreement of the Arab Fund for Economic and Social Development to finance the sector of micro, small and medium enterprises against JD 740,694 as of December 31, 2022.

**** The fund borrowed from European Investment Bank amounted to JD 21,270,000 as of June 30, 2023 and December 31, 2022.

***** The funds borrowed from the Central Bank of Jordan amounting to JD 6,817,000 represent a loan agreement to support companies as a result of the Corona pandemic as of June 2023 against JD 6,849,608 as of December 31, 2022 .

***** The funds borrowed from the Arab Banking Corporation (Bahrain) amounting to JD 4,963,000 represent the financing agreement of the subsidiary company (Arab Cooperation Financial Investments Company) as of June 30, 2023 against JD 9,217,000 as of December 31, 2022.

***** The fund borrowed from Cairo Amman Bank amounted to JD 5,606,454 represents an agreement to fund the subsidiary (Arab Cooperation Financial Investment Company) as of June 30, 2023 against JD 2,021,152 as of December 31, 2022.

17. Income Tax

a. Income Tax Provision

The movement on the income tax provision is as follows:

	June 30, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Balance at the beginning of the period/ year	2,283,188	7,256,848
Income tax paid	(794,077)	(5,031,415)
Accrued income tax	2,850,697	57,755
Balance at the end of the period	4,339,808	2,283,188

Income tax expense appearing in the statement of profit or loss represents the following:

	For the Six Months Ended	
	2023 (Reviewed)	2022 (Reviewed)
	JD	JD
Accrued income tax on the profit of the period	2,850,697	(778,396)
Deferred tax assets for the period	(913,569)	(2,011,445)
Amortization of deferred tax assets	199,089	3,122,767
	2,136,217	332,926

b. Deferred Tax Assets/Liabilities

The details of this item are as follows:

1. Deferred Tax Assets

The movement on deferred tax assets during the period is as follows:

	June 30, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Provision of non-performing debts from prior years	3,383	3,383
Difference in credit facilities provision	792,254	445,028
Fair value reserve of financial assets – shares	49,885	49,581
Fair value reserve of financial assets - bonds	686,028	1,073,222
Deferred tax assets as resulted of the adoption of IFRS (9) from retained earnings	5,508,949	5,089,860
Employees bonuses provision	196,825	275,253
Others	1,161,754	1,135,162
Total	8,399,078	8,071,489

2. Deferred Tax Liabilities

Unrealized gain on financial assets resulting from adoption of IFRS (9)	1,692	1,692
Gain on financial assets at fair value through other comprehensive income	219,308	40,475
Fair value reserve of financial assets shares through other comprehensive income	54,920	242,195
Gain on the valuation of the financial assets (financial derivatives)	242,227	177,009
Total	518,147	461,371

The movement on deferred tax assets/liabilities is as follows:

	For the Six Months Ended June 30, 2023 (Review)		For the Year Ended December 31, 2022 (Audited)	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Balance - beginning of the period / year	8,071,489	461,371	9,067,586	2,337,442
Additions	999,190	56,776	2,203,364	233,076
Released	(671,601)	-	(3,199,461)	(2,109,147)
Balance - End of the period / year	<u>8,399,078</u>	<u>518,147</u>	<u>8,071,489</u>	<u>461,371</u>

- The legal tax rate for banks in Jordan is 35% and 3% as national contribution. For subsidiaries, it is 24%, and 4% as national contribution.
- A final settlement was reached with the Income Tax Department of the Bank up to the year 2020, while the tax declaration for the years 2021 and 2022 was submitted and no decision was issued by the Income and Sales Tax Department.
- The subsidiary Company has reached a final settlement with The Income Tax Department up to the year submitted for 2020 and the tax declaration for the years 2021 and 2022. No final decision was issued by the Income Tax Department as of the date of these consolidated financial statements.
- A provision for income tax has been calculated and recorded for the six months ended on June 30, 2023 for the Bank and its subsidiary. In the opinion of the management and the tax advisor, no obligations will arise that exceed the provision recorded in the consolidated condensed interim financial information.

18. Other Liabilities

The details for this item are as follows:

	June 30, 2023(Reviewed)	December 31, 2022(Audited)
	JD	JD
Interest payable	9,658,634	7,544,411
Revenue received in advanced	84,352	159,413
Accounts payable	6,227,740	7,211,264
Accrued and unpaid expenses	1,715,931	1,786,305
Unrealized derivatives losses / liability	163,929	202,424
Certified cheques withdrawn by the bank	1,660,258	987,073
Provision for expected credit losses on off - statements of financial position items	312,601	429,095
Board of directors remunerations	46,923	89,243
Transfers held for payment	4,078	1,004,954
Deferred income	298,432	329,639
Other liabilities	4,070,976	2,959,733
Total	<u>24,243,854</u>	<u>22,703,554</u>

* The movement on indirect facilities on a collective basis as at the end of the period / year was as follows:

	June 30, 2023 (Reviewed)						December 31, 2022 (Audited)
	Stage (1)		Stage (2)		Stage (3)	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period / year	120,623,841	7,595,349	2,395,892	583	4,939,258	135,554,923	135,082,448
New exposure during the period / year	66,119,477	855,153	810,968	-	-	67,785,598	62,700,209
Matured exposures	(50,578,893)	(1,393,558)	(1,232,639)	(3)	(74,552)	(53,279,645)	(62,538,727)
Transferred to stage (1)	633,880	1,202	(633,880)	(1,202)	-	-	-
Transferred to stage (2)	-	(9,960)	-	9,960	-	-	-
Transferred to stage (3)	-	-	-	-	-	-	-
Adjustments resulting from reclassification between the three stages	-	(780)	157,922	622	-	157,764	310,993
Balance at the ending of the period / year	<u>136,798,305</u>	<u>7,047,406</u>	<u>1,498,263</u>	<u>9,960</u>	<u>4,864,706</u>	<u>150,218,640</u>	<u>135,554,923</u>

The movement on the impairment loss on indirect facilities on a collective basis as at the end of the period was as follows:

	June 30, 2023 (Reviewed)						December 31, 2022 (Audited)
	Stage (1)		Stage (2)		Stage (3)	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period / year	330,766	11,581	86,722	26	-	429,095	539,221
Impairment loss on the new exposure during the period / year	145,828	2,325	13,210	-	-	161,363	178,923
Recoveries from impairment losses on matured exposure	(207,585)	(2,709)	(59,355)	-	-	(269,649)	(318,449)
Transferred to stage (1)	12,473	2	(12,473)	(2)	-	-	-
Transferred to stage (2)	-	(464)	-	464	-	-	-
Transferred to stage (3)	-	-	-	-	-	-	-
Adjustments resulting from reclassification between the three stages	-	274	(8,457)	(25)	-	(8,208)	29,400
Balance at the ending of the period	<u>281,482</u>	<u>11,009</u>	<u>19,647</u>	<u>463</u>	<u>-</u>	<u>312,601</u>	<u>429,095</u>

19. Paid-up Capital

The paid-up capital amounted to JD 110,000,000, divided into 110,000,000 shares at a par value of JD 1 per share as of June 30, 2023 and December 31, 2022.

Distributed dividends:

The general assembly decided on their meeting held on April 13, 2023 to distribute cash dividends with an amount of JD 4,400,000 from its subscribed and paid-up capital.

20. Reserves:

The details of the reserves as of June 30, 2023 and December 2022 are as follows:

a. Statutory Reserve

The total amount in this balance represents what has been transferred from profits before taxes at a rate of 10% during the period as well as previous years according to the Bank's regulations. This amount is not distributable among shareholders.

b. Voluntary Reserve

The total amount in this balance represents what has been transferred from profits before taxes at a rate of no more than 20% during the period as well as previous years. The voluntary reserve is used in situations specified by the board of directors and the general assembly and the general assembly has the authority to distribute all or part of this reserve as dividends to shareholders.

21. Fair Value Reserve – Net

This item consists of the following:

	June 30, 2023 (Reviewed)	December 31, 2022(Audited)
	JD	JD
Balance at the beginning of the year	(1,081,938)	3,570,478
Unrealized (losses)	1,167,546	(7,503,896)
Deferred tax liabilities	(56,777)	1,876,070
Deferred tax assets	(386,890)	975,410
Balance at the End of the Period/ Year	<u>(358,059)</u>	<u>(1,081,938)</u>

22. Retained Earnings

This item consists of the following:

	June 30, 2023(Reviewed)	December 31, 2022(Audited)
	JD	JD
Balance at the beginning of the period/year	23,827,407	24,627,485
Transferred during the period / year	-	(869,910)
Profit for the period / year	-	6,669,832
Distribution of cash dividends	(4,400,000)	(6,600,000)
Balance at the End of the period / year	<u>19,427,407</u>	<u>23,827,407</u>

- An amount of JD 8,399,078 is restricted against deferred tax assets as of June 30, 2023 (JD 8,071,489 as of December 31, 2022), including the capitalization or distribution, except for what is actually realized, according to the Central Bank of Jordan and Jordan Securities Commission instructions.
- The retained earnings balance included a restricted amount of JD 2,761 as of June 30, 2023 and December 31, 2022, which represents the effect of the early adoption of IFRS 9, except for what is actually realized from the sales transactions.

23. Expected Credit Loss Provision on Financial Assets

This item consists of the following:

	For the Six Months Ended June 30,	
	2023 (Reviewed)	2022 (Reviewed)
	JD	JD
Deposits and balances at banks and financial institutions	19,993	13,022
Financial assets at fair value through other comprehensive income	3,903	(1,927)
Financial assets at amortized cost	(2,240)	(7,133)
Direct credit facilities	3,599,505	3,634,297
Discounted letter of credits	969	2,297
Interests and revenues under collection	-	8,051
Off-balance-sheet items	(116,495)	55,529
Total	<u>3,505,635</u>	<u>3,704,136</u>

24. Interest Income

This item consists of the following:

	For the Six Months Ended June 30,	
	2023	2022
	(Reviewed)	(Reviewed)
	JD	JD
Direct credit facilities		
Individual (Retail)		
Overdrafts	29,339	32,780
Loans and bills	19,011,622	12,449,912
Credit cards	280,494	313,289
Real estate loans	2,218,895	1,939,704
Large companies		
Overdrafts	2,080,430	1,547,296
Loans and bills	6,784,915	4,293,234
Small and medium enterprises lending "SME's"		
Overdrafts	255,029	166,590
Loans and bills	719,656	457,966
Government and public sector	2,178,884	1,203,427
Balances at Central Banks	266,179	58,959
Balances at banks and financial institutions	3,069,294	259,923
Financial assets through statement of other comprehensive income	3,110,108	3,141,447
Financial assets at amortized cost	4,802,791	4,025,573
Interest income on margin financing for the subsidiary's customers	1,729,933	1,390,096
Interest income on interest rate swap contracts	415,781	51,332
Total	46,953,350	31,331,528

25. Interest Expense

This item consists of the following:

	For the Six Months Ended as of June 30,	
	2023	2022
	(Reviewed)	(Reviewed)
	JD	JD
Banks' and financial institutions' deposits	4,529,443	930,397
Customers' deposits:		
Current accounts and demand deposits	260,476	76,566
Saving accounts	7,611	8,912
Time and notice deposits	16,478,831	9,802,699
Margin accounts	744,777	737,804
Borrowed funds	2,612,869	1,730,633
Deposit guarantee fees	307,592	486,126
Interest paid on lease liabilities (Rents)	76,307	84,110
Interest paid on interest rate swap contracts	1,022,070	394,477
	26,039,976	14,251,724

26. Profit from Financial Assets at Fair Value Through Other Comprehensive Income

The details for this item are as follows:

	For the Six Months Ended as of June 30,	
	2023 (Reviewed)	2022 (Reviewed)
	JD	JD
Dividends distribution income of shares	40,675	29,500
Total	40,675	29,500

27. Earnings Per Share for the Bank's Shareholders

The details for this item are as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023 (Reviewed)	2022 (Reviewed)	2023 (Reviewed)	2022 (Reviewed)
	JD	JD	JD	JD
Profit for the period	1,873,763	799,682	3,559,688	2,356,265
Weighted average number of shares	110,000,000	110,000,000	110,000,000	110,000,000
Earnings Per Share for the Bank's Shareholders:				
Basic and diluted	0.017	0.007	0.032	0.021

28. Cash and Cash Equivalents

The details for this item are as follows:

	For the Six Months Ended as of June 30,	
	2023 (Reviewed)	2022 (Reviewed)
	JD	JD
Cash and balances with Central Bank of Jordan maturing within three months	109,301,068	48,146,039
Add: Balances at banks and financial institutions maturing within three months	125,713,192	81,856,287
Less: Banks' and financial institutions' deposits maturing within three months	(165,144,143)	(156,044,221)
Total	69,870,117	(26,041,895)

29. Related Parties Transactions

The accompanying consolidated condensed interim financial statements include the financial statements of the Bank and of the following subsidiary:

<u>Company name</u>	<u>Ownership</u> %	Paid-up capital	
		June 30, 2023 (Reviewed)	December 31, 2022 (Audited)
		JD	JD
Arab Cooperation for Financial Investments Company Ltd	100	15,600,000	15,600,000

All balances and transactions between the Bank and the subsidiary have been eliminated.

The Group entered into transactions with the Parent, affiliate companies, directors, senior management, and their related subsidiaries in the ordinary course of business at commercial interest and commission rates. All loans and advances granted to related parties are performing loans and are free of any provisions for impairment.

The details for this item are as follows:

	Related party				Total	
	Parent and affiliated companies	Senior management	Bank's employees	Board of Directors	June 30, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD	JD	JD	JD	JD
Consolidated Statements of Financial Position Items:						
Direct credit facilities	-	2,075,433	11,832,793	7,301	13,915,527	13,543,591
Balance at banks and financial institutions	20,937,009	-	-	-	20,937,009	13,585,922
Deposits at banks and financial institutions	128,914,303	-	-	-	128,914,303	37,653,136
Customers' deposits	-	2,839,793	1,656,500	163,224	4,659,517	5,459,092
Borrowed funds	4,963,000	-	-	-	4,963,000	9,217,000

Off-Consolidated statement of financial position items

Letters of guarantee	39,992,613	-	-	-	39,992,613	18,203,086
Letters of credit	6,804,153	-	-	-	6,804,153	6,063,293
Interest rate swap contracts	13,825,500	-	-	-	13,825,500	10,635,000
Currency swap contracts	-	-	-	-	-	14,401,575

For the Six Months Ended as of June 30,

2023 (Reviewed)	2022 (Reviewed)
JD	JD

Consolidated statements of Profit or Loss Items:

Interest and commission income	1,184,883	22,774	141,328	-	1,348,985	337,285
Interest and commission expense	(2,019,276)	(65,563)	(38,894)	(1,422)	(2,125,155)	(249,410)

* Interest rates on credit facilities range between 3% to 8.72% while interest rates on customers' deposits range between 0.01% to 6%.

* In addition to what was disclosed in the above table, the total balance of credit facilities provided to related parties in the bank amounted to JD 6,578,484 and they numbered 113 clients against acceptable guarantees amounted to JD 4,646,580. The interest rates payable on credit facilities range from 2% to 14% Commission rates range from 0.5% to 1%.

Compensation of the benefits of the senior management is as follows:

For the Six Months Ended as of June 30,			
	2023 (Reviewed)	2022 (Reviewed)	
Salaries and bonuses	JD 1,639,012	JD 1,763,344	

30. Segment Analysis

a. Information on Group business segment:

For management purposes, the Bank's operations have been classified into the following major operating segments, measured in accordance with the reports used by the chief executive officer and the main decision maker:

- Retail banking.
- Corporate banking.
- Treasury.

The following are the information of the bank's business segments:

	Retail	Corporate	Treasury	Other	Total	
					For the six months ended as of June 30,	
					2023 (Reviewed)	2022 (Reviewed)
	JD	JD	JD	JD	JD	JD
Total income	22,962,243	12,726,099	14,327,407	309,190	50,324,939	34,425,873
Provision for expected credit loss on financial assets	(2,888,916)	(293,230)	(323,489)	-	(3,505,635)	(3,704,137)
Business segments results	10,687,129	5,576,202	4,208,714	237,326	20,709,371	16,303,544
Unallocated segmental expenses					(15,013,466)	(13,614,353)
Profit before tax					5,695,905	2,689,191
Income tax					(2,136,217)	(332,926)
Net profit for the period					3,559,688	2,356,265
Capital expenditures					(1,630,313)	(1,388,203)
Depreciation and amortization					(1,794,610)	(1,758,455)
					June 30 2023 (Reviewed)	December 31, 2022 (Audited)
Other information					JD	JD
Segmental assets	452,645,747	317,147,630	597,323,715	-	1,367,117,092	1,306,309,696
Unallocated segmental assets	-	-	-	45,480,839	45,480,839	44,489,543
Total Assets	452,645,747	317,147,630	597,323,715	45,480,839	1,412,597,931	1,350,799,239
Segmental liabilities	618,075,918	285,333,060	331,900,843	-	1,235,309,821	1,176,947,512
Unallocated segmental liabilities	-	-	-	13,632,532	13,632,532	10,079,716
Total Liabilities	618,075,918	285,333,060	331,900,843	13,632,532	1,248,942,353	1,187,027,228

b. Geographical distribution information

This disclosure represents the geographical distribution of the Bank business. The Bank operations are mainly concentrated within the local business.

The following shows the distribution of the Bank's operating income and capital expenditure by geographical segmentation:

	Inside Jordan		Outside Jordan		Total	
	June 30, 2023 (Reviewed)	June 30, 2022 (Reviewed)	June 30, 2023 (Reviewed)	June 30, 2022 (Reviewed)	June 30, 2023 (Reviewed)	June 30, 2022 (Reviewed)
	JD	JD	JD	JD	JD	JD
Total income	47,647,074	30,599,176	2,677,865	3,826,697	50,324,939	34,425,873
Capital expenditures	1,591,732	1,161,733	38,581	226,470	1,630,313	1,388,203

	Inside Jordan		Outside Jordan		Total	
	June 30, 2023 (Reviewed)	December 31, 2022 (Audited)	June 30, 2023 (Reviewed)	December 31, 2022 (Audited)	June 30, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD	JD	JD	JD	JD
Total assets	1,322,812,685	1,257,437,236	89,785,246	93,362,003	1,412,597,931	1,350,799,239

31. Capital Adequacy Ratio

The capital adequacy ratio is calculated in accordance with the instructions of the Central Bank of Jordan based on the decisions of Basel III. The following is the capital adequacy ratio compared to the previous period:

	June 30, 2023 (Reviewed) Thousands JD	December 31, 2022 (Audited) Thousands JD
Common equity shareholder rights		
Subscribed capital (paid)	110,000	110,000
Retained earnings less proposed dividends Plus profit for the period	22,984	19,425
Cumulative change in fair value of financial assets	(358)	(1,082)
Share premium	67	67
Statutory reserve	30,762	30,762
Voluntary reserve	197	197
Total Capital of Common Shares	163,652	159,369
Regulatory amendments (deduction from capital)		
Goodwill and intangible assets	(1,294)	(1,254)
Deferred tax assets	(8,399)	(8,071)
Total Primary Capital	153,959	150,044
Additional Capital		
Total Capital (Tier1)	153,959	150,044
Tier 2		
General ranking risk reserve/stage (1) IFRS 9	4,292	4,302
Total Supplementary Capital	4,292	4,302
Total Regulatory Capital	158,251	154,346
Total Risk-Weighted Assets	905,357	884,198
Capital adequacy ratio (%)	17.48%	17.46%
Primary Capital adequacy Ratio (%)	17.01%	16.97%

Liquidity Coverage Ratio (LCR):

	June 30, 2023 (Reviewed) Thousands JD
Common equity shareholder rights	
Total adjusted high-quality liquid assets	335,344
Net cash outflows for the subsequent 30 days	125,249
Liquidity coverage ratio	267.7%

- The banking Group's average liquidity coverage ratio for the period from January 1, 2023 to June 30, 2023 equals 274.83% for all currencies.

32. Risk Management

The bank is constantly developing its risk and credit management structure to ensure its effective management across all procedures as well as the efficiency of the risk and credit management process and the proper application of controls in all of the Bank's operations.

The Bank's risk management policies for the six-month period ended June 30, 2023 are the same as the policies followed in the year ended December 31, 2022, which were disclosed in the Bank's annual report as of December 31, 2022.

1. Exposure distribution based on economic sectors:

a. Total exposure distribution based on financial instruments – net:

	Government and public sector						Services	Total		
	Financial	Industrial	Trading	Real estates	Agriculture	shares				
Cash and balances at Central Bank of Jordan	JD -	-	-	-	-	JD 100,400,919	-	100,400,919		
Balances at banks and financial institutions	125,680,803	-	-	-	-	-	-	125,680,803		
Deposits at banks and financial institutions	17,654,901	-	-	-	-	-	-	17,654,901		
Credit facilities	31,839,891	94,271,332	56,667,920	74,996,934	1,252,267	33,108,320	373,704,905	68,678,452	49,433,407	783,953,428
Bills and Bonds:	14,987,036	-	-	-	-	-	-	153,532,947	-	168,519,983
Within Financial assets at amortized cost	-	-	-	-	-	-	-	92,151,131	-	105,414,479
other comprehensive income	13,263,348	-	-	-	-	-	-	30,985,888	-	30,985,888
Mortgaged Financial assets	1,101,693	30,788	363,675	300,581	138	-	814,415	4,579,519	160,525	7,351,334
Other Assets	204,527,672	94,302,120	57,031,595	75,297,515	1,252,405	33,108,320	374,519,320	450,328,856	49,593,932	1,339,964,735
Total for the current period										
Letter of guarantees	55,458,749	18,151,392	10,036,356	6,167,969	60,349	-	-	-	15,395,296	105,270,111
Letter of credit	3,636,914	6,841,937	6,116,145	-	904,378	331,018	6,714,814	-	8,068,123	17,499,374
Other Liabilities	750,454	3,278,108	7,053,258	721,042	219,738	33,439,338	381,234,134	-	8,068,123	27,136,555
Total	264,373,789	122,573,557	80,237,354	82,186,526	2,436,870	33,439,338	381,234,134	450,328,856	73,057,351	1,489,867,775

b. Exposure distribution based on classification stage according to the International Financial Reporting Standard No. (9):

	Stage (1)		Stage (2)		Stage (3)		Total
	Individual	Collective	Individual	Collective	Individual	Collective	
Financial	JD 264,357,839	-	JD 3,953	-	JD 11,997	-	JD 264,373,789
Industrial	105,544,398	-	16,143,219	-	885,940	-	122,573,557
Trading	64,031,356	-	15,726,890	-	479,108	-	80,237,354
Real estate	13,114,552	54,072,651	2,754,402	7,732,295	4,512,626	-	82,186,526
Agriculture	2,421,415	-	5,455	-	10,000	-	2,436,870
Shares	-	27,328,611	-	4,731,698	1,379,029	-	33,439,338
Individual	764,957	368,823,725	-	10,766,923	878,529	-	381,234,134
Government and public sector	450,328,856	-	830,605	-	75,865	-	450,328,856
Services	72,150,881	-	23,230,916	-	8,233,094	-	73,057,351
Total	972,714,254	450,224,987	35,464,524	23,230,916	8,233,094	-	1,489,867,775

2. Exposure distribution based on geographical distribution:

a. Total exposure distribution based on geographic region – Net:

	Inside Jordan		Other Middle East countries		Europe		Asia		Africa		America		Other countries		Total	
	JD		JD		JD		JD		JD		JD		JD		JD	
Cash and balances at Central Bank of Jordan	100,400,919		-		-		-		-		-		-		100,400,919	
Balances at banks and financial institutions	67,788,090		28,842,926		21,853,459		1,841,816		218,933		5,135,579		-		125,680,803	
Deposits at banks and financial institutions	-		17,654,901		-		-		-		-		-		17,654,901	
Credit facilities	783,953,428		-		-		-		-		-		-		783,953,428	
Bills and Bonds:																
Within Financial assets at fair value through of other comprehensive income	92,151,131		13,263,348		-		-		-		-		-		105,414,479	
Within Financial assets at amortized cost	168,519,983		-		-		-		-		-		-		168,519,983	
Financial Assets at amortized cost mortgaged	30,985,888		-		-		-		-		-		-		30,985,888	
Other Assets	6,802,838		430,616		117,880		-		-		-		-		7,351,334	
Total as of June 30, 2023	1,250,602,277		60,191,791		21,971,339		1,841,816		218,933		5,135,579		-		1,339,961,735	
Letter of guarantees	50,079,246		6,022,086		23,833,862		-		35,181		12,930,585		12,369,151		105,270,111	
Letter of credit	17,361,013		138,361		-		-		-		-		-		17,499,374	
Other Liabilities	27,136,555		-		-		-		-		-		-		27,136,555	
Total	1,345,179,091		66,352,238		45,805,201		1,841,816		254,114		18,066,164		12,369,151		1,489,867,775	

b. Exposure distribution based on classification steps according to the International Financial Reporting Standard No. (9):

	Stage (1)		Stage (2)		Stage (3)		Total	
	Individual JD	Collective JD						
Inside Jordan	828,025,590	450,224,988	35,464,524	23,230,916	8,233,094	-	1,345,179,112	1,489,867,796
Other middle east countries	66,352,238	-	-	-	-	-	66,352,238	-
Europe	45,805,201	-	-	-	-	-	45,805,201	-
Asia	1,841,816	-	-	-	-	-	1,841,816	-
Africa	254,114	-	-	-	-	-	254,114	-
America	18,066,164	-	-	-	-	-	18,066,164	-
Other countries	12,369,151	-	-	-	-	-	12,369,151	-
Total	972,714,274	450,224,988	35,464,524	23,230,916	8,233,094	-	1,489,867,796	-

3. Credit exposure that have been reclassified:
a. Gross credit exposures that have been reclassified:

Item	Stage (2)			Stage (3)			Percentage of exposure that have been reclassified
	Gross Exposure amount	Exposure that have been reclassified	JD	Gross Exposure amount	Exposure that have been reclassified	JD	
Cash and balances at Central Bank of Jordan	-	-	-	-	-	-	0.00%
Balances at banks and financial institutions	-	-	-	-	-	-	0.00%
Credit facilities within financial assets at fair value	57,203,378	8,967,793	3,368,385	1,440,346	10,408,139	0.92%	
Other assets	57,203,378	8,967,793	3,368,385	1,440,346	10,408,139	0.92%	
Letter of guarantees	611,305	-	4,864,706	-	-	0.00%	
Letter of credits	296,764	-	-	-	-	0.00%	
Other Liabilities	580,041	9,496	-	-	9,496	0.00%	
Total	58,691,488	8,977,289	8,233,091	1,440,346	10,417,635	0.92%	

b. Expected credit losses for the exposures that have been reclassified:

Item	Exposures that have been reclassified			Expected credit loss due to reclassified exposures					
	Exposure reclassified from stage (2)	Exposure reclassified from stage (3)	Total	Stage (2)		Stage (3)		Stage (3)	
Credit facilities within financial assets at amortized cost	8,967,793	1,440,346	10,408,139	4,208	813,292	77,451	2,479,941	3,374,892	3,374,892
Letter of guarantees	-	-	-	4,208	813,292	77,451	2,479,941	3,374,892	-
Letter of credits	-	-	-	-	-	-	-	-	-
Other Liabilities	9,496	-	9,496	464	-	-	-	-	464
Total	8,977,289	1,440,346	10,417,635	4,672	813,292	77,451	2,479,941	3,375,356	3,375,356

33. Contingent Liabilities and Commitments

This item consists of the following:

	June 30, 2023 (Reviewed)	December 31, 2022 (Audited)
	JD	JD
Letters of credit:		
Import LCs	91,767,931	77,282,080
Export LCs	9,468,088	2,702,644
Acceptances	6,383,193	8,973,417
Letters of guarantee:		
Payments	22,303,265	24,618,727
Performance	54,603,649	43,344,599
Other	28,456,431	19,366,310
Unutilized credit facilities	27,295,437	33,539,046
Futures contracts in Foreign Currency	91,242,529	59,465,509
Interest swap contracts	13,825,500	10,635,000
Total	<u>345,346,023</u>	<u>279,927,332</u>

34. Lawsuits Raised Against the Bank

The lawsuits raised against the Bank amounted to JD 4,479,454 as of June 30, 2023 (JD 4,479,454 as of December 31, 2022). In the opinion of management and the legal advisors, no material liability will arise as a result of these lawsuits in excess of the amount already provisioned for, which amounted to JD 159,376 as of June 30, 2023 (JD 159,376 as of December 31, 2022).

35. Fair Value Hierarchy

a. Fair value of financial assets and financial liabilities that are measured at fair value on a recurring 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):

Financial Assets	Fair Value		The Level of Fair Value	Evaluation Method and Inputs used	Significant Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
	June 30, 2023 (Reviewed)	December 31, 2022 (Audited)				
	JD	JD				
Financial Assets						
Financial assets at fair value through other comprehensive income:						
Bonds	92,151,131	130,951,882	Level 2	According to the best financial information available	N/A	N/A
Quoted Shares in active markets	14,513,253	11,409,151	Level 1	Quoted prices in financial markets	N/A	N/A
Unquoted Shares in active markets	2,899,565	2,899,316	Level 2	According to the best financial information available	N/A	N/A
Total	109,564,049	145,260,349				
Total Financial Assets at Fair Value	109,564,049	145,260,349				
Unrealized gains on financial assets	577,126	465,904	Level 2	According to the best financial information available	N/A	N/A
Financial liabilities						
Unrealized losses on financial derivatives	163,929	202,424	Level 2	According to the latest financial information available	N/A	N/A
Total liabilities at fair value	163,929	202,424				

There were no transfers between level 1 and level 2 during the period ended June 30, 2023 and December 31, 2022.

b. Fair value of financial assets and financial liabilities that are not measured at 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:

Financial Assets of Non-specified Fair Value	June 30, 2023		December 31, 2022		The level of Fair Value
	Book value JD	Fair value JD	Book value JD	Fair value JD	
Term and notice deposits and certificate of deposits at the Central Bank of Jordan	53,000,000	53,066,414	124,200,619	-	Level 2
Current accounts, and balances at Banks and Financial Institutions	143,269,442	882,829,517	86,004,488	907,797,619	Level 2
Direct credit facilities at amortized costs	860,892	302,929,212	169,483,870	1,157,052,724	Level 2
Other financial assets at amortized costs	199,518,892	202,929,212	1,150,023,855	-	Level 2
Total Financial Assets of Non-specified Fair Value	1,272,327,229	1,280,937,754	1,150,023,855	1,157,052,724	
Financial Liabilities of Non-specified Fair Value					
Bankers' and Financial Institutions' deposits	257,314,143	259,270,639	138,696,896	138,696,896	Level 2
Customer deposits	807,226,241	814,808,169	841,914,436	841,914,436	Level 2
Cash margin	48,193,756	48,195,907	50,294,894	50,294,894	Level 2
Borrowed funds	1,007,271,431	1,013,899,490	1,247,257,215	1,247,257,215	Level 2
Total Financial Liabilities of Non-specified Fair Value	1,114,005,571	1,223,664,205	1,155,663,441	1,155,663,441	

36. Approval on Consolidated Condensed Interim Financial Information

The consolidated condensed interim financial information was approved by the Bank's board of directors on July 16, 2023.