

ARAB JORDAN INVESTMENT BANK
(PUBLIC SHAREHOLDING COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(REVIEWED NOT AUDITED)

31 MARCH 2023



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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Arab Jordan Investment Bank (a public shareholding company) and its subsidiaries (the Bank) as of 31 March 2023, comprising the interim condensed consolidated statement of financial position as of 31 March 2023, interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three months period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 (Interim Financial Reporting). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

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

Amman – Jordan

27 April 2023

ERNST & YOUNG
Amman - Jordan

ARAB JORDAN INVESTMENT BANK
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 MARCH 2023

	Notes	31 March 2023	31 December 2022
		JD	JD
		(Reviewed not audited)	(Audited)
<u>Assets</u>			
Cash and balances at Central Bank of Jordan	5	104,181,279	341,688,653
Balances at banks and financial institutions- net	6	196,887,069	303,959,667
Deposits at banks and financial institutions- net	7	1,932,068	5,809,910
Financial assets at fair value through profit or loss	8	146,551	663,897
Financial assets at fair value through other comprehensive income	9	33,569,825	33,009,788
Direct credit facilities - net	10	826,393,512	814,141,864
Financial assets at amortized cost - net	11	708,610,951	769,041,525
Investment in associate company	12	18,757,427	17,950,200
Property and equipment – net		74,020,034	74,107,186
Intangible assets - net		1,375,219	1,475,026
Right of use assets		2,728,767	2,724,869
Deferred tax assets		3,320,764	3,319,903
Other assets		34,271,133	46,544,450
Total Assets		2,006,194,599	2,414,436,938
<u>Liabilities and Equity</u>			
Liabilities:			
Banks and financial institutions' deposits		284,863,910	452,475,145
Customers' deposits		1,359,872,642	1,334,561,881
Borrowed money from the Central Bank of Jordan	14	47,789,887	286,415,742
Cash margins		52,523,856	48,439,510
Sundry provisions		945,105	924,050
Income tax provision	15-A	8,271,944	9,380,725
Lease liabilities		2,561,542	2,451,070
Other liabilities		25,739,801	46,562,437
Total Liabilities		1,782,568,687	2,181,210,560
Equity:			
Equity attributable to Bank's shareholders			
Paid-in capital	1	150,000,000	150,000,000
Statutory reserve	23	39,904,555	39,903,516
Foreign currency translation adjustments		(3,756,567)	(4,171,605)
Fair value reserve – net		2,728,986	2,133,996
Retained earnings		11,176,714	26,177,753
Profit for Period attributable to the Bank's shareholders		5,347,444	-
Total Equity attributable to the Bank's shareholders		205,401,132	214,043,660
Non – controlling interest		18,224,780	19,182,718
Total Equity		223,625,912	233,226,378
Total Liabilities and shareholders' Equity		2,006,194,599	2,414,436,938

The accompanying notes from 1 to 25 are part of these interim condensed consolidated financial statements and should be read with them

ARAB JORDAN INVESTMENT BANK
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2023 (REVIEWED NOT AUDITED)

	Notes	For the three months ended 31 March	
		2023	2022
		JD	JD
Revenues			
Interest income		29,565,946	21,976,619
Interest expense		(16,043,038)	(8,962,122)
Net interest income		13,522,908	13,014,497
Net commissions income		1,674,091	1,503,810
Net interest and commissions income		15,196,999	14,518,307
Foreign currencies gain		924,209	978,131
Gain(Loss) from financial assets at fair value through profit or loss	16	25,844	(277,720)
Cash dividends from financial assets at fair value through other comprehensive income	9	55,875	44,700
Other revenues		1,893,621	446,252
Total Income		18,096,548	15,709,670
Expenses			
Employees expenses		4,543,480	4,247,524
Depreciation and amortization		1,169,226	1,115,700
Other expenses		3,776,736	3,198,511
Provision for expected credit loss for the period	17	1,924,660	510,000
Sundry provisions		21,444	49,077
Total Expenses		11,435,546	9,120,812
Bank's share of profit of an associate company	12	357,236	93,314
Profit for the period before income tax		7,018,238	6,682,172
Income tax	15-B	(1,210,732)	(2,540,111)
Profit for the Period		5,807,506	4,142,061
Attributable to:			
Bank's Shareholders		5,347,444	3,800,930
Non – controlling interests		460,062	341,131
		5,807,506	4,142,061
		<u>JD / Share</u>	<u>JD / Share</u>
Basic and diluted earnings per share for the period (Bank's shareholders)	18	0.036	0.025

The accompanying notes from 1 to 25 are part of these interim condensed consolidated financial statements and should be read with them

ARAB JORDAN INVESTMENT BANK
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2023 (REVIEWED NOT AUDITED)

	Note	For the Three Months Ended 31 March	
		2023	2022
		JD	JD
Profit for the period		5,807,506	4,142,061
<u>Other comprehensive income items:</u>			
Other comprehensive income items which may be reclassified to profit or loss in future periods:			
Foreign currency translation adjustments – Associate company	12	415,038	(601,065)
Other comprehensive income items which will not be reclassified to profit or loss in future periods:			
Change in fair value of financial assets at fair value through other comprehensive income after tax		594,990	1,778,031
Total other comprehensive income items for the period after tax		1,010,028	1,176,966
Total comprehensive income for the period		6,817,534	5,319,027
<u>Total Comprehensive Income Attributable to:</u>			
Bank's shareholders		6,357,472	4,977,896
Non - controlling interests		460,062	341,131
		6,817,534	5,319,027

The accompanying notes from 1 to 25 are part of these interim condensed consolidated financial statements and should be read with them

**ARAB JORDAN INVESTMENT BANK
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2023 (REVIEWED NOT AUDITED)**

	Reserves										Total Equity						
	Paid-in Capital		Statutory Reserve		Foreign Currency Translation Adjustments		Fair Value Reserve - Net		Retained Earnings*			Profits for Period attributable to the Bank's shareholders		Total Equity attributable to the bank's shareholders		Non - Controlling Interests	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD		JD	JD	JD	JD	JD	JD
For the three months ended 31 March 2023																	
Balance at the beginning of the period	150,000,000	39,903,516	(4,171,605)	2,133,996	26,177,753	-	5,347,444	214,043,660	19,182,718	233,226,378							
Total comprehensive income for the period	-	-	415,038	594,990	-	(1,039)	-	6,357,472	460,062	6,817,534							
Transfer to statutory reserve	-	1,039	-	-	-	-	-	-	-	-							
Dividend distributed to shareholders**	-	-	-	-	(15,000,000)	-	-	(15,000,000)	-	(15,000,000)							
Change in non-controlling interests	-	-	-	-	-	-	-	-	(1,418,000)	(1,418,000)							
Balance at the end of the period	150,000,000	39,904,555	(3,756,567)	2,728,986	11,176,714	-	5,347,444	205,401,132	18,224,780	223,625,912							
For the three months ended 31 March 2022																	
Balance at the beginning of the period	150,000,000	37,231,966	(2,384,872)	(973,193)	26,204,376	-	3,800,930	210,078,277	18,823,837	228,902,114							
Total comprehensive income for the period	-	-	(601,065)	1,778,031	-	-	-	4,977,896	341,131	5,319,027							
Change in non-controlling interests	-	-	-	-	-	-	-	-	(1,063,500)	(1,063,500)							
Balance at the end of the period	150,000,000	37,231,966	(2,985,937)	804,838	26,204,376	-	3,800,930	215,056,173	18,101,468	233,157,641							

In accordance with monitoring authorities instructions:

* Retained earnings include a restricted amount of JD 3,320,764 against deferred tax benefits as of 31 March 2023, this restricted amount cannot be utilized through capitalization or distribution unless actually realized.

** According to the resolution of the bank's General Assembly meeting held on 21 March 2023 it was approved to distribute 10% of the Bank's capital as cash dividends to the shareholders which is equivalent to JD 15 million.

The accompanying notes from 1 to 25 are part of these interim condensed consolidated financial statements and should be read with them

**ARAB JORDAN INVESTMENT BANK
(PUBLIC SHAREHOLDING COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2023 (REVIEWED NOT AUDITED)**

Notes	For the three Months Ended 31 March	
	2023	2022
	JD	JD
<u>Operating activities</u>		
	7,018,238	6,682,172
Non – cash adjustments for:		
	1,169,226	1,115,700
17	1,924,660	510,000
9	(55,875)	(44,700)
16	69,378	261,921
	21,444	19,077
	556	(7,044)
	30,528	23,720
12	(357,236)	(93,314)
	-	30,000
	(16,841)	(11,727)
	9,804,078	8,485,805
Changes in assets and liabilities:		
	3,877,842	(31,855,797)
	447,968	503,131
	(14,176,308)	(8,873,027)
	12,273,317	1,318,375
	(17,725,000)	4,254,000
	25,310,761	31,441,416
	4,084,346	5,309,849
	(23,072,603)	(20,191,005)
	(8,979,677)	(18,093,058)
	824,401	(9,607,253)
	(2,320,374)	(2,153,001)
	(389)	(76,031)
	(1,496,362)	(11,836,285)
<u>Investing activities</u>		
	60,430,574	3,934,834
	55,875	44,700
	(711,483)	(552,264)
	-	14,003
	(65,249)	(133,672)
	59,709,717	3,307,601
<u>Financing activities</u>		
	(1,418,000)	(1,063,500)
	(238,625,855)	(112,082,236)
	(12,750,033)	(3,654)
	(130,045)	(144,546)
	(252,923,933)	(113,293,936)
	(194,710,578)	(121,822,620)
	16,841	11,727
	215,258,174	52,749,589
	20,564,437	(69,061,304)

The accompanying notes from 1 to 25 are part of these interim condensed consolidated financial statements and should be read with them

1 GENERAL

The Arab Jordan Investment Bank is a public shareholding company with headquarter in Amman – Jordan, On 2 February 1978 it was registered according to the Companies Law and related subsequent amendments the last of which was amendment No. (22) for the year 1997. The Bank's authorized and paid-in capital was increased gradually the last of which was during the year 2014 to become JD 150 million at a par value of JD 1 each per share.

The Bank is engaged in all commercial banking and financing activities through its (36) branches and offices in Jordan and (1) branch in Cyprus and its subsidiaries in Qatar and Jordan (Arab Jordan Investment Bank - (Qatar) LLC and the United Arab Jordan Company for Investment and Financial Brokerage and Al- Kawthar for Financial Leasing).

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

The Interim condensed consolidated financial statements have been approved by the Board of Directors of the Bank on 25 April 2023

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the interim condensed consolidated financial statements

The accompanying interim condensed consolidated financial statements for the Bank and its subsidiaries "the Bank" have been prepared in accordance with the International Accounting Standard IAS 34 "Interim Financial Reporting".

The interim condensed consolidated financial statements are prepared on the historical cost basis except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income and financial derivatives which have been measured at fair value at the date of the interim condensed consolidated financial statements.

The interim condensed consolidated financial statements are presented in Jordanian Dinar (JD) which is the functional currency of the Bank.

The accompanying interim condensed consolidated financial statements do not include all the information and disclosures to the financial statements required in the annual financial statements, which are prepared in accordance with International Financial Reporting Standards. Moreover, the results of the Bank's operations for the three-month period ended on 31 March 2023 do not necessarily represent indications of the expected results for the year ending 31 December 2023. Therefore, these interim condensed consolidated financial statements should be read with the Bank's annual report for the year ended 31 December 2022 and it does not contain the appropriation of profit on for the three months period ended at 31 March 2023, which is usually performed at the year end.

**ARAB JORDAN INVESTMENT BANK
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2023 (REVIEWED NOT AUDITED)**

Basis of Consolidation of the Interim Condensed Financial Statements

The interim condensed consolidated financial statements comprise of the financial statements of the Bank and the subsidiaries controlled by it. Control is achieved when the Bank is capable of managing the main activities of its subsidiaries and is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. All transactions, balances, revenues, and expenses between the bank and the subsidiaries are eliminated.

The financial statements of the subsidiaries are prepared for the same reporting period as of the Bank, using consistent accounting policies, If the subsidiaries have a different accounting policy than the Bank, necessary adjustments will be reflected to match the Bank's accounting policies.

As of 31 March 2023, the Bank owns the following subsidiaries:

<u>Company's Name</u>	<u>Paid-in Capital</u>	<u>Ownership Percentage</u>	<u>Industry</u>	<u>Location</u>	<u>Acquisition Date</u>
	JD				
United Arab Jordan Company for Investment and Financial Brokerage	2,500,000	100%	Financial brokerage	Jordan	5 February 2003
Arab Jordan Investment Bank/Qatar	35,450,000	50% and two shares	Banking	Qatar	5 December 2005
Al-Kawthar for Financial Leasing	4,000,000	100%	Financial leasing	Jordan	8 February 2022

The subsidiaries financial results are consolidated in the interim condensed consolidated statement of income from the date of their acquisition, which is the date on which the control of the bank on the subsidiary takes place. In addition, the financial results of the disposed subsidiaries are consolidated in the interim condensed consolidated income statement up to the date of the disposal, which is the date on which the bank loses control over the subsidiary.

Non- controlling interests represent the portion that is not owned by the Bank on the owner's equity in the company subsidiaries

3 Changes in accounting policies

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2022 except for the adoption of new amendments on the standards effective as of 1 January 2023 shown below:

IFRS (17) Insurance Contracts

In May 2017, the IASB issued IFRS (17) Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS (17) will replace IFRS (4) Insurance Contracts (IFRS 4) which was issued in 2005. IFRS (17) applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS (17) is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS (4), which are largely based on grandfathering previous local accounting policies, IFRS (17) provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS (17) is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach),
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS (17) has been applied retrospectively on 1 January 2023. Early application is permitted, provided the entity also applies IFRS (9) and IFRS (15) on or before the date it first applies IFRS (17).

This standard is not applicable to the Bank.

Definition of Accounting Estimates - Amendments to IAS (8)

In February 2021, the IASB issued amendments to IAS (8), in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective from 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments had no material impact on the Bank.

Disclosure of Accounting Policies - Amendments to IAS (1) and IFRS Practice Statement (2)

In February 2021, the IASB issued amendments to IAS (1) and IFRS Practice Statement (2) Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments are effective from 1 January 2023, and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments had no material impact on the Bank.

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

In May 2021, the Board issued amendments to IAS (12), which narrow the scope of the initial recognition exception under IAS (12), so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied 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 presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The amendments are effective from 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments had no material impact on the Bank.

4 SIGNIFICANT JUDGMENTS AND ESTIMATES USED

USE OF JUDGMENTS AND ESTIMATES:

The preparation of the interim condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions as well as fair value changes reported in equity. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

The management believes that their estimates are reasonable and are as follows:

A. EXPECTED CREDIT LOSSES FOR FINANCIAL INSTRUMENTS AT AMORTIZED COST:

In determining provision for expected credit losses for direct credit facilities, important judgement is required from the Bank's management in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL. The following are the most important judgments used:

- **Assessment of Significant Increase in Credit Risk:**

The assessment of a significant increase in credit risk is performed on a relative basis. To assess whether the credit risk on a financial asset has increased significantly since origination, the Bank compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Bank's existing risk management processes. This assessment is used to classify customers and portfolios to credit stages, which are, stage 1 (low risk), stage 2 (acceptable risk) and stage 3 (high risk).

- **Macroeconomic Factors, Forward Looking Information (FLI) and Multiple Scenarios:**

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information will require significant judgment from the Bank's management.

PD, Loss Given Default (LGD) and Exposure At Default (EAD) inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio. Each macroeconomic scenario used in our expected credit losses calculation will have forecasts of the relevant macroeconomic variables.

Each of the macroeconomic scenarios used in calculating the expected credit losses is associated with variable macroeconomic factors. In our estimates used in calculating the expected credit losses for stage 1 and stage 2 using discounted weighted scenarios, which include future macroeconomic information for the next three years.

- The Bank uses the following macroeconomic indicators when performing futuristic forecasts for the countries that it operates in:
 - 1- Gross Domestic Product
 - 2- Unemployment rate
 - 3- Stock market index price
 - 4- Oil prices
- The bank uses three scenarios to reach a probable value when to estimate the expected credit losses as follows:
 - 1- Main scenario (Baseline) weighted 40%
 - 2- Best scenario (Optimistic S1) weighted 30%
 - 3- Worst case scenario 1 (Pessimistic S3) weighted 30%

These scenarios are extracted from Data Buffet system of Moodys in 14 historical values format and 20 future estimated value (Forecasted) for all the previously mentioned macroeconomic indicators.

The probable options are estimated according to the best approximation related to the historical probability and current affairs. The probable scenarios are evaluated every three months. All scenarios are implemented to all the wallets that are subject to expected credit losses.

- **Definition of default:**

The definition of default used in the measurement of expected credit losses and the assessment to determine movement between stages is consistent with the definition of default used for internal credit risk management purposes. IFRS 9 does not define default, but contains a rebuttable presumption that default has occurred when an exposure is greater than 90 days past due.

- **Exposure at default:**

When measuring ECL, the Bank must consider the maximum contractual period over which the Bank is exposed to credit risk. All contractual terms should be considered when determining the expected life, including prepayment options and extension and rollover options. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Bank is exposed to credit risk and where the credit losses would not be mitigated by management.

B. INCOME TAX

Income tax expenses represent accrued taxes and deferred taxes.

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

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

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

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

C. FAIR VALUE

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

- Comparison with the fair value of another financial asset with similar terms and conditions.
- Analysis of the present value of expected future cash flows for similar instruments.
- Adoption of the option pricing models.

- Evaluation of long-term assets and liabilities that bear no interest through discounting cash flows and amortizing premium/discount using the effective interest rate method within interest revenue/expense in the consolidated statement of income.

**ARAB JORDAN INVESTMENT BANK
(PUBLIC SHAREHOLDING COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2023 (REVIEWED NOT AUDITED)**

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

5 CASH AND BALANCES AT CENTRAL BANK OF JORDAN

The statutory cash reserve amounted to JD 69,418,432 as of 31 March 2023 (JD 69,533,434 as of 31 December 2022).

Except for the cash reserve, there are no restricted balances as of 31 March 2023 and 31 December 2022.

There are no certificates of deposit maturing within a period exceeding three months as of 31 March 2023 and 31 December 2022.

6 BALANCES AT BANKS AND FINANCIAL INSTITUTIONS - NET

The item consists of the following:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022	31 March 2023	31 December 2022
	JD (Reviewed not audited)	JD (Audited)	JD (Reviewed not audited)	JD (Audited)	JD (Reviewed not audited)	JD (Audited)
Current and call accounts	831,794	687,636	30,472,471	91,898,411	31,304,265	92,586,047
Deposits maturing within 3 months or less	4,000,000	10,000,000	161,688,803	201,479,619	165,688,803	211,479,619
	4,831,794	10,687,636	192,161,274	293,378,030	196,993,068	304,065,666
<u>Deduct:</u> Expected credit losses	-	-	(105,999)	(105,999)	(105,999)	(105,999)
Total	<u>4,831,794</u>	<u>10,687,636</u>	<u>192,055,275</u>	<u>293,272,031</u>	<u>196,887,069</u>	<u>303,959,667</u>

- The balances at banks and financial institutions that bears no interest amounted to JD 31,304,265 as of 31 March 2023 (JD 92,586,047 as of 31 December 2022).
- There are no restricted balances at banks and financial institutions as of 31 March 2023 and 31 December 2022.

ARAB JORDAN INVESTMENT BANK
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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- Balances at banks and financial institutions' classification based on the Bank's internal credit rating.

	31 March 2023				31 December 2022
	Stage 1	Stage 2	Stage 3	Total	Total
	Individual	Individual	Individual	JD	JD
Credit rating categories based on banks internal system	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)	(Audited)
Low risk (2-6)	178,882,429	-	-	178,882,429	290,462,148
Acceptable risk (7)	-	18,110,639	-	18,110,639	13,603,518
High risk (8-10)	-	-	-	-	-
Total	178,882,429	18,110,639	-	196,993,068	304,065,666

- The probability of low risks default ranges from 0% - 1.14% compared to 0% - 1.42% from the previous year.
- The probability of acceptable risks default ranges from 0% - 0.98% versus 0% - 1.26% from the previous year

The movement on balances at banks and financial institutions as of 31 March 2023 is as follows:

	31 March 2023				31 December 2022
	Stage 1	Stage 2	Stage 3	Total	Total
	Individual	Individual	Individual	JD	JD
	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)	(Audited)
Total balances at the beginning of period/ year	290,462,148	13,603,518	-	304,065,666	261,711,596
New balances	98,203,857	4,507,121	-	102,710,978	165,214,749
Paid balances	(209,783,576)	-	-	(209,783,576)	(122,860,679)
Total balances at the end of period/ year	178,882,429	18,110,639	-	196,993,068	304,065,666

7 DEPOSITS AT BANKS AND FINANCIAL INSTITUTIONS- NET

This item consists of the following:

<u>Description</u>	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022	31 March 2023	31 December 2022
	JD	JD	JD	JD	JD	JD
	(Reviewed not audited)	(Audited)	(Reviewed not audited)	(Audited)	(Reviewed not audited)	(Audited)
Deposits maturing within 3-6 months	-	-	1,944,718	5,822,560	1,944,718	5,822,560
	-	-	1,944,718	5,822,560	1,944,718	5,822,560
Less: Expected credit losses	-	-	(12,650)	(12,650)	(12,650)	(12,650)
Total	-	-	1,932,068	5,809,910	1,932,068	5,809,910

There are no restricted deposits as of 31 March 2023 and 31 December 2022.

There are no restricted balances at banks and financial institutions as of 31 March 2023 and 31 December 2022.

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Distribution of deposits at banks and financial institutions according to the Bank's internal credit rating:

	31 March 2023				31 December 2022
	Stage 1 individual	Stage 2 individual	Stage 3 individual	Total	Total
	JD (Reviewed not audited)	JD (Reviewed not audited)	JD (Reviewed not audited)	JD (Reviewed not audited)	JD (Audited)
Credit rating categories based on Bank's internal system					
Low risk (2-6)	-	-	-	-	-
Acceptable risk (7)	-	1,944,718	-	1,944,718	5,822,560
High risk (8-10)	-	-	-	-	-
Total	-	1,944,718	-	1,944,718	5,822,560

- The probability of low risks default ranges from 0% – 0.38% compared to 1.26% from the previous year.

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

	31 March 2023				31 December 2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD (Reviewed not audited)	JD (Reviewed not audited)	JD (Reviewed not audited)	JD (Reviewed not audited)	JD (Audited)
Total balances as of the beginning of period/ year	-	5,822,560	-	5,822,560	-
New balances	-	1,944,718	-	1,944,718	5,822,560
Paid balances	-	(5,822,560)	-	(5,822,560)	-
Total balances as of the ending of period/ year	-	1,944,718	-	1,944,718	5,822,560

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The item consists of the following:

	31 March 2023	31 December 2022
	JD (Reviewed not audited)	JD (Audited)
Listed stocks in active markets	146,551	663,897

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9 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 March 2023	31 December 2022
	JD (Reviewed not audited)	JD (Audited)
Quoted financial assets:		
Corporate shares	17,895,271	17,335,234
Total quoted financial assets	<u>17,895,271</u>	<u>17,335,234</u>
Unquoted financial assets:		
Corporate shares	15,674,554	15,674,554
Total unquoted financial assets	<u>15,674,554</u>	<u>15,674,554</u>
Total	<u>33,569,825</u>	<u>33,009,788</u>

The cash dividends on investments above amounted to JD 55,875 for the period ending 31 March 2023 (JD 44,700 as of 31 March 2022).

10 DIRECT CREDIT FACILITIES – NET

This item consists of the following:

	31 March 2023	31 December 2022
	JD (Reviewed not audited)	JD (Audited)
Individuals (Retail)		
Loans *	241,140,545	228,922,366
Credit cards	6,098,689	6,415,799
Housing loans	129,527,880	129,815,573
Large companies		
Loans *	267,026,577	267,242,333
Overdraft	79,262,085	76,867,171
Small and medium enterprises		
Loans *	36,056,472	35,204,825
Overdraft	13,557,268	13,697,887
Government & public sector	71,981,237	72,284,441
Total	<u>844,650,753</u>	<u>830,450,395</u>
<u>Less: provision for expected credit losses</u>	(15,443,218)	(13,820,415)
<u>Less: suspended interest</u>	(2,814,023)	(2,488,116)
Net direct credit facilities	<u>826,393,512</u>	<u>814,141,864</u>

* Net after deducting interests and commission received in advance.

Non-performing credit facilities amounted to JD 11,391,034 representing 1.35% of total direct credit facilities balance as of 31 March 2023 (JD 9,519,530 representing 1.15% of direct credit facilities as of 31 December 2022).

Non-performing credit facilities net of interest in suspense amounted to JD 9,726,542 representing 1.16% of direct credit facilities balance net of interest in suspense as of 31 March

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2023 (JD 8,626,343 representing 1.04% of direct credit facilities net of interest in suspense as of 31 December 2022).

Credit facilities granted to and guaranteed by the Jordanian Government amounted to JD 82,183,923 representing 9.73% of total direct credit facilities as of 31 March 2023 (JD 83,222,561 representing 10.02% of total direct credit facilities as of 31 December 2022).

The Bank's internal credit rating for gross credit facilities:

Item	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)
31 March 2023				
Low risk (2-6)	709,695,132	-	-	709,695,132
Acceptable risk (7)	-	123,564,587	-	123,564,587
High risk (8-10)	-	-	11,391,034	11,391,034
Balance as of 31 March 2023	<u>709,695,132</u>	<u>123,564,587</u>	<u>11,391,034</u>	<u>844,650,753</u>

The movement on gross credit facilities

Item	31 March 2023 (Reviewed not audited)			
	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Balance as of 31 December 2022 (Audited)	719,949,733	100,981,132	9,519,530	830,450,395
New balances during the period	25,401,887	1,256,371	-	26,658,258
Paid balances	(9,591,615)	(2,704,965)	(221,813)	(12,518,393)
Transferred to stage 1	1,281,861	(916,004)	(365,857)	-
Transferred to stage 2	(27,455,037)	26,927,579	527,458	-
Transferred to stage 3	(127,664)	(1,109,522)	1,237,186	-
Net effect resulted by changes on categories of stages	235,967	(325,857)	694,530	604,640
Changes resulted by adjustments	-	-	-	-
Transferred to off balance sheet	-	-	-	-
Written off balances	-	(544,147)	-	(544,147)
Adjustments result from foreign exchange	-	-	-	-
Balance as of 31 March 2023 (Reviewed not audited)	<u>709,695,132</u>	<u>123,564,587</u>	<u>11,391,034</u>	<u>844,650,753</u>

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Expected credit losses of direct credit facilities:

Below is the movement on the provision for expected credit losses of direct credit facilities:

Item	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
For the three months ended 31 March 2023				
(Reviewed not audited)				
Balance as of 31 December 2022 (Audited)	5,996,890	4,714,830	3,108,695	13,820,415
Expected credit losses for new balances during period	201,240	1,705,637	400,460	2,307,337
Expected credit losses on paid balances	(63,494)	(215,637)	(225,637)	(504,768)
Transferred to stage 1	63,512	(88,637)	25,125	-
Transferred to stage 2	(20,358)	175,156	(154,798)	-
Transferred to stage 3	(191,301)	(155,009)	346,310	-
Net effect on expected credit losses resulted by changes on categories of stages	125,637	21,463	145,363	292,463
Changes resulted by adjustments off balance-sheet transfers	(725,634)	648,772	(93,510)	(170,372)
Written off balances	-	(544,147)	-	(544,147)
Adjustments result from foreign exchange	-	-	-	-
Balance as of 31 March 2023 (Reviewed not Audited)	<u>5,386,492</u>	<u>6,262,428</u>	<u>3,794,298</u>	<u>15,443,218</u>

The provisions requiring settlements or debt repayments amounted to JD 504,768 as at 31 March 2023 (JD 2,013,176 as at 31 December 2022).

Interest in suspense:

The following is the movement on the interest in suspense:

	Individual	Housing loans	Large companies	Small and medium enterprises	Government and Public Sector	Total
	JD	JD	JD	JD	JD	JD
For the three months ended 31 March 2023						
(Reviewed not audited)						
<u>Balance at the beginning of the period</u>	785,065	1,109,703	-	593,348	-	2,488,116
<u>Add:</u> Interest suspended during the period	256,857	130,210	-	45,637	-	432,704
<u>Less:</u> Interest in suspense transferred to revenues	(79,313)	(27,484)	-	-	-	(106,797)
<u>Less:</u> Interest in suspense transferred to off – balance sheet accounts	-	-	-	-	-	-
<u>Less:</u> Transfers	-	-	-	-	-	-
Balance at the end of period	<u>962,609</u>	<u>1,212,429</u>	<u>-</u>	<u>638,985</u>	<u>-</u>	<u>2,814,023</u>
For the year ended 31 December 2022						
(Audited)						
<u>Balance at the beginning of the period</u>	1,009,191	1,402,234	35,116	778,072	-	3,224,613
<u>Add:</u> Interest suspended during the year	598,325	183,657	-	229,393	-	1,011,375
<u>Less:</u> Interest in suspense transferred to revenues	(177,060)	(354,741)	-	(58,955)	-	(590,756)
<u>Less:</u> Interest in suspense transferred to off –balance sheet accounts	(645,391)	(121,447)	(35,116)	(355,162)	-	(1,157,116)
<u>Less:</u> Interest in suspense written off	-	-	-	-	-	-
Balance at the end of year	<u>785,065</u>	<u>1,109,703</u>	<u>-</u>	<u>593,348</u>	<u>-</u>	<u>2,488,116</u>

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11 FINANCIAL ASSETS AT AMORTIZED COST - NET

This item consists of the following:

	31 March 2023	31 December 2022
	JD (Reviewed not Audited)	JD (Audited)
Quoted financial assets		
Foreign government bonds	1,477,357	1,480,982
Companies bonds	6,509,342	9,464,460
Total quoted financial assets	<u>7,986,699</u>	<u>10,945,442</u>
Unquoted financial assets		
Governmental bonds and with their guarantee	699,698,315	759,170,146
Companies bonds	1,320,000	1,320,000
Total unquoted financial assets	<u>701,018,315</u>	<u>760,490,146</u>
	<u>709,005,014</u>	<u>771,435,588</u>
Less: Expected credit losses	(394,063)	(2,394,063)
Total	<u>708,610,951</u>	<u>769,041,525</u>

*Financial assets at amortized cost classification based on the Bank's internal credit rating:

	31 March 2023				31 December 2022
	Stage 1 individual	Stage 2 individual	Stage 3 individual	Total	Total
	JD (Reviewed not Audited)	JD (Reviewed not Audited)	JD (Reviewed not Audited)	JD (Reviewed not Audited)	JD (Audited)
Credit rating categories based on Bank's internal system					
Low risk (2-6)	708,685,014	-	-	708,685,014	768,841,683
Acceptable risk (7)	-	-	-	-	2,273,905
High risk (8-10)	-	-	320,000	320,000	320,000
Total	<u>708,685,014</u>	<u>-</u>	<u>320,000</u>	<u>709,005,014</u>	<u>771,435,588</u>

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The movement on the financial assets at amortized cost for the period ended at 31 March 2023 is as follows:

	31 March 2023			
	Stage 1	Stage 2	Stage 3	Total
	individual	individual	individual	
	JD	JD	JD	JD
	(Reviewed not Audited)	(Reviewed not Audited)	(Reviewed not Audited)	(Reviewed not Audited)
Total balance as of 31 December 2022 (Audited)	768,841,683	2,273,905	320,000	771,435,588
New balances during the period	31,726,410	-	-	31,726,410
Paid balances	(91,883,079)	(1,814,678)	-	(93,697,757)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Translation differences	-	66,114	-	66,114
Written off balances	-	(525,341)	-	(525,341)
Total balance as of 31 March 2023 (Reviewed not audited)	708,685,014	-	320,000	709,005,014

12 INVESTMENT IN ASSOCIATE COMPANY

The following is the movement on the investment in associate company:

	For the three	For the year ended
	months ended 31	31 December
	March 2023	2022
	JD	JD
	(Reviewed not audited)	(Audited)
Balance at the beginning of the period/ year	17,950,200	22,169,467
The Bank's share in the associate company's profit	357,236	709,931
Foreign currency translation adjustments	415,038	(2,289,741)
Dividends	-	(2,639,457)
Fair value reserve	34,953	-
Balance at the end of the period/ year	18,757,427	17,950,200

The Bank's investment represents the Bank share of Jordan International Bank (United Kingdom) with a contribution of 25% of the capital which amounted to 65,000,000 GBP. The Bank's share of the associate's profit is calculated according to the latest unaudited financial statements available as of 31 March 2023, with the Bank contribution in the capital of 25%.

The bank's right in voting of general assembly decisions is according to percentage of the ownership in the investment.

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13 Cash and Cash Equivalents

	For the three months ended 31 March	
	2023	2022
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Cash and Balances at the Central Banks maturing within three months	104,181,279	117,343,668
<u>Add:</u> Balances at banks and financial Institutions maturing within three months.	196,993,068	194,769,274
<u>Less:</u> Banks and financial institutions deposits maturing within three months.	(280,609,910)	(381,174,246)
	<u>20,564,437</u>	<u>(69,061,304)</u>

14 Borrowed Money from the Central Bank of Jordan

This item represents a repurchase agreement between the Central Bank of Jordan and Arab Jordan Investment Bank; through which the Bank sold treasury bonds and treasury bills to the Central Bank of Jordan, with a commitment to repurchase these treasury bonds and treasury bills at the maturity date of the agreement noting that these bonds mature within a period of a month or less, and payable in cash. The bank continues to recognize these bonds in the financial statements due to the continuous ownership of them. The borrowings represent advances to finance the operational activities of small enterprises and companies affected by the Coronavirus through the Central Bank.

15 Income Tax

A- Income tax provision

The movement on the income tax provision is as follows:

	For the three months ended 31 March 2023	For the year ended 31 December 2022
	JD	JD
	(Reviewed not audited)	(Audited)
Balance at the beginning of the period/ year	9,380,725	8,649,454
Income tax paid	(2,320,374)	(10,179,076)
Accrued income tax	1,211,593	10,910,347
Balance at the end of the period/ year	<u>8,271,944</u>	<u>9,380,725</u>

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B- Income tax in the interim condensed consolidated income statement represents the following:

	For the three months ended 31 March	
	2023	2022
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Accrued income tax for the period	1,211,593	2,532,403
Deferred tax assets for the period	(861)	7,708
Total	1,210,732	2,540,111

Income tax for the bank in Jordan was calculated in accordance with income tax law No.38 for the year 2018, that came into effect as of 01 January 2019. The income tax expense was calculated with a tax rate of 35% plus 3% national contribution charge.

The legal tax rate on the Bank's branch in Cyprus is 12.5% and the subsidiary in Qatar is 10% and the income rate for United Arab Jordan Company for Investment and Financial Brokerage subsidiary operating in Jordan is 24% and national contribution tax at 4% and the income tax rate for Al-Kawther Company for Financial Leasing subsidiary operating in Jordan is 24% and national contribution at 4%.

Deferred tax assets are calculated at 38% on provision for expected credit losses, end of service provision and other provisions as of 31 March 2023, where the management believes that the deferred taxes are due in future periods.

C- Tax Status

The Bank has reached a final settlement with the Income and Sales Tax Department for all years up to 2020 and no additional tax obligations for that year will result.

The Bank's assessment for 2021 and 2022 was submitted and the declared taxes were not yet reviewed by the income tax and sales department.

United Arab Jordan Company for Investment and Financial Brokerage (Subsidiary) has reached a final settlement with the Income and Sales Tax Department in Jordan up to the year 2017, In addition the company has submitted its tax returns for the year 2018, 2019, 2020 and 2021 which haven't been audited by the Income Tax and Sales Department until the date of the interim condensed consolidated financial statements.

A settlement with the tax department has been reached for the bank's branch in Qatar for the year of 2021.

A settlement with the tax department has been reached for the bank's branch in Cyprus for the year of 2021.

The Bank has booked a provision against any expected tax liabilities for the period ended 31 March 2023 and the above-mentioned years, In the opinion of the bank's management and its tax consultant the income tax provision booked in the interim condensed consolidated financial statements is sufficient to cover any future tax liabilities that may arise.

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16 GAIN(LOSS) FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This item consists of the following:

	Realized gain (loss)	Unrealized loss	Total
	JD	JD	JD
For the three months ended 31 March 2023 (Reviewed not audited)			
Companies' shares	95,222	(69,378)	25,844
Total	95,222	(69,378)	25,844
For the three months ended 31 March 2022 (Reviewed not audited)			
Companies' shares	(15,799)	(261,921)	(277,720)
Total	(15,799)	(261,921)	(277,720)

17 PROVISION FOR EXPECTED CREDIT LOSSES FOR THE PERIOD

This item consists of the following:

	For the three months ended 31 March	
	2023	2022
	JD	JD
	(Reviewed Not Audited)	(Reviewed Not Audited)
Direct credit facilities	1,924,660	150,000
Financial assets at amortized cost	-	360,000
Total	1,924,660	510,000

18 BASIC AND DILUTED EARNINGS PER SHARE FOR THE PERIOD (BANK'S SHAREHOLDERS)

This item consists of the following:

	For the three months ended 31 March	
	2023	2022
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Profit for period attributable to the Bank's shareholders- JD	5,347,444	3,800,930
Weighted average number of shares - share	150,000,000	150,000,000
Basic and diluted earnings per share (Bank shareholders) JD/Share	0.036	0.025

The diluted earnings per share for the period is equivalent to the basic earnings per share for the period.

19 SEGMENT ANALYSIS

Information about the bank's business segments

- The Bank is organized for administrative purposes and divided into four main business segments:
 - 1- Individual accounts:
Includes customers deposits, housing loans, overdraft banking services, credit cards and transfers.
 - 2- Corporate and institutions accounts:
Include corporate transactions on loans credit facilities and deposits and the corporate customers' current accounts.
 - 3- Treasury:
Principally providing money market trading and treasury services as well as management of the Bank's funding operations through treasury bills government securities placements and acceptances with other banks and that is through treasury and banking services.
 - 4- Institutional Financing:
The activity of this sector is related to arrangements for the structure of financing and shares underwriting.

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	Total				For the Three Months Ended 31 March	
	Banking services Individuals JD In Thousands	Banking services Corporate JD In Thousands	Treasury JD In Thousands	Others JD In Thousands	2023 (Reviewed not audited)	2022 (Reviewed not audited)
Direct gross revenues	7,802	8,910	12,965	4,463	34,140	24,672
Investment in associate company	-	-	357	-	357	93
Provision for expected credit losses of direct credit facilities	(450)	(1,475)	-	-	(1,925)	(510)
Segment results	7,352	7,435	13,322	4,463	32,572	24,255
Undistributed expenses					(25,554)	(17,573)
Income before tax					7,018	6,682
Income tax expense					(1,211)	(2,540)
Net income for the period					5,807	4,142
Capital expenditures					777	686
Depreciation and amortization					1,169	1,116
					31 March 2023	31 December 2022
					JD (Reviewed not audited)	JD (Audited)
Segments' assets	312,922	513,572	1,045,228	-	1,871,722	2,268,316
Investment in associate company	-	-	18,757	-	18,757	17,950
Undistributed assets	-	-	-	115,716	115,716	128,171
Total segments' assets	312,922	513,572	1,063,985	115,716	2,006,195	2,414,437
Segments' liabilities	938,503	473,894	332,654	-	1,745,051	2,121,893
Undistributed liabilities	-	-	-	37,518	37,518	59,318
Total segments' liabilities	938,503	473,894	332,654	37,518	1,782,569	2,181,211

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20 RELATED PARTIES TRANSACTIONS

The following is a summary of the transactions with related parties during the period / year:

	Related party					Total	
	Subsidiaries	Board of	Executive	Associate	Other *	31 March	31 December
		Directors	Management	company		2023	2022
	JD	JD	JD	JD	JD	JD	
<u>Statement of Financial Position</u>							
<u>Items:</u>						(Reviewed not audited)	(Audited)
Total deposits for related parties	62,787,050	127,893,662	510,881	5,916,939	3,899,385	201,007,917	216,082,074
Total bank deposits with related parties	54,776,319	434,591	-	20,055,257	-	75,266,167	74,160,628
Loans and credit facilities granted to related parties	-	-	1,522,085	-	4,423,468	5,945,553	5,802,982
<u>Off balance sheet items</u>							
Letter of Credit and Guarantee	3,373,054	-	-	-	-	3,373,054	5,025,530
Managed accounts	7,177,137	-	-	-	-	7,177,137	7,892,290
						For the three months ended 31 March	
						2023	2022
<u>Statement of Income Items:</u>						JD	JD
						(Reviewed not audited)	(Reviewed not audited)
Credit interest and commission	325,653	-	18,247	181,751	56,676	582,327	133,604
Debit interest and commission	779,752	1,810,523	897	90,243	67,021	2,748,436	678,653

* This item represents employees' deposits and facilities for other than Board of Directors and the executive management.

- Balances, transactions, revenues, and expenses between the Bank and the subsidiaries are eliminated.
- All credit facilities granted to related parties are performing and consequently no related provisions have been booked.
- Interest expense rates ranges from 0% to 6.75% (including current accounts).
- Interest revenue rates ranges from 2% to 7%.

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The following is a summary of the benefits (salaries, remunerations and other benefits) of the executive management of the Bank:

	For the three months ended 31 March	
	2023 JD (Reviewed not audited)	2022 JD (Reviewed not audited)
Salaries, remunerations and other benefits	300,946	287,239
Travel and transportation expenses	8,184	630
	<u>309,130</u>	<u>287,869</u>

21 COMMITMENTS AND CONTINGENT LIABILITIES

The following represents liabilities that may arise at the date of the interim condensed consolidated financial statements.

	31 March 2023	31 December 2022
	JD (Reviewed not audited)	JD (Audited)
Letters of credit:		
Export	8,522,900	10,144,701
Import (backed)	520,491	747,867
Import (not backed)	12,840,755	16,052,788
Acceptance:		
Export / letter of credit	10,205,485	38,280,249
Export / policies	7,018,681	8,773,601
Import (not backed)	6,389,704	3,182,202
Letters of guarantee:		
Payments	35,569,031	33,609,434
Performance	26,996,882	26,481,835
Other	18,938,619	20,296,687
Forward contracts	33,072,846	35,734,847
Un-utilized direct credit facilities	173,427,094	188,287,373
Total	<u>333,502,488</u>	<u>381,591,584</u>

22 LAWSUITS AGAINST THE BANK

There are lawsuits filed against the bank to invalidate the bank's claims against third parties, release mortgages and claim damages, the total amount of lawsuits is JOD 4,476,730 as of 31 March 2023 (JD 4,578,818 as of 31 December 2022), the opinion of the management and the Bank's lawyer, the Bank will not incur any significant amount other than the provisioned amount of JD 390,687 as of 31 March 2023 (JD 390,687 as of 31 December 2022). Moreover, the amounts paid by the Bank against concluded or settled lawsuits are taken to the interim condensed consolidated income statement upon payment.

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23 STATUTORY RESERVE

The Bank did not deduct any statutory reserve in accordance with the Companies Laws and the Regulations issued, as these financial statements are interim statements and the deduction is made at the end of the year.

24 FAIR VALUE HIERARCHY

A- Fair value of financial assets and financial liabilities that are measured at fair value:

Some of the financial assets and financial liabilities are measured at fair value at the end of each reporting period, the following table gives information about how the fair value of these financial assets and financial liabilities are determined (valuation techniques and key inputs).

<u>Financial Assets / Financial Liabilities</u>	<u>Fair Value</u>		<u>Fair Value Hierarchy</u>	<u>Valuation techniques and key inputs</u>
	<u>31 March 2023</u>	<u>31 December 2022</u>		
	JD	JD		
Financial assets at fair value through profit or loss	(Reviewed not audited)	(Audited)		
Companies shares	146,551	663,897	Level 1	Quoted rates in financial markets
	146,551	663,897		
Financial assets at fair value through other comprehensive income				
Quoted shares	17,895,271	17,335,234	Level 1	Quoted rates in financial markets
Unquoted shares	15,674,554	15,674,554	Level 2	Compare to similar financial instruments
Total	33,569,825	33,009,788		

There were no transfers between level 1 and 2 during the three months period ended at 31 March 2023 and during the year ended 31 December 2022.

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B- Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis:

Except what is detailed in following table we believe that the carrying amounts of financial assets recognized in the company's financial statements approximate their fair values, due to that the bank's management believes that the item's book value is equal to the fair value which is due to its short term maturity or to the interest rates being revaluated during the period.

	31 March 2023		31 December 2022		Hierarchy
	Book value	Fair value	Book value	Fair value	
	JD	JD	JD	JD	
Financial assets not measured at fair value					
Balances at Central Banks	86,141,688	86,158,209	321,401,386	321,567,249	Level 2
Balances at banks and financial institutions	196,887,069	197,190,292	303,959,667	304,627,270	Level 2
Deposits at banks and financial institutions	1,932,068	1,935,355	5,809,910	5,857,163	Level 2
Loans and other bills	826,393,512	832,525,331	814,141,864	820,567,673	Level 2
Financial assets at amortized costs	708,610,951	715,878,181	769,041,525	780,752,339	Level 1 and 2
Total Financial assets not measured at fair value	<u>1,819,965,288</u>	<u>1,833,687,368</u>	<u>2,214,354,352</u>	<u>2,233,371,694</u>	
Financial liabilities not measured at fair value					
Banks and financial institution deposits	284,863,910	285,968,922	452,475,145	453,449,883	Level 2
Customer deposits	1,359,872,642	1,369,345,487	1,334,561,881	1,341,748,340	Level 2
Borrowed money from Central Bank of Jordan	47,789,887	47,789,887	286,415,742	286,415,742	Level 2
Cash Margins	52,523,856	52,813,081	48,439,510	48,686,125	Level 2
Total Financial Liabilities not measured at fair value	<u>1,745,050,295</u>	<u>1,755,917,377</u>	<u>2,121,892,278</u>	<u>2,130,300,090</u>	

The fair values of the financial assets and liabilities included in level 1 and level 2 categories above have been determined in accordance with accepted pricing models reflecting the credit risks with the other parties.

25 ACQUISITION OF STANDARD CHARTERED BANK JORDAN BRANCH BANKING BUSINESS

On 26 March 2023, the Bank signed an agreement with Standard Chartered Bank to purchase the banking business of Standard Chartered Bank in Jordan, after obtaining the approval from the Board of Directors of Arab Jordan Investment Bank and the Central Bank of Jordan, the bank's management expects to execute the agreement during the second quarter of 2023.