capital bank


# Annual Report
2021

His Majesty
King Abdullah II Ibn Al Hussein

His Royal Highness Crown Prince
Al Hussein Bin Abdullah II

## Table of Contint

## Members of the Board of Directors

## Vision and Mission

## Members of the Board of Directors

| 2020 | 2021 |
|---|---|
| Chairman of the Board of Directors<br>Bassem Khalil Salem Al-Salem | Chairman of the Board of Directors<br>Bassem Khalil Salem Al-Salem |
| Vice Chairman of the Board of Directors<br>Mazen Samih Taleb Darwazeh" | Vice Chairman of the Board of Directors<br>Mazen Samih Taleb Darwazeh" |

| Board Members names as of 2020 | Board Members names as of 2021 |
|---|---|
| Social Security Corporation Represented by | Social Security Corporation Represented by |
| Shaden Ziyad Nabih Darwish Alhaji | Shaden Ziyad Nabih Darwish Alhaji |
| "Investment and Integrated<br>Industries Co Plc Represented by" | "Investment and Integrated<br>Industries Co Plc Represented by" |
| Omar M. I. Shahrour | Omar M. I. Shahrour |
| Al Khalil Company for Investments Represented by | Al Khalil Company for Investments Represented by |
| Khalil Hatem Khalil Al-Salem | Khalil Hatem Khalil Al-Salem |
| Hitaf Investment Company Represented by | Hitaf Investment Company Represented by |
| "Mohammed Ali" Khaldoun Sati' Al-Husry | "Mohammed Ali" Khaldoun Sati' Al-Husry |
| Al-Jadarah Company for Real Estate Investment<br>Represented by | Al-Jadarah Company for Real Estate Investment<br>Represented by |
| Sultan Mohammed M. Elseif | Sultan Mohammed M. Elseif |
| Omar Akram Omran Bitar | Omar Akram Omran Bitar |
| Reem Haitham Jamil Goussous | Reem Haitham Jamil Goussous |
| Khalid Walid Hussni Nabilsi | Khalid Walid Hussni Nabilsi |
| Mohammad Hasan Subhi (AlHaj Hasan) | Mohammad Hasan Subhi (AlHaj Hasan) |
| Arab Potash Company | Yousef A.Y. Ensour |
| - | Abubaker Seddiq Mohamed Hussain Alkhoori |

## Our Vision

Better Banking for Jordan & Iraq.

## Our Mission

Providing innovative, simplified, and holistic financial solutions through enhanced products & an elevated level of customer service and experience in the Jordanian and Iraqi markets.

# Message from the Chairman

# Message from the Chairman

**Dear Shareholders,**

Welcome to this annual meeting where we as board members, management and shareholders convene to discuss, debate and offer you a glimpse into the most prominent developments and strategic directions of our establishment. We are also here to listen to you, our loyal shareholders who have put their trust in this ambitious establishment. We look forward to hearing your ideas, suggestions, aspirations, and remarks, all of which we greatly value.

**Ladies and Gentlemen,**

Since the beginning of 2021, our domestic economy has begun its recovery from the coronavirus pandemic. We have witnessed improvements in vital economic indicators, while economic growth has returned to its positive trajectory after the emergent contraction the economy witnessed. With the skillful deployment of existing tools, the Kingdom has been able to overcome the challenge with extreme proficiency and ability, and today we are working towards a full recovery, armed with positive monetary and financial indicators, in addition to a full list of economic and financial reforms that have been approved by international financial and credit institutions such as Standard & Poor’s, which recently commended the quick and effective response by financial and monetary authorities during the extraordinary circumstances of the last two years. These emergency measures were pivotal in lessening the severity of the shocks. Standard & Poor’s also commended Jordan on its structural reform efforts, to which the country is committed with the support and trust of international foundations and allied countries.

**Ladies and Gentlemen,**

Over the past two years, Capital Bank has achieved exceptional results in almost all indicators of profitability and financial strength amidst an ambitious and considered expansion strategy that has cemented our leadership role in both the Jordanian and Iraqi markets. This growth was not limited to include only our subsidiaries but expanded to encompass an ambitious and calculated strategy that culminated in the acquisition of two banking institutions within the span of 12 months, a move that solidly prioritizes the interests of all our stakeholders and offers added economic value.

In pursuit of further expansion, the bank recently strengthened its capital base by issuing $100 million perpetual AT1 bonds, the first for Jordan. The issuance was very well received, which demonstrates without a doubt, the trust that investors place in the solidness of the institution’s financial foundations as well as its continued ability to progress and grow.

In line with our regional expansion vision, which we view as a mean to build on the region’s core economic opportunities, and in our quest to develop Arab economic integration, we have advanced our existing regional network by establishing a branch of the National Bank of Iraq in the Kingdom of Saudi Arabia to take advantage of the trade volume between the two countries. We are optimistic about the promising opportunities that will come with the continued economic openness between our two countries, which will result in economic prosperity for both.

# Message from the Chairman

**Ladies and Gentlemen,**

Looking forward, I assure you that Capital Bank is adamant on applying the most innovative and cutting-edge solutions available in the banking sector today, which have reshaped traditional banking principles that governed the sector for decades. With this in mind, in 2022 we launched Blink, a digital bank that deploys state-of-the-art international financial technologies and headed by a management team that is distinguished by its knowledge and creativity. We have given Blink full independence and flexibility in its operations as well as a solid governance framework, a move that we believe will steer it away from the impasses of traditional banking operations and allow it to continue to develop and innovate in line with the upward trajectory of this dynamic field. It is said that the only constant is change, and with Blink, digital banking will see transformation that knows no limit.

**Ladies and Gentlemen,**

The current situation has necessitated the need for us to conduct this meeting virtually once again, which I had hoped otherwise, as my colleagues on the board, the executive management team and I truly enjoy meeting you. I hope that our next meeting will be in person, one in which we can come together as one family to celebrate Capital Bank's continued achievements. I wish you health and prosperity, and I would also like to take this opportunity to extend my gratitude to the Central Bank of Jordan, a national economic institution that has, over the years, cemented the foundations of financial and monetary stability in the Kingdom, paving the road to success and an economic leap that will invigorate development and economic recovery and reach new boundaries with export industries and services. This will, in turn, create sustainable and honorable job opportunities for our citizens as part of a clear and comprehensive vision focused on achievements and fueled by Jordanians.

I ask God to keep our beloved Jordan strong and proud under the wise leadership of His Majesty King Abdullah II and his loyal Jordanian people behind him.

**Chairman of the Board of Directors**
**Bassem Khalil Al-Salem**

# CEO Letter

# CEO Letter

**Dear shareholders,**

Capital Bank Group continued to register significant milestones in 2021, strengthening its leadership position within the Jordanian and regional banking markets. By consistently adopting the latest and most innovative solutions that meet the unique needs of its growing client base, and by investing in acquisitions and expansion strategies in different markets, the bank maintained a healthy growth streak, highlighting the promising prospects that lie ahead.

The measures that we adopted over the past year had a major positive effect on the group's performance, with financial results exceeding expectations. Net profit after tax and provisions rose by 100 percent to reach JOD 61 million, compared with JOD 30.3 million in 2020. The group's total profits before tax were JOD 70.7 million, compared with JOD 38 million in 2020. Also in 2021, the bank's assets grew by an impressive 57 percent to reach JOD 4.3 billion, compared with JOD 2.7 billion in 2020. The net credit facility portfolio increased in 2021 by 49 percent, registering JOD 2.1 billion, compared with JOD 1.4 billion in 2020. Meanwhile, one of the positive financial indicators seen by the bank in 2021 was the noticeable increase in client deposits, registering 65.5 percent and reaching JOD 2.8 billion, compared with JOD 1.7 billion in 2020.

In terms of Capital Bank Group's expansion plans, the process of acquiring the branches and operations of Bank Audi in Jordan and Iraq in March 2021 has been completed — a move that has contributed to increasing shareholder equity to approximately JOD 400 million. Furthermore, the acquisition raised the number of Capital Bank's branches in Jordan to 22, and 19 in the case of the National Bank of Iraq (NBI).

Following the successful acquisition of Bank Audi, which was completed in under 12 months, Capital Bank has entered a new stage in its expansion strategy by signing a binding offer to acquire Société Générale - Jordan through the purchase of 100 percent of its shares; a move that will raise the assets of Capital Bank Group to approximately JOD 6 billion. This will, in turn, support the bank's leadership position in the Jordanian banking market and prove to be an asset to all its stakeholders.

The bank supported the group's capital base by issuing additional capital perpetual bonds in the value of $100 million (JOD 70 million), which are classified as additional capital (AT1) and listed on Nasdaq Dubai.

Meanwhile, Capital Bank Group's subsidiaries celebrated numerous achievements, chief among them being NBI's acquiring of the approval of the Saudi Council of Ministers to open a branch in Saudi Arabia — a first for a private Iraqi bank and a move that will help strengthen trade relations between Saudi Arabia, Iraq, and Jordan. NBI had also registered unprecedented achievements in 2021, recording an impressive 103 percent increase in its assets that totaled JOD 876 million, compared to JOD 433 million in 2020. Total client deposits also increased by 176 percent, reaching JOD 562 million compared with JOD 203 million in 2020.

The investment arm of the Group, Capital Investments, also celebrated a 95 percent increase in its net profit after tax, which totaled JOD 3.8 million. This was supported by increases in Assets Under Management, which reached $425 million and a growth by 35 percent in brokerage accounts compared to 2020.

## CEO Letter

At the beginning of 2022, Capital Bank Group launched Blink in the Jordanian market, a digital bank that delivers services through an intuitive and secure platform catering to young people, SMEs and home-based project owners, with a focus on women-owned businesses. In the second half of 2022, the bank will focus on introducing Blink in the Iraqi banking market.

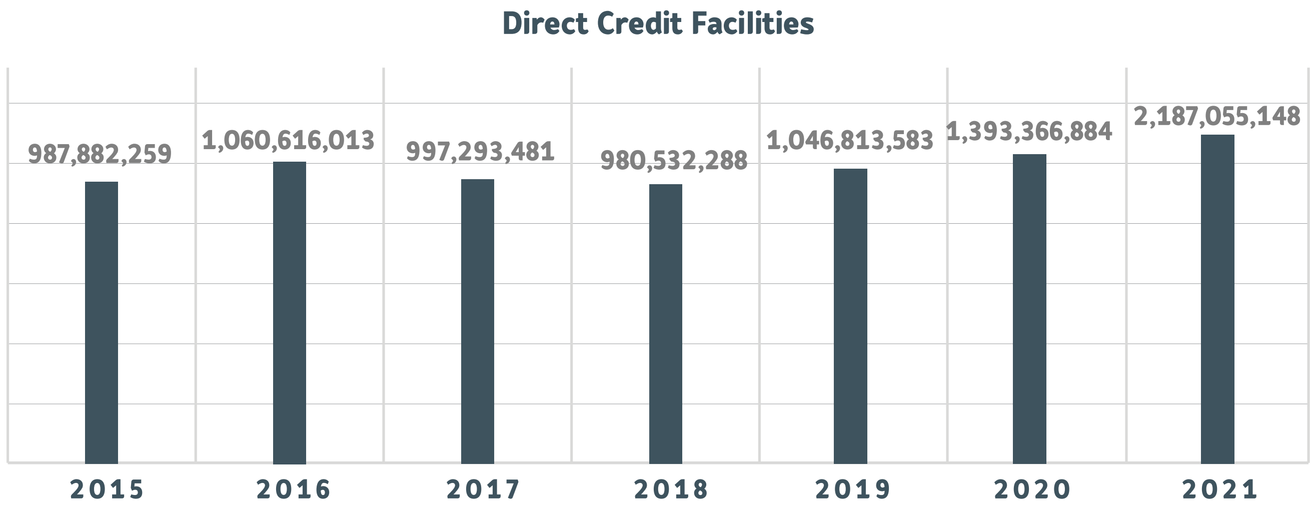
Capital Bank's accomplishments during 2021 have led to obtaining Moody's classification of B1 with a stable outlook — one of the best evaluations for banks in Jordan. Capital Bank Group will continue to dedicate its efforts to elevating the bank's performance and renewing its commitment to innovation and expansion, counting on your continued support throughout the process.

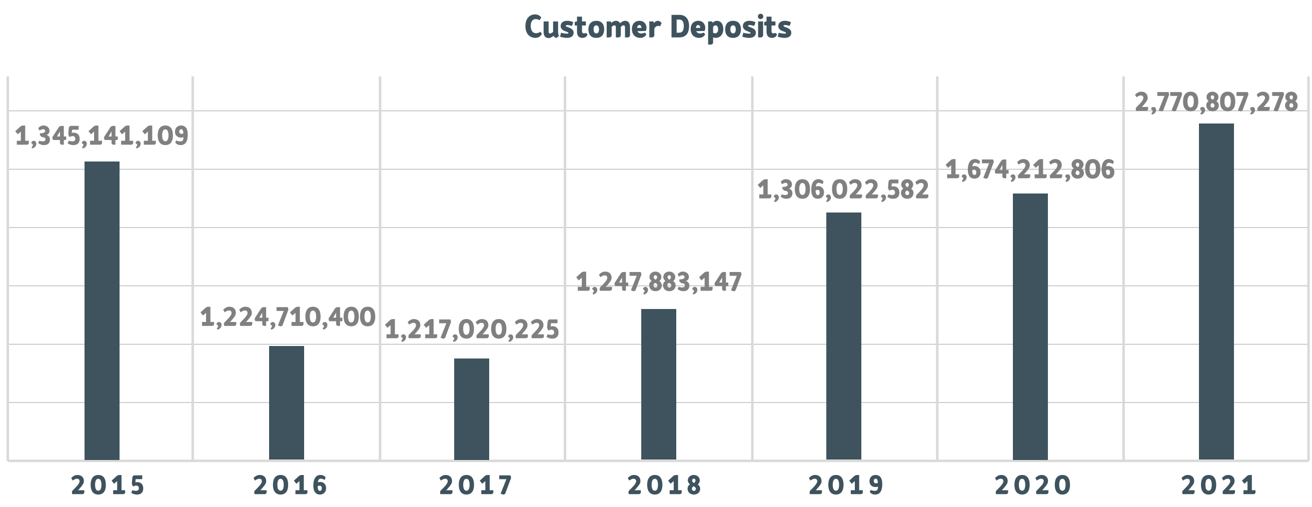
On behalf of myself and the executive management team, I would like to extend our collective gratitude to the Central Bank of Jordan and to the Jordan Securities Commission for their close cooperation with the Jordanian banking sector. I would also like to thank the Chairman, members of the Board of Directors, and all the employees of the bank and the Group for their dedication, steadfastness and their enthusiasm. Your commitment to excellence will help Capital Bank Group remain in the lead by providing quality, innovative services that rise up to international banking standards.

**Chief Executive Officer**
**Mr. Daoud Mohammad Daoud Al Ghoul**

# Financial Ratios

## Financial Ratios



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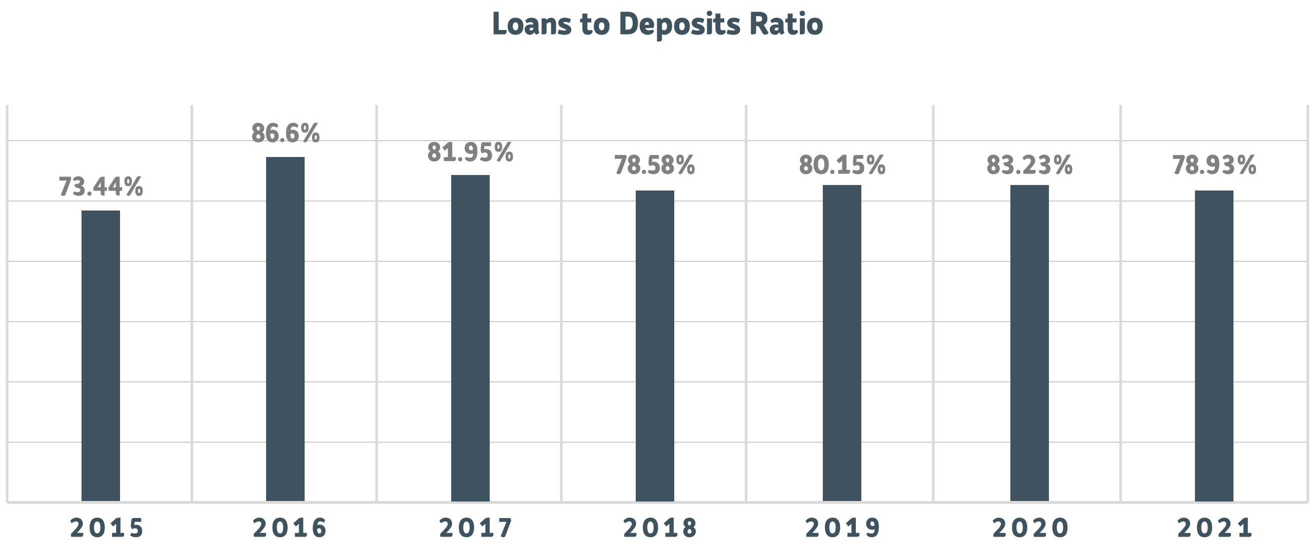


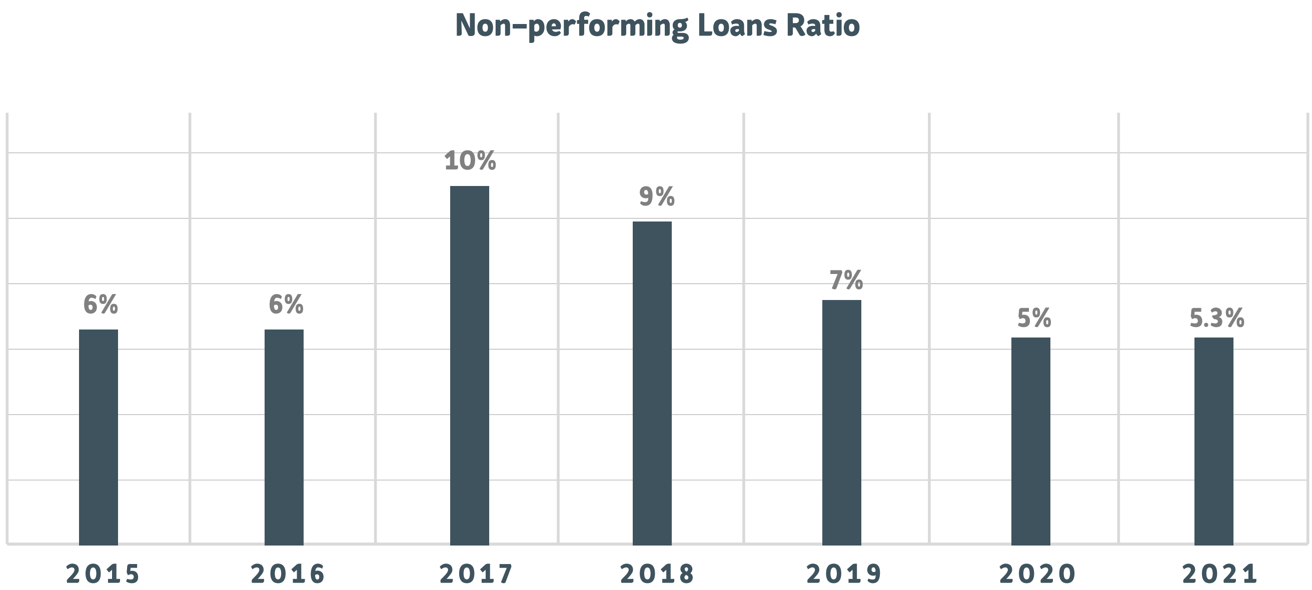

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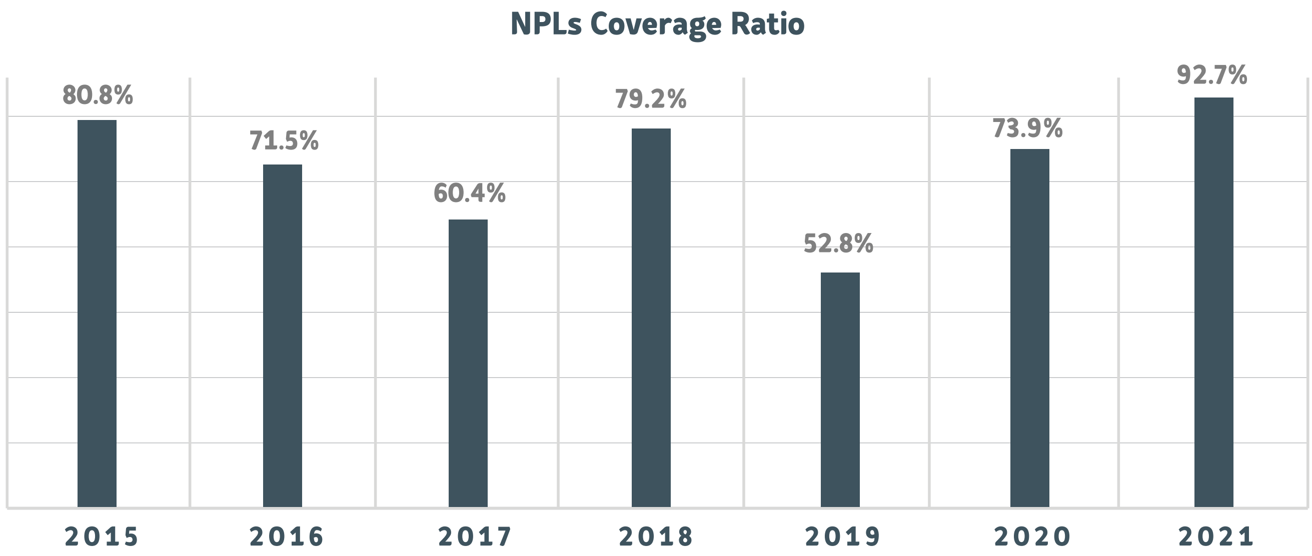


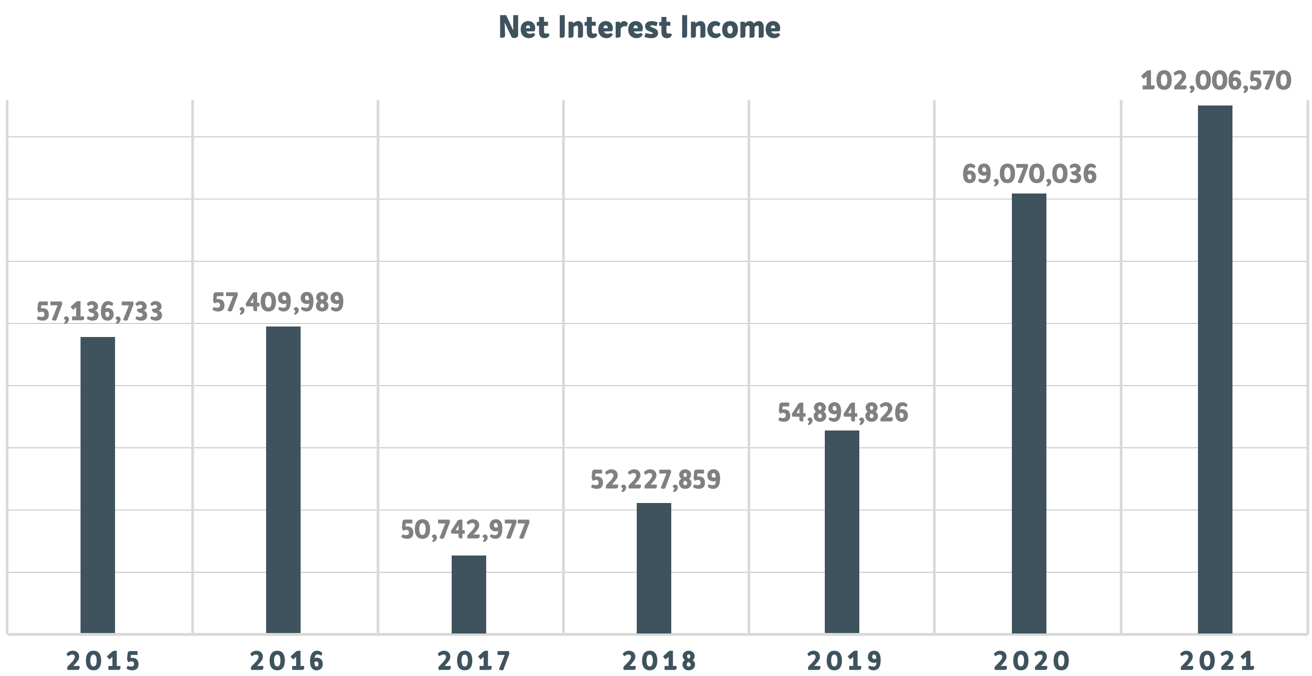

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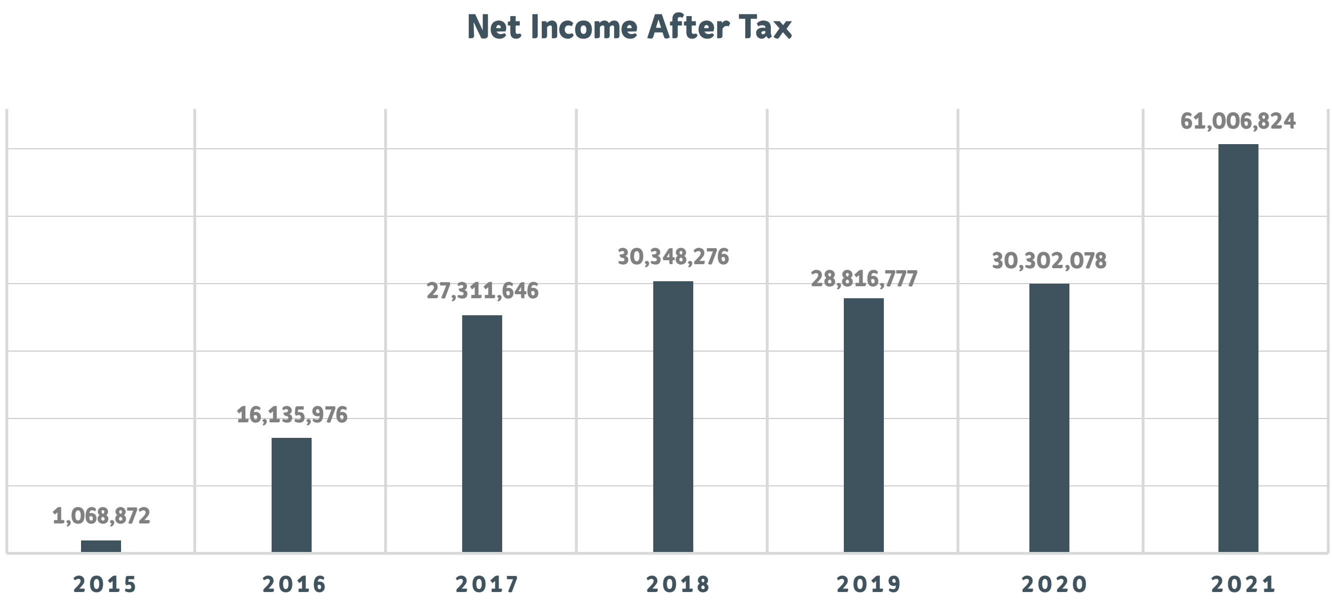


# Board of Directors Report

## Esteemed Shareholders

Capital Bank's Board of Directors is pleased to share with you its Annual Report, which offers an overview of the bank's financial statements, key achievements, activities, services, and innovative products delivered during 2021. The bank has continued to successfully realize its strategic goals and yield positive results that have served to strengthen both its local and regional positions. The bank also reinforced its competitive edge and provided advanced and modern services to its clients, as well as added value to its shareholders.

Below is the detailed report of the Board of Directors on the bank's activities and achievements in 2021.

## Institutional Banking

The corporate sector is one of the most important sectors for Capital Bank and it continue to focus on it through sustained development and the provision of cutting-edge services and outstanding banking solutions that cater to its needs. This includes unique services for corporations, commercial institutions, and medium and small enterprises (SMEs).

### Corporate Banking

The Corporate Banking Department continued to increase the operating profit of its credit portfolio by increasing the volume of direct facilities offered to new customers according to well-studied risk assessments and new products that are compatible with requirements and needs of all clients.

During 2021, the focus remained on serving corporate clients through new banking services and products, including:

- The Switch On app for corporate electronic services
- An e-wallet service in cooperation with Dinarak
- The CDM machine service
- Salary rebate products that provide innovative solutions for employees of Capital Bank's corporate clients

The bank's position as a leader in the provision of financial and banking solutions to the corporate sector has been reinforced by the expansion of its hedging and financial derivatives services that are offered to large corporate clients. This reduces exchange currency, interest, and commodity price risks in accordance with banking standards and guidelines based on a proper understanding of the business environment.

Throughout 2021, the bank continued to adopt credit risk rating mechanisms and link them to product pricing as a way of further improving the quality of its credit portfolio. Additionally, the bank continued to provide high-quality banking services to help existing clients develop and grow their businesses, as well as attract new clients from targeted economic sectors.

The bank put together a team to manage and develop the low-risk government and public sector portfolio in light of its importance in stimulating economic growth and having a positive economic effect.

The bank continued to finance sectors funded by the Central Bank of Jordan, including the tourism, agriculture, information technology, renewable energy and industry sectors, executing a prudent policy aimed at granting facilities according to calculated and acceptable risk ratios.

### SMEs and Commercial Banking Department

In 2021, Capital Bank continued to focus on the small and medium enterprise (SME) sector, recognizing it as one of the main drivers of the national economy, providing the majority of job opportunities and contributing to economic growth.

This vital sector was the one the most affected by the continued repercussions of the coronavirus pandemic in 2021, whether in terms of the sustainability of the work or the volume of their commercial transactions. This negatively affected profitability and the flow of liquidity, posing a great challenge for companies within the sector in their ability to fulfill their financial obligations. That is why Capital Bank continued to focus on this sector, empowering it with the necessary financial tools to grow, including postponing and rescheduling financial obligations for companies in this sector, and in accordance with the Central Bank of Jordan's guidelines, to stem the negative repercussions of the coronavirus pandemic, which affected those companies' cash flow.

The bank also continued its participation in the national loan guarantee program, which was launched by the Central Bank of Jordan in partnership with the Jordan Loan Guarantee Corporation (JLGC) and was created to counter the negative economic effects of the coronavirus pandemic by maintaining work continuity and employment for professionals, artisans, and owners of individual companies and SMEs. Through the program, loans were extended to companies operating in a number of sectors affected by the pandemic within specific ceilings guaranteed by JLGC at competitive interest rates.

Furthermore, the bank continued to support and finance important and vital economic sectors, providing medium-term financing for them at preferential interest rates in line with the guidelines and decisions of the Central Bank of Jordan, with sectors including industry, renewable energy, tourism, agriculture, information technology, engineering consultancy, health, technical and vocational education, transportation and export.

In 2021, Capital Bank signed a number of agreements with foreign institutions and agencies, through which it was able to secure loans to clients at reduced interest rates in order to promote economic growth and deliver more job opportunities, also serving to support national efforts in training and qualifying human resources and reinforcing their competitiveness in the local and foreign job markets.

In order to facilitate the mechanism for SME owners to acquire the financing needed to develop their projects in the absence of sufficient guarantees to obtain loans, the bank continued its cooperation with JLGC and foreign institutions to guarantee the extended loans. Banking products were also developed for startups that faced difficulties in acquiring financing.

Despite the many economic challenges and the repercussions of the coronavirus pandemic, the bank continued to strengthen its client base of its relations with and respond to their needs with no interruptions, through rational business management policies set by the bank through corporate customer service centers located in a number of branches as well as in the specialized Free Zone. The bank has also assigned a specialized team to serve financial technology companies (Fintech), a new area of financial services aiming to achieve the bank's vision concerning those companies and their future projections. Capital Bank will also launch company business centers in a number of branches to serve customers in governorates across the country.

In addition to the bank's numerous products that serve the corporate sector, a Point-of-Sale product was launched, which will allow corporate customers to collect their sales through Capital Bank's POS machines and deposit them into their accounts on the same day, which will contribute significantly to increasing their sales and improving services through their access to cash management services provided by Capital Bank.

Capital Bank continued its strategic policy, as well as developed new programs that are compatible with the unique needs of its clients by harnessing technology and combining it with conventional banking to provide the best banking services with the ultimate aim of securing a larger market share.

## Consumer Banking Department

In 2021, the Consumer Banking Department continued to focus on advancing its competitiveness by developing its services. Its achievements throughout the year revolved around customer success, its operating model, productivity, and efficiency and include:

- The successful completion of Capital Bank's acquisition of Bank Audi's branches and operations in Jordan, which was positively reflected through the expansion of Capital Bank's network of branches and ATMs, in addition to providing additional services and benefits enjoyed by Capital Bank clients
- Continued implementing the new operating model for the branches that focuses on customers, enhancing productivity and efficiency, and providing immediate solutions
- Achieving the highest growth rate in deposits in the local market
- Allocated three centers to serve VIPs in the bank's branches that provide advanced investment and banking solutions
- Launching the service that allows clients to open an electronic account via WhatsApp
- Developing an account statement service electronically for all accounts and credit cards
- Activating the Pepper smart robot service, a first in the market, which uses artificial intelligence and acts as a personal assistant for customers in a number of the bank's branches
- Introducing new deposit products and savings accounts packages that are unique, innovative, and effective
- Developing lending products for individuals that provide the highest added value compared to the market, while taking prudent measures to ensure the quality of the portfolio, in addition to expanding the umbrella of agreements and merchants to provide the best installment services to customers through credit cards.
- Bills and More, a virtual credit card was launched that allows customers to pay bills and make transfers without commissions through the bank's app
- The collection department was restructured increase efficiency and productivity and portfolio's credit rating assessment was developed further to increase repayment ability.

## Treasury, Investment and Financial Institutions Department

There were numerous local and international developments in general and for the bank in particular in 2021. The beginning of vaccination campaign against the coronavirus was integral to the return to normal life and the gradual opening of economic sectors, and the beginning of a relative economic improvement, although it is still below what is required at the local level. The bank witnessed a quantum leap with the completion of the group's acquisition of Bank Audi's branches and operations in Jordan and Iraq, which had a positive impact on the growth of assets in terms of deposits and facilities, increasing the number of branches, and expanding the individual's portfolio.

The Treasury and Investment Department managed the bank's liquidity in Jordanian dinars and foreign currencies efficiently and effectively by reducing the cost of funds by attracting current and on-demand accounts and coordinating with the Consumer Banking Department to attract savings accounts through the decisions of the Assets and Liabilities Management Committee. The department was able to diversify its sources of funds by obtaining medium to long-term financing from international institutions for SMEs and was able to maintain high levels of liquidity to meet the bank's operational needs in all currencies.

The growth of the international bond stock portfolio increased the bank's revenues at low risk and an acceptable degree of liquidity. The department continued to provide its services to corporations and individuals from immediate a deferred exchange operations and through the exchange of interest rates, future contracts on commodities, petroleum, and other solutions and financial derivatives that enable clients to hedge against interest and exchange rate risks as well as various other commodity prices in addition to meeting the requirements of customers through traditional and innovative treasury products.

Following are the most important activities of the Treasury and Investment Management Department:

- Investing in debt instruments issued and guaranteed by the Jordanian government
- Investing in debt instruments issued by Jordanian, regional, or international companies with high solvency and credit worthiness
- Contributing to local, regional and international companies that enjoy high growth opportunities and good investment returns
- Investing in mutual funds with outstanding historical performance, within acceptable risk levels
- Investing in structured securities within the bank's needs
- Managing foreign exc**hange positions in order to achieve the best possible returns within the established ratios and in accordance with the instructions of the Central Bank of Jordan**
- **Managing the bank's** assets and liabilities in dinars and various foreign currencies.

## Board of Directors Report

The Treasury and Investment Department also continued to provide outstanding services to the bank's clients in money markets, capital markets, spot and forward foreign exchange markets, and derivative instruments. Its services included:

- Issuing certificates of deposit in Jordanian dinars and other major currencies for various periods at competitive prices
- Offering competitive spot and forward rates for foreign currencies against the dinar and the dollar for different periods and for all customer segments, including individuals and corporates, in addition to certified exchange companies
- Trading in money market and capital market instruments such as treasury bills and bonds, commercial papers, and various debt instruments on behalf of clients
- Monetary and margin trading in spot and forward foreign exchange markets
- Performing swap operations (SWAPs) for exchange rates and interest
- Executing futures contracts on commodities and metals for clients for hedging purposes
- Executing options contracts on commodities, metals, and petroleum for clients for hedging purposes
- Providing advice and guidance to individual and corporate clients in hedging fluctuations in interest rates and exchange rates and proposing appropriate hedging tools using traditional or derivative market tools according to each client's needs
- Provide underwriting services for primary issues of government or government-guaranteed securities for companies and individuals while providing safe custody services for these securities at competitive prices

The Money Exchange Section in the Treasury and Investment Department continued to activate buying and selling operations for all currencies, accept deposits and withdrawals, and provide integrated services to currency exchange companies. Additionally, the department provided services to all sectors in accordance with the CBJ policies and within the international compliance policy according to best practices and in full cooperation with the Compliance and Anti-Money Laundering and Terrorism Financing Department at the Capital Bank. Its objectives focused on:

- Reduce cash transport operations and costs by coordinating with branches and directing exchange companies to withdraw from their accounts, which saves time, effort and cost and reduces risks
- Updating and modifying procedures related to the movements of exchange companies in line with developments to reduce operational risks, such as working on coding companies under the Exchange Department
- Accepting large cash deposits for individuals and companies that exceed the capacity of the branches, especially the deposits of individuals and companies whose sources of money are through exchange companies, by taking sufficient care and checking the sources of funds and working to offer them other methods such as checks or cash transfers for easy tracking of money and its sources

During 2021, the department launched the second phase of the automated treasury system, which includes securities from stocks, bonds, and derivatives. This reflected positively on the department's business and contributed to reducing operational risks and increasing its ability to provide outstanding services to its customers. The department is also about to launch an electronic currency trading platform for corporate clients as well as develop a mechanism for cutting currency exchange rates with the bank's departments. The Treasury Department, in cooperation with other departments, is also working to determine the profitability of departments separately from its dealings with the treasury and investment department by applying the fund transfer pricing method in order to raise the efficiency of managing the cost of funds and the return on their sources of funds. Currently, coordination is underway with one of the FTP system providers in order to launch the work automatically within the next year.

The Treasury and Investment Department is also eager to continue providing outstanding products and services to its clients through derivative instruments that are compatible with client needs regarding hedging against exchange rate risks, interest rates, and commodity prices, in addition to expansion in the bank's various investment instruments in accordance with market conditions and the bank's approaches and strategies, its investment policies, and CBJ instructions.

Through the National Bank of Iraq, the Treasury and Investment Department worked to expand its base of work in Iraq and provide the bank's team members with the necessary expertise to increase its market share and maximize profits. It also seeks to stay up to date with the latest developments in the banking sector and diversify sources of income in light of the available opportunities in the Iraqi market, which will reflect positively on Capital Group's performance in general. The National Bank of Iraq will also be provided with special systems related to the Treasury Department to monitor market developments and facilitate electronic trading operations.

In 2021, the Financial Institutions Department played a prominent role by opening new channels dealing with banks and financial institutions and establishing new banking relationships. This was achieved within professional and transparent transactions by expanding the bank's database of high-rated correspondent banks, which enhanced the bank's ability to operate across multiple fields, including foreign trade, treasury operations and credit facilities, in addition to offering added flexibility for covering global markets.

Despite the political challenges which continue to face Iraq, Capital Bank's management contributed effectively to facilitating the National Bank of Iraq's foreign trade operations and to fulfil its needs at the highest levels of efficiency.

The Financial Institutions Department signed a number of strategic agreements and partnerships with international institutions including:

- A $20 million commercial facilities agreement between Citibank Jordan and Capital Bank that will be used to finance a portfolio of commercial assets with Asian exporters to Jordan. This loan, which is the first of its kind granted to Capital Bank by Citibank to strengthen the former's position as a major supporter of the corporate banking sector in Jordan, will allow the bank to increase its lending abilities to corporates, ultimately reaching a larger segment and contributing to a recovery in commercial activities, which will reflect positively on the local economy.
- An agreement between Capital Bank and the Dutch Entrepreneur Development Bank FMO to guarantee loans worth $20 million dedicated to financing micro- and SMEs owned by young entrepreneurs affected by the coronavirus pandemic, which will be granted through small financing companies in Jordan such as Liwa' United for Financing Small and Medium Enterprises and Sanadcom for Business Financing.

- A loan agreement worth $75 million between Proparco, the investment arm of the French Development Agency (AFD) and the German Agency for Investment and Development (DEG) with Capital Bank to support SMEs in Jordan. As per the new partnership, Proparco and its German counterpart will finance Capital Bank's SMEs loan portfolio.

## Marketing and Corporate Communications Department

In 2021, the Marketing and Corporate Communications Department launched a number of campaigns and projects that emphasized the bank's vision and mission, increasing efficiency and promoting the products, programs, and services developed by the bank, and which aimed to enhance its position in the local and regional markets, improve customer service, and differentiate it from its competitors.

### Marketing Department

The Marketing Department's team designed and launched a number of campaigns to promote the bank's innovative services, including the Switch On app, credit cards, and smart solutions for individuals and corporate clients as a way of increasing sales and attracting new customers. The department also launched the largest profit opportunity campaign in the Kingdom, which was recognized as a cornerstone for marketing and promoting savings accounts. In general, all campaigns and programs carried a clear or implicit message to customers, whether corporate or individual, that Capital Bank provides them with real, efficient, and quick solutions that meet their needs.

The department also launched the following campaigns:

- Capital Culture
- Easy Installment Program (Apple, DNA, SmartBuy, Royal Jordanian)
- Cashback campaigns
- Salary transfer campaign
- The Referral campaign to encourage customers to invite others to open accounts, which increases their chances of winning
- CLIQ campaign
- Ramadan offers
- iCa chatbot
- Switch On

### Corporate Communications and Corporate Social Responsibility Department

The department continued to highlight news and developments of Capital Bank Group to ensure that they reach the largest possible segment of the target audience by publishing press releases and reports and arranging interviews with local and regional media outlets that cover the group's most significant achievements for 2021. The department's most important achievements in 2021 include:

- Following up and preparing for meetings that include the signing of financing and commercial agreements
- Arranging local and regional press interviews
- Preparing and implementing activities for bank's employees in cooperation and coordination with the Human Resources Department
- Preparing and implementing external events, the most important of which is the announcement of the first winner of the JD100,000 prize at City Mall
- Sponsoring local conferences, exhibitions and events
- Preparing and publishing the bank's news in local newspapers and on news websites

The department continued its focus on corporate social responsibility, both within the bank and outside it, in light of its significant impact in supporting the local community as well as promoting team spirit, a sense of belonging and loyalty by the bank's employees. The department provided its support to many civil society organizations, non-profit organizations and charities, and launched community and awareness activities and programs for employees, including:

- A blood donation campaign in cooperation with the Blood Bank
- Vaccination campaign against the coronavirus
- Capital Football Champions League for Men's Health Awareness
- The 3rd Capital Bank Chess Championship
- Breast cancer awareness activities
- The preparation and distribution of special packages for the collection of plastic at the bank as part of the Green Wheels campaign
- A diabetes awareness campaign and tests for employees
- The placement of bins for clothes collection in cooperation with the Charitable Clothing Bank
- Free tickets to the Children's Museum for bank employees

The department continued to cover the tuition expenses for the children of employees as well as a number of students who submitted applications.

### Customer Experience and Business Excellence

In line with the bank's vision and strategic objectives, the Customer Experience and Business Excellence Department continued to apply business plans that measure and develop customer experiences, principally in the consumer banking sector and the implementation of the institutional identity.

In order to achieve its set objectives, in 2021 the department realized the following:

- Studied and analyzed customer behaviors and expectations, measuring their satisfaction with services, products, procedures, and employee eligibility through all channels and points of communication
- Implemented customer experience measurements and issued reports based on the results of customer satisfaction surveys
- Ensured that the highest levels of service are provided through the application of the highest standards of quality assurance, which include the general appearance of the branch and the employees, employee knowledge of the products, employee skills, and behavior in dealing with customers
- Managed the Secret Shopper program at consumer banking services sector level
- Participated in initiatives aimed at developing the communication skills of branch and call center employees during the provision of services and the sales of all products
- Cooperated with the Human Resources Department in training new employees in the consumer banking sector
- Participated in projects that have a direct impact on the customer experience to ensure that they are compatible with the bank's strategy, which hinges on the client as the foundation when providing services

## Operations Department

In line with the bank's strategy to continue advancing the level of services provided to customers from all sectors, and based on best practices in the field, the corporate and individual operations departments were merged in 2021, and work is currently underway to raise the efficiency of the Operations Management Department and staff it with qualified individuals with extensive experience in the banking sector.

To ensure that customers receive the best services, the Operations Department is working to automate the processes that require a long time to complete by relying on modern technologies as well as improving them in order to better serve customers. The application forms for issuing credit, guarantees and transfers were also redeveloped, and the forms used by the bank's departments to align with the developments in these areas were also reviewed.

To keep up with business developments and reduce operational risks, a number of controls have been adopted, the automatic execution of remittances has been improved and procedures for issuing letters of credit and bank guarantees have been accelerated.

Since the Operations Department relies to a large extent on technical expertise to provide support services consistent with the bank's strategic objectives, focus has been on continuous staff training and qualification o enable them to remain abreast of the latest developments in the field and raise their levels of efficiency. Work was also done to exchange expertise among employees with the purpose of developing their skills through comprehensive training courses and seminars, in addition to enabling a number of employees to acquire professional certificates issued by the International Trade Bureau in France through the European Bank for Reconstruction and Development.

# Board of Directors Report

### Information Technology Department

As part of Capital Bank’s vision to provide highly efficient and specialized services to both corporate and individual clients, in 2021 the Information Technology Department focused on main axes aiming to bring about fundamental changes in the level of services provided to clients using cutting-edge global technologies and the employment of qualified personnel. Among the main axes was maintaining the stability and effectiveness of the live environment and to achieve an integrated services platform to enable internal and external systems to integrate and interact together effectively, rapidly, and safely in accordance with applicable international standards.

With regard to keeping pace with business development and working to reduce technological risks, infrastructure projects for the main data center were completed to ensure the continuity of services provided by the bank, and work is underway to raise the readiness of the backup site, in addition to harnessing the best and safest ways to work ensure continuity and customer service.

All the information technology work related to the acquisition of Bank Audi Jordan has been completed efficiently and in a record time of three months, allowing the bank to continue providing technical services during 2021, in line with its strategic objectives.

All the procedures for changing the bank’s infrastructure systems have been fully automated, which has facilitated and accelerated the control of change in living environment.

Capital Bank continued to comply with all instructions issued by the Central Bank of Jordan with regard to information technology, the most important of which was the application of global best practices in the governance and management of information and accompanying technology (COBIT 2019) in line with those instructions and updating the bank system to provide the best products and services to clients and maintaining the regular updates of electronic services.

Furthermore, the PCI DSS Compliance Certification requirements for credit card information security have been obtained for the seventh year in a row.

### Project Management

In 2021, and in line with the bank’s vision and strategy regarding digital transformation, the Project Management Department completed and launched a number of projects that have a direct impact on client experiences and the provision of new innovative channels to provide banking services and in line with the exceptional local and global circumstance due to the coronavirus pandemic.

The department also implemented projects and upgraded operations that reflect positively on customer services, complying with control authority requirements, and improving internal procedures as part of continued development and in line with governance instructions and accompanying informational technology management (COBIT 2019).

**The department completed a number of strategic projects to comply with the requirements of control authorities, as well as projects concerning improving and automating the operations of departments at the bank, including:**

1. Launching the customer account opening service via WhatsApp, which links the bank's systems and government systems to allow customers to open accounts, register on the bank's mobile application, and receive the direct payment card within two days without the need to visit a branch
2. Launching the interactive account statement service for bank accounts and card accounts, which enables the customer to review the transactions interactively
3. Launching the Click service, which enables customer to pay and receive instant transfers to and from other banks without fees or commissions
4. Launching a new customer service communication system that relies on the latest technologies and cloud computing, allowing the bank to provide high-quality services to customers, reduces operational costs and link the system with social networking sites. The bank is also preparing to provide an automated response service for banking services
5. Launching the Pepper intelligent robot service, which uses artificial intelligence and interacts with customers and guides through banking services
6. Equipping and installing state-of-the-art ATMs in Jordan that provide a number of electronic services and increases the efficiency of operations
7. Installing a modern customer queuing management system in the branches
8. Completing the launch of treasury programs that enable clients to trade easily and safely
9. Completing the upgrade of risk systems for banking facilities and anti-money laundering systems
10. Completing the modernization of the Bank's card systems
11. Launching the Bank's new mobile system, which includes new services in addition that are easy to use
12. Launching an automated assistant service through WhatsApp, which provides a mechanism to inquire about all Capital Bank services and products around the clock and can be used for some financial operations.

### Project Governance and Information Technology

In 2021, the Project Governance Department modified all measures for managing and developing projects in line with business requirements in order to fulfil the requirements of digital transformation and the importance of time-to-market, and in line with the instructions of the Central Bank of Jordan, the maturity level of COBIT-owned operations, owned by the department, has been raised to level 3. The department also relied on preparing and issuing periodic reports to highlight achievement and expenditure on projects managed by the department to ensure acquiring the directives of higher committees and ensure launching projects within the set timeline and the budget allocated for each project.

Capital Bank has complied with all the instructions issued by the Central Bank of Jordan related to information systems, the most important of which was to begin applying best global practices for the governance and management of information and associated technology (COBIT 2019) in line with these instructions.

### Real Estate Affairs Department

The Real Estate Management Department achieved outstanding results in 2021 by selling the expropriated properties and reducing the value of the real estate portfolio of said properties. A large number of engineering projects related to the bank's strategic vision to improve the level of services provided to customers and employees have also been completed, including:

- Sale of expropriated real estate worth JD17 million
- Sale of property owned by the bank worth JD4 million
- Transferring and merging Bank Audi's real estate portfolio with that of Capital Bank
- Structural improvements in the various main administration buildings and branches to raise the level of the work environment for employees as follows:
  - Management of office space in the bank's various buildings, which contributed to the clearing of rented sites
  - Equipping the new Data Center in the Al-Abdali building
  - Implementation of Fuheis and Zarqa branches
  - Updating and developing existing branches
  - Preparing the new call center site
  - Expanding the sales department area and the Collection Department area
  - New branches in Jubaiha, Khalda, Salt and Al Ahliyya University
- Insta**lling and operating advertising screens at all the bank's branches**
- **Signing an agreement for a project to supply the bank with electric power through the transit process in order to reduce the bank's electricity consumption expenses and taking the necessary approvals from the electricity company to com**plete the project

### Procurement and Administrative Affairs Department

In 2021, the Procurement and Administrative Affairs Department focused on keeping pace with and quickly adapting to the bank's comprehensive growth and development plan, including the main and subsidiary systems. This included the ability to maintain regular and constant supplies of safety equipment, increase the levels of cleanliness in all locations, providing continuous and immediate sanitization services when needed in parallel with providing the highest levels of safety in all locations, and ensuring that all safety systems are ready and effective and are operating in accordance with the latest requirements and best specifications.

As part of Capital Bank's efforts to provide the best digital solutions and services to its clients, the Procurement Section participated to a large extent in ensuring the right selection of suppliers and service providers while increasing efforts exerted **for best negotiations and ensuring that quality and cost control are observed. This included purchases and contracts to supply many new digital banking systems, and the most up-to-date ATMs in the region, as well as ensuring that relations with service providers are maintained to avoid any interruption in services and products.**

The department also restructured and unified the archive systems, warehouses, procurement, administrative services and facilities management after the acquisition of Bank Audi. Within this scope, the department unified maintenance contracts, utility services and other services to raise efficiency and speed up completion.

## Control Department

The Control Department activated the role of control over branches, retail and corporate transactions and the Engineering and Administrative Affairs Departments by verifying the level of efficiency in the flow of operations, the sufficiency of control measures, and the evaluation of risk that could be sustained by control gaps through various control tools including the importance of the item, its impact, and the possibility of repeating errors. Based on that methodology, a time frame for reviewing each item was approved, which was translated through daily and monthly reports as well as surprise visits.

In addition to the work related to reviewing audit reports and operational event forms to verify the existing control gaps and how to address them, an internal control questionnaire was also developed and shared with all employees within the branches and operations departments to see the current situation regarding the internal control environment. In addition, work is currently underway to hold awareness seminars on the concept of internal control and the roles and responsibilities of each individual. As for work procedures, the abovementioned departments are continuously reviewed to verify the adequacy of the controls, with the aim of maintaining a solid internal control environment within the acceptable level of risk at the bank level.

This year, the National Bank of Iraq's settlement system was released, and the training of employees was supervised, in addition to providing support to the Financial Department to exit the financial close module that was implemented through the automated settlement system for high-risk accounts. The automatic matching of all internal accounts was also announced, in addition to managing all accounts that were created during the acquisition phase of Bank Audi previously. Work is currently underway to transfer the automated settlement system in the National Bank of Iraq to become one of the tasks of the Operations Control Department in Jordan, and the settlement team is performing manual matching of some items such as instant payments, wi-Fwaticom, CDM, and others, along with managing the settlement system.

### Policies and Procedures Department

In 2021, Policies and Procedures Department followed up on its continuous plans of updating the approved policies and procedures according to the specific periodic audit plan. It also worked on reorganizing and designing procedures, forms, and the procedures website in line with the bank's new corporate identity.

Procedures related to the new services and products that were introduced during this year were also developed and circulated. The department also coordinated with other departments in order to re-engineer the operations of some internal process procedures and work and implementation tracks with the aim of improving the services provided and ensuring the completion of transactions in an optimal manner and time. in accordance with department's plans to enhance the quality in a manner that guarantees efficiency among various departments and contributes to enhancing the quality of products and services offered to clients.

## Financial Department

The Financial Department upheld its role of providing a number of support services to the group during 2021 and was maintained its commitment to provide all requirements to all regulatory authorities. The Financial Department had an effective role in the success of the acquisition of Bank Audi's operation in Jordan and Iraq, beginning the process of due diligence and the accounting treatment of the acquisition, ending with the study of the purchase price.

The financial department also continued to observe conservative policies with regard to reducing expenses and sustaining excellent levels of efficiency to maintain profit margins in compliance with the group's strategies. Work is underway for the implementation of an automated system for internal financial and control authority reports in accordance with the strategic information technology plan.

## Risk Department

Capital Bank adopts a comprehensive strategy to ensure best practices in credit and risk management. Our aim is to enhance the principle of credit neutrality and independence within clear provisions and foundations, in addition to controlling all risks to which the bank may be exposed at the client and credit portfolio levels in a manner that ensures achieving profit targets which cover those risks through the utilization of the RAROC measurement. The Risk Department is considered an independent unit headed by the Head of Risk, and it is linked to the Risk Committee of the Board of Directors, with a dashed line connecting the Head of Risk to the CEO.

The Risk Department consists of the following departments:

- Financial Risk Department
- Market and Liquidity Risk Department
- Subsidiary Risk Department
- Operational Risks Department
- Information and Cybersecurity Department

### Financial Risk Department

This department manages credit and credit concentration risks at all levels, managing and planning the bank's capital to ensure its efficient use through the application of ICAAP, in addition to gauging the impact of stress testing on the bank to ensure that they are within acceptable limits while maintaining the bank's financial and profit position. The department is also responsible for updating the International Financial Reporting Standards (IFRS 9) according to the regulations of the Central Bank of Jordan, in addition to applying the requirements of the Basel Committee and the Central Bank of Jordan.

### Market and Liquidity Risk Department

The Market and Liquidity Risk Department is concerned with managing market, liquidity, and interest rate risks, whereby according to risk management policies, measures and controls risks that the bank might encounter to preserve the bank's financial position. The department also adopts and implements the requirements of the Basel Committee and the Central Bank of Jordan.

### Subsidiary Risk Department

This department was created in light of the expansion of the bank's operations outside Jordan and is responsible for managing the risks of subsidiaries to which the bank may be exposed, setting the necessary controls, controlling risks, mitigating their impact according to the risk management policies, in addition to managing and ensuring the application of the requirements of the control bodies in the subsidiaries companies and those of the Central Bank of Jordan.

### Operational Risk Department

The Operational Risk Department is responsible for managing the internal and external operational risks to which the bank may be exposed, setting the necessary controls to control them and lessen their effect according to the bank's risk policies, and ensuring the implementation of continuity plans in the bank. The department also adopts and implements the requirements of the Basel Committee and the Central Bank of Jordan.

### Information and Cybersecurity Department

The Information Security Department is responsible for maintaining the confidentiality, availability and accuracy of all information within the bank, setting necessary controls and means to stave off risks in accordance with the bank's risk policies and best international guidelines in this filed. The department also holds regular awareness workshops to ensure compliance with various information security programs for employees and shows customers how to raise their security awareness and protect their information in an appropriate manner.

## Compliance Department

In 2021, the Compliance Department continued to perform its role of evaluating Capital Bank's compliance with the laws, regulations, and instructions issued by all local and international authorities, in addition to applying the best international guidelines in the field of compliance, anti-money laundering, terrorist financing, and international sanctions, in order to avoid exposure to any risks or violations that the group may be exposed to or that may adversely affect its reputation.

Due to its independent role, the Compliance Department reports to the Board of Director's Compliance Committee, which carries out the tasks of supervising the efficiency, effectiveness, and independence of the department as well as overseeing any follow-up of its activities related to overseeing compliance with the instructions of regulatory authorities and laying sound foundations to combat money laundering, financing terrorism, and complying with international sanctions. The Compliance Department submits periodic reports in this regard to the Compliance Committee.

Capital Bank maintained it commitment to compliance with all applicable laws and legislations as well as the implementation of best practices during 2021 by:

Enhancing the bank's readiness to comply with international and regional economic sanctions

Preparing quarterly awareness bulletins in the field of compliance for bank employees, in addition to holding training courses about combating money laundering, terrorist financing, and international sanctions

Strengthening and developing work policies and procedures to match the changes in the control environment in the Kingdom, especially in compliance, combating money laundering and terrorist financing, and complying with international sanctions

The bank also continues to prioritize customer complaints through a department concerned with addressing any grievances by studying, evaluating and following up on them to ensure that they do not recur in the future. The department also handles customer complaints by submitting a periodic statistical report on all complaints received by the Compliance Committee that includes any steps taken to address them.

## Internal Audit

The Internal Audit Department provides the Board of Directors and the Audit Committee with reasonable assurances regarding the efficiency and effectiveness of internal control systems, the level of adherence to applying internal policies and procedures and their effectiveness through advisory and assurance services. The department recognizes the importance internal audit activities in strengthening internal systems and managing the risks related to the bank's various activities.

The Internal Audit Department operates in accordance with the internal audit charter approved by the Board of Directors, which focuses on the principles of the integrity, objectivity, confidentiality and efficiency of the auditor, and based on the international internal audit standards issued by the Institute of Internal Auditing (IIA) and the instructions of the Central Bank of Jordan.

The bank's internal audit activities, which include reviewing and evaluating internal monitoring, risk management and corporate governance, is entirely independent with a direct functional connection to the Board of Directors' Audit Committee and is administratively linked to the CEO. It also covers all the activities of Capital Bank and its subsidiaries based on the risk-based audit plan approved by the Board of Directors' Audit Committee.

The bank's management team lends great importance to the training, qualification, and development of auditors in cooperation with the best local and global training institutions.

## Human Resources Department

The human resources strategy was crafted in order to achieve the strategic goals of Capital Bank Group while simultaneously working with it in harmony to create a sustainable and competitive advantage for the Bank at the local and sectoral levels, ensuring growth, expansion, creativity, and customer service. The department does this through support and training programs, in addition to targeted activities and events that cement employee loyalty and provide a supportive and healthy work environment that advances development and success.

The human resources management strategy for 2021 can be summarized through the promotion of career development, investment in human resources and focus on the retention of talented employees through work programs and projects that fall within four main axes.

**First: Organizational Development**

- The department partnered with SOURCitHR Consulting Company to review and develop the bank's organizational structure in accordance with best practices and banking sector studies in order to enhance its bank's ability to keep pace with the continuous and rapid changes in the sector effectively, raising efficiency in order to comply with the internal status and adapt to external conditions, which ensures continuity and the achievement of set goals.
- Reviewing the bank's organizational structure as a whole to identify any gaps that may affect efficiency and re-designing them to cater to the strategic blueprint, new activities and the expansion of existing activities.
- Developing and unifying the structure of titles and job levels for both Capital Bank and the National Bank of Iraq so that it consists of job levels based on unified and internationally approved foundations that support building a culture of career development at various administrative levels.

**Second: Rewards and Incentives**

- Preparing incentive programs at the group level and reviewing the incentive program for the Retail Banking Department employees to inspire them to achieve their best and encourage the culture of sales.
- Reviewing salaries after the acquisition of Bank Audi to ensure their compatibility with the approved salary scale and applying an incentive bonus policy in accordance with the achievement of objectives for some stages of acquisition.
- Reviewing and updating the benefits programs for employees and working to develop them as a way of supporting a culture of institutional affiliation and performance excellence at the group level by preparing and reviewing incentive programs to support and motivate employees to provide their best and achieve goals.

**Third: Training and Development**

- Raising and developing the training and development methodology by completing and approving the training plan for the year 2021 through the provision of training and professional development programs with the renowned local and global providers, as well as expanding in the field of e-training through the virtual learning systems of LinkedIn and Salalem.
- Launching the Capitalent program, which works to develop internal competencies by providing opportunities for employees to work on a development plan.
- Launching the Innovate with Capital training program to enable students and recent graduates to develop their skills and acquire practical knowledge in specialized fields in the modern banking industry, preparing them to work in the banking sector, under the umbrella of the bank's corporate social responsibility strategy.
- Providing a wide range of training programs and initiatives based on a commitment to support the development of its employees and to promote a culture of change management and career development.
- Developing customer service and creating unified basics to provide high levels of service for excellence in customer experiences. The department continued its training and leadership program for all middle departments, including individual sessions to increase the efficiency of the program.

**Fourth: Participation and Loyalty**

The department launched the Capital Culture program, which includes several and initiatives focused on increasing team spirit, employee loyalty and a work-life balance. Additionally, employee feedback was collected via regular questionnaires in order to gauge whether actions need to be taken to improve the workplace environment. Some initiatives include:

- Capital Rewards: Aims to recognize and support talent, as well as create a work environment that encourages a culture of gratitude and appreciation among employees.
- Capital Talents: An initiative that supports human capital by giving priority for promotions from within the bank by focusing on internal recruitment rather than external employment.
- Capital Connect: Give employees incentives through their participation in the cross-selling process of the bank's products and attract customers.

The Human Resources Department had a key role through the acquisition phase that focused on developing a comprehensive strategy for the communication and integration processes of Bank Audi employees. This was done through meetings and forums to clearly review the vision, facts, and new merger plans for employees, in addition to meeting with employees at all levels to advise them on decisions taken. The department helped in the integration of employees during the transitional phase, encouraging them to use it as an opportunity to achieve development and growth.

## Subsidiaries

### Capital Investments

Capital Investments provides a full range of investment and advisory services in multiple markets to a select group of local and regional clients, most notably major companies, government institutions and bodies, and high net-worth individuals.

In 2021, Capital Investments continued its distinguished path as a leading regional investment company in Jordan and the region, achieving unprecedented financial results despite the exceptionally difficult circumstances that resulted from the coronavirus pandemic and its accompanying challenges, which cast a heavy shadow on the global banking and financial sector.

These achievements reinforce the company's competitive position as one of the leading Jordanian investment services companies and comes on the heels of four years during which Capital Investments witnessed a series of successes represented in steady growth in income and enhanced the return on shareholder equity, in addition to doubling the assets under its management by more than three times, as well as improving cost efficiency.

The Company's Most Prominent Activities in 2021

- Profits surpassed estimated amounts by 23%
- The range of services was expanded to include investing directly in mutual funds through the CapInvest Trader application
- Increasing the percentage of assets under management to about $450 million
- Achieving positive results across all departments, including financial brokerage, asset management, and corporate finance advisory

### Financial Brokerage in Local, Regional and International Markets

The company's local brokerage department maintained its position, ranking third in terms of trading volume on the Amman Stock Exchange (excluding deals) during 2021, with a market share of 5.23%, maintaining the same rank among brokers for the years 2019 and 2020.

The regional and international brokerage departments also continued to expand, providing trading service in all Arab and international markets to their clients via the Internet and mobile CapInvest Trader app, which allows clients to buy and sell shares and various securities in the Arab and international markets through their smart devices. The application also provides investment information, real-time prices, charts and stock trading through a unified electronic platform.

**Furthermore, a feature for investing in mutual funds managed by the largest and most**

prominent global investment managers has been added. The department achieved outstanding growth in 2021, with trading volumes in various global markets amounting to more than $1.6 billion, most of which were concentrated in the American markets followed by the London market. The rest was distributed among more than 24 financial markets around the world including North America, Europe Asia and the Pacific. During 2020, the department launched a service for trade in currencies, precious metals and major stock indices through the CapInvest Forex platform. In 2021, it began marketing its services in Iraq through the National Bank of Iraq.

### Asset Management

During 2021, Capital Bank Group expanded in the field of asset management, with the team supervising the growth of assets under management from $277 million at the end of 2020 to $450 million at the end of 2021. Based on this momentum, the group obtained an asset management license through Capital Investments in the Dubai International Financial Center (DIFC), strengthening its regional presence by adding quality and targeted expansion.

The growth in activities enables the group to provide a wider range of investment solutions and products to its clients, starting with Capital Investments in Jordan and Dubai. The External Asset Manager model through Capital Investments at the DIFC provides multiple advantages, the most important of which is the opening of investment accounts for high net-worth clients in reputable banks in Switzerland and Singapore. Our specialized team manages investments and advises in accordance with the highest governance controls while providing wealth management solutions, investment products and financing services for investments through these global banks, among others.

The department provides innovative and integrated investment solutions through a team specialized in portfolio management and financial analysis to meet the needs and investment objectives of clients, whether they are medium or high net-worth individuals or institutional investors. The department also serves institutions to gain access to global markets in a manner consistent with their goals. Investment solutions include financial service institutions, insurance companies, pension funds, provident funds and endowments, as well as family or private offices. Asset management allows the provision of financial planning requirements and investing in traditional and Sharia-compliant investment products and tools to meet a client's investment needs and goals.

The Asset Management Department, through the services it provides to its growing customer base of individuals and institutions, seeks to take a creative and innovative approach to asset and wealth management, with the aim of building long-term relationships with clients based on trust to reach solutions that meet their various objectives and their ability to accept risks. The team of experts has extensive experience in investing in the local, regional and international financial markets. The services of the department include the following:

- Portfolio management
- Investment consultation
- Fixed income and money market solutions
- Mutual funds and ETF solutions
- Sharia-compliant products
- Structured and specialized products
- Alternative investments

The Asset Management Department maintains communication with its clients and others from the investment world through the issuance of periodic bulletins on a weekly and monthly basis, and media presence on the most important global platforms such as CNBC, Bloomberg and Al Arabiya, in addition to social media platforms.

# Board of Directors Report

The Asset Management Department is working to keep pace with the targeted growth of the Capital Bank Group in the coming year, expanding its services to its customers in the Kingdom and the region, increasing the volume of managed assets and available products through a team of experts who have the ability to access a wide range of research and investments through an unrivaled network of financial institutions.

**Corporate Finance**

The Corporate Finance Department provides a wide range of advisory and investment services, drawing on the extensive knowledge and technical experience of its team members. The department targets the Jordanian and Iraqi markets, in addition to the Arab Gulf markets, which are covered by the team in Dubai. The department was able to achieve an outstanding performance record of successfully executed operations, in addition to dealing with a wide base of clients that include both public and private sector institutions, in addition to various financial institutions.

The Corporate Finance Department seeks to build long-term relationships with its clients and is committed to achieving the financial goals and strategic objectives of each client in order to obtain the best results that ensure sustainable business growth while maintaining an outstanding level of service in all that the department offers.

The department's services include:

- Equity Instruments: Advising companies and investors on public and private placements and subscription to securities, including initial and secondary initial public offering instruments.
- Debt Instruments: Structuring and arranging long- and short-term financing instruments, including the issuance of bonds, Islamic bonds (sukuk), and the management of syndicated loans.
- Mergers and Acquisitions: Arranging for mergers and acquisitions between companies with the aim of achieving and increasing growth and expansion, in addition to arranging corporate financing operations through the sale of shares and supervising the establishment of strategic partnerships.
- Financial Advisory: This includes advisory operations related to capital acquisition, structuring, restructuring and corporate valuation, in addition to consultation services related to capital structure and distribution among debt and equity instruments and other strategic consultations.
- Governmental Advisory: This includes providing advice to government agencies on a wide range of transactions, including those related to the financing of government projects, joint ventures, privatization processes, and partnership programs between public and private sector institutions.
- Project Financing: Providing distinct financial solutions related to financing projects in various sectors including real-estate, infrastructure, water and energy and other development projects.

## Capital Investments (Dubai International Financial Center) Ltd.

Capital Investments Limited (DIFC) is a subsidiary of Capital Bank of Jordan and operates as an extension of the group to provide investment banking services. The company serves as a gateway to Capital Bank Group in the United Arab Emirates and the Gulf Cooperation Council states, providing a platform for the group's clients in Jordan and Iraq to connect with international companies and investors located in the region, linking them with quality investment opportunities and projects. The company also provides a platform for investors and Emirati companies looking for opportunities to access the Jordanian and Iraqi markets.

The reliable and solid framework provided by DIFC for investment banks allows Capital Bank Group to operate through a well-connected regional hub that supports the group's sustained growth and its access to markets. Accordingly, the company will continue to benefit from the DIFC's strong regulatory framework and to penetrate markets, as a foundation for the group's expansion plans.

The company's main areas of operation currently include corporate financing, business development and group marketing. In 2021, the group obtained an asset management license through Capital Investments in the DIFC, strengthening its regional presence by adding quality and targeted expansion. The growth in activities enables the group to offer a wider range of investment solutions and products to its clients, starting with Capital Investments in Jordan and Dubai. The External Asset Manager model through Capital Investments in the DIFC provides multiple advantages, the most important being the opening of investment accounts for high net-worth clients in reputable banks in Switzerland and Singapore. The company's specialized team manages investments and provides advice in accordance with the highest governance controls while providing wealth management solutions, investment products, and financing services in exchange for investments available through these international banks, to name a few. As a key priority for 2022, the company is expanding and increasing its product offerings, working closely with the Asset Management, Capital Select and Wealth teams to improve the business model and present it to the group's clients.

### Corporate Finance Department

The Corporate Finance Department provides financial advisory and consulting services designed to allow clients to achieve their strategic objectives by providing investment and financing opportunities through an extensive network of investors, private equity funds, sovereign wealth funds, and strategic investors in Gulf Cooperation Council countries and other global markets.

The Corporate Finance team works within a unified strategy and closely with its sister company in Jordan to provide innovative and integrated solutions, with expertise in mergers and acquisitions, financial valuation and modeling, capital growth, deal structuring, debt restructuring and project financing.

Despite the difficult economic environment and the uncertainty brought about by the coronavirus pandemic, the company maintained its growing customer base and worked selectively in the defense and strategic sectors, including natural resources, insurance, and industry. The team also continued to focus on securing opportunities in Iraq, thanks to the group's unique experience in this market.

### Business Development and Marketing

Due to its unique market position, Capital Investments is considered a gateway to Emirati and multinational companies operating or seeking commercial banking services in Iraq and Jordan. Over the past few years, the company's team has succeeded in building an extensive network of corporate clients who now work with the National Bank of Iraq and Capital Bank in Jordan through a wide range of commercial transactions and trade finance. In 2021, the company was able to advise to a number of major clients who had started using banking services within the country. The company will continue this work, as it is of high added value to the group, as the United Arab Emirates is a major center for regional and international companies working with and inside Iraq.

## National Bank of Iraq

The National Bank of Iraq continued its efforts to further develop the Iraqi banking market by providing unmatched banking services, products and integrated electronic services that help meet the needs of both individual and corporate clients.

These efforts are an fundamental part of Capital Bank Group's strategic vision and are in line with the policies of the Central Banks of Iraq and Jordan.

The NBI's services include:

- All types of customer accounts including current, savings and fixed deposit accounts in Iraqi dinars and US dollars or any other major currency
- Salary transfer services for all clients from the private and public sectors
- Credit facilities for individuals, including personal loans and credit cards
- Specialized services for major companies including commercial services such as issuing and receiving letters of credit, letters of guarantee, bank transfers, all kinds of banking facilities, currencies trading as well as participation in foreign currency buying and selling, and services for medium and small enterprises.
- Financial brokerage services through the Iraqi Money Brokerage Company, which includes buying and selling securities
- Investment services in Iraq in cooperation with Capital Investments
- Cards and ATM services, Internet banking services, in addition to a call center that serves customers quickly and efficiently

## Board of Directors Report

The NBI's most prominent accomplishments in 2021 are:

- Successfully completing the acquisition of Bank Audi's business and branches in Iraq, the first acquisition transaction of its kind in Iraq
- Obtaining a financing line of credit amounting to $10 million from the Saudi Fund for Development
- Obtaining a commercial financing line of credit amounting to $10 million from Proparco
- Obtaining a financing line worth $10 million dollars for a period of five years from the International Finance Corporation
- Obtaining a $25 million financing line from the Saudi Export-Import Bank
- Issuing a certificate of deposit product for the first time in the Iraqi market
- Receiving an award in March 2021 from the Securities Commission for being the first bank to hold its general assembly
- Launching the express personal loan service (30 minutes from the time of request to disbursement)
- Activating cards with OTP feature via SMS messages
- Launching investment services in Iraq in cooperation with Capital Investments
- Signing a partnership agreement with the International Labor Organization in Iraq
- Opening six new settlement centers
- Obtaining the approval of the Central Bank of Iraq and the Central Bank of Saudi Arabia to open a branch in the Kingdom of Saudi Arabia
- Launching the savings accounts product - Zanakin
- Reaching more than 100,000 bank customers
- Opening a new branch in Al-A'dhamiya
- Signing a strategic partnership contract with Al Mahatta Corporation to support entrepreneurial projects
- Providing 17,000 withdrawal points for the Bank's customers as an alternative to ATMs, in cooperation with Zain Iraq, Asia Cell, and Switch Company
- Launching the e-statement service
- Implementing IT governance processes as per the COBIT framework
- Launching the JIRA system for managing IT requests and services
- Establishing a DR Data Center in Karbala
- Linking the CBS credit information exchange system with the banking system
- Implementing a vaccination campaign against coronavirus for bank employees and their families
- Launching the annual Ramadan campaign, We Are With You to support the families of martyrs
- Implementing the electronic archiving system according to the instructions of the Central Bank of Iraq.

# Economic Performance Analytical Overview of Domestic and Global

# Analytical Outlook 2021

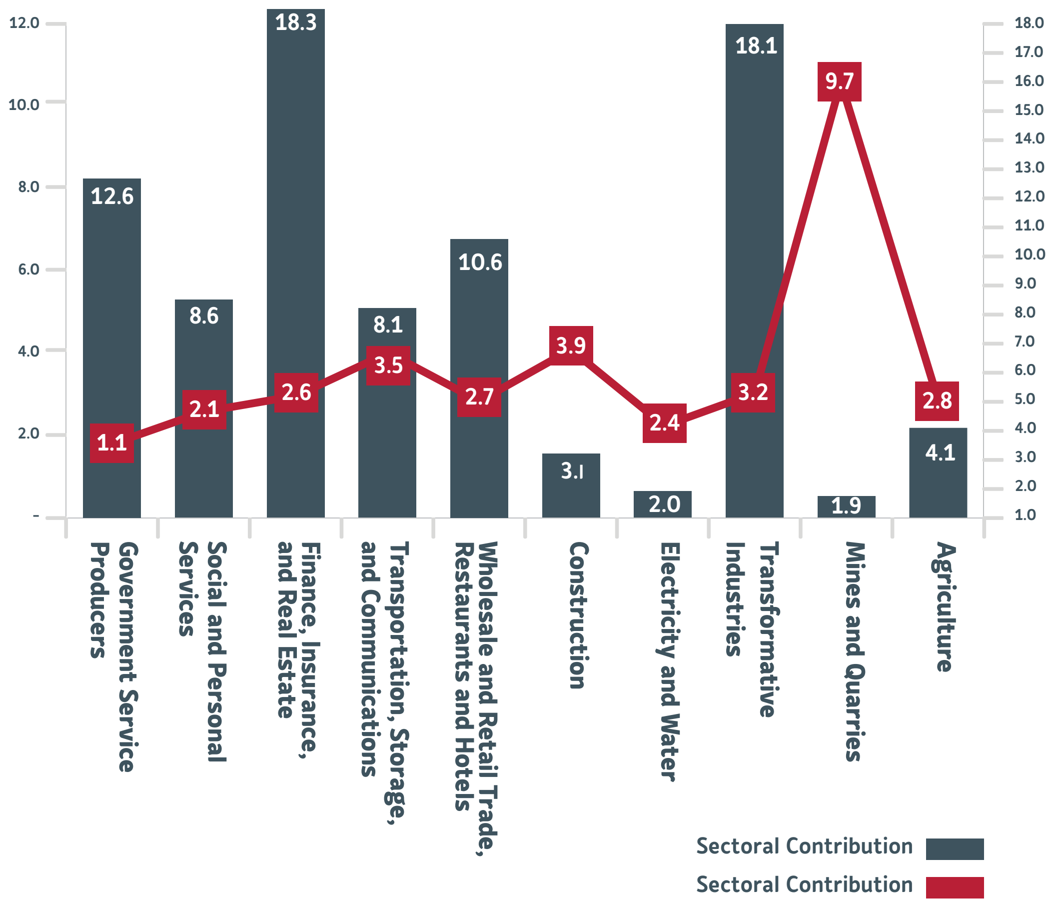
**GDP growth of 2.7% at constant prices in the third quarter of 2021**

GDP at fixed market prices grew by 2.7% in the third quarter of 2021 compared to the same period in 2020, according to preliminary results from the General Statistics Service.

According to these results, the economic sectors grew in the third quarter of 2021, were

The extractive sector achieved the highest growth rate during this period at 9.7%, followed by construction at 3.9%, transport, storage, and telecommunications at 3.5%, and manufacturing at 3.2%.

**GDP growth at constant prices and sectoral contribution for the third quarter of 2021**



# Economic Performance AnalyticalOverview of  Domestic and Global

**8.8 million square meters of licensed buildings in the Kingdom during 2021**

The total area of licensed buildings was 8,747,000 square meters by the end of 2021, compared to 5,721,000 square meters in 2020, up 2.95%.

The total number of building permits issued in the Kingdom was 26,720 in 2021, compared to 20,019 in 2020, an increase of 39.2%.

The area of licensed buildings for residential purposes during 2021 was about 7,685,000 square meters, compared to about 4,960,000 square meters during 2020, up 54.9%, while the area of buildings licensed for non-residential purposes in 2021 was about 1062,000 square meters, compared to about 761,000 square meters during 2020, up 39.6%.

In 2021, licensed buildings accounted for 87.9% of the total area of licensed buildings, while the area of licensed buildings for non-residential purposes accounted for 112% of the total area of licensed buildings.

At the regional level, the central region accounted for 67.1% of the total area of licensed buildings, while the northern territory accounted for 23.4% and the southern territory 9.5%.

The licensed space for new buildings and additions to existing buildings accounted for 64.2% of the total number of licensed buildings during 2021, while the licensed space for existing buildings accounted for 35.8%.

The total area of licensed buildings for new buildings and additions to existing buildings was 5,618,000 square meters in 2021, compared to about 3,258,000 square meters in 2020, up 72.4%.

**Figure (1): Relative distribution of licensed spaces by governorate in first 9 months of 2021**

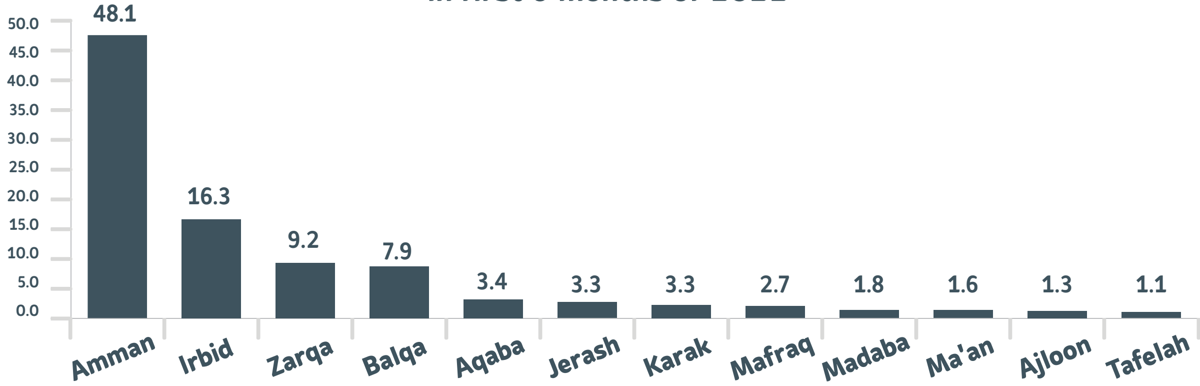


Figure (2): Area of licensed buildings by type of occupancy in first 9 months of 2020 and 2021

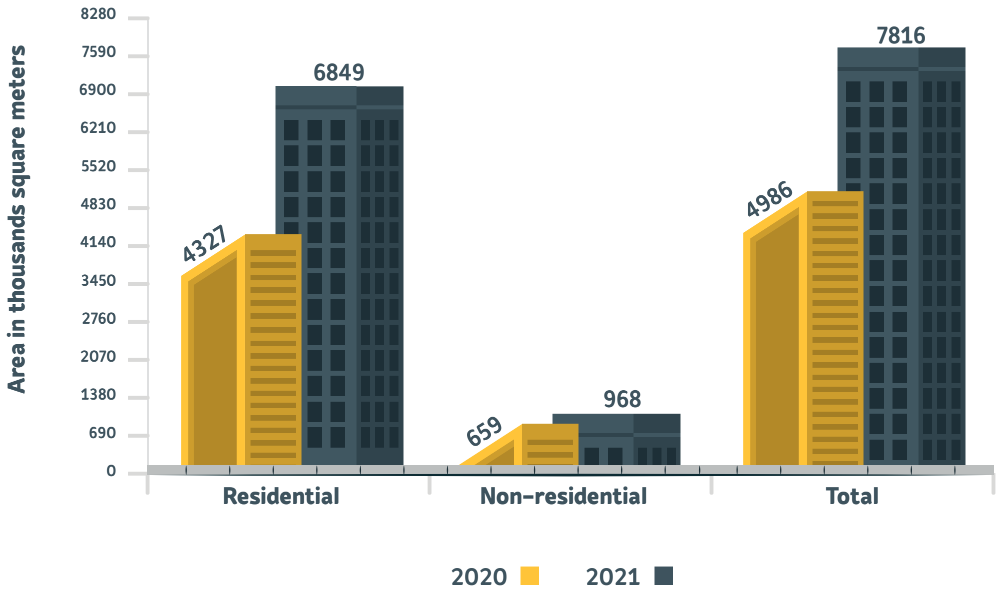
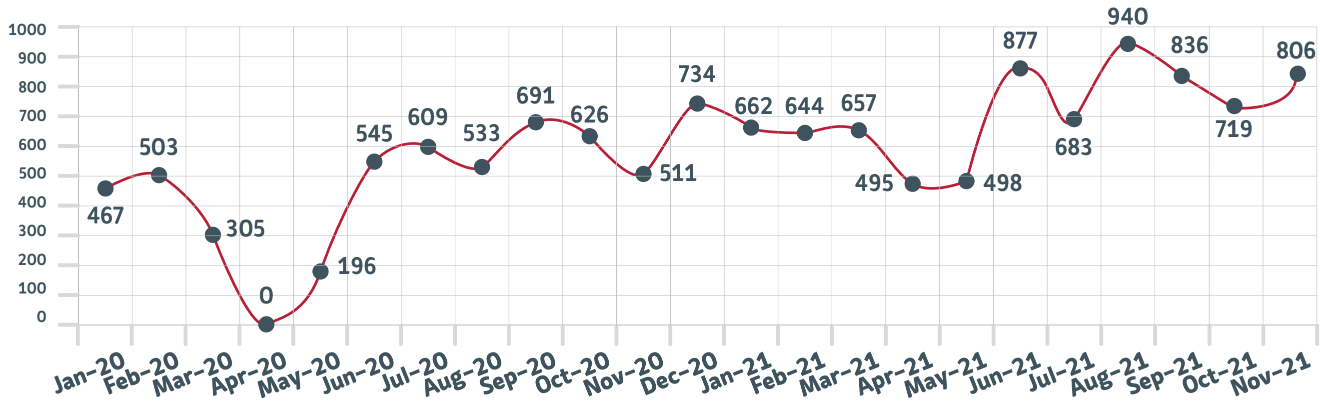



Figure (3): Area of licensed buildings by month during 2020 and 2021 (1,000 square meters)



# Economic Performance AnalyticalOverview of  Domestic and Global

**2.40% Rise in the General Consumer Price Index for December 2021**

The Department of General Statistics released its monthly report on the general consumer price index for December 2021, which rose to 103.54 compared to 101.11 for the same month in 2020, up 2.40%.

This increase contributed by the transport group by 1.20 percentage points, meat and poultry by 0.52 percentage points, fuel and lighting by 0.22 percentage points, culture and entertainment by 0.12 percentage points, and oils and fats by 0.11 percentage points.

The prices of a range of commodities, most notably the group of dry and canned vegetables and pulses, decreased by 0.09 percentage points, healthcare by 0.08 percentage points, beverages and refreshments by 0.04 percentage points and rents by 0.02 percentage points.

At the monthly level, the December 2021 consumer price index was 103.54 compared to 103.06 for November of the same year, up 0.47%.

Among the leading commodity groups contributing to this rise were the transport group by 0.22 percentage points, meat and poultry by 0.10 percentage points, rents of 0.06 percentage points, fruits and nuts by 0.04 percentage points, dairy and producers and eggs by 0.03 percentage points.

The prices of a range of goods, most notably the range of dry and canned vegetables and pulses, decreased by 0.05 percentage points, beverages and refreshments by 0.003 percentage points, and personal effects by 0.004 percentage points.

The cumulative consumer price index for 2021 was 102.46 compared to 101.10 for 2020, up 1.35%.

Among the leading commodity groups contributing to this rise were the transport group by 0.70 percentage points, meat and poultry by 0.30 percentage points, rents by 0.27 percentage points, tobacco and cigarettes by 0.11 percentage points, and oils and fats by 0.10 percentage points. In contrast, prices for a range of commodities, most notably dry and canned vegetables and pulses, fell by 0.40 percentage points, fruits and nuts by 0.05 percentage points, clothing by 0.04 percentage points, spices, food, and other food improvements by 0.02 percentage points.

The December 2021 core consumer price index (measured by excluding the most volatile goods at prices for the food, fuel, lighting, and transport group) was 69.41 compared to 69.09 during the same month of 2020, up 0.47%. At the cumulative level, this year’s core consumer price index was 69.06 compared to 68.47 for 2020, up 0.87%.

**Figure (1): General Consumer Price Index by month for 2020 and 2021**

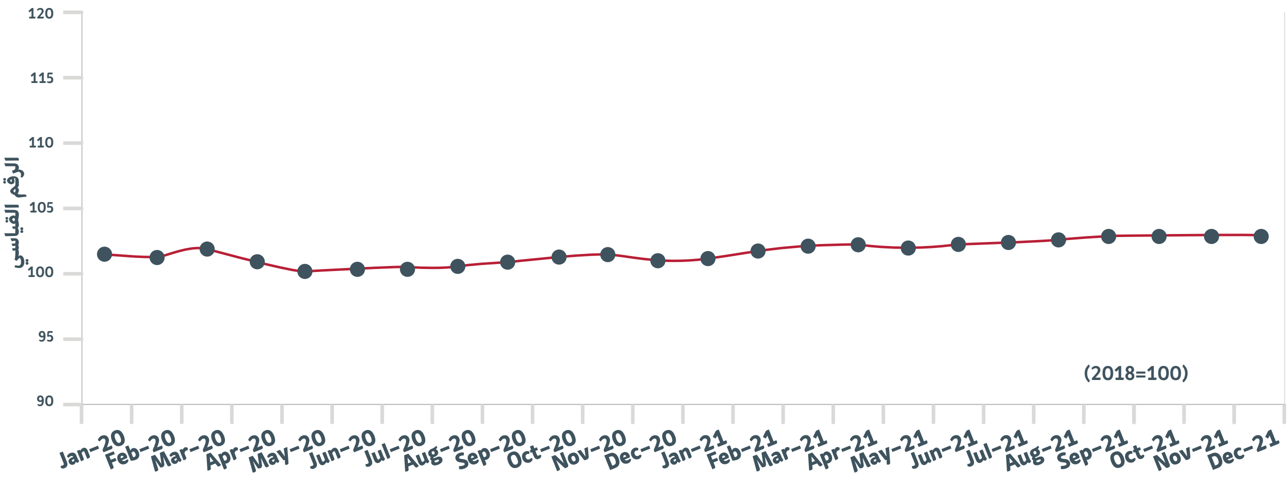



**Table 1: Monthly Records for 2020 and 2021 (2018=100)**

| Month Year | Jan. | Feb. | Mar. | Apr. | May. | Jun. | Jul. | Aug. | Sep. | Oct. | Nov. | Dec. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2020 | 101.6 | 101.5 | 102.05 | 101.05 | 100.39 | 100.51 | 100.59 | 100.66 | 101.00 | 101.29 | 101.42 | 101.11 |
| 2021 | 101.22 | 101.91 | 102.21 | 102.31 | 102.05 | 102.29 | 102.45 | 102.68 | 102.86 | 102.92 | 103.06 | 103.54 |

**Table 2: Average monthly and cumulative change in consumer prices for 2020 and 2021 (2018=100)**

| Month Year | Jan. | Feb. | Mar. | Apr. | May. | Jun. | Jul. | Aug. | Sep. | Oct. | Nov. | Dec. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2020 Monthly | 0.05 | -0.05 | 0.52 | -0.98 | -0.65 | 0.12 | 0.08 | 0.07 | 0.34 | 0.29 | 0.13 | -0.31 |
| 2021 Monthly | 0.10 | 0.69 | 0.29 | 0.10 | -0.26 | 0.24 | 0.16 | 0.22 | 0.18 | 0.06 | 0.13 | 0.47 |
| 2021 Cumulative | -0.35 | 0.02 | 0.06 | 0.36 | 0.61 | 0.81 | 0.95 | 1.09 | 1.17 | 1.21 | 1.25 | 1.35 |

# Economic Performance AnalyticalOverview of  Domestic and Global

**Table 3: Rate of Change in Basic Cumulative Records for 2021 (2018=100)**

| Month Year | Jan. | Feb. | Mar. | Apr. | May. | Jun. | Jul. | Aug. | Sep. | Oct. | Nov. | Dec. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2021 | 1.28 | 1.28 | 1.18 | 1.09 | 1.02 | 0.98 | 0.96 | 0.92 | 0.90 | 0.89 | 0.91 | 0.87 |

### 12.53% Rise in industrial producer prices for 2021

The 2021 general industrial producer price index rose to 124.34 from 110.50 for 2020, up 12.53%, because of a 12.06 percentage point rise in the manufacturing price index. Their relative importance is 86.01%, and the extractive industry price index of 0.73 percent, which is important, is 8.22%. The electricity price index fell by 0.26 percent, which is important, 5.76%.

**Figure (1): Industrial Producer Price Index by month for 2020 and 2021**

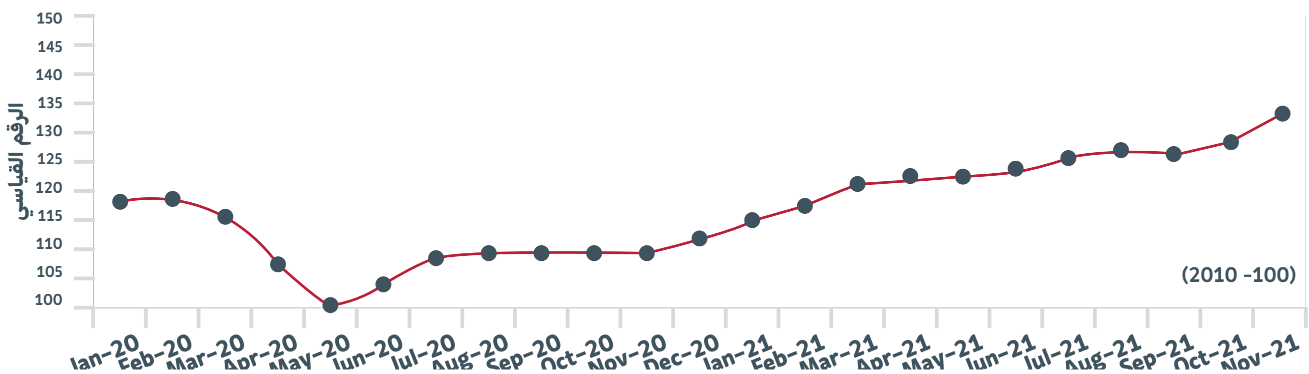



**Table 1: Monthly and cumulative change in industrial producer prices by months 2020 and 2021**

| Month Year | Jan. | Feb. | Mar. | Apr. | May. | Jun. | Jul. | Aug. | Sep. | Oct. | Nov. | Dec. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2020 Monthly | 0.89 | 0.29 | -2.48 | -6.67 | -6.98 | 3.41 | 4.42 | 0.87 | 0.13 | 0.02 | -0.06 | 1.71 |
| 2021 Monthly | 3.09 | 2.15 | 2.84 | 0.76 | 0.60 | 0.80 | 1.78 | 0.74 | 0.44- | 1.43 | 3.18 | 0.26 |
| 2021 Cumulative | 2.02- | 2.04- | 0.01 | 2.95 | 6.31 | 8.24 | 9.27 | 10.04 | 10.57 | 11.16 | 11.98 | 12.53 |

# Economic Performance AnalyticalOverview of  Domestic and Global

**20.1% rise in national exports and 24.2% rise in imports during the first 11 months of 2021**

The Department of Public Statistics indicated in its monthly report on foreign trade in Jordan that the value of total exports during the first 11 months of 2021 reached JD5,997.2 million, up 18.3% compared to the same period in 2020.

The value of national exports during the first 11 months of 2021 was JD5,447.0 million, up 20.1% from the same period in 2020.

The re-export value was JD550.2 million in the first 11 months of 2021, up 3.3% from the same period in 2020.

Imports amounted to JD13,821.6 million in the first 11 months of 2021, up 24.2% from the same period in 2020.

Thus, the trade deficit, which represents the difference between the value of imports and the value of total exports, was JD7,824.4 million, increasing during the first 11 months of 2021 by 29.2% compared to the same period in 2020.

Total export coverage for imports was 43.4% in the first 11 months of 2021, while coverage was 45.6% compared to the same period in 2020, down 2.2 percentage points.

In terms of the commodity composition of the most prominent exported goods, the value of national exports of clothing and its accessories from smelters increased by 13.9%, fertilizers by 97.1%, raw potash by 27.0%, raw phosphate by 44.6%, and inorganic chemical products by 9.1%, while the value of national exports of pharmaceutical products decreased by 1.5%.

In terms of the commodity composition of imports, the value of imports of crude oil and its derivatives increased by 34.8%, vehicles, bicycles, and parts by 26.1%, precious jewellery by 539.9%, machinery and machinery and machinery and parts by 17.8%, machinery and electrical appliances and parts by 11.0%, and cereals by 17.9%.

As for the leading foreign trade partners, the value of national exports to the major Arab Free Trade Area countries increased by 12.0%, including Saudi Arabia by 28.3%, and NAFTA countries by 33.8%, including the United States, the United States of America by 34.6%, non-Arab Asian countries by 33.2%, including India at 54.7%, EU countries by 29.8%, including the Netherlands, by 11.3%.

The value of imports from the major Arab Free Trade Area countries increased clearly by 49.5%, including Saudi Arabia by 50.7%, and non-Arab Asian countries by 22.7%, including People's Republic of China by 1%. 3.7%, EU countries by 14.7%, including Germany, by 6.3%, while imports from NAFTA countries decreased by 1.8%, including the United States of America by 0.4%.

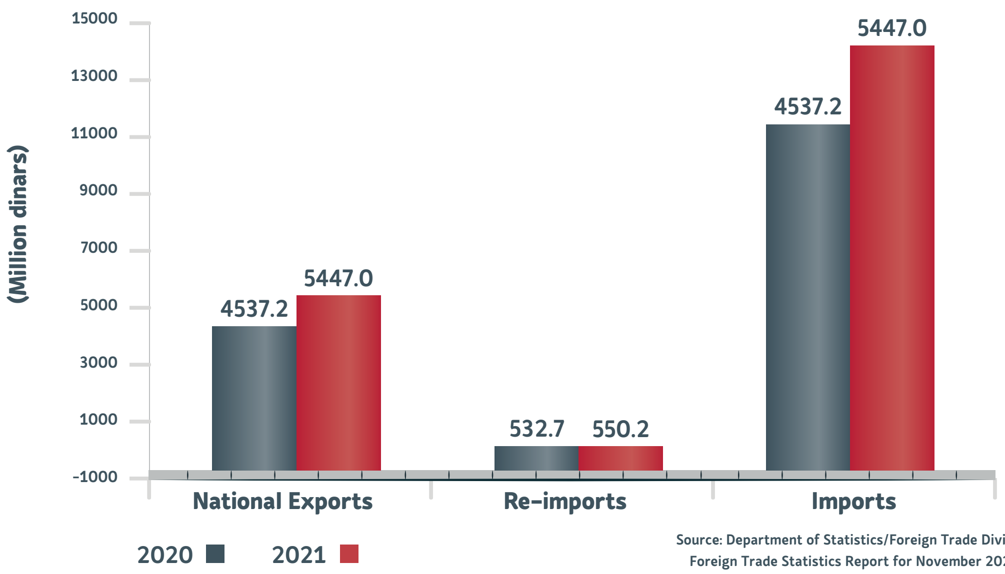
At the monthly level, Jordan's national exports reached JD598.9 million in November 2021, up from JD432.2 million in the same month of 2020, indicating a rise of 38.6%.

## Economic Performance AnalyticalOverview of  Domestic and Global

This is due to the increase in the value of national exports of azut or chemical fertilizers from JD74.1 million in November 2020 to JD156.8 million in the same month of 2021, an increase of 111.8%. The value of national exports of crude potash increased to JD45.2 million in November 2021 compared to JD22 million in the same month of 2020, an increase of 105.5%, a rise in the value of national exports of crude phosphate from JD25.4 million in November 2020 to JD35.0 million in the same month of 2021 by 37.8%, and the value of national exports of jewelry from JD9.8 million in November 2020 to JD18.3 million in the same month of 2021 by 86.7%.

The value of national exports of fuel oil, aluminium and its manufactures, clothing and accessories of smelters, machinery and electrical equipment, fruits and vegetables, copper and its manufactures, plastics and manufactures, grain preparations, iron casting, mill products, tobacco, carpets, and vegetable preparations also increased, accounting for 74.6% of the total value of national exports in November 2021, compared to 58.5% during the same month of 2020. The data indicates that the value of national exports of inorganic chemical products decreased by 51.8%, paper and manufactures by 37.6%, live animals by 39.7%, and pharmacy preparations by 6.9% in November 2021.

**Figure 1: Foreign trade during the eleven months of the current month 2020 and 2021**




Source: Department of Statistics/Foreign Trade Division
Foreign Trade Statistics Report for November 2021

# Economic Performance AnalyticalOverview of  Domestic and Global

**Table 1: Top Exported and Imported Goods during the First 11 Months of 2020 and 2021***

**(Value in JD 1 million)**

| National Exports | | | | Imports | | | |
|---|---|---|---|---|---|---|---|
| Goods | 2020 | 2021* | Percentage change (%) | Goods | 2020 | 2021* | Rate of change (%) |
| Clothing and accessories from the masnars | 1007.0 | 1146.5 | 13.9 | Crude oil and its derivatives | 1185.1 | 1597.8 | 34.8 |
| Fertilizers | 397.5 | 783.4 | 97.1 | Vehicles, bicycles, and parts | 783.2 | 987.7 | 26.1 |
| Raw potash | 350.8 | 445.5 | 27.0 | Precious ornaments and jewelry | 139.0 | 889.5 | 539.9 |
| Pharmaceuticals | 371.9 | 366.4 | 1.5- | Machines and their parts | 716.3 | 843.8 | 17.8 |
| Raw phosphate | 222.2 | 321.2 | 44.6 | Machinery and electrical appliances and their parts | 646.2 | 717.2 | 11.0 |
| Inorganic chemical products | 243.0 | 265.2 | 9.1 | Grain | 537.2 | 633.2 | 17.9 |
| Other materials | 1944.8 | 2118.8 | 8.9 | Other materials | 7118.9 | 8152.4 | 14.5 |
| National exports | 4537.2 | 5447.0 | 20.1 | Total imports (2) | 11125.9 | 13821.6 | 24.2 |
| Re-exported | 532.7 | 550.2 | 3.3 | | | | |
| Total total exports (1) | 5069.9 | 5997.2 | 18.3 | Trade deficit (1) - (2) | 6056.0- | 7824.4- | 29.2 |

# Global Economic Indicators 2021

**Global recovery is strong but uneven while several developing countries suffer from the lasting effects of the pandemic.**

- The global economy expected to grow by 5.6% in 2021, the fastest pace of growth after an 80-year recessiondue to the strong recovery of several major economies, yet many emerging and developing market countries continue to suffer from the COVID-19 pandemic and its repercussions, the World Bank reports in the World Economic Outlook.
- Despite this recovery, global output will be about 2% lower than pre-pandemic forecasts by the end of 2021. Among low-income economies, where vaccination campaigns are slow, the pandemic has squandered gains in poverty reduction and exacerbated insecurity and other long-standing challenges.

**Average per capita**

- Average per capita income in several emerging market and developing economies is expected to remain below pre-pandemic levels, and losses will exacerbate deprivations associated with healthcare, education and living standards. These major drivers of growth were expected to lose momentum even before the coronaviruscrisis, and this trend is likely to exacerbated by the negative effects of the pandemic.
- Growth in low-income economies this year is expected to be the slowest in the past 20 years other than 2020, partly due to slow vaccination campaigns. Low-income economies are expected to grow by 2.9% in 2021 before registering 4.7% in 2022. The output level in this group expected to be 4.9% lower in 2022 than pre-pandemic forecasts

**Regional Prospects**

- East Asia-Pacific: East Asia-Pacific: Growth in the region is expected to accelerate by 7.7% in 2021 and 5.3% in 2022
- Europe and Central Asia: The region’s economy is expected to grow by 3.9% this year and 3.9% next year
- Latin America and the Caribbean: The region’s economic activity is expected to grow by 5.2% in 2021 and 2.9% next year

# Economic Performance AnalyticalOverview of  Domestic and Global

- Middle East and North Africa: Economic activity in the Middle East and North Africa (MENA) region is expected to grow by 2.4% this year and 3.5% next year.
- South Asia: Growth in the region is expected to accelerate by 6.8% in 2021 and 6.8% in 2022
- Sub-Saharan Africa: Growth in the region is expected to accelerate by 2.8% in 2021 and 3.3% in 2022

**Remittance flows grow strongly by 7.3% in 2021**

- Remittances to low- and middle-income countries are expected to have increased strongly by 7.3% to $589 billion in 2021.
- This return to growth is stronger than previous estimates and follows a slight decline in remittance volumes of only 1.7% in 2020, despite the severe global recession caused by the COVID-19 pandemic, underscoring the resilience of these shock flows.
- For the second year in a row, remittance flows to low- and middle-income countries (excluding China) are expected to exceed total foreign direct investment and external development assistance, underscoring the importance of remittances in providing a vital lifeline by supporting household spending on providing necessities of life such as food, health, and education during periods of economic hardship in migrant countries.
- Remittances strongly grew this year in most regions, with flows increasing by 21.6% in Latin America and the Caribbean, 9.7% in the Middle East and North Africa, 8% in South Asia, 6.2% in sub-Saharan Africa and 5.3% in Europe and Central Asia. In East Asia and the Pacific, remittances decreased by 4% despite China’s exclusion, with remittances in the region increasing by only 1.4%. In Latin America and the Caribbean, growth has been unusually strong due to the economic recovery in the United States and other factors, including the interaction of migrants with their relatives during natural disasters in their countries of origin as well as remittances from their countries of origin to transit migrants.

# Economic Performance AnalyticalOverview of  Domestic and Global

**Regional remittance trends:**

- Official remittance flows to East Asia and the Pacific are expected to decline by 4% in 2021 to $131 billion. Excluding China, remittances to the region grew by 1.4% in 2021 and are expected to grow by 3.3% in 2022. As a proportion of GDP, the largest recipients of assistance in the region are smaller economies such as Tonga (43.9%), Samoa (21.1%) and the Marshall Islands (12.8%).
- Transfer costs: The average cost of sending $200 to the region fell to 6.7% in the first quarter of 2021 compared to 7.1% a year ago. The average transfer cost for the five lowest cost routes in the region was 2.7% for transfers to the Philippines, while the top five cost routes except South Africa to China were an unusual exception of 15%.

**Remittances to developing countries in the Middle East and North Africa**

- Remittances to developing countries in the Middle East and North Africa are expected to grow by an estimated 9.7% in 2021 to $62 billion, supported by a return to growth in EUhost countries (notably France and Spain), and an increase in global oil prices that has had a positive impact on the GCC countries.
- This increase is due to the strong improvement in inflows to Egypt (12.6% to $33 billion), Morocco (25% to $9.3 billion), returning migration and transit migration, respectively, played important roles in achieving these positive results. Remittances to Maghreb countries (Algeria, Morocco, and Tunisia) increased by 15.2%, driven by growth in the eurozone.
- Flows decreased to several countries in the region in 2021, including Jordan (down 6.9%), Djibouti (down 14.8%) and Lebanon (down 0.3%).
- Remittances in developing countries have long been the largest source of external resource flows among ODA flows, FDIand equity and debt flows.
- Remittances in 2022 are expected to register 3.6%, one of the slowest growth rates, due to the risks posed by the coronaviruspandemic. Transfer costs: The average cost of sending $200 to the region fell to 6.3% in the first quarter of 2021 from 7% a year ago.

# Corporate Governance Guide

# Corporate Governance Guide–2021

**Dear Shareholders,**

We would like to inform you that Capital Bank's newCorporate Governance Code has been issued and canbe accessed through the link below:

https://www.capitalbank.jo/en/banks-corporate-governance-code

# Auditor's Report

**Independent auditor's report**

**To the shareholders of Capital Bank of Jordan – Public Shareholding Company**

**Amman– the Hashemite Kingdom of Jordan**

# Report on the Audit of the Consolidated Financial Statements

### Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Capital Bank of Jordan (the "Bank") and its subsidiaries (together the "Group") as at 31 December 2021, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as amended by the Central Bank of Jordan instructions.

### What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated statement of income for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

## Our audit approach

### Overview

| Key Audit Matter | • Measurement of Expected Credit Losses |
|---|---|

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We have designed the scope of the audit to perform sufficient procedures that enable us to express an opinion on the consolidated financial statements as a whole, taking into account the Groups structure, accounting processes, controls and business segments.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Auditor’s Report

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Measurement of Expected Credit Losses**<br>The Group applies the Expected Credit Loss model (ECL) on all its financial instruments measured at amortised cost, debt instruments measured at fair value through other comprehensive income and financial guarantee contracts including financing commitments in accordance with International Financial Reporting Standards as amended by the Central Bank of Jordan instructions.<br>The Group exercises significant judgement and makes a number of assumptions in developing its ECL models, which includes probability of default computation separately for retail and corporate portfolios, determining loss given default and exposure at default for both funded and unfunded exposures, forward looking adjustments and staging criteria.<br>For defaulted exposures, the Group exercises judgements to estimate the expected future cash flows related to individual exposures, including the value of collateral.<br>The Group’s impairment policy under IFRS 9 as amended by the Central Bank of Jordan Instructions is presented in Note (3) to the consolidated financial statements. | We performed the following audit procedures on the computation of the ECL included in the Group’s consolidated financial statements for the year ended 31 December 2021:<br>• We assessed and tested the design and operating effectiveness of the controls over the calculation of the excepted credit losses model.<br>• We tested the completeness and accuracy of the data used in the calculation of ECL.<br>• For a sample of exposures, we checked the appropriateness of the Group’s application of the staging criteria.<br>• We involved our internal specialists to assess the following areas:<br>- Conceptual framework used for developing the Group’s impairment policy in the context of its compliance with the requirements of IFRS 9 as amended by the Central Bank of Jordan instructions.<br>- ECL modelling methodology and calculations used to compute the probability of default (PD), loss given default (LGD), and exposure at default (EAD) for the Group’s classes of financial instruments.<br>- Reasonableness of the assumptions made in developing the modelling framework including assumptions used for estimating forward looking scenarios and significant increase in credit risk.<br>- Recalculation of the expected credit losses for a sample of the impaired financial assets at each stage.<br>- Evaluating the impact of COVID 19 on expected credit losses model in relation to the future economic outlook, macroeconomic data, the probability of default, and the losses resulting from default and its associated weights. |

# Auditor's Report

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| Measurement of ECL is considered as a key audit matter as the Group applies significant judgments and makes a number of assumptions in the staging criteria applied to the financial instruments as well as in developing ECL models for calculating its impairment provisions. | • In addition, for the Stage 3 corporate portfolio, the appropriateness of provisioning assumptions were independently assessed for a sample of exposures selected on the basis of risk and the significance of individual exposures. An independent view was formed on the levels of provisions recognised, based on the detailed loan and counterparty information available in the credit file. For the Stage 3 retail portfolio, assumptions were independently assessed for each product category and an independent view was formed on the levels of provisions recognised at each category level.<br>• We recalculated the provision for non-performing loans in accordance with the Central Bank of Jordan Instructions Number (47/2009).<br>• We compared the expected credit loss calculated in accordance with IFRS 9 as amended by the Central Bank of Jordan Instructions with the provision for expected credit losses calculated in accordance with the instructions of the Central Bank of Jordan No. (47/2009) and ensured that the Group has recorded whichever is higher.<br>• We assessed the consolidated financial statement disclosures to ensure compliance with IFRS 7 and IFRS 9 as amended by the Central Bank of Jordan Instructions. We have also ensured completeness and accuracy of the disclosures by verifying the information to accounting records. |

**Other information**

The directors are responsible for the other information. The other information comprises all the other information included in the Group's annual report for the year 2021 (but does not include the consolidated financial statements and our auditor's report therein), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

# Auditor’s Report

**Responsibilities of management and those charged with governance for the consolidated financial statements**

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as modified by the Central Bank of Jordan instructions. and with other identified applicable laws in the Hashemite Kingdom of Jordan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s consolidated financial reporting process.

**Auditor’s responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- **Evaluate the overall presentation, structure and content of the consolidated financial statements,** including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

# Auditor's Report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other legal and regulatory requirements**

The Group maintains proper accounting records that are in agreement with the accompanying consolidated financial statements. We recommend that the General assembly of the Shareholders approve these consolidated financial statements.

For and on behalf of Pricewaterhouse

Coopers "Jordan"

Hazem Sababa

License No. (802)

Amman, Jordan

2022

# Consolidated Financial Statements
31 December 2021

## Consolidated Financial Statements31 December 2021

### Consolidated Statement of Financial Position

As at 31 December 2021

| Assets | Notes | 12/31/2021 | 12/31/2020 |
|---|---|---|---|
| | | JD | JD |
| Cash and balances with central banks | 5 | 425,840,132 | 295,853,517 |
| Balances at banks and financial institutions | 6 | 312,546,731 | 142,537,265 |
| Financial assets at fair value through other comprehensive income | 7 | 195,500,838 | 89,577,134 |
| Loans valued at fair value through the income statement | 8 | 82,883,298 | 112,529,504 |
| Direct credit facilities, net amortized cost | 9 | 2,031,147,338 | 1,302,958,951 |
| Financial assets at amortized cost | 10 | 987,021,419 | 563,884,457 |
| Pledged Financial Assets | 11 | - | 32,599,621 |
| Property, plant and equipment, net | 12 | 66,322,336 | 38,873,085 |
| Intangible assets, net | 13 | 30,502,672 | 21,705,921 |
| Right-of-use leased assets | 15 | 10,577,712 | 3,943,039 |
| Deferred tax assets | 22 | 19,350,284 | 15,562,847 |
| Other assets | 14 | 149,612,655 | 128,779,976 |
| Total Assets | | 4,311,305,415 | 2,748,805,317 |
| Liabilities And Equity | | | |
| Liabilities | | | |
| Banks and financial institutions' deposits | 16 | 381,144,289 | 138,058,853 |
| Customers' deposits | 17 | 2,770,807,278 | 1,674,212,806 |
| Margin accounts | 18 | 233,663,764 | 151,723,382 |
| Loans and borrowings | 19 | 414,265,782 | 329,991,227 |
| Income tax provision | 22 | 4,484,833 | 4,887,737 |
| Deferred tax liabilities | 22 | 2,881,882 | 2,815,978 |
| Sundry provisions | 21 | 2,497,992 | 3,518,481 |
| Expected credit losses provision against off-balance sheet items | 48 | 4,889,017 | 4,360,854 |
| Lease liabilities | 15 | 11,863,620 | 3,983,732 |
| Other liabilities | 23 | 64,296,322 | 51,204,957 |
| Subordinated loans | 20 | 28,360,000 | 28,360,000 |
| Total Liabilities | | 3,919,154,779 | 2,393,118,007 |
| Equity | | - | |
| Equity attributable to the Bank's shareholders | | | |
| Paid in capital | 24 | 200,000,000 | 200,000,000 |
| Additional paid in capital | | 709,472 | 709,472 |
| Statutory reserve | 26 | 56,114,618 | 44,186,425 |
| Treasury Stocks | | - | (2,707,491) |
| Foreign currency translation adjustments | 27 | (16,540,837) | (16,540,837) |
| Fair value reserve | 28 | 813,120 | 3,619,029 |
| Retained earnings | 30 | 121,913,754 | 78,096,479 |
| Total equity attributable to the Bank's shareholders | | 363,010,127 | 307,363,077 |
| Non-controlling interest | | 29,140,509 | 48,324,233 |
| Total Equity | | 392,150,636 | 355,687,310 |
| Total Liabilities and Equity | | 4,311,305,415 | 2,748,805,317 |

The accompanying notes from 1 to 25 are an integrated part of these consolidated financial statements

# Consolidated Financial Statements31 December 2021

## Consolidated Statement Of Income

For the Year Ended 31 December 2021

| | Notes | 2021 | 2020 |
|---|---|---|---|
| | | JD | JD |
| Interest income | 31 | 180,718,962 | 130,286,038 |
| Less: Interest expense | 32 | 78,712,392 | 61,216,002 |
| Net interest income | | 102,006,570 | 69,070,036 |
| Commission income | | 31,238,988 | 27,612,010 |
| Less: commission expense | | 6,296,656 | 3,198,108 |
| Net commission income | 33 | 24,942,332 | 24,413,902 |
| Gain from foreign currencies | 34 | 4,414,507 | 11,648,029 |
| Dividends income from financial assets at fair value through other comprehensive income | 7 | 337,276 | 233,577 |
| Gain from sale of financial assets at fair value through other comprehensive income -debt instruments | 7 | 21,019 | 1,070,702 |
| loss on evaluation of Loans valued at fair value through the income statement | 8 | (763,000) | - |
| Other income | 35 | 6,543,772 | 4,224,694 |
| Net Income | | 137,502,476 | 110,660,940 |
| Employees' expenses | 36 | 32,744,132 | 21,508,460 |
| Depreciation and amortization | 12-13-15 | 10,276,339 | 6,347,745 |
| Other expenses | 37 | 28,505,367 | 18,945,164 |
| Donations due to COVID-19 | | - | 1,178,739 |
| Loss on sale of seized property | | 687,287 | 116,202 |
| Expected credit losses on financial assets | 44-1-a | 19,955,072 | 24,545,414 |
| Impairment on seized assets, net | 14 | (67,416) | (16,038) |
| (Return from) Sundry provisions | 21 | 42,202 | 27,740 |
| Total expenses | | 92,142,983 | 72,653,426 |
| | | | |
| Result of acquisition | | 28,077,962 | - |
| Expenses of acquisition | | (2,701,444) | - |
| Income before tax | | 70,736,011 | 38,007,514 |
| Less: Income tax expense | 22 | 9,729,187 | 7,705,436 |
| Net profit for the year | | 61,006,824 | 30,302,078 |
| | | - | - |
| Attributable to: | | | |
| Bank's shareholders | | 78,813,333 | 25,956,079 |
| Non - controlling interest | | (17,806,509) | 4,345,999 |
| | | 61,006,824 | 30,302,078 |
| | | - | - |
| | | JD/Fils | JD/Fils |
| Basic and diluted earnings per share | 38 | 0.394 | 0.130 |

## Consolidated Financial Statements31 December 2021

### Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2021

| | 2021 | 2020 |
|---|---|---|
| | JD | JD |
| Income for the year | 61,006,824 | 30,302,078 |
| Add: items that may be reclassified to profit or loss in subsequent periods after excluding the impact of tax | | |
| Exchange differences on translation of foreign operation | - | (19,045,355) |
| Income tax relating to these items | | |
| Change in the fair value of debt instruments at fair value through other comprehensive income - debt instruments | (2,945,734) | 2,469,181 |
| Gains from sales of debt instruments at fair value through other comprehensive income moved to income statement | (21,019) | (1,070,702) |
| Add: items that will not be reclassified to profit or loss in subsequent periods after excluding the impact of tax | | |
| Change in the fair value of equity instruments at fair value through other comprehensive income-equity instruments | 1,017,575 | (69,427) |
| Total other comprehensive income for the year net of tax | (1,949,178) | (17,716,303) |
| Total comprehensive income for the year | 59,057,646 | 12,585,775 |
| | | |
| Attributable to: | | |
| Bank’s shareholders | 76,525,313 | 16,341,102 |
| Non-controlling interest | (17,467,667) | (3,755,327) |
| | 59,057,646 | 12,585,775 |

The accompanying notes from 1 to 25 are an integrated part of these consolidated financial statements

# Consolidated Financial Statements31 December 2021

## Consolidated Statement of Cash Flows

For the Year Ended 31 December 2021

| Operating Activities | Notes | 2021 | 2020 |
|---|---|---|---|
| | | JD | JD |
| Profit before income tax | | 70,736,011 | 38,007,514 |
| Adjustments for Non-Cash Items | | | |
| Depreciation and amortization | | 10,276,339 | 6,347,745 |
| Impairment loss on direct credit facilities | | 19,955,072 | 24,545,410 |
| Impairment on assets seized by the bank | | (67,416) | (16,038) |
| Result of acquisition | | (28,077,962) | - |
| Sundry provisions | | 42,202 | (27,740) |
| Net accrued interest (receivable) payable | | (6,211,637) | (3,603,377) |
| Effect of exchange rate changes on cash and cash equivalents | | (2,001,617) | (5,253,774) |
| Cash flows from operating activities before changes in assets and liabilities | | 64,650,992 | 59,999,740 |
| Changes in assets and liabilities - | | | |
| Restricted balances | | (213,110) | (4,934,347) |
| Restricted balances at central banks | | (18,943,388) | 4,092,925 |
| Banks and financial institutions' deposits | | 5,000,000 | (5,000,000) |
| Financial assets at fair value through Income statement | | - | 3,054,812 |
| Direct credit facilities at amortized cost | | (484,675,432) | (327,582,539) |
| Other assets | | (1,687,108) | 7,338,942 |
| Banks and financial institutions' deposits maturing in more than three months | | - | 403,875 |
| Customers' deposits | | 708,714,395 | 346,685,961 |
| Margin accounts | | 13,824,934 | (17,286,184) |
| Other liabilities | | 3,206,141 | 12,137,606 |
| Paid sundry provisions | | (1,062,691) | (547,238) |
| Net cash flow (used in) from operating activities before income tax | | 288,814,733 | 78,363,553 |
| Income tax paid | | (7,282,792) | 78,363,553 |
| Net cash flow (used in) from operating activities | | 281,531,941 | 156,727,106 |
| Investing Activities | | | |
| Purchase of financial assets at fair value through other comprehensive income | | (132,361,325) | (36,212,955) |
| Sale of financial assets at fair value through other comprehensive income | | 25,328,519 | 6,092,116 |
| Cash as a result of acquisition | | 78,106,643 | - |
| Purchase of financial assets at amortized cost | | (390,891,818) | (55,305,272) |
| Sale / maturity of financial assets at amortized cost | | 121,786,057 | (1,782,694) |
| Change in financial assets pledged as collateral | | 32,599,621 | - |
| Purchase of property and equipment | | (18,017,951) | (10,937,383) |
| Purchase of intangible assets | | (10,208,555) | (10,051,495) |
| Net cash flow used in investing activities | | (293,658,809) | (108,197,683) |
| Financing Activities | | | |
| Proceeds from loans and borrowings | | 190,163,728 | 283,118,363 |
| Repayment of loans and borrowings | | (112,880,236) | (119,914,136) |
| obligations repaid during the year | | (1,808,449) | (1,432,076) |
| Treasury Shares | | 5,109,406 | (4,377,511) |
| Cash dividends | | (27,705,253) | - |
| Net cash flow (used in) from financing activities | | 52,879,196 | 157,394,640 |
| Net cash and cash equivalents | | 40,752,328 | 117,938,829 |
| Effect of exchange rate changes on National Bank of Iraq | | 2,001,617 | (24,888,870) |
| Effect of exchange rate changes on cash and cash equivalents | | - | 5,253,774 |
| Cash and cash equivalent at the beginning of the year | 40 | 263,032,649 | 164,728,916 |
| Cash and cash equivalent at the end of the year | | 305,786,594 | 263,032,649 |

The accompanying notes from 1 to 25 are an integrated part of these consolidated financial statements

## Consolidated Financial Statements31 December 2021

### Consolidated Statement of Changes in Owners Equity

For the Year Ended 31 December 2021

| 31 December 2021 | Attributable to owners of the parent entity | | | | | | | Equity attributable to the Bank's shareholders | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | Issued and Paid in Capital | Additional paid in capital | Reserves | | Foreign currency translation adjustments | Fair value reserve | *Retained earnings | | | |
| | | | Statutory | Treasury Shares | | | | | | |
| | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Balance at 01 January 2021 | 200,000,000 | 709,472 | 44,186,425 | (2,707,491) | (16,540,837) | 3,619,029 | 78,096,479 | 307,363,077 | 48,324,233 | 355,687,310 |
| Profit for the year | - | - | - | - | - | - | 78,813,333 | 78,813,333 | (17,806,509) | 61,006,824 |
| Change in financial assets at fair value through other comprehensive income - debt instruments | - | - | - | - | - | (3,231,773) | - | (3,231,773) | 286,039 | (2,945,734) |
| Realized gainsfrom selling financial assets at fair value through other comprehensive income moved to income statement | - | - | - | - | - | (21,019) | - | (21,019) | - | (21,019) |
| Change in financial assets at fair value through other comprehensive income - equity instruments | - | - | - | - | - | 964,772 | - | 964,772 | 52,803 | 1,017,575 |
| Total other comprehensive income | - | - | - | - | - | (2,288,020) | 78,813,333 | 76,525,313 | (17,467,667) | 59,057,646 |
| Transferred to retained earnings from losses on sale of equity instruments at fair value through other comprehensive income (note 7 - 28) | - | - | - | - | - | (517,889) | 517,889 | - | 1,527 | 1,527 |
| Transferred to reserves | - | - | 11,928,193 | - | - | | (11,928,193) | - | - | - |
| Treasury stocks for subsidiaries | - | - | | 2,707,491 | - | - | 414,246 | 3,121,737 | 1,987,669 | 5,109,406 |
| Dividends (note 25,29) | - | - | - | | - | - | (24,000,000) | (24,000,000) | (3,705,253) | (27,705,253) |
| Balance at 31 December 2021 | 200,000,000 | 709,472 | 56,114,618 | - | (16,540,837) | 813,120 | 121,913,754 | 363,010,127 | 29,140,509 | 392,150,636 |

## Consolidated Financial Statements31 December 2021

| 31 December 2020 | Issued and Paid in Capital | Additional paid in capital | Statutory | General banking risk | Foreign currency translation adjustments | Fair value reserve | *Retained earnings | Equity attributable to the Bank's shareholders | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Balance at 01 January 2020 as previously stated | 200,000,000 | 709,472 | 41,201,491 | - | (5,223,143) | 1,636,797 | 55,404,849 | 293,729,466 | 53,749,580 | 347,479,046 |
| Profit for the year | - | - | - | - | - | - | 25,956,079 | 25,956,079 | 4,345,999 | 30,302,078 |
| Changes in foreign currency translations from foreign operations | - | - | - | - | (11,317,694) | - | - | (11,317,694) | (7,727,661) | (19,045,355) |
| Change in financial assets at fair value through other comprehensive income - debt instruments | - | - | - | - | - | 2,817,728 | - | 2,817,728 | (348,547) | 2,469,181 |
| Realized gainsfrom selling financial assets at fair value through other comprehensive income moved to income statement | - | - | - | - | - | (1,070,702) | - | (1,070,702) | - | (1,070,702) |
| Change in financial assets at fair value through other comprehensive income - equity instruments | - | - | - | - | - | (44,309) | - | (44,309) | (25,118) | (69,427) |
| Total comprehensive income for the year | - | - | - | - | (11,317,694) | 1,702,717 | 25,956,079 | 16,341,102 | (3,755,327) | 12,585,775 |
| Transferred to retained earnings from losses on sale of equity instruments at fair value through other comprehensive income (note 7 - 28) | - | - | - | - | - | 279,515 | (279,515) | - | - | - |
| Transferred to reserves | - | - | 2,984,934 | - | - | - | (2,984,934) | - | - | - |
| Treasury stocks for subsidiaries | - | - | - | (2,707,491) | - | - | - | (2,707,491) | (1,670,020) | (4,377,511) |
| Balance at 31 December 2020 | 200,000,000 | 709,472 | 44,186,425 | (2,707,491) | (16,540,837) | 3,619,029 | 78,096,479 | 307,363,077 | 48,324,233 | 355,687,310 |

*Retained earnings include JD 19,350,284 which represents deferred tax assets as at 31 December 2021 against JD 15,562,847 as at 31 December 2020, according to the Central Bank of Jordan's regulations these balances are restricted.

*Retained earnings include JD 958,330 as at 31 December 2021 against JD 962,559 as at 31 December 2020, this amount represents unrealized gain as a result of early adoption of IFRS9 related to classification and measurement. This amount is not available for distribution according to the Securities and Exchange Commission regulations until the amount becomes realized .

An amount equal to the negative balance of fair value reserve is restricted within retained earning and cannot be utilized, unless approval is taken from the Central Bank.

The general banking risks reserve is a restricted reserve that cannot be utilized without prior approval of the Central Bank of Jordan. Regarding the implementation of IFRS 9 the Central Bank of Jordan issued Circular No.10/1/1359 on 25 January 2018 , allowing banks to transfer the balance of general banking risk reserve to retained earnings to reflect the impact of IFRS 9 on the opening balance of retained earnings as at 1 January 2018. The Circular also stipulates that the balance of a general bank risk reserve item is a restricted balance. Dividends may not be distributed as dividends to shareholders and may not be used for any other purpose except with the approval of the Central Bank of Jordan. The unutilized balance amounted to 8,840,593.

The accompanying notes from 1 to 25 are an integrated part of these consolidated financial statements.

**Notes to the Consolidated Financial Statements**

**31 December 2020**

## (1) General Information

The Bank is a public shareholding company registered and incorporated in Jordan on 30 August 1995 in accordance with the Companies Law No. 1 of (1989). Its registered office is in Amman.

The Bank provides its banking services through its twenty three branches located in Amman - Jordan and its subsidiaries Capital Investment and Brokerage Company in Jordan Ltd, National Bank of Iraq in Iraq, Capital Investment Fund Company in Bahrain, and Capital Bank Corporate Advisory (Dubai International Finance Center) Ltd.

The Bank has subsequently increased its capital during prior years from JD 20 million to reach JD 200 million. The increases in capital were effected through capitalizing its distributable reserves, retained earning and private placements.

Capital Bank of Jordan shares are listed at Amman Stock Exchange - Jordan.

The consolidated financial statements were approved by the bank's board of directors at its meeting No. 01/2021 on January 27, 2022 and are subject to the approval of the Central Bank and the General Assembly of Shareholders.

## (2) Basis of the preparation of the consolidated financial statements

The consolidated financial statements for the year ended 31 December 2021 for the Bank and its subsidiaries (together "the Group") were prepared in accordance with the standards issued by the International Accounting Standards Board and the interpretations issued by the International Financial Reporting Interpretations Committee affiliated to the International Accounting Standards Board, as amended by the Central Bank of Jordan.

### (2-1) The main differences between the IFRSs as they must be applied and what has been approved by the Central Bank of Jordan are the following:

a) Provisions for expected credit losses are formed in accordance with the instructions of the Central Bank of Jordan (No. 13/ 2018) "Application of the IFRS (9)" dated 6 June 2018 and in accordance with the instructions of the supervisory authorities in the countries in which the bank operates, whichever is stricter. The significant differences are as follows:

- Debt instruments issued or guaranteed by the Jordanian government are excluded, so that credit exposures are treated and guaranteed by the Jordanian government without credit losses.
- When calculating credit losses against credit exposures as per IFRS 9 instructions, the calculation results are compared with the Central Bank of Jordan instructions No. (47/2009) of 10 December 2009 for each stage separately and the stricter results are taken.

As stated in Central Bank of Jordan (CBJ) instructions for classification of credit facilities and calculating impairment provision No. (47/2009) dated 10 December 2009, the credit facilities are classified into the following categories:

a) Low Risk Credit Facilities, no provisions calculated on:

**The credit facilities that have any of the following characteristics:**

1) Granted to and Guaranteed by the Jordanian Government and to the governments of countries in which the Jordanian banks have foreign branches, provided that such facilities are held in the host country's currency.

2) 100% collateralized by cash margin (of the any-time outstanding amount).

3) 100% guaranteed by an acceptable bank guarantee

**b) Acceptable Risk Credit Facilities, no provisions calculated on:**

The credit facilities that have the following characteristics:

1) Strong financial positions and adequate cash flows.

2) Legally documented and well covered by acceptable collaterals.

3) Good alternative cash resources for repayment.

4) Active movement of the relative account and timely payment of principal and interest.

5) Competent management of the obligor.

**c) Watch-List Credit Facilities (Requiring special attention), impairment provisions are calculated on the below at a rate between 1.5% and 15%:**

The credit facilities that have any of the following characteristics:

1) The existence of past dues of principal and/or interest for a period exceeding (60) days but less than (90) days.

2) Overdraft exceeding the approved limit by (10%) or more for a period exceeding (60) days but less than (90) days.

3) Credit facilities which were previously classified as non-performing loans, and then reclassified as performing loans according to rescheduling.

4) Acceptable risk credit facilities which have been restructured twice within 12 months.

5) Credit facilities that are more than (60) days old and less than (90) days have passed since their expiry date and have not been renewed.

The above is in addition to the conditions mentioned in details in the instructions.

### d) Non-Performing Credit Facilities

The credit facilities that have any of the following characteristics:

1) The maturity of the credit facilities or of one of its installments, irregularity of repaying of principal and/or interest of credit facilities and / or dormant overdraft have been past due for the following periods:

| Percentage of provision for the first year | Days Overdue | Category |
|---|---|---|
| 25% | 90 - 179 days | Substandard |
| 50% | 180 - 359 days | Doubtful |
| 100% | More than 360 days | Loss |

2) Overdraft facilities exceeding approved limits by (10%) or more for a period of (90) days or more.

3) Credit facilities which have matured and become invalid for a period of (90) days or more and have not been renewed.

4) Credit facilities extended to any obligor who went bankrupt, or to companies which were subjected to liquidation.

5) Credit facilities which have been restructured for three times within 12 months.

6) Overdrawn current and on demand accounts for a period of (90) days or more.

7) Guarantees claimed by the beneficiary and paid by the bank on behalf of the clients, where their values have not been debited to their accounts and are still unpaid for a period of (90) days or more.

- A low provision is calculated on credit facilities according to the instructions of 47/2009 for this category of facilities according to the above rates and the amount of the facilities not covered by acceptable guarantees during the first year, while the provision is completed for the amount covered by 25% over a period of four years.
- Interest and commissions are suspended on non-performing credit facilities and facilities classified as third stage granted to clients in accordance with the instructions of the Central Bank of Jordan and in accordance with the instructions of the supervisory authorities in the countries in which the bank operates, whichever is stricter.
- Assets that have been reverted to the Bank appear in the consolidated statement of financial position within other assets at the amount of which they were reverted to the Bank or the fair value, whichever is less, and are reassessed on the date of the consolidated financial statements individually. Any impairment in their value is recorded as a loss in the consolidated statement of profit or loss and the increase is not recorded as revenue. The subsequent increase is taken to the consolidated statement of profit or loss to the extent that it does not exceed the value of the previously recorded impairment. As of the beginning of 2015, a gradual provision was made for real estate acquired for more than 4 years against debts according to the Circular of the Central Bank of Jordan No. 4076/1/15 dated 27 March 2014 and No. 2510/1/10 dated 14 February 2017. Noting that the Central Bank of Jordan issued Circular No. 13967/1/10 dated 25 October 2018, in which the Circular No. 16607/1/10 dated 17 December 2017was approved for extension. The Central Bank of Jordan also confirmed postponing the calculation of the provision until the end of the year 2019. According to the Central Bank's Circular No. 16239/1/10 dated 21 November 2019, deduction of the required provisions against real estate acquired is made at the rate of (5%) of the total book values of these properties (regardless of the period of  violation) as of the year 2021, so that the required percentage of 50% of these properties are reached by the end of the year.
- Additional provisions are calculated in the consolidated financial statements against some of the Bank's external investments in some neighboring countries, if any, according to the Central Bank of Jordan.
- Disclosures about the consolidated financial statements of the group have been presented according to the instructions issued and the required forms required by the Central Bank of Jordan.

## Consolidated Financial Statements31 December 2021

- The notes about the consolidated financial statement were presented in accordance with the instructions and the securities, by the central Bank of Jordan.
- Some items are classified and presented in the Consolidated Statement of Financial Position, Consolidated Statement of Income and the Consolidated Statement of Cash Flows and the related disclosure, , such as credit facilities, interest in suspense, expected credit losses, investments, fair value levels, segments classification and disclosures related to risks and others, are presented and disclosed in accordance with the requirements of the Central Bank of Jordan, its instructions and circulated guidance which might not include all the requirements of IFRS such as IFRS 7, 9 and 13.
- The consolidated financial statements have been prepared in accordance with the historical cost principle, with the exception of financial assets at fair value through the consolidated income statement and financial assets at fair value through other comprehensive income that appear at fair value at the date of the consolidated financial statements, as well as financial assets and liabilities that have been hedged against the risks of change in their value at fair value.

The accounting policies used in preparation of the consolidated financial statements for the year ended 31 December 2021 are consistent with the accounting policies adopted for the year ended 31 December 2020 except as menioned in Note3 or 3-a .

**(2-2) The foundations of unifying the consolidated financial statements**

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries (together the "The Group"). Control exists when the bank controls the subsidiaries and relevant activities, and is exposed, or has right, to variable returns from its involvement with the subsidiaries, and has the ability to affect those returns.

All intra-company balances, transactions, income and expenses and profits and losses resulting from intra-company transactions that are recognized in assets or liabilities, between the Bank and the following subsidiaries are eliminated in full:

1- Capital Investment and Brokerage Company Limited; of which the Bank owns 100% of its paid-in-capital amounted to JD 10,000,000 as at 31 December 2021. The company provides Brokerage services. The company was established on 16 May 2005.

2- National Bank of Iraq (NBI); of which the Bank owns 61.85% of its paid-in-capital of IQD 250 billion equivalent to JD 121,404,110 as at 31 December 2021. The Bank provides banking services, National Bank of Iraq was acquired effective 1 January 2005.

3- Capital Investment Fund Company Bahrain; of which the Bank owns 100% of its paid-in-capital of BHD 1,000 equivalent to JD 1,888 as at 31 December 2021. The purpose of the company is to manage mutual funds and it has not started its operations as of the date of preparing these consolidated financial statements.

4- Capital Investments (DIFC) UAE; of which the bank owns 100% of its paid in capital of USD 250,000 (JD 177,250) as at 30 December 2021. The purpose of the company is to offer financial consulting services. The company was registered and incorporated on 23 February 2015.

The result of operations of the subsidiaries are consolidated in the consolidated statement of income from the acquisition date which is the date on which control over the subsidiaries is gained by the Bank. The results of operations of the disposed subsidiaries are consolidated in the consolidated statement of income up to the disposal date which is the date the bank loses control over the subsidiaries.

Non-controlling interests represent the portion of shareholders' equity not owned by the Bank in the subsidiaries.

### (2-3) Segment information

The business sector represents a group of assets and operations that jointly provide products or services that are subject to risks and returns that differ from those related to other business sectors and which are measured according to the reports used by the executive directors and key decision makers of the bank.

The geographical segment provides services and products in a certain economic environment that is subject to returns and risks that differ from other segments that operate in other economical environments.

### (2-4) Revenue recognition

Interest income and expense for all financial instruments with the exception of those classified as held for trading or measured at fair value is recognized through the consolidated statement of income in "net interest income" as interest income and interest expense using the Effective interest method. Interest on financial instruments measured at fair value through the consolidated statement of income is also included in the fair value movement during the period.

An effective interest rate is the rate at which the estimated future cash flows of a financial instrument are discounted during the expected life of the financial instrument or, when appropriate, for a shorter period, to the net carrying amount of the financial asset or financial liabilities. Future cash flows are estimated by taking into account all contractual terms for the instrument.

Interest income / interest expense is calculated by applying the effective interest rate principle on the total carrying value of financial assets that are not credit impaired (i.e. on the basis of the amortized cost of the financial asset before settlement for any expected credit loss allowance) or to the amortized cost of financial liabilities. With regard to low credit financial assets (the third stage), interest will continue to be calculated and suspended during the same period in accordance with the instructions of the Central Bank of Jordan regarding the application of IFRS9. As for financial assets that have arisen or have been acquired and are of low credit rating, the effective interest rate reflects the expected credit losses in determining the future cash flows expected to be received from the financial asset.

Interest income and expense in the bank's consolidated statement of income also includes the effective portion of fair value changes to derivatives that are designated as hedging instruments in the cash flow hedges of interest rate risk. With regard to fair value hedges of interest rate risk around interest expenses and income, the effective portion of fair value changes for specific derivatives are also included, and fair value changes to the specific risk for the hedged item are also included in interest income and expense, and interest expense also includes the value of interest versus rental contract obligations.

### (2-5) Net commission income

Net commission income and expense includes fees other than the fees that are an integral part of the effective interest rate. The commissions included in this part of the bank's consolidated income list also include commissions charged for the loan service, non-use commissions related to loan obligations when this is unlikely to result in a specific arrangement for lending and co-financing of loans.

For contracts with clients that result in recognition of financial instruments, part of which may be related to IFRS 9 or 15, case commissions are recognized in the part that relates to IFRS 9 and the remainder is recognized according to the International Financial Reporting Standard No. (15).

### (2-6) Net trading income (Gains on financial assets at fair value through income statement)

Net trading income includes all gains and losses from changes in the fair value of financial assets and financial liabilities held for trading. The Bank has elected to display the full fair value movement of the trading assets and liabilities in the trading income, including any related revenue, expenses and dividends.

### (2-7) Net income from other financial instruments at fair value through income statement

Net income from other financial instruments at fair value through the statement of income includes all gains and losses resulting from changes in the fair value of financial assets and financial liabilities at fair value through the statement of income except for the assets held for trading. The Bank has elected to present the transaction at full fair value of the assets and liabilities at fair value through the statement of income in this line, including interest income, expenses and dividends.

The fair value movement of derivatives held for economic hedging is presented where hedge accounting is not applied in “net income from other financial instruments at fair value through the statement of profits or losses”. However, with respect to the designated and effective fair value hedge relationship, the gains and losses on the hedging instrument are presented on the same line item in the income statement as a hedged item. With regard to certain and effective cash flows and hedge accounting relationships with respect to net investment, the hedging instrument gains and losses, including any hedging ineffectiveness included in the statement of income, are included in the same item as a hedged item that affects the statement of income.

### (2-8) Dividend income

Dividend income is recognized when the right to receive payment is established, which is the preceding date for listed dividends, and usually the date on which shareholders agree to unquoted dividends.

The distribution of dividends in the consolidated statement of profits or losses depends on the classification and measurement of investment in shares, that is:

- In respect of equity instruments held for trading, dividend income is included in the statement of income in the statement of financial assets (losses) at fair value through the statement of income;
- For equity instruments classified at fair value through other comprehensive income, dividends are included in the statement of income in the item of dividends from financial assets at fair value through other comprehensive income
- For equity instruments not classified at fair value through other comprehensive income and not held for trading purposes, dividend income is recognized as net income from other instruments at fair value through the statement of income.

### (2-9) Financial instruments

Initial Recognition and Measurement:

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, and transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to the fair value of the financial assets or financial liabilities, or deducted from them, as necessary, upon initial recognition, and the transaction costs directly related to the acquisition of financial assets are also recorded. Or financial liabilities at fair value through income statement directly in the income statement.

If the transaction price differs from the fair value at initial recognition, the bank addresses this difference as follows:

- If the fair value is established at a specified price in an active market for identical assets or liabilities or based on a valuation technique that uses only observable inputs in the market, the difference in income is recognized using initial recognition (i.e. income on the first day);
- In all other cases, the fair value is adjusted to match the transaction price (i.e. the first day's income will be deferred by being included in the initial carrying amount of the asset or liability).

After initial recognition, the deferred income will be taken to the statement of income on a logical basis, only to the extent that it arises from a change in a factor (including time) that market participants take into account when pricing the asset or liability or when the recognition is revoked of this tool.

### (2-10) Financial assets

#### A) Initial Recognition

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. Transaction costs that are directly attributable to the acquisition of financial assets designated at fair value through income are recognized in the consolidated statement of income.

#### B) Subsequent measurement

All recognized financial assets that fall within the scope of IFRS 9 (later) are required to be measured at amortized cost or fair value based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial assets, specifically the following:

- The financing instruments maintained in the business model that aims to collect contractual cash flows, and which have contractual cash flows that are only principal and interest payments on the principal outstanding, are subsequently measured at amortized cost;
- Funding instruments held within the business model that aims to both collect contractual cash flows and sell debt instruments, which have contractual cash flows that are only principal and interest payments on the principal amount outstanding, and are subsequently measured at fair value through other comprehensive income
- All other financing instruments (such as debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at fair value through the statement of income.

However, the bank can choose for that to be irrevocable after initial recognition of the financial asset on a per-asset basis, as follows:

- The bank can make the irreversible selection by including subsequent changes in the fair value of the investment in non-held property rights for trading or a possible replacement recognized by the buyer within the business merger to which the IFRS 3 applies, in other comprehensive income
- The bank can determine indefinitely the financing instruments that meet the amortized cost or fair value criteria through other comprehensive income as measured by the fair value from the statement of profits or losses if that abolishes or significantly reduces the inconsistency in accounting (referred to as the value option Fair).

### C) Debt instruments at amortized cost or fair value through other comprehensive income

For the purposes of testing principal and interest principal payments (SPPI), the asset is the fair value of the financial asset upon initial recognition. This principal amount may change over the life of the financial asset (for example, if the principal is repaid). Interest consists of the allowance for the time value of money, the credit risk associated with the principal amount outstanding during a specified period of time and other basic lending options and risks, as well as the profit margin. An evaluation of principal and interest payments is made on the principal amount in the currency in which the financial asset is denominated.

The contractual cash flows that represent principal and interest payments on the principal amount outstanding are consistent with the underlying financing arrangement. Contractual terms that involve exposure to risks or fluctuations in contractual cash flows that are not linked to the primary financing arrangement, such as exposure to changes in stock prices or commodity prices, do not lead to contractual cash flows that are only payments of principal and interest. Also, the granted or acquired financial asset can be a basic financing arrangement regardless of whether it is a loan in its legal form.

### D) Business Model Assessment

The bank adopts more than one business model to manage its financial instruments that reflect how the bank manages its financial assets in order to generate cash flows. The bank's business models determine whether the cash flows will result from collecting contractual cash flows or selling financial assets, or both.

The bank considers all relevant information available when conducting an evaluation of the business model. However, this assessment is not performed on the basis of scenarios that the bank does not reasonably expect to occur, such as so-called “worst-case” or “stress-case” scenarios. The bank also takes into account all available relevant evidence such as the following:

- The policies and objectives announced for the portfolio and the application of those policies whether the management strategy focuses on obtaining contractual revenue, maintaining a specific rate of profit, and matching the period of financial assets with the period of financial liabilities that finance those assets or achieving cash flows through the sale of assets.
- How to assess the performance of the business model and the financial assets held in this business model and inform key management personnel about this; and
- Risks that affect the performance of the business model (and the financial assets present in that model), and in particular the way those risks are managed.
- How to compensate business managers (for example, whether compensation is based on the fair value of assets under management or on contractual cash flows collected).

Upon initial recognition of the financial asset, the bank determines whether the recently recognized financial assets are part of an existing business model or whether it reflects the beginning of a new business model. The bank reassesses its business models in each reporting period to determine whether the business models have changed since the previous period.

When the debt instrument measured at fair value through other comprehensive income is derecognized, the cumulative gain / loss previously recognized in other comprehensive income in equity is reclassified to the consolidated statement of income. In contrast, for equity investment measured at fair value through other comprehensive income, the cumulative gain / loss previously recognized in other comprehensive income is not subsequently reclassified to the consolidated statement of income but rather is transferred directly within equity.

Debt instruments that are subsequently measured at amortized cost or fair value through other comprehensive income are subject to a impairment test.

### E) Financial assets – assess whether contractual cash flows are payments of principal and interest only:

For the purposes of this evaluation, "principal amount" is defined as the fair value of a financial asset at the date of the initial recognition. "Interest" is defined as the consideration of the time value of money, the credit risk associated with the principal of the amount outstanding during a specific time period, and other underlying borrowing costs (such as liquidity risk and administrative costs), as well as a profit margin.

In assessing whether contractual cash flows are only payments of principal and interest, the bank has considered the contractual terms of the instrument. This includes assessing whether the financial assets involve a contractual period that can change the timing or amount of contractual cash flows and therefore the condition does not meet payments only for principal and interest. In making this assessment, the bank considers:

- Emergency events that change the amount or timing of cash flows.
- Prepaid features and the possibility to extend.
- Conditions that define the bank's claim for cash flows from a specified asset.

### F) Financial assets at fair value through income statement

Financial assets at fair value through income are the following:

- Assets with contractual cash flows that are not principal and interest payments on the principal outstanding, or / and
- Assets held within the business model other than those held to collect contractual cash flows or held for collection and sale; or
- Assets designated at fair value through income statement using the fair value option.

These assets are measured at fair value, with any gains / losses arising from re-measurement recognized in the consolidated statement of income.

### G) Reclassification

If the business model in which the bank maintains financial assets changes, the financial assets that were affected will be reclassified. The classification and measurement requirements relating to the new category are applied prospectively from the first day of the first reporting period after the change in the business model that results in the reclassification of the bank's financial assets. Changes in contractual cash flows are considered within the framework of the accounting policy related to the amendment and exclusion of the financial assets shown below.

### (2-11) Foreign exchange gains and losses

The carrying amount of financial assets recorded in foreign currency is determined and translated at the rates prevailing at the end of each reporting period. More specifically:

- Financial assets measured at amortized cost that are not part of a specific hedging relationship, it recognizes the difference in currency in the statement of profits or losses; and
- Debt instruments measured at fair value through other comprehensive income that are not part of a specific hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in the statement of income. Other exchange differences in other comprehensive income are recognized in the investment revaluation reserve; and
- Financial assets measured at fair value through the statement of profits or losses that are not part of a specific hedge accounting relationship, exchange differences from income are recognized in the statement of income;
- Equity instruments measured at fair value through comprehensive income, exchange rate differences in other comprehensive income are recognized in the investment revaluation reserve.

### (2-12) Fair value option:

A financial instrument with a fair value can be measured reliably at fair value through the consolidated statement of income (fair value option) upon initial recognition, even if the financial instruments are not acquired or incurred primarily for the purpose of selling or repurchasing. The fair value option for financial assets can be used if it substantially eliminates or reduces the inconsistency of the measurement or recognition that would otherwise have arisen from the measurement of assets or liabilities, or the recognition of related profit and loss on a different basis ("accounting mismatch"). The fair value option for financial liabilities can be chosen in the following cases:

- If the choice leads to the cancellation or substantially reduces accounting mismatch.
- If the financial liabilities are part of a portfolio managed on a fair value basis, according to a documented risk or investment management strategy.
- If there is a derivative included in the underlying financial or non-financial contract and the derivative is not closely related to the underlying contract.

These tools cannot be reclassified to fair value through the consolidated statement of income while they are held or issued. Financial assets designated at fair value through the consolidated statement of income are recorded at fair value with any unrealized gains or losses arising from changes in the fair value recognized in investment income.

### (2-13) Expected credit losses:

The Bank recognizes loss allowances for expected credit loss on The following financial instruments that are not measured at fair value through The consolidated statement of income:

- Balances and deposits with banks and banking institutions.
- Direct credit facilities (loans and advances to customers).
- Financial assets at amortized cost (debt instrument securities).
- Financial assets at fair value through the statement of other comprehensive income - debt instruments
- Exposures off the balance sheet subject to credit risk (financial guarantee contracts issued).

**Impairment loss is not recognized in equity instruments.**

With the exception and notes Impairment losses are Purchased or Originated rating-Impaired' (POCI) financial assets (which are considered separately below), ECL are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that can be realized within 12 months after the reporting date, referred to in Stage 1.
- 12-month ECL, i.e. lifetime ECL that result from those possible default events over the age of the financial instrument, referred to in Stage 2 and Stage 3.

A loss allowance for lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECL are measured at an amount equal to the 12-month ECL.

ECL are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Bank under the contract and the cash flows that the Bank expects to receive, which arise from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

For the limits not utilized, the expected credit loss is the difference between the present value of the difference between the contractual cash flows due to the Bank if the borrower withdraws the financing and the cash flows that the Bank expects to receive if the financing is utilized.

For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Bank expects to receive from the instrument holder, the customer or any other party.

All other financial assets, with the exception of debt instruments carried at amortized cost, are subsequently measured at fair value.

The Bank measures ECL on an individual basis, or on the portfolio basis that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a portfolio basis.

Provisions for expected credit losses are formed in accordance with the instructions of the Central Bank of Jordan No. (13/2018) "Application of the International Financial Reporting Standard (9)" dated June 6, 2018 and in accordance with the instructions of the supervisory authorities in the countries in which the bank operates, whichever is greater, that the fundamental differences are as follows :

When calculating credit losses against credit exposures, the calculation results are compared according to the IFRS (9) under the instructions of the Central Bank of Jordan No. (47/2009) of 10 December 2009 for each stage separately and the stricter results are taken.

**Credit-impaired financial assets:**

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- Significant financial difficulty faced by borrower or issuer.
- Breach of contract, for example, default or delay in payment.
- The Bank grants the borrower a waiver for economic or contractual reasons related to the borrower's financial difficulty.
- The disappearance of an active market for that financial asset because of financial difficulties.
- The purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event, instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Bank assesses whether debt instruments that are financial assets measured at amortized cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Bank considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted, the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default includes possibility of a backstop if amounts are overdue for 90 days or more. However, cases where the asset's impairment is not recognized after (90) days of maturity, are supported by reasonable information.

**Purchased or originated credit-impaired (POCI) financial assets:**

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Bank recognizes all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognized in the consolidated statement of income. A favourable change for such assets creates an impairment gain.

**Definition of default:**

The definition of default is deemed critical to the determination of ECL. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECL and the identification of a significant increase in credit risk as shown below.

**The Bank considers the following as an event of default:**

- The borrower defaults for more than 90 days on any significant credit obligation to the Bank.
- The borrower is unlikely to pay his credit obligations to the of the Bank in full.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets. Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding.

When assessing if the borrower is unlikely to pay its credit obligation, the Bank takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants, which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment of another obligation to the same counterparty are key inputs in this analysis. The Bank uses a variety of sources of information to assess default which are either developed internally or obtained from external sources.

- Interest and commissions are suspended on non-performing credit facilities granted to clients in accordance with the instructions of the Central Bank of Jordan.
- Credit facilities and their suspended interest covered by provisions are transferred entirely off the consolidated statement of financial position, in accordance with the decisions of the Board of Directors in this regard.

When the Group purchases a financial asset and concludes an agreement simultaneously to resell the asset (or a substantially similar asset) at a fixed price at a later date (repurchase or borrowing shares), the consideration paid is calculated as a loan or advance, and the asset is not recognized in the Group's financial statements.

**Significant increase in credit risk:**

The Bank monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Bank will measure the loss allowance based on lifetime rather than 12-month ECL.

The Bank will not consider that financial assets with 'low' credit risk at the reporting date did not have a significant increase in credit risk. As a result, the Bank monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In making this assessment, the Bank considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Bank's historical experience and expert credit assessment including forward-looking information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

For corporate financing, forward-looking information includes the future prospects of the industries in which the Bank's counterparties operate, that can be obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as taking into consideration various internal and external sources of actual and forecast economic information. For retail financing, forward looking lending information includes the same economic forecasts as corporate lending with additional forecasts of local economic indicators, particularly for regions with a concentration to certain industries, as well as internally generated information of customer payment behaviour. The Bank allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

- The remaining lifetime PD at the date of reporting.
- The remaining lifetime PD at a point in time that was estimated based on facts and circumstances at the initial recognition of the exposure.

The PDs are considered forward-looking, and the Bank uses the same methodologies and data used to measure the expected credit loss provisions.

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However, the Bank still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending, there is particular focus on assets that are included on a 'watch list' given an exposure is on a watch list once there is a concern that the creditworthiness of the specific counterparty has deteriorated. For retail lending, the Bank considers the expectation of forbearance and payment holidays, credit scores and events such as unemployment, bankruptcy, divorce or death.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a back-stop when an asset becomes 30 days past due, the Bank considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

**(2-14) Modification and de-recognition of financial assets**

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/ or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The bank renegotiates loans with customers who face financial difficulties to increase collection and reduce the risk of default. The terms of repayment of the loan are facilitated in cases where the borrower has made all reasonable efforts to pay under the original contractual terms, and an important risk of default or default has occurred and it is expected that the borrower will be able to fulfil the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants. The bank has a waiting policy that applies to corporate and individual lending.

When a financial asset is modified, the bank assesses whether this amendment leads to de-recognition. As per the Bank's policy, the modification leads to de-recognition when it causes a significant difference in the terms

- Qualitative factors, such as the non-existence of contractual cash flows after modification as SPPI, change in currency or change in the counterparty, or extent of change in interest rates, maturity, or covenants. If this does not clearly indicate a fundamental modification
- Conducting a quantitative evaluation to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows in accordance with the revised terms, and deduct both amounts based on the original effective interest

In the case where the financial asset is derecognized, the loss allowance for ECL is remeasured at the date of de-recognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on de-recognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated as credit- impaired. This applies only in the case where the fair value of the new loan is recognized at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Bank monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in de-recognition, the Bank determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- The remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.
- The remaining PD at the reporting date based on the revised terms.

For financial assets modified as part of the Bank's forbearance policy, where modification did not result in de-recognition, the estimate of PD reflects the Bank's ability to collect the modified cash flows taking into account the Group's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition, the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to de-recognition, the Bank calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then, the Bank measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Bank derecognizes a financial asset only when the contractual rights to the asset's cash flows expire, or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/ loss that had been recognized in OCI and accumulated in equity is recognized in the consolidated statement of income, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/ loss previously recognized in OCI is not subsequently reclassified to the consolidated statement of income.

### (2-15) Write-offs

Financial assets are written off when there is no reasonable expectation of recovery, such as the customer not participating in a payment plan with the Bank. The Bank classifies the funds or amounts due for write-off after exhausting all possible payment methods and taking the necessary approvals. However, if the financing or receivable is written off, the Bank continues the enforcement activity to try to recover the outstanding receivables, which are recognized in the consolidated statement of income upon recovery.

### (2-16) Presentation of expected credit loss allowances in consolidated financial statements

- For financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets.
- For debt instruments measured at FVTOCI: no loss allowance is recognized in the consolidated statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investments revaluation reserve;
- Loans commitments and financial guarantee contracts: as a provision.
- Where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component, the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

### (2-17) Loans and advances

The "loans and advances" included in the statement of financial position comprise the following:

- Loans and advances measured at amortized cost; initially measured at fair value plus incremental direct transaction costs, and subsequently measured at amortized cost using the effective interest method.
- Loans and advances, which are measured at FVTPL or designated as at FVTPL; are measured at fair value with changes recognized immediately in income.

### (2-18) Financial liabilities and equity

Issued Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Bank or a contract that will or may be settled in the Bank's own equity instruments and is a non-derivative contract for which the Bank is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Bank's own equity instruments.

### (2-19) Equity instruments

Equity instruments are any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities. The equity instruments issued by the bank are recognized according to the returns received, after deduction of direct issuance costs.

#### A) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Bank are recognized at the proceeds received, net of direct issue costs.

#### B) Treasury Shares

Repurchase of the Bank's own equity instruments is recognized and deducted directly in equity. No gain/ loss is recognized in income on the purchase, sale, issue or cancellation of the Bank's own equity instruments.

#### C) Composite instruments

The component parts of the composite instruments (such as convertible notes) issued by the Bank are classified separately as financial liabilities and equity in accordance with the content of the contractual arrangements, definitions of financial liabilities and equity instruments. The transfer option that will be settled by exchanging a fixed cash amount or other financial asset for a specified number of the company's equity instruments is an equity instrument. At the date of issue, the fair value of the liability component is estimated using the prevailing interest rate in the market for similar non-convertible instruments. In the case of non-embedded related derivatives, they are first separated and the remaining financial liabilities are recorded on an amortized cost basis using the effective interest method until they are extinguished upon conversion or on the instrument's maturity date.

### (2-20) Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through income statement or other financial liabilities.

#### A) Financial liabilities at fair value through income statement

Financial liabilities are classified at fair value through the statement of profits or losses when financial liabilities (1) are held for trading or (2) are classified at fair value through the statement of income. A financial liability is classified as held for trading if:

- It was primarily incurred for the purpose of repurchasing it in the short term; or
- At initial recognition, this is part of the portfolio of specific financial instruments that are managed by the bank and which have a modern pattern of profit taking in the short term; or
- It is a non-specific and effective derivative as a hedging instrument.

A financial liability other than a financial liability held for the purpose of trading or the possible consideration that a buyer may pay as part of a business combination at fair value is determined through the statement of income upon initial recognition if:

- This classification would substantially eliminate or reduce the inconsistency of the measurement or recognition that might otherwise arise; or
- The financial obligation was part of the group of financial assets, financial liabilities, or both, whose performance is managed and evaluated on a fair value basis, in accordance with the documented risk or investment management strategy of the bank, and information related to the formation of the group was provided internally on this basis; or
- If the financial obligation forms part of a contract that contains one or more derivatives, and IFRS 9 allows a fully hybrid contract (compound) to be determined at fair value through the statement of income.

Financial liabilities are stated at fair value through the statement of income at fair value, and any gains or losses arising from re-measurement are recognized in the statement of income to the extent that they are not part of a specific hedge relationship. The net profit / loss recognized in the statement of income includes any interest paid on financial liabilities and is included in the item “net income from other financial instruments at fair value through the statement of income.

However, in respect of non-derivative financial liabilities designated at fair value through the statement of income, the amount of the change in the fair value of the financial liabilities that resulted from changes in the credit risk of those liabilities is included in other comprehensive income, unless recognition of the effects of changes in credit risk arises Liabilities in other comprehensive income to create or increase accounting inconsistencies in the consolidated statement of income. The remaining amount of changes in the fair value of the liability is recognized in the consolidated statement of income, and changes in the fair value attributable to the credit risk of the financial liabilities recognized in other comprehensive income are subsequently reclassified as income. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

With regard to loan obligations issued and financial guarantee contracts classified at fair value through the statement of income, all gains and losses are included in the consolidated statement of income.

When determining whether recognition of changes in the credit risk of liabilities in other comprehensive income will create or increase the accounting mismatch in the consolidated statement of income, the bank assesses whether it expects to offset the effects of changes in the credit risk of the liabilities in the consolidated statement of income A change in the fair value of another financial instrument that was measured at fair value through the consolidated statement of income.

**B) Other financial liabilities**

Other financial liabilities, including deposits and loans, are initially measured at fair value, net of transaction costs. Other financial liabilities are then measured at amortized cost, using the effective interest method.

The effective interest method is a method for calculating the amortized cost of a financial liability and allocating interest expenses over the relevant period. An effective interest rate is the rate that exactly discounts estimated future cash payments during the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount at initial recognition to obtain details on the effective interest rate.

### C) Derecognition

Financial liabilities are derecognized when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expired).

When the bank exchanges one debt instrument with the current lender for another instrument on significantly different terms, this exchange is accounted for as amortization of the original financial liabilities and new financial liabilities are recognized. Likewise, the bank treats the material amendment to the terms of the existing obligation or part thereof as amortization of the original financial liability and recognition of the new obligation. The terms are assumed to differ materially if the reduced present value of the cash flows is under the new terms, including any fees paid, net of any fees received and discounted using the original effective rate of at least 10% from the reduced present value of the remaining cash flows of the original financial liabilities.

### (2-21) Derivative financial instruments:

The bank enters into a variety of derivative financial instruments, some of which are held for trading while others are maintained to manage exposure to interest rate risk, credit risk, and foreign exchange rate risk. Financial derivatives include foreign currency forward contracts, interest rate swaps, interest rate swaps across currencies and credit default swaps.

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value at the date of each statement of financial position. The resulting profits/ losses are recognized in the consolidated statement of income immediately unless the derivative is identified and are effective as a hedging instrument, in which case the timing of recognition in the consolidated statement of income depends on the nature of the hedge relationship. The Bank identifies certain derivatives as either fair value hedges for recognized assets and liabilities, or for the company's obligations (fair value hedges), potential forecasting hedges, foreign currency risk hedges for fixed obligations (cash flow hedges) or net investments in foreign operations (net investment hedges).

Derivatives with positive fair value are recognized as a financial asset, while derivatives with negative fair value are recognized as financial liabilities. Derivatives are presented as non-current assets or non-current liabilities if the residual maturity of the instrument is more than (12) months and is not expected to be realized or settled within (12) months. Other derivatives are presented as current assets or current liabilities.

### (2-22) Embedded derivatives

Derivatives embedded in financial liabilities or other non-financial asset host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through the consolidated statement of income.

An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realized or settled within 12 months. Other embedded derivatives are presented as current assets or current liabilities.

### (2-23) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss incurred because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Bank's entity are initially measured at their fair value, and if they are not determined at fair value through the consolidated statement of income that does not result from the transfer of a financial asset, they are subsequently measured:

- The amount of the loss allowance determined in accordance with IFRS (9).
- The amount initially recognized, less, where appropriate, the amount of accumulated income recognized in accordance with the Bank's revenue collection policies, whichever is greater.

Financial guarantee contracts that are not designated at fair value through the consolidated statement of income are presented as provisions in the consolidated statement of financial position and remeasurement is presented in other income.

The Bank did not specify any financial guarantee contracts at fair value through the consolidated statement of income.

### (2-24) Commitments to provide a loan at an interest rate lower than the market price:

Commitments to provide a loan at an interest rate lower than the market price are measured initially at their fair value, and if they are not determined at fair value through the consolidated statement of income, they are subsequently measured:

- The amount of the loss allowance determined in accordance with IFRS (9).
- The amount initially recognized, less, where appropriate, the amount of accumulated income recognized in accordance with the Bank's revenue collection policies, whichever is greater.

Commitments to provide a loan at an interest rate lower than the market price, which are not designated at fair value through the consolidated statement of income are presented as provisions in the consolidated statement of financial position, and remeasurement is presented in other income.

The bank did not designate any commitments to provide a loan at an interest rate lower than the market price, which are designated at fair value through the consolidated statement of income.

### (2-25) Derivative financial instruments

#### A) Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 Financial Instruments (e.g. financial liabilities) are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

### B) Hedge accounting

The bank identifies certain derivatives as hedging instruments with respect to foreign currency and interest rate risks in fair value hedges, cash flow hedges or net investment hedges in foreign operations as appropriate. Hedges of foreign exchange risk on bank liabilities are also accounted for as cash flow hedges. The Bank does not apply fair value hedge accounting to interest rate risk portfolio hedges. In addition, the bank does not use the exemption to continue using the hedge accounting rules using International Accounting Standard No. (39), meaning that the bank applies the hedge accounting rules of IFRS 9.

At the inception of the hedge relationship, the bank documents the relationship between the hedging instrument and the hedged item, as well as its risk management objectives and strategy for undertaking various hedging transactions. Furthermore, at hedge inception and on an ongoing basis, the bank documents whether the hedging instrument is effective in offsetting the changes in the fair value or cash flows of the hedged item that can be attributed to the hedged risk, and at which all hedging relationships meet the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument; and
- The impact of credit risk does not dominate the changes in value resulting from this economic relationship; and
- The hedging ratio for the hedging relationship is the same resulting from the quantity of the hedged item for which the bank is actually hedging and the amount of the hedging instrument that the bank actually uses to hedge that quantity of the hedged item.

The bank re-balances the hedge relationship in order to comply with the requirements of the hedge ratio as necessary. In such cases, the stopover may be applied to only part of the hedging relationship. For example, the hedge ratio may be adjusted in such a way that a portion of the hedging item is no longer part of the hedge relationship, and hence hedge accounting is discontinued only for the size of the hedging item that is no longer part of the hedging relationship.

If the hedging relationship ceases to meet the hedge effectiveness requirements for the hedge ratio but the risk management objective for that hedge relationship remains the same, then the Group adjusts the hedge ratio for the hedge relationship (such as rebalancing the hedge again) so that the criteria for the hedge are regrouped.

In some hedge relationships, the bank only determines the true value of the options. In this case, the change in the fair value of the time value component of the option contract in other comprehensive income, over the hedging period, is deferred to the extent that it relates to the hedged item and is reclassified from equity to the income statement when the hedged item does not lead to the recognition of the non-financial items. . The Bank's risk management policy does not include hedging of items that lead to recognition of non-financial items, because the bank's risk relates to financial substances only.

The hedged items determined by the bank are period-related hedging items, which means that the original time value of the option relating to the hedged item of equity is amortized to the income statement on a rational basis (for example, according to the straight-line method) over the life of the hedge.

In some hedging relationships, the bank excludes from the determination of the forward component of a forward contract or a currency difference of the currency hedging instrument. In this case, the same treatment applies as for the time value of the options. The treatment of the forward component of the forward contract and the component on a currency basis is optional, and the option is applied on a hedged basis separately, unlike the treatment of the time value of the options that are considered mandatory. With regard to hedging relationships and forward derivatives or foreign currencies such as interest rate swaps across currencies, when the forward component or the difference on a currency basis is excluded from the rating, the bank generally recognizes the excluded component in other comprehensive income.

Detail the fair values of the derivative instruments used for hedging purposes and the movements in equity hedge reserve.

### C) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in the consolidated statement of income immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in the consolidated statement of income.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to the consolidated statement of income from that date.

When the hedge gain / loss is recognized in the income statement, it is recognized in the same line as the hedged item.

The bank discontinues hedge accounting only when the hedging relationship (or part thereof) ceases to fulfill the qualifying criteria (after rebalancing, if any). This includes cases where the hedging instrument has expired, sold, terminated, or exercised, and the disposal is accounted for for future effect. Also, the fair value adjustment to the carrying value of hedged items for which the effective interest rate method is used (i.e. debt instruments measured at amortized cost or at FVOCI) arising from the cessation of the hedged risk in the statement of income does not exceed Hedge accounting.

### D) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the consolidated statement of comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated statement of income, and is included in the other income line item.

Amounts previously recognized in the consolidated statement of comprehensive income and accumulated in equity are reclassified to consolidated statement of income in the periods when the hedged item affects the recognition of a non-financial assets or a non-financial liability, the gains and losses previously recognized in the consolidated statement of comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

The bank discontinues hedge accounting only when the hedging relationship (or part thereof) ceases to fulfill the qualifying criteria (if any, and after rebalancing if any). This includes situations where the hedging instrument expires or is sold, terminated, or exercised, or when the occurrence of a specific hedging transaction is not considered highly probable and the discontinuation is accounted for with future effect. Any gain / loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the eventual expected transaction is recorded in profit or loss. When the occurrence of a forecast transaction becomes unexpected, the cumulative gain / loss is reclassified in shareholders' equity and recognized directly in the income statement.

### E) Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in the consolidated statement of comprehensive income and accumulated under the heading of cumulative translation reserve. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated statement of income.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the cumulative translation reserve are reclassified to the consolidated statement of income on the disposal of the foreign operation.

### (2-26) Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and reported net in the consolidated statement of financial position only when there is a legally enforceable right to set off the recognized amounts or when the Group intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

### (2-27) Accounts managed for the interest of clients

Accounts managed by the bank on behalf of clients are not considered assets of the bank. The fees and commissions for managing these accounts are shown in the statement of income. A provision is made against the decrease in the value of the portfolios managed for the benefit of clients from their capital.

### (2-28) Fair value measurement

The fair value is defined as the price that will be received to sell any of the assets or pay for transferring any of the liabilities in an orderly transaction between market participants on the date of measurement, regardless of whether the price can be achieved directly or whether it is estimated thanks to another valuation method. When estimating the fair value of any of the assets or liabilities, the bank takes into consideration when determining the price of any of the assets or liabilities whether market participants should take those factors into consideration at the measurement date. Fair value is determined for measurement and / or disclosure purposes in these financial statements according to those principles, except for those related to measurement procedures that are similar to fair value procedures and are not fair value such as fair value as used in International Accounting Standard No. (36).

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability, nor based on a valuation technique that uses only data from observable markets, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in income on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Bank on the basis of the net exposure to either market or credit risk, are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The Bank recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

**Fair value levels are as follows:**

| | |
|---|---|
| **Level 1:** | Quoted market prices in active markets for identical assets or liabilities. |
| **Level 2:** | Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable. |
| **Level 3:** | Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. |

**(2-29) Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

**(2-30) Employees' benefits**

**Employees' short term benefits**

Employee's short term benefits are recognized as expenses when providing related services. The commitment relating to the amount expected to be paid is recognized when the Bank has a current legal or constructive obligation to pay for the previous services provided by the employee and the obligation can be estimated reliably.

**Employees' other long-term benefits**

The Bank's net liabilities in relation to employees' benefits are the amount of future benefits that employees have received for their services in the current and previous periods. Those benefits are deducted to determine their present value. The remeasurement is recognized in the consolidated statement of income in the period in which it arises.

**(2-31) Income Tax**

Tax expense comprises current tax and deferred taxes.

Current tax is based on taxable profits, which may differ from accounting profits disclosed in the consolidated statement of income. Accounting profits may include non-taxable profits or tax-deductible expenses which may be exempted in the current or subsequent financial years.

Taxes are calculated based on tax rates confirmed under the laws, regulations and instructions of the Hashemite Kingdom of Jordan and the countries which subsidiaries are operating in.

The deferred taxes are taxes expected to be paid or refunded as a result of the temporary differences between assets and liabilities – in the consolidated financial statements and the value of the tax basis profit. Deferred taxes are measured by adhering to the consolidated financial position statement and calculated based on tax rates that are expected to apply in the period when assets are realized or liabilities are settled.

The carrying amount of the deferred assets are reviewed at the date of the consolidated financial statements and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets be utilized.

### (2-32) Assets seized in settlement of debts

In certain cases, the Bank may close out transactions by acquiring assets in settlement of debts. The asset acquired is recorded at the lower of its fair value less costs to sell and the carrying amount of the loan (net of impairment losses) at the date of exchange. These assets are recorded in “Other assets”. It is the Bank’s policy to dispose of such repossessed properties in an orderly manner. The proceeds are used to reduce or repay the outstanding claim. In general, the Bank does not occupy repossessed properties for business use.

As of the beginning of the year 2015, a progressive provision was calculated for the expropriated real estate in exchange for debts that have passed over a period of more than 4 years, according to the Central Bank of Jordan Circular No. 15/1/4076 dated March 27, 2014 and No. 10/1/2510 dated February 14, 2017. Note That the Central Bank of Jordan issued Circular No. 13967/1/10 on October 25, 2019, in which it approved the extension of Circular No. 10/1/16607 on December 17, 2017, in which it confirmed the postponement of the calculation of the provision until the end of the year 2020. This is in accordance with the bank’s circular Central No. 10/1/16239 on November 21, 2020, the deduction of the required allocations in exchange for the expropriated real estate will be completed at (5%) of the total book values of those real estate (regardless of the period of violation), with effect from the year 2021, so that the required percentage is reached (50%) of those properties are by the end of 2029.

### (2-33) Financial assets pledged as collateral

The financial assets pledged by the Bank are for the purpose of providing collateral for the counterparty to the extent that counterparty is permitted (to sell and /or re-pledge the assets). The method of valuation is related to the financial policies for its original classification.

### (2-34) Repurchase and resale agreements

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) will continue to be recognized in the Bank’s financial consolidated statements due to the Bank’s continuing exposure to the risks and rewards of these assets using the same accounting policies (where the buyer has the right to use these assets (sell or re-lien) they are reclassified as liened financial assets).

The proceeds of the sale are recorded under loans and borrowings. The difference between the sale and the repurchase price is recognized as an interest expense over the agreement term using the effective interest method.

Assets purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognized in the Bank’s consolidated financial statements as assets since the Bank is not able to control these assets. The related payments are recognized as part of deposits at banks and financial institutions or direct credit facilities as applicable, and the difference between purchase and resale price is recognized in the consolidated statement of income over the agreement term using the effective interest method.

### (2-35) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Lands are not depreciated.

Depreciation is recognized so as to write-off the cost of assets, using the straight-line method, over the estimated useful lives of the respective assets, as follows:

| | % |
|---|---|
| Buildings | 2 |
| Equipment and furniture | 2.5-15 |
| Vehicles | 15 |
| Computers | 25 |
| Other | 10 |

When the recoverable amount of any property and equipment is less than its net book value, its value is reduced to the recoverable value and the impairment value is recorded in the income statement.

The useful life of property and equipment is reviewed at the end of each year. If the expected useful life differs from the previously prepared estimates, the change in the estimate for subsequent years is recorded as a change in the estimates.

Property and equipment are excluded upon disposal or when there are no future benefits expected from their use or disposal.

### (2-36) Intangible assets

#### A) Goodwill

Goodwill is recorded at cost which represents the increase in the acquisition or purchase cost of an investment over the fair value of the company's net assets at the acquisition date. Goodwill resulting from investing in subsidiaries is recorded in a separate item as intangible assets. Goodwill resulting from investing in associates appears as part of the investment account in the associate and the cost of goodwill is subsequently reduced by any impairment in the investment value.

Goodwill is allocated to cash-generating unit(s) for the purpose of impairment testing.

Goodwill impairment is tested at the reporting date. Goodwill is written down if there is an indication that it is impaired and if the estimated recoverable amount of cash-generating unit (s) to which the goodwill belongs is lower than the carrying amount of the cash-generating unit (s). Impairment is recognized in the consolidated statement of income.

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### B) Other intangible assets

Intangible assets that are acquired through the merger are stated at fair value at the date of acquisition. The intangible assets that are obtained by a method other than the merger are stated at cost.

Intangible assets are classified on the basis of their estimated lifetime for a definite or indefinite period. Intangible assets that have a definite lifetime are amortized during this lifetime and are recognized in the consolidated statement of income. For intangible assets that have a indefinite lifetime, their impairment is reviewed at the date of the consolidated financial statements and any impairment is recognized in the consolidated statement of income.

Intangible assets resulting from the Bank's business are not capitalized and are recognized in the consolidated statement of income in the same period.

Any indications for the impairment of intangible assets are reviewed at the date of the financial statements. The estimate of the useful lives of those assets is reviewed and any adjustments are made for subsequent periods.

Below is the accounting policy for each item of intangible assets at the bank:

| | |
|---|---|
| **Trademarks:** | Amortized using the straight line method with a fixed ratio of 25% |
| **Computer software and systems ( main & others ):** | Amortized using the straight line method with a fixed ratio from 12% to 25%. |

### (2-37) Impairment of non-financial assets

The carrying value of the Group's non-financial assets is reviewed at the end of each fiscal year except for the deferred tax assets, to determine whether there is an indication of impairment. In the event of an indication of impairment, the amount recoverable from these assets will be estimated.

If the carrying amount of the assets exceeds the recoverable amount from those assets, the impairment loss is recorded in those assets.

The recoverable amount is the higher of an asset's fair value -less costs to sale - and the value in use.

All impairment losses are taken to the consolidated statement of income and other comprehensive income.

The impairment loss for goodwill is not reversed. For other assets, the impairment loss is reversed only if the carrying amount of the asset does not exceed the carrying amount that was determined after the depreciation or amortization has taken place if the impairment loss is not recognized.

**(2-38) Foreign currencies**

For the purpose of the consolidated financial statements, the results and financial position of each company in the Group are expressed in the functional currency of the Bank, and the presentation currency of the consolidated financial statements.

The separate financial statements of the Bank's subsidiaries are prepared, and the separate financial statements of each of the Group's companies are presented in the main functional economic currency in which they operate. Transactions are recorded in currencies other than the Bank's functional currency, according to the exchange rates prevailing on the dates of those transactions. On the date of the statement of financial position, the financial assets and liabilities are translated into foreign currencies at the exchange rates prevailing on that date. Non-monetary items carried at fair value and denominated in foreign currencies are also translated at the exchange rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not reclassified.

Exchange differences are recognized in the consolidated statement of income in the period in which they arise, except for:

- Foreign currency exchange differences on transactions made in order to hedge foreign currency risk.
- Foreign currency exchange differences on monetary items required to/ from a foreign operation that are not planned or unlikely to be settled in the near future (and therefore these differences are part of the net investment in the foreign operation), which is recognized initially in the calculation of other consolidated comprehensive income, and are reclassified from equity to the consolidated statement of income upon sale or partial disposal of net investment

For the purpose of the presentation of the consolidated financial statements, assets and liabilities of foreign operations of the Bank are transferred according to the exchange rates prevailing at the date of the statement of financial position. Revenue is also transferred according to the average exchange rates for the period, unless exchange rates change significantly during that period, in which case exchange rates are used on the date of transactions. Emerging differences, if any, are recognized in the consolidated statement of comprehensive income and grouped into a separate component of equity.

When excluding foreign operations (i.e. eliminating the Bank's entire share in foreign operations, or that resulting from the loss of control of a subsidiary within foreign operations or partial disposal of its share in a joint arrangement or an associate of a foreign nature in which the held share becomes a financial asset), all foreign currency exchange differences accumulated in the separate item that represent the equity of that operation attributable to the owners of the bank, are reclassified to the consolidated statement of income.

In addition, with regard to partial disposal of a subsidiary that includes foreign operations and does not result in the Bank losing control of the subsidiary, its share of the accumulated exchange differences is reversed to net comprehensive income at a rate that is excluded and is not recognized in the consolidated statement of income. As for all other partial liquidations (such as partial liquidation of associates or joint ventures that do not result in the Bank losing significant influence or joint control), the share of accumulated exchange differences is reclassified to the consolidated statement of income.

**(2-39) Leases**

The Bank has implemented IFRS (16) "Leases" that have replaced existing guidance on leases as of 1 January 2019, including IAS (17) "Leases" and IFRIC (4) "Determining whether an arrangement contains a lease", SIC (15) "Operating lease -incentives" and SIC (27) retrospectively from 1 January 2018"Evaluating the substance of transactions involving the legal form of a lease".

The bank determines whether the contract is a lease or includes lease clauses. The contract is considered a lease contract or includes a lease if it includes the transfer of control over a specified asset for a specified period in exchange for compensation as defined in the leasing contract in the standard.

**The Bank as a lessee**

On the date of signing the contract, or on the date of the revaluation of the contract that contains the lease elements, the Bank distributes the entire contract value to the contract components in a proportional manner consistent with the value. It is to be noted that the Bank has decided for leases that include land and building to treat the components of the contract as one item.

The bank recognizes the right to use the obligations of the lease at the beginning of the lease. The right to use is measured at the initial recognition of the cost, which includes the initial value of the rental contract obligation adjusted for the lease payments that took place at the beginning or before the contract, until any initial direct costs are realized or any costs less the impact of any rental incentives received.

The right to use the asset is subsequently depreciated using the straight-line method from the date of the beginning of the contract, considering the lower of useful life of either the lease term or the remaining life of the rental asset. The useful life of the leased asset is estimated on the basis of estimating the useful life of the property and equipment. The value of the right to use the asset is periodically reduced to reflect the lower value (if any) and is modified to reflect the effect of the amendments on the item of obligations related to lease contracts.

The obligations associated with the lease are measured at the initial recognition of the present value of the unpaid lease payments at the date of the lease, deducted using the interest rate presented in the lease, and if it is not possible to determine, the borrowing rate used by the bank is used. Usually the borrowing rate used by the bank is what ends up being used.

The bank determines the borrowing rate by analyzing its loans from various external sources and making some adjustments to reflect the lease terms and the type of leased assets.

The lease payments taken into account for the purposes of calculating the obligations related to the lease include the following:

- Fixed payments, including substantial fixed payments,
- Variable payments that depend on an index or ratio and that are measured upon initial recognition taking into account this indicator or the ratio at the date of the lease,
- The amounts expected to be paid under the residual value guarantee clause; and
- Purchase option price when the bank is confident that it will implement the purchase option disclosure, lease payments when an optional renewal clause exists and the bank has the intention to renew the lease contract, and fines related to early termination of the contract unless the bank is confident that it will not perform early termination.

Obligations related to lease contracts are measured based on amortized cost, using the effective interest rate. The liabilities are re-measured when there is a change in the future rental payments as a result of the change in a specific index or ratio, and when there is a change in the management's estimates regarding the payable amount under the item of the residual value guarantee, or when the bank's plan in relation to exercising the option to buy, renew or terminate the contract changes.

When the obligations related to lease contracts are measured this way, adjustments are recorded in the right to use the asset or in the statement of income in the case where the carrying amount of the right to use the asset has been fully amortized.

The bank offers the right to use the assets under property and equipment, and the liabilities related to lease contracts are displayed among other liabilities (borrowed funds) in the consolidated statement of financial position.

Short-term leases and leases for low-value assets:

The Bank chose not to recognize the right of use assets and lease obligations for short-term leases for items with a 12-month lease term or less and the low-value leases. The Bank recognizes the lease payments associated with these contracts as operating expenses on a straight-line basis over the lease term.

#### The Bank as a lessor

When the bank is lessor, at the start of the lease, it determines whether each lease is a finance lease or an operating lease.

To classify each lease, the Bank performs a comprehensive evaluation to demonstrate whether the lease largely transfers all risks and benefits associated with ownership of this asset. If this is the case, the lease is a finance lease; if not, it is an operating lease. As part of this assessment, the Bank takes into account certain indicators such as whether the lease is the greater part of the economic life of the asset.

The Bank applies the requirements of de-recognition and impairment in IFRS 9 for net investment in the lease. The Bank performs a periodic review of the expected non-guaranteed residual value that was used to calculate the total investment amount in the lease.

### (2-40) Cash and Cash equivalents

Cash and cash equivalents comprise of cash on hand and cash balances at banks and financial institutions that mature within three months, less banks and financial institutions' deposits that mature within three months from acquisition date and restricted balances.

### (2-41) Dividends on ordinary shares

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Bank's shareholders.  dividends are deducted from equity when they are declared and no longer at the discretion of the Bank. Dividends for the year that are approved after the statement of financial position date are disclosed as an event after the statement of financial position date.

## (3) Changes in accounting policies and disclosures

**(a) New standards issued and applicable for the annual periods starting on or after 1 January 2021 which has been followed by the group:**

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2021:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. Due to the prevalent nature of IBOR-based contracts, adjustments can affect companies across all sectors. The amendments are effective as of January 1, 2021.

The Group has no substantial exposure to instruments which are referenced to IBOR. As at 31 December 2021 the Group has a derivative instrument which is referenced to IBOR amounting 82,883,298 and yet to transition to alternative reference rate., the carrying value of this derivative liability amounted to JD 1.4 Million and is recognised under other liability.

**Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions**

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

The above amendment and interpretation did not have significant impact on the consolidated financial statements.

**(b) New standards issued and not yet applicable or early adopted by the Group for the periods starting on or after 1 January 2021:**

As at 30 June 2021, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2021.

| Standard | Description | Effective Date |
|---|---|---|
| IFRS 17 Insurance Contracts | This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. | January 1, 2023 |
| Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16 | The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.<br>Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. | January 1, 2022 |
| Reference to the Conceptual Framework – Amendments to IFRS 3 | Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date. | January 1, 2022 |
| Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37 | The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. | January 1, 2022 |

| Standard | Description | Effective Date |
|---|---|---|
| Annual Improvements to IFRS Standards 2018–2020 | The following improvements were finalised in May 2020:<br>IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.<br>IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.<br>IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.<br>IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis. | January 1, 2022 |
| Classification of Liabilities as Current or Non-current – Amendments to IAS 1 | The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non- current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.<br>The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.<br>They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. | 1 January 2023 (deferred from 1 January 2022) |

| Standard | Description | Effective Date |
|---|---|---|
| Disclosure of Accounting Policies– Amendments to IAS 1 and IFRS Practice Statement 2 | The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. | January 1, 2023 |
| Definition of Accounting Estimates– Amendments to IAS 8 | The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. | January 1, 2023 |
| Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 | The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. | January 1, 2023 |
| Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28 | The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). | N\A |

**(4) Critical accounting judgements and estimates**

In the application of the Group's accounting policies, which are described in Note 3 management is required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant areas where management has used estimates, assumptions, or exercised judgements are as follows:

**Effect of COVID-19 on the Financial Statements**

The emergence and spread of the new Corona virus (Covid-19) was confirmed in early 2020, which affected commercial and economic activities. In response, governments and central banks launched economic support measures and relief actions (deferred payments) to reduce the impact on individuals and companies.

When determining the expected credit losses for the first quarter of 2020, the group took into consideration (according to the best available information) the uncertainties about the Covid-19 epidemic and the economic support measures and relief work from the Jordanian government and the Central Bank of Jordan, and the group also took into consideration the instructions issued by the Central Bank of Jordan (No. 10/3/4375 issued on March 15, 2020) and the guidelines issued by the International Accounting Standards Board on March 27, 2020 related to the classification of stages due to the existence of a substantial increase in credit risk (SICR).

Identifying whether a significant increase in credit risk (SICR) has occurred for IFRS 9

Financial assets at amortized cost are required to be moved from the current stage to the next one if and only if they have been the subject of a SICR since origination. In accordance with IFRS 9 SICR occurs when there has been a significant increase in the risk of a default occurring over the expected life of a financial instrument.

The Group continues to assess borrowers for other indicators of unlikeliness to pay, taking into consideration the underlying cause of any financial difficulty and whether it is likely to be temporary as a result of Covid-19 or longer term. The Group has initiated a programmed of payment holidays for its customers operating in highly impacted sectors by deferring interest/principal due for a period of one month to three months. These payment holidays are considered as short-term liquidity to address borrowers' cash flow issues. The holidays offered to customers may indicate a SICR. However, the Group believes that the extension of these payment holidays do not automatically trigger a SICR and a stage migration for the purposes of calculating ECL, as these are being made available to assist borrowers affected by the Covid-19 outbreak to resume regular payments. At this stage sufficient information is not available to enable the Group to individually differentiate between a borrowers' short term liquidity constraints and a change in its lifetime credit risk. This approach is consistent with the expectations of the Central Bank of Jordan as referred to in its issued circular (no. 10/3/4375 issued on 15 March 2021 which has not considered the arrangements over the impacted sectors during this period as rescheduling or restructuring of credit facilities for the period for the purpose of assessing the SICR) and accordingly was not considered as modification of the terms of contract.

**Probability and likelihood**

Despite the continuous assessment of the impact of the Covid-19 epidemic, the changes made to the expected credit losses based on macroeconomic indicators reflect an acceptable degree of expectations and the outlook for this impact.

When preparing statements of expected credit losses as on December 31, 2021, the governmental measures supporting the mitigation of the impact of Covid-19 in some sectors were taken into consideration in addition to applying judgment and estimation in the progress classification of specific sectors and customers who have a good knowledge of their financial position and the extent of their vulnerability to The outbreak of the Covid-19 epidemic, which led to the classification of some of these customers within a more stringent stage, and the reason for this classification for these customers is due to the cessation of production, the decline in supply and demand, and the losses resulting from the disruption of the business of these companies as a result of the comprehensive ban and the suspension of foreign trade and export operations due to the closure of the border ports For the kingdom.

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When studying the impact of the Coronavirus, on some affected sectors, the group took into account many negative factors, including:

1. The impact on tourism revenues
2. The impact on remittances of expatriates
3. Impact on external grants
4. The overall impact on the current account

On the other hand, a number of positive factors were taken into consideration, including:

1. Initiatives of the Central Bank of Jordan and the Jordan Loan Guarantee Corporation
2. Central Bank instructions regarding postponement of loan installments and interest
3. Governmental initiatives and the Social Security Corporation
4. Reducing interest rates
5. Enhancing the Central Bank of Jordan's liquidity (including reducing the cash reserves ratio)

As a result of studying the impact of the Covid-19 epidemic, the group made the following adjustments, which led to an increase in the expected credit losses for the period:

1. The probability ratio of the (Base Case) level scenario for the economic indicators was (60%), while the (Downside) and (Upside) level reached (40%) and (0%), respectively.
2. Modifying the assessment of the risks of the economic sectors affected by the Covid-19 epidemic, as the assessment of their risks increased in most of them to approach (High Risk)
3. Adjusting the probability of default (PD%) associated with assessing the risks of each economic sector, in line with expectations of a high default rate and the realization of the scenarios of economic factors
4. Adjustment of Loss upon Default (LGD%) ratios, as the rates of deductions and the expected recovery period for real estate guarantees, car and machinery mortgages, and pledged shares increased.

As of September 30, 2021, the group studied the macroeconomic impact of Covid-19 according to the information available at the time. As amendments were made to the classification of the stages of borrowers of specific sectors (companies and individuals) that were more exposed to the Covid-19 epidemic, such as the tourism sector, the restaurant sector, the transport sector, the car trade, car parts and some industrial sectors, which led to an increase in the expected credit losses for the period.

The Group will continue to reassess its position and the associated impact on a regular basis, and as with any economic forecast, expectations and possibilities are subject to a high degree of uncertainty and thus actual results may differ significantly from those expected. Management expects greater clarity on the impact of Covid-19 on the outcome of the group's business and the size of expected credit losses and the impact on liquidity during 2021.

It was likely to be difficult to determine the specific effects of covid-19, and the assessment of the significant increase in credit risk (SICR), however the Bank has considered the potential impact based on the best available information of the uncertainties caused by this pandemic and taking into account the economic support and relief measures of Central Bank of Jordan.

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Where, the Bank has recognized that the impact was mainly in the business operations (disruptions in the supply chain and in the cash flow) of customers who mainly rely on export and/or import with no diversification in revenue streams, suppliers, customers, and trading area, and have limited experience or weak management and performance in adverse conditions; changes in its operating environment, tightened liquidity, and managing the inventory, as well as have high risk grades and financials weakness. Furthermore, some economic sectors have been directly impacted, mainly for example; Transportations, Tourism & Hotels & restaurants, entertainment, trading.

Accordingly, the retail segment has been affected by losing all or part of their periodic income which the bank considers their source of payment.

The Bank has initiated a program of payment holidays for its customers whose cash flows are affected and operating in highly impacted sectors by deferring interest/principal due for a period of one month to three months. These payment holidays are considered as short-term liquidity to address borrowers' cash flow issues. The holidays offered to customers may indicate a SICR. However, the Bank believes that the extension of these payment holidays does not automatically trigger a SICR and a stage migration for the purposes of calculating ECL, as these are being made available to assist borrowers affected by the Covid-19 outbreak to resume regular payments.

By analyzing the impact of this pandemic on Jordan economic and based on reasonableness of Forward-Looking Information, the Bank has revised and updated its methodology of ECL calculation;

- Updating the probability weights of the 3 macroeconomic scenarios as following:

**Jordan Market:**

| | Scenario 1 Upside (Probability 0%): | | | |
|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2022 |
| Economic Growth GDP | 2.00% | -2.50% | 2.50% | 3.00% |
| Stock Market General Index | | -14% | 17% | 7% |
| Key Policy Rate | -150 bps | 0 bps | 0 bps | 25 bps |
| Inflation | 0.80% | 1.50% | 3.00% | 3.50% |

| | Scenario 2 Base Case (Probability 60%): | | | |
|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2022 |
| Economic Growth GDP | 2.00% | -3.50% | 2.00% | 2.20% |
| Stock Market General Index | | -28% | 10% | 9% |
| Key Policy Rate | -150 bps | 0 bps | 0 bps | 0 bps |
| Inflation | 0.80% | 1.00% | 2.00% | 2.30% |

| | Scenario 3 Downside (Probability 40%): | | | |
|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2022 |
| Economic Growth GDP | 2.00% | -4.50% | -1.00% | 2.00% |
| Stock Market General Index | | -43% | 0% | 13% |
| Key Policy Rate | -150 bps | 0 bps | 0 bps | 0 bps |
| Inflation | 0.80% | -1.00% | 0.00% | 2.00% |

**Upside Scenario:**

Assuming the economy will decelerate at a slower pace and will recover at a stronger pace

This would only happen should the world economy rebound and demand recovers, leading to higher inflation

Given higher inflation and the negative impact of higher oil price on foreign reserves, it is unlikely that the CBJ decrease rates, but increasing rates is also highly unlikely in years 2020 and 2021, so we assumed 25 bps increase in 2022

**Base Case Scenario:**

**Economic Growth: Based on World Bank's estimates**

Stock Market General Index: Assuming ROE*100 to PBV @ 8

Key Policy Rate: It's unlikely that the Fed increases interest rates over the next 3 years. Under our base case scenario, we assume the CBJ will not widen the spread

Inflation: Based on World Bank's estimates

**Downside Scenario:**

**Higher than initially anticipated impact of the virus on the economy or the reemergence of the virus**

Inflation in that case will be more muted

Interest rates unlikely to change

**Iraq Market:**

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| Real GDP Growth | 3.30% | -5.80% | 0.70% | 3.00% | 3.60% |
| Inflation | -0.20% | 0% | 2% | 3% | 3% |
| Oil Price | 64 | 38.1 | 44 | 58.5 | 65 |

SOURCE: ECONOMIST INTELLIGENCE UNIT

**Updating the probability of Default (PD%):**

To estimate the PD after the impact of COVID-19, we have used the PD estimated from first implementation of IFRS 9 and updated it according to the macroeconomic scenarios above by using the change in NPLs determined through a regression to forecast future NPL%. Based on the macroeconomic scenarios the forecasted NPL for the year 2020, 2021 and 2022 is 11.49%, 11.09% and 10.16% respectively. The average change is 23.52% which has been reflected in the base PD.

To obtain point in time PD as required by IFRS 9, the Bank has used historical default data of capital bank for each grade.

The PD is divided into two dimensions, Customer grade and Industry Risk.

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The risk assessment of the most impacted industries has been changed as a result of Covid-19 impact on the economy, for example the risk assessment of the (Tourism sector) and (Transportation sector) has been changed from (Medium Risk) to (High Risk) and (Medium to High Risk) respectively

**Jordan (Corp & SMEs)**

| PD after COVID-19 (Jordan) | | | | | |
|---|---|---|---|---|---|
| Risk /Rating | Low Risk | Low to Medium Risk | Medium Risk | Medium to High Risk | High Risk |
| 1 | 0.06% | 0.08% | 0.11% | 0.23% | 0.36% |
| 2+ | 0.07% | 0.10% | 0.14% | 0.29% | 0.46% |
| 2 | 0.09% | 0.13% | 0.18% | 0.37% | 0.58% |
| 2- | 0.11% | 0.16% | 0.22% | 0.47% | 0.73% |
| 3+ | 0.15% | 0.20% | 0.28% | 0.60% | 0.93% |
| 3 | 0.19% | 0.25% | 0.36% | 0.76% | 1.17% |
| 3- | 0.24% | 0.32% | 0.45% | 0.96% | 1.48% |
| 4+ | 0.30% | 0.41% | 0.58% | 1.22% | 1.87% |
| 4 | 0.38% | 0.51% | 0.73% | 1.53% | 2.35% |
| 4- | 0.48% | 0.65% | 0.91% | 1.93% | 2.97% |
| 5+ | 0.61% | 0.82% | 1.16% | 2.44% | 3.73% |
| 5 | 0.77% | 1.04% | 1.47% | 3.08% | 4.69% |
| 5- | 0.97% | 1.32% | 1.85% | 3.87% | 5.87% |
| 6+ | 1.23% | 1.67% | 2.34% | 4.86% | 7.33% |
| 6 | 1.55% | 2.10% | 2.94% | 6.09% | 9.13% |
| 6- | 1.95% | 2.65% | 3.70% | 7.61% | 11.32% |
| 7 | 2.46% | 3.34% | 6.99% | 9.48% | 13.97% |
| 8 | 3.10% | 4.19% | 8.75% | 11.75% | 17.14% |
| 9 | 3.91% | 5.26% | 10.94% | 14.50% | 20.87% |
| 10 | 7.48% | 11.21% | 14.31% | 27.16% | 41.23% |

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| PD after COVID-19 (Iraq) | | | | |
|---|---|---|---|---|
| Low Risk | Low to Medium Risk | Medium Risk | Medium to High Risk | High Risk |
| 0.41% | 0.43% | 0.46% | 0.58% | 0.71% |
| 0.60% | 0.63% | 0.67% | 0.82% | 0.99% |
| 0.62% | 0.66% | 0.71% | 0.90% | 1.11% |
| 0.64% | 0.69% | 0.75% | 1.00% | 1.26% |
| 1.03% | 1.08% | 1.16% | 1.48% | 1.81% |
| 1.07% | 1.13% | 1.24% | 1.64% | 2.05% |
| 1.12% | 1.20% | 1.33% | 1.84% | 2.36% |
| 2.06% | 2.17% | 2.34% | 2.98% | 3.63% |
| 2.14% | 2.27% | 2.49% | 3.29% | 4.11% |
| 2.24% | 2.41% | 2.67% | 3.69% | 4.73% |
| 3.24% | 3.45% | 3.79% | 5.07% | 6.36% |
| 3.40% | 3.67% | 4.10% | 5.71% | 7.32% |
| 3.60% | 3.95% | 4.48% | 6.50% | 8.50% |
| 4.74% | 5.18% | 5.85% | 8.37% | 10.84% |
| 5.06% | 5.61% | 6.45% | 9.60% | 12.64% |
| 5.46% | 6.16% | 7.21% | 11.12% | 14.83% |
| 6.85% | 7.73% | 11.38% | 13.87% | 18.36% |
| 7.49% | 8.58% | 13.14% | 16.14% | 21.53% |
| 9.18% | 10.53% | 16.21% | 19.77% | 26.14% |
| 13.62% | 17.35% | 20.45% | 33.30% | 47.37% |

**Retail**

| Rating | Actual PD | After COVID-19 PD |
|---|---|---|
| A | 0.04% | 0.04% |
| B | 0.14% | 0.14% |
| C | 0.61% | 0.61% |
| D | 2.70% | 3.34% |
| E | 11.15% | 13.77% |
| F | 100% | 100% |

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### Upgrading LGD%

Based on the updated macroeconomic scenarios above, two components of the LGD has been updated; collateral haircut and time to recover, below are the collaterals which have been changed:

### Haircut

| Collateral | Actual LGD | New |
|---|---|---|
| Real Estate | 23% | 30% |
| Cars | 50% | 52% |
| Machine | 53% | 61% |
| Stocks | 16% | 25% |

### Time to recover

| Collateral Type | Actual | New |
|---|---|---|
| Real Estate | 5 | 7 |
| Cars | 1 | 2 |
| Machine | 2 | 3 |

Accordingly, the ECL has been increased by (11.49%) to cover the impact of Covid-19

The Bank continues to assess borrowers for other indicators of unlikeliness to pay, taking into consideration the underlying cause of any financial difficulty and whether it is likely to be temporary as a result of Covid-19 or longer term.

The bank policy is to maintain a minimum liquidity higher than regulatory limit and to reach that limit we have been engaged with many of Financial institution to diversity the source of funds to maintain an acceptable level of variation.

The Bank performed a stress testing scenario given to the rapid changes and guidance issued by CBJ. The impact has been reflected of the bank's financial position, where the Bank has strong financial and liquidity position and its obligations will be met normally.

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The below credit risk scenarios (Multi Factors) have been performed and the financial impact and capital impact have been measured:

| Scenarios | Stress Level | | |
|---|---|---|---|
| | Mid | Medium | Severe |
| Most Impacted Sectors due to Corona- increase in NPLs | 10% | 15% | 30% |
| Retail portfolio- increase in NPLs | 2% | 5% | 10% |
| Equity investments portfolio- decrease prices | 10% | 20% | 40% |
| Outside Subsidiary Profit- decrease in profit | 10% | 20% | 40% |
| CAR% Impact | -0.20% | -1% | -0.90% |
| New Provisions (Million) | 3.7 | 6.3 | 12.5 |

The below Liquidity risk scenarios have been performed and the impact on LLR and LCR have been measured where these % maintained above 100%:

| Scenarios | Stress Level | | |
|---|---|---|---|
| | Mid | Medium | Severe |
| Decrease in High Liquid assets | 5% | 10% | 20% |
| Withdraw top deposits | 1 | 3 | 5 |

### Impairment in seized assets

Impairment of seized assets is calculated based on recent real estate valuations and approved by accredited valuers for the purpose of calculating the impairment of assets seized. The Impairment is reviewed periodically.

Tangible and Intangible assets useful lives

Useful life for property and equipment is reviewed each year. If expected useful life is different from the previous one, the difference is adjusted prospectively as a change in accounting estimate.

### Income Tax

The group is subject to income tax and therefore this requires judgment in determining the income tax provision. The Group recognizes income tax liabilities based on its expectations of whether the tax audit will result in any additional tax. If the final tax estimate is different from what was recorded, then the differences will affect the current income tax in the period in which these differences are found.

**Legal provision**

Legal provisions are taken for lawsuits raised against the Bank based on the Bank legal advisor's opinion.

Assets and liabilities that are stated at cost

Management reviews, on a regular basis, the assets and liabilities that are stated at cost to estimate impairments, if any. Impairment losses are recognized in the consolidated statement of income for the year.

Provision for expected credit loss

The Bank's management is required to use significant judgments and estimates to estimate future cash flows amounts and timings, and estimate the risks of a significant increase in credit risk for financial assets after initial recognition and future measurement information for expected credit losses. The most significant policies and estimates used by the Bank's management are detailed in Note (47).

**Business model assessment**

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Bank determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence, including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Bank monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

**Significant increase in credit risk**

ECLs are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Bank takes into account qualitative and quantitative reasonable and supportable forward looking information. Estimates used by the Bank's management, which are related to the significant change in credit risk that lead to a change in classification within the three stages (1, 2, and 3) are detailed in Note (47).

**Establishing groups of assets with similar credit risk characteristics**

When the expected credit losses are measured on a collective basis, the financial instruments are grouped based on common risk characteristics (such as the type of instrument, the degree of credit risk, the type of collateral, the initial recognition date, the remaining period of maturity date, the industry, the borrower's geographic location, etc.). The Bank monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets.

### Re-segmentation of portfolios and movement between portfolios

Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECL, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECL but the amount of ECL changes because the credit risk of the portfolios differ.

### Models and assumptions used

The Bank uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL, as outlined in Note (47). Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

### a) Classification and measurement of financial assets and liabilities

- The Bank classifies financial instruments or components of financial assets upon initial recognition, either as a financial asset, financial liability, or an equity instrument in accordance with the substance of the contractual agreements and the definition of the instrument. Reclassification of a financial instrument in the consolidated financial statements is subject to its substance rather than its legal form.
- The Bank determines the classification upon initial recognition as well as a reassessment of that determination, if possible and appropriate, at the date of each consolidated statement of financial position.
- When measuring financial assets and liabilities, some of the Bank's assets and liabilities are remeasured at fair value for the purposes of preparing financial reports. When estimating the fair value of any of the assets or liabilities, the Bank uses the observable available market data. In the absence of Level 1 inputs, the Bank performs the assessments using professionally qualified independent evaluators. The Bank works in close cooperation with qualified external evaluators to develop appropriate valuation techniques and data on the fair value estimation model.

### b) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset-backed securities. The management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

#### c) Derivative Financial Instruments

The fair value of derivatives measured at fair value is generally obtained by referring to the listed market prices, discounted cash flow models and recognized pricing models, if appropriate. In the absence of market price, fair value is determined using valuation techniques that reflect observable market data. These techniques include comparing similar instruments when there are observable market prices, discounted cash flow analysis, pricing option models and other valuation techniques commonly used by market participants. The main factors that management considers when applying the model are:

- The expected timing and probability of future cash flows of the instrument, as these cash flows are generally subject to the terms of the instrument, although management judgment may be required in cases where the ability of the counterparty to pay the instrument according to the contractual terms is in doubt; and
- An appropriate discount percentage for the instrument. The management determines this percentage based on its assessment of the margin of the ratio for the instrument, which is higher than the risk-free ratio. When evaluating the instrument with reference to comparative tools, management considers the entitlement, structure and degree of classification of the instrument based on the system with which the existing position is compared. When evaluating tools based on the model using the fair value of the main components, management also considers the need to make adjustments to calculate a number of factors such as bid differences, credit status, portfolio services costs and uncertainty about the model.

### Lease extension and termination options

Extension and termination options are included in a number of leases. These conditions are used to increase operational flexibility in terms of contract management. Most of the extension and termination options held are renewable by both the Bank and the lessor.

### Determination of lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The extension options (or periods after the termination options) are included only in the term of the lease if the lease is reasonably certain to be extended (or not terminated). The evaluation is reviewed in the event of a significant event or significant change in the circumstances that affect this evaluation and that are under the control of the lessee.

### Key sources of estimation uncertainty

The following are key estimations that the management has used in the process of applying the of the Bank's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

- Establishing the number and relative weightings of forward-looking scenarios for each type of types product/ Market and determining the forward looking information relevant to each scenario:
- When measuring ECL, the Bank uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

### Probability of default (PD)

PD is a key entry point in the measurement of expected credit loss. PD is an estimate of the probability of default, over a certain period of time, which includes the computation of historical data, assumptions and projections related to future conditions.

### Loss given default (LGD)

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

### Measurement and assessment procedures of fair value

When estimating the fair value of assets or liabilities, the Bank uses the observable available market data. In the absence of Level 1 inputs, the Bank performs the assessments using appropriate valuation models to determine the fair value of financial instruments.

### Discounting lease payments

Lease payments are discounted using the bank's additional borrowing rate ("IBR"). Management applied provisions and estimates to determine the additional borrowing rate at the start of the lease.

### (5) Cash and Balances with Central Banks

| | 2021 | 2020 |
|---|---|---|
| | JD | JD |
| Cash on hand | 108,130,727 | 67,920,621 |
| Balances at Central Banks: | | |
| Current and demand deposits | 55,809,231 | 37,245,515 |
| Time and notice deposit | 100,500,000 | 87,000,000 |
| Statutory cash reserve | 161,400,174 | 103,687,381 |
| Total | 425,840,132 | 295,853,517 |

- The monetary reserve at the Central Bank of Jordan amounted to JD 111,264,017 as at December 31 2021 compared to JD 72,494,663 as at December 31 2020.
- There are no due balances during the period exceeding three months as at 31 December 2021 and 31 December 2020.
- The value of reserves with restricted withdrawals at the Central Bank of Iraq amounted to JD 50,136,157 as at December 31 2021 compared to the amount of JD 31,192,718 as at December 31 2020, and was excluded from cash and cash equivalents for the purpose of the consolidated cash flow statement.
- There were no expected credit losses at cash and balances at Central Banks as of 31 December 2021 and 31 December 2020, as per the Central Bank's request reflecting IFRS 9.

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### Distribution of cash balances with Central banks by categories of the Bank's internal credit rating

The below presentation is as required by the Central bank of Jordan instructions for implementing IFRS 9, Circular no. 13/2018

| As of 31 December 2021 | Stage one | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Low risk / performing | 318,309,728 | - | - | 318,309,728 |
| Acceptable risk / performing | 107,530,404 | - | - | 107,530,404 |
| Total | 425,840,132 | - | - | 425,840,132 |

| As of 31 December 2020 | Stage one | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Low risk / performing | 218,585,459 | - | - | 218,585,459 |
| Acceptable risk / performing | 77,268,058 | - | - | 77,268,058 |
| Total | 295,853,517 | - | - | 295,853,517 |

### Movements of balances with central banks:

| As of 31 December 2021 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2020 | 295,853,517 | - | - | 295,853,517 |
| Add: new balances during the year | 216,986,615 | - | - | 216,986,615 |
| Settled balances | (87,000,000) | - | - | (87,000,000) |
| Gross balance | 425,840,132 | - | - | 425,840,132 |

| As of 31 December 2020 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2019 | 205,186,455 | - | - | 205,186,455 |
| Add: new balances during the year | 155,180,413 | - | - | 155,180,413 |
| Settled balances | (50,759,947) | - | - | (50,759,947) |
| Adjustments due to change in exchange rates | (13,753,404) | - | - | (13,753,404) |
| Gross balance | 295,853,517 | - | - | 295,853,517 |

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Movements of provision for expected credit losses

| As of 31 December 2021 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | - | - | - | - |
| Add: new balances during the year | - | - | - | - |
| Settled balances | - | - | - | - |
| Net balance | - | - | - | - |

| As of 31 December 2020 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2020 | - | - | - | - |
| Add: new balances during the year | - | - | - | - |
| Settled balances | - | - | - | - |
| Net balance | - | - | - | - |

**(6) Balances at banks and financial institutions**

| | Local banks and financial institutions | | Foreign Banks and Financial Institutions | | Total | |
|---|---|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | JD | JD | JD | JD | JD | JD |
| Current and demand deposits | 7,809,246 | 19,767,098 | 218,108,303 | 79,222,153 | 225,917,549 | 98,989,251 |
| Deposits maturing within or less than 3 months | 64,247,450 | 38,689,420 | 22,450,752 | 4,927,550 | 86,698,202 | 43,616,970 |
| Less: Expected credit loss | - | - | (69,020) | (68,956) | (69,020) | (68,956) |
| Total | 72,056,696 | 58,456,518 | 240,490,035 | 84,080,747 | 312,546,731 | 142,537,265 |

- Non-interest bearing balances at banks and financial institutions amounted to JD 241,952,999 as at 31 December 2021 against JD 98,989,251 as at 31 December 2020.
- Restricted balances amounted to JD 6,319,823 as at 31 December 2021 against JD 1,179,012 as at 31 December 2020. Which will be exluded from the cash and cash equivelent on the consolidated cash flow statement.

### 1 -balances with banks and financial institutions

The movement of -balances with banks and financial institutions during the Year According to IFRS 9

| As of 31 December 2021 | Stage One | Stage Two | Stage Three | Purchased originated credit-impaired (POCI) | Total |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 142,516,324 | 20,806 | 69,091 | - | 142,606,221 |
| Add: new balances during the year | 187,320,800 | - | - | - | 187,320,800 |
| Settled balances | (17,307,977) | (3,222) | (71) | - | (17,311,270) |
| Net balance | 312,529,147 | 17,584 | 69,020 | - | 312,615,751 |

The movement of the provision for impairment losses  according Stages during the year According to IFRS 9

| As of 31 December 2021 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | - | - | - | - |
| Add: new balances during the year | - | - | - | - |
| Settled balances | - | - | - | - |
| Net balance | - | - | - | - |

Distribution of balances at banks and financial institutions by categories of the Bank’s internal credit rating:

The below presentation is as required by the Central bank of Jordan instructions for implementing IFRS 9,  Circular no. 13/2018

| As of 31 December 2021 | Stage one | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Low risk / performing | 220,158,945 | - | - | 220,158,945 |
| Acceptable risk / performing | 92,370,202 | 17,584 | 69,020 | 92,456,806 |
| Total | 312,529,147 | 17,584 | 69,020 | 312,615,751 |

| As of 31 December 2020 | Stage one | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Low risk / performing | 70,607,588 | - | - | 70,607,588 |
| Acceptable risk / performing | 71,908,736 | 20,806 | 69,091 | 71,998,633 |
| Total | 142,516,324 | 20,806 | 69,091 | 142,606,221 |

Movements of balances with banks and financial institutions

| As of 31 December 2021 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 142,516,324 | 20,806 | 69,091 | 142,606,221 |
| Add: new balances during the year | 187,320,800 | - | - | 187,320,800 |
| Settled balances | (17,307,977) | (3,222) | (71) | (17,311,270) |
| Net balance | 312,529,147 | 17,584 | 69,020 | 312,615,751 |

| As of 31 December 2020 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2020 | 98,086,703 | 181,632 | - | 98,268,335 |
| Add: new balances during the year | 82,437,259 | - | - | 82,437,259 |
| Settled balances | (33,397,384) | (160,826) | - | (33,558,210) |
| Transfer from the third stage during the year | (56,458) | - | 56,458 | - |
| changes due to Adjustments | - | - | - | - |
| Adjustments due to change in exchange rates | (4,553,796) | - | 12,633 | (4,541,163) |
| Net balance | 142,516,324 | 20,806 | 69,091 | 142,606,221 |

Movements of provision for expected credit losses during the period

| As of 31 December 2021 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | - | - | 68,956 | 68,956 |
| Add: new balances during the year | - | - | 64 | 64 |
| Settled balances | (13) | - | - | (13) |
| Additions due to acquisition | 13 | - | - | 13 |
| Net balance | - | - | 69,020 | 69,020 |

| As of 31 December 2020 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2020 | - | - | - | - |
| Impairment loss on new balances and deposits during the year | - | - | 67,702 | 67,702 |
| Adjustments due to change in exchange rates | - | - | 1,254 | 1,254 |
| Net balance | - | - | 68,956 | 68,956 |

### (7) Financial Assets at Fair Value through Other Comprehensive Income

The details of this disclosure as as follows:

| Publicly listed assets | 2021 | 2020 |
|---|---|---|
| | JD | JD |
| Treasury bonds | 118,364,706 | 24,709,428 |
| Governmental debt securities and its guarantee's | 6,612,408 | 6,753,528 |
| Other government bonds | 34,725,690 | 33,735,685 |
| Quoted shares | 8,408,284 | 7,658,901 |
| Total | 168,111,088 | 72,857,542 |
| **Unlisted assets** | | |
| Treasury bonds | 4,051,655 | 4,123,384 |
| Governmental debt securities and its guarantee's | 7,065,800 | - |
| Unquoted shares | 16,128,683 | 12,621,139 |
| Investment Funds | 163,070 | - |
| Total | 27,409,208 | 16,744,523 |
| Less: Expected credit loss | (19,458) | (24,931) |
| Total Financial Assets at Fair Value through Other Comprehensive Income | 195,500,838 | 89,577,134 |

| Analysis of bonds and bills: | 2021 | 2020 |
|---|---|---|
| | JD | JD |
| Fixed Rate | 170,963,871 | 69,297,094 |
| Total | 170,963,871 | 69,297,094 |

- investments in shares were classified as investment held at fair value through other comprehensive income for long strategic purposes.
- The cash dividends have amounted to JD 337,276 and reflect the shares that the bank owns in other companies during the year ended 31 December 2021 against JD 233,577 during the year ended 31 December 2020.
- Realized gains resulted from sales of financial assets at fair value through other comprehensive Income / debt amounted to JD 21,019 during the year ended December 2021 against realized gains worth JD 1,070,702 during the year ended 31 December 2020, and that has been transferred to the retained earnings through the income statement.
- Realized losses resulted from sales of financial assets at fair value through other comprehensive Income / equity amounted to JD 517,889 during the year ended December 2021 against realized losses worth JD 279,515 during the year ended 31 December 2020, and that has been transferred to the retained earnings through the consolidated equity statement.
- Expected credit losses on bonds and treasury bills guaranteed by the Jordanian government are not calculated as per the requirement of the Central Bank of Jordan in accordance with IFRS 9.

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### Financial Assets at Fair Value through other comprehensive income

Distribution of gross financial Assets at Fair Value through Other Comprehensive Income - debt instrument by categories of the Bank's internal credit rating

| As of 31 December 2021 | Stage one | Stage two | Stage three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Low risk / performing | 147,197,518 | - | - | 147,197,518 |
| Acceptable risk / performing | 23,622,741 | - | - | 23,622,741 |
| Total | 170,820,259 | - | - | 170,820,259 |

| As of 31 December 2020 | Stage one | Stage two | Stage three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Low risk / performing | 28,832,812 | - | - | 28,832,812 |
| Acceptable risk / performing | 40,489,213 | - | - | 40,489,213 |
| Total | 69,322,025 | - | - | 69,322,025 |

Movements of gross financial assets at fair value through other comprehensive income:

| As of 31 December 2021 | Stage one | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance at 1 January 2021 | 69,322,025 | - | - | 69,322,025 |
| Add: new balances during the year | 119,557,953 | - | - | 119,557,953 |
| Settled balances | (25,328,519) | - | - | (25,328,519) |
| Additions due to acquisition | 7,268,800 | - | - | 7,268,800 |
| Net balance | 170,820,259 | - | - | 170,820,259 |

| As of 31 December 2020 | Stage one | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance at 1 January 2020 | 45,087,299 | - | - | 45,087,299 |
| Add: new balances during the year | 38,045,962 | - | - | 38,045,962 |
| Settled balances | (3,186,674) | - | - | (3,186,674) |
| What has been converted into pledged financial assets | (7,268,800) | - | - | (7,268,800) |
| Adjustments due to change in exchange rates | (3,355,762) | - | - | (3,355,762) |
| Net balance | 69,322,025 | - | - | 69,322,025 |

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Movements of provision on financial assets at fair value through other comprehensive income:

| As of 31 December 2021 | Stage one | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance at 1 January 2021 | 24,931 | - | - | 24,931 |
| Add: new balances during the year | 19,458 | - | - | 19,458 |
| Settled balances | (24,931) | - | - | (24,931) |
| Net balance | 19,458 | - | - | 19,458 |

| As of 31 December 2020 | Stage one | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance at 1 January 2020 | 27,634 | - | - | 27,634 |
| Impairment loss on new investments during the year | 6,581 | - | - | 6,581 |
| Settled balances | (9,284) | - | - | (9,284) |
| Net balance | 24,931 | - | - | 24,931 |

No provision for expected credit losses has been calculated for governmental bonds and bonds guaranteed by the government according to the regulations by the Central Bank of Jordan related to IFRS 9.

**(8) Loans valued at fair value through the income statement**

| | 2021 | 2020 |
|---|---|---|
| | JD | JD |
| Loans | 112,529,504 | 108,831,500 |
| Setteled Balances | (26,587,500) | - |
| Change in Fair Value during the year | (3,058,706) | 3,698,004 |
| Total | 82,883,298 | 112,529,504 |

- The Group granted a loan of $ 150,000,000, equivalent to JDs 106,350,000, with a fixed interest of 5.7% over a five-year repayment period and a one-year grace period. The loan›s balance amounted $ 116,901,690 equivalent to JD 82,883,298 on 31 december 2021 against $ 158,715,803 equivalent to JD 112,529,504 on 31 December 2020. The Group has decided to hedge the risk of changes in interest rates in the markets by entering into forward interest contracts with a correspondent bank on similar contractual terms. As a result of this hedging, the bank rated the loan at fair value through the income statement in line with the classification and measurement of the corresponding hedging instrument.
- The amount mentioned above represents the maximum exposure to credit risk.

### (9) Direct Credit Facilities – Amortized cost

| | 2021 | 2020 |
|---|---|---|
| | JD | JD |
| Retail customers | | |
| Overdrafts | 12,700,164 | 16,277,618 |
| Loans and bills * | 527,671,246 | 167,684,666 |
| Credit cards | 14,320,677 | 7,765,329 |
| Real estate Mortgages | 209,579,908 | 164,756,741 |
| Corporate Lending | | |
| Overdrafts | 115,830,740 | 107,337,408 |
| Loans and bills * | 949,933,362 | 681,153,026 |
| Small and medium enterprises "SMEs" facilities | | |
| Overdrafts | 21,847,513 | 15,829,866 |
| Loans and bills * | 216,149,725 | 172,538,499 |
| Government and public sector lending | 119,021,813 | 60,023,731 |
| Total | 2,187,055,148 | 1,393,366,884 |
| Less: Suspended interest | 35,353,857 | 23,437,800 |
| Less: provisions to impairment in direct credit facilities and ECL | 120,553,953 | 66,970,133 |
| Net direct credit facilities | 2,031,147,338 | 1,302,958,951 |

* Net of interest and commissions received in advance amounted to JD 1,436,856 as at 31 December 2021 against JD 1,747,998 as at 31 December 2020.

- Non-performing credit facilities amounted to JD 146,875,815 as at 31 December 2021 against JD 91,662,806 as at 31 December 2020 which represents 6.72% of total direct credit facilities as at 31 December 2021 against 6.6 % as at 31 December 2020.
- Non-performing credit facilities, net of suspended interest, amounted to JD 114,004,616 as at 31 December 2021 against JD 69,409,296 as at December 2020 which represents 5.30 % as at 31 December 2021 against 5.07 % as at December 2020 of total direct credit facilities after excluding the suspended interest.
- Credit facilities granted to and guaranteed by the government as at 31 December 2021 amounted by 48,718,754 against JD Zero as at 31 December 2020 .
- There were no provisions calculated on the expected losses from credit facilities granted to the Jordanian government or guaranteed by the Jordanian Government in accordance to IFRS 9.

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**direct credit facilities – Corporate**

The movement of direct credit facilities - Corporate - during the Year According to IFRS 9

| As of 31 December 2021 | Stage one | Stage two | Stage three | Purchased originated credit-impaired (POCI) | Total |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 646,363,625 | 87,603,355 | 54,523,454 | - | 788,490,434 |
| Add: new balances during the year / Additions | 309,350,693 | 43,710,702 | 6,004,802 | - | 359,066,197 |
| Settled balances | (193,181,353) | (41,056,052) | (10,145,025) | - | (244,382,430) |
| Transfer to the first stage during the year | 12,379,037 | (12,374,037) | (5,000) | - | - |
| Transfer to second stage during the year | (14,862,620) | 14,862,634 | (14) | - | - |
| Transferred to the third stage during the year | (241,267) | (11,858,889) | 12,100,156 | - | - |
| Additions due to acquisition | 125,679,300 | - | - | 10,970,960 | 136,650,260 |
| Written off balances | - | (291,514) | (1,619,944) | - | (1,911,458) |
| Net balance | 885,487,415 | 80,596,199 | 60,858,429 | 10,970,960 | 1,037,913,003 |

The movement of the provision for impairment losses of direct credit facilities according Stages during the period According to IFRS 9

| As of 31 December 2021 | Stage one | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 4,047,394 | 5,665,749 | 30,848,582 | 40,561,725 |
| Impairment loss of direct credit facilities during the period | 6,555,819 | 2,643,865 | 22,701,809 | 31,901,493 |
| Recoveries | (3,948,980) | (4,746,291) | (5,922,904) | (14,618,175) |
| Transfer from first stage | 191,449 | (191,449) | - | - |
| Transfer from second stage | (185,591) | 185,591 | - | - |
| Transfer from third stage | - | (1,080) | 1,080 | - |
| Written off balances | - | (291,514) | (1,023,570) | (1,315,084) |
| Net balance | 6,660,091 | 3,264,871 | 46,604,997 | 56,529,959 |

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The below presentation is as required by the Central bank of Jordan instructions for implementing IFRS 9, Circular no. 13/2018

**Direct credit facilities at amortized cost – Corporate**

Distribution of direct credit facilities for Corporate segment by the Bank›s internal credit rating segmentation

| As of 31 December 2021 | Stage one | Stage two | Stage three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Low risk / performing | 189,557,120 | 1,355,456 | - | 190,912,576 |
| Acceptable risk / performing | 659,689,466 | 118,653,133 | 13,814,013 | 792,156,612 |
| Non- Performing | | | | |
| Substandard | - | - | 989,199 | 989,199 |
| Doubtful | - | - | 3,770,736 | 3,770,736 |
| Loss | - | - | 77,934,979 | 77,934,979 |
| Total | 849,246,586 | 120,008,589 | 96,508,927 | 1,065,764,102 |

| As of 31 December 2020 | Stage one | Stage two | Stage three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Low risk / performing | 137,164,306 | 5,769,775 | - | 142,934,081 |
| Acceptable risk / performing | 509,199,319 | 81,833,580 | 6,436,174 | 597,469,073 |
| Non- Performing | | | | |
| Substandard | - | - | 154,846 | 154,846 |
| Doubtful | - | - | 5,076,814 | 5,076,814 |
| Loss | - | - | 42,855,620 | 42,855,620 |
| Total | 646,363,625 | 87,603,355 | 54,523,454 | 788,490,434 |

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Movement of Direct credit facilities at amortized cost for Corporate segment according to Cenral Bank›s Regulations:

| As of 31 December 2021 | Stage one | Stage two | Stage three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 646,363,625 | 87,603,355 | 54,523,454 | 788,490,434 |
| Add: new balances during the year / Additions | 309,350,693 | 43,710,702 | 6,004,802 | 359,066,197 |
| Settled balances | (193,181,353) | (41,056,052) | (10,145,025) | (244,382,430) |
| Transfer to the first stage during the year | 12,379,037 | (12,374,037) | (5,000) | - |
| Transfer to second stage during the year | (14,862,620) | 14,862,634 | (14) | - |
| Transferred to the third stage during the year | (241,267) | (11,858,889) | 12,100,156 | - |
| Changes due to Acquisition | 89,438,471 | 39,412,390 | 35,650,498 | 164,501,359 |
| Written off balances | - | (291,514) | (1,619,944) | (1,911,458) |
| Net balance | 849,246,586 | 120,008,589 | 96,508,927 | 1,065,764,102 |
| **As of 31 December 2020** | **Stage one** | **Stage two** | **Stage three** | **Total** |
| | **JD** | **JD** | **JD** | **JD** |
| Balance as at 1 January 2020 | 438,197,012 | 70,468,268 | 67,403,291 | 576,068,571 |
| Add: new balances during the year / Additions | 288,062,150 | 29,670,861 | 5,601,942 | 323,334,953 |
| Settled balances | (69,718,343) | (19,212,826) | (11,082,823) | (100,013,992) |
| Transfer to the first stage during the year | 3,794,490 | (258,023) | (3,536,467) | - |
| Transfer to second stage during the year | (8,761,279) | 9,710,649 | (949,370) | - |
| Transferred to the third stage during the year | (189,708) | (5,000) | 194,708 | - |
| Written off balances | - | - | (1,498,090) | (1,498,090) |
| Adjustments due to change in exchange rates | (5,020,697) | (2,770,574) | (1,609,737) | (9,401,008) |
| Net balance | 646,363,625 | 87,603,355 | 54,523,454 | 788,490,434 |

The new additions to the third stage represent the outstanding interest recorded during the year.

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Movement of provision for impairment losses for direct credit facilities for Corporate segment according to Cenral Bank›s Regulations:

| As of 31 December 2021 | Stage one | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 4,047,394 | 5,665,749 | 30,848,582 | 40,561,725 |
| Impairment loss of direct credit facilities during the period | 6,555,819 | 2,643,865 | 22,701,809 | 31,901,493 |
| Recoveries | (3,948,980) | (4,746,291) | (5,922,904) | (14,618,175) |
| Transfer from the first stage | 191,449 | (191,449) | - | - |
| Transfer from second stage | (185,591) | 185,591 | - | - |
| Transferred from the third stage | - | (1,080) | 1,080 | - |
| Additions due to acquisition | 1,674,516 | 1,497,045 | 17,610,629 | 20,782,190.0 |
| Written off balances | - | (291,514) | (1,023,570) | (1,315,084) |
| Net balance | 8,334,607 | 4,761,916 | 64,215,626 | 77,312,149 |

| As of 31 December 2020 | Stage one | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2020 | 1,722,536 | 2,967,166 | 21,625,697 | 26,315,399 |
| Impairment loss of direct credit facilities during the period | 3,200,873 | 4,403,867 | 14,072,856 | 21,677,596 |
| Recoveries | (765,141) | (1,539,437) | (3,127,401) | (5,431,979) |
| Transfer from the first stage | 7,504 | (7,504) | - | - |
| Transfer from second stage | (64,024) | 64,024 | - | - |
| Transferred from the third stage | (3,115) | - | 3,115 | - |
| Adjustments due to change in exchange rates | (51,239) | (222,367) | (754,797) | (1,028,403) |
| Net balance | 4,047,394 | 5,665,749 | 30,848,582 | 40,561,725 |

## Consolidated Financial Statements31 December 2021

### direct credit facilities – SMES

The movement of direct credit facilities - SMES - during the Year According to IFRS 9

| As of 31 December 2021 | Stage one | Stage two | Stage three | Purchased originated credit-impaired (POCI) | Total |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 114,462,987 | 51,455,396 | 22,449,982 | - | 188,368,365 |
| Add: new balances during the year / Additions | 71,217,547 | 5,711,239 | 13,379,996 | - | 90,308,782 |
| Settled balances | (28,863,730) | (20,743,780) | (4,329,164) | - | (53,936,674) |
| Transfer to the first stage during the year | 2,015,464 | (2,015,429) | (35) | - | - |
| Transfer to second stage during the year | (5,812,115) | 6,377,769 | (565,654) | - | - |
| Transferred to the third stage during the year | (802,573) | (6,111,716) | 6,914,289 | - | - |
| Additions due to acquisition | 11,809,032 | - | - | 1,947,628 | 13,756,660 |
| Written off balances | - | - | (3,935,343) | - | (3,935,343) |
| Net balance | 164,026,612 | 34,673,479 | 33,914,071 | 1,947,628 | 234,561,790 |

The movement of the provision for impairment losses of direct credit facilities according Stages during the period According to IFRS 9

| As of 31 December 2021 | Stage one | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 783,862 | 2,417,762 | 8,979,574 | 12,181,199 |
| Impairment loss of direct credit facilities during the period | 671,188 | 850,470 | 8,589,434 | 10,111,092 |
| Recoveries | (695,140) | (1,604,082) | (1,496,468) | (3,795,690) |
| Transfer from the first stage | 67,960 | (67,960) | - | - |
| Transfer from second stage | (60,232) | 88,328 | (28,096) | - |
| Written off balances | - | - | (2,099,000) | (2,099,000) |
| Net balance | 767,638 | 1,684,518 | 13,945,444 | 16,397,601 |

**Direct credit facilities at amortized cost – Small and Medium Enterprises**

Distribution of direct credit facilities for Small and Medium segments by the Bank›s internal credit rating segmentation

| As of 31 December 2021 | Stage one | Stage two | Stage three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Low risk / performing | 34,609,539 | 537,866 | - | 35,147,405 |
| Acceptable risk / performing | 125,078,360 | 38,730,853 | 10,671,000 | 174,480,213 |
| Non- Performing | | | | |
| Substandard | - | - | 1,697,619 | 1,697,619 |
| Doubtful | - | - | 5,654,199 | 5,654,199 |
| Loss | - | - | 21,017,802 | 21,017,802 |
| Total | 159,687,899 | 39,268,719 | 39,040,620 | 237,997,238 |

| As of 31 December 2020 | Stage one | Stage two | Stage three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Low risk / performing | 22,811,362 | 374,670 | - | 23,186,032 |
| Acceptable risk / performing | 91,651,625 | 51,080,726 | 2,969,993 | 145,702,344 |
| Non- Performing | | | | |
| Substandard | - | - | 742,945 | 742,945 |
| Doubtful | - | - | 1,105,868 | 1,105,868 |
| Loss | - | - | 17,631,176 | 17,631,176 |
| Total | 114,462,987 | 51,455,396 | 22,449,982 | 188,368,365 |

Movement of Direct credit facilities at amortized cost for Small and Medium segments according to Cenral Bank›s Regulations:

| As of 31 December 2021 | Stage one | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 114,462,987 | 51,455,396 | 22,449,982 | 188,368,365 |
| Add: new balances during the year / Additions* | 71,217,547 | 5,711,239 | 13,379,996 | 90,308,782 |
| Settled balances | (28,863,730) | (20,743,780) | (4,329,164) | (53,936,674) |
| Transfer from (to) the first stage during the year | 2,015,464 | (2,015,429) | (35) | - |
| Transfer (from) to second stage during the year | (5,812,115) | 6,377,769 | (565,654) | - |
| Transferred (from) to the third stage during the year | (802,573) | (6,111,716) | 6,914,289 | - |
| Additions due to acquisition | 7,470,319 | 4,595,240 | 5,126,549 | 17,192,108 |
| Written off balances | - | - | (3,935,343) | (3,935,343) |
| Net balance | 159,687,899 | 39,268,719 | 39,040,620 | 237,997,238 |

| As of 31 December 2020 | Stage one | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2020 | 79,625,248 | 44,709,859 | 21,417,322 | 145,752,429 |
| Add: new balances during the year / Additions * | 55,246,992 | 19,248,333 | 2,499,520 | 76,994,845 |
| Settled balances | (22,809,687) | (7,206,335) | (2,264,495) | (32,280,517) |
| Transfer from (to) the first stage during the year | 7,521,153 | (7,423,933) | (97,220) | - |
| Transfer (from) to second stage during the year | (3,393,736) | 4,438,591 | (1,044,855) | - |
| Transferred (from) to the third stage during the year | (102,098) | (2,272,381) | 2,374,479 | - |
| Written off balances | - | - | (428,392) | (428,392) |
| Adjustments due to change in exchange rates | (1,624,885) | (38,738) | (6,377) | (1,670,000) |
| Net balance | 114,462,987 | 51,455,396 | 22,449,982 | 188,368,365 |

* The new additions to the third stage represent the outstanding interest recorded during the year.

Movement of provision for impairment losses for direct credit facilities for Small and Medium segments according to Cenral Bank›s Regulations:

| As of 31 December 2021 | Stage one | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 783,862 | 2,417,762 | 8,979,574 | 12,181,199 |
| Impairement loss of direct credit facilities during the year | 671,188 | 850,470 | 8,589,434 | 10,111,092 |
| Recoveries | (695,140) | (1,604,082) | (1,496,468) | (3,795,690) |
| Transfer to (from) the first stage | 67,960 | (67,960) | - | - |
| Transfer to (from) second stage | (60,232) | 88,328 | (28,096) | - |
| Additions due to acquisition | 203,420 | 53,107 | 1,851,986 | 2,108,513 |
| Written off balances | - | - | (2,099,000) | (2,099,000) |
| Net balance | 971,058 | 1,737,625 | 15,797,430 | 18,506,114 |

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| As of 31 December 2020 | Stage one | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2020 | 233,885 | 577,593 | 8,898,974 | 9,710,453 |
| Impairement loss of direct credit facilities during the year | 789,562 | 2,073,690 | 2,814,115 | 5,677,367 |
| Recoveries | (132,889) | (272,452) | (2,516,640) | (2,921,981) |
| Transfer to (from) the first stage | 63,251 | (63,251) | - | - |
| Transfer to (from) second stage | (114,073) | 114,073 | - | - |
| Transferred from the third stage | - | (7,259) | 7,259 | - |
| Written off balances | - | - | (221,651) | (221,651) |
| Adjustments due to change in exchange rates | (55,874) | (4,632) | (2,483) | (62,989) |
| Net balance | 783,862 | 2,417,762 | 8,979,574 | 12,181,199 |

**direct credit facilities – Retail**

The movement of direct credit facilities - Retail during the Year According to IFRS 9

**Direct credit facilities at amortized cost – RETAIL**

| As of 31 December 2021 | Stage one | Stage two | Stage three | Purchased originated credit-impaired (POCI) | Total |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 172,292,920 | 9,046,652 | 10,388,041 | - | 191,727,613 |
| Add: new balances during the year / Additions | 347,563,172 | 3,396,113 | 774,347 | - | 351,733,632 |
| Settled balances | (45,593,604) | (5,588,325) | (844,377) | - | (52,026,306) |
| Transfer to the first stage during the year | 11,132,773 | (10,293,059) | (839,714) | - | - |
| Transfer to second stage during the year | (6,857,096) | 7,006,454 | (149,358) | - | - |
| Transferred to the third stage during the year | (1,565,276) | (3,217,334) | 4,782,610 | - | - |
| Additions due to acquisition | 54,755,218 | - | - | 4,131,227 | 58,886,445 |
| Written off balances | - | - | (8,530,525) | - | (8,530,525) |
| Net balance | 531,728,107 | 350,501 | 5,581,024 | 4,131,227 | 541,790,859 |

## Consolidated Financial Statements31 December 2021

The movement of the provision for impairment losses of direct credit facilities according Stages during the period According to IFRS 9

| As of 31 December 2021 | Stage one | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 739,139 | 366,322 | 5,736,529 | 6,841,990 |
| Impairment loss of direct credit facilities during the period | 1,358,432 | 51,177 | 6,876,732 | 8,286,341 |
| Recoveries | (680,951) | (1,489,195) | (2,258,313) | (4,428,459) |
| Transfer from the first stage | 30,672 | (30,672) | | - |
| Transfer from second stage | (62,730) | 83,701 | (20,971) | - |
| Written off balances | | | (5,898,319) | (5,898,319) |
| Net balance | 1,384,562 | (1,018,667) | 4,435,658 | 4,801,553 |

**Direct credit facilities at Amortized cost – Retail**

Distribution of direct credit facilities for Retail segment by the Bank›s internal credit rating segmentation

| As of 31 December 2021 | Stage one | Stage two | Stage three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Low risk / performing | 278,169,579 | 2,096,265 | 28,009 | 280,293,853 |
| Acceptable risk / performing | 242,081,762 | 11,698,280 | 2,514,171 | 256,294,213 |
| Non- Performing | | | | |
| Substandard | - | - | 2,576,270 | 2,576,270 |
| Doubtful | - | - | 2,754,799 | 2,754,799 |
| Loss | - | - | 12,772,952 | 12,772,952 |
| Total | 520,251,341 | 13,794,545 | 20,646,201 | 554,692,087 |

| As of 31 December 2020 | Stage one | Stage two | Stage three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Low risk / performing | 65,386,694 | 450,157 | 73,317 | 65,910,168 |
| Acceptable risk / performing | 106,906,226 | 8,596,495 | 162,013 | 115,664,734 |
| Non- Performing | | | | |
| Substandard | - | - | 1,028,170 | 1,028,170 |
| Doubtful | - | - | 772,471 | 772,471 |
| Loss | - | - | 8,352,070 | 8,352,070 |
| Total | 172,292,920 | 9,046,652 | 10,388,041 | 191,727,613 |

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Movement of Direct credit facilities at amortized cost for Retail segment according to Cenral Bank›s Regulations:

| As of 31 December 2021 | Stage one | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 172,292,920 | 9,046,652 | 10,388,041 | 191,727,613 |
| Add: new balances during the year / Additions* | 347,563,172 | 3,396,113 | 774,347 | 351,733,632 |
| Settled balances | (45,593,604) | (5,588,325) | (844,377) | (52,026,306) |
| Transfer to the first stage during the year | 11,132,773 | (10,293,059) | (839,714) | - |
| Transfer to second stage during the year | (6,857,096) | 7,006,454 | (149,358) | - |
| Transferred to the third stage during the year | (1,565,276) | (3,217,334) | 4,782,610 | - |
| Additions due to acquisition | 43,278,452 | 13,444,044 | 15,065,177 | 71,787,673 |
| Written off balances | - | - | (8,530,525) | (8,530,525) |
| Net balance | 520,251,341 | 13,794,545 | 20,646,201 | 554,692,087 |

| As of 31 December 2020 | Stage one | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2020 | 98,518,991 | 5,502,046 | 16,083,366 | 120,104,403 |
| Add: new balances during the year / Additions* | 94,929,894 | 4,016,866 | 953,579 | 99,900,339 |
| Settled balances | (23,117,364) | (1,334,553) | (178,552) | (24,630,469) |
| Transfer to the first stage during the year | 10,536,967 | (2,490,062) | (8,046,905) | - |
| Transfer to second stage during the year | (3,865,833) | 3,954,547 | (88,714) | - |
| Transferred to the third stage during the year | (685,044) | (585,053) | 1,270,097 | - |
| Written off balances | - | - | (53,200) | (53,200) |
| Adjustments due to change in exchange rates | (4,024,691) | (17,139) | 448,370 | (3,593,460) |
| Net balance | 172,292,920 | 9,046,652 | 10,388,041 | 191,727,613 |

* The new additions to the third stage represent the outstanding interest recorded during the year.

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Movement of provision for impairment losses for direct credit facilities for Retail segment according to Cenral Bank›s Regulations:

| As of 31 December 2021 | Stage one | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 739,139 | 366,322 | 5,736,529 | 6,841,990 |
| Impairment loss of direct credit facilities during the period | 1,358,432 | 51,177 | 6,876,732 | 8,286,341 |
| Recoveries | (680,951) | (1,489,195) | (2,258,313) | (4,428,459) |
| Transfer to the first stage | 30,672 | (30,672) | - | - |
| Transfer to second stage | (62,730) | 83,701 | (20,971) | - |
| Addition due to acquistion | 701,010 | 1,266,268 | 8,994,650 | 10,961,928 |
| Written off balances | - | - | (5,898,319) | (5,898,319) |
| Net balance | 2,085,572 | 247,601 | 13,430,308 | 15,763,481 |

| As of 31 December 2020 | Stage one | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2020 | 661,998 | 156,191 | 5,277,960 | 6,096,149 |
| Impairment loss of direct credit facilities during the period | 649,950 | 288,945 | 1,737,394 | 2,676,289 |
| Recoveries | (513,073) | (73,944) | (1,094,573) | (1,681,590) |
| Transfer to the first stage | 113,788 | (113,788) | - | - |
| Transfer to second stage | (112,682) | 112,698 | (16) | - |
| Written off balances | - | | (22,842) | (22,842) |
| Adjustments due to change in exchange rates | (60,842) | (3,780) | (161,394) | (226,016) |
| Net balance | 739,139 | 366,322 | 5,736,529 | 6,841,990 |

## Consolidated Financial Statements31 December 2021

### direct credit facilities – Real Estate

The movement of direct credit facilities - Real Estate during the Year According to IFRS 9

| As of 31 December 2021 | Stage one | Stage two | Stage three | Purchased originated credit-impaired (POCI) | Total |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 120,112,118 | 30,156,751 | 14,487,872 | - | 164,756,741 |
| Add: new balances during the year / Additions | 27,791,547 | 1,170,702 | 1,239,713 | - | 30,201,962 |
| Settled balances | (17,840,047) | (2,810,075) | (10,372,727) | - | (31,022,849) |
| Transfer to the first stage during the year | 11,265,197 | (10,620,653) | (644,544) | - | - |
| Transfer to second stage during the year | (12,466,604) | 12,566,274 | (99,670) | - | - |
| Transferred to the third stage during the year | (1,216,570) | (9,821,980) | 11,038,550 | - | - |
| Additions due to acquisition | 32,875,511 | - | - | 4,058,240 | 36,933,751 |
| Written off balances | - | - | (3,534,929) | - | (3,534,929) |
| Net balance | 160,521,152 | 20,641,019 | 12,114,265 | 4,058,240 | 197,334,676 |

The cumulative movement of the provision for impairment losses of direct credit facilities according Stages during the period According to IFRS 9

| As of 31 December 2021 | Stage one | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 297,749 | 1,353,804 | 5,733,666 | 7,385,219 |
| Impairment loss of direct credit facilities during the period | 298,033 | 175,906 | 1,721,585 | 2,195,524 |
| Recoveries | (805,437) | (1,295,542) | (7,041,545) | (9,142,524) |
| Transfer from the first stage | 88,311 | (88,311) | - | - |
| Transfer from second stage | (326,554) | 326,554 | - | - |
| Written off balances | - | - | (1,773,248) | (1,773,248) |
| Net balance | (447,898) | 472,411 | (1,359,542) | (1,335,029) |

**Direct credit facilities at amortized cost - Real Estate**

Distribution of direct credit facilities for Real Estate facilities by the Bank›s internal credit rating segmentation

| As of 31 December 2021 | Stage one | Stage two | Stage three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Low risk / performing | 32,829,345 | 2,477,707 | - | 35,307,052 |
| Acceptable risk / performing | 120,158,161 | 27,340,663 | 9,066,774 | 156,565,598 |
| Non- Performing | | | | |
| Substandard | - | - | 367,109 | 367,109 |
| Doubtful | - | - | 2,000,979 | 2,000,979 |
| Loss | - | - | 15,339,170 | 15,339,170 |
| Total | 152,987,506 | 29,818,370 | 26,774,032 | 209,579,908 |

| As of 31 December 2020 | Stage one | Stage two | Stage three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Low risk / performing | 25,815,134 | 2,766,661 | 203,309 | 28,785,104 |
| Acceptable risk / performing | 94,296,984 | 27,390,090 | 18,771 | 121,705,845 |
| Non- Performing | | | | |
| Substandard | - | - | 319,463 | 319,463 |
| Doubtful | - | - | 1,522,058 | 1,522,058 |
| Loss | - | - | 12,424,271 | 12,424,271 |
| Total | 120,112,118 | 30,156,751 | 14,487,872 | 164,756,741 |

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Movement of Direct credit facilities at amortized cost for Real Estate facilities according to Cenral Bank›s Regulations:

| As of 31 December 2021 | Stage one | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 120,112,118 | 30,156,751 | 14,487,872 | 164,756,741 |
| Add: new balances during the year / Additions * | 27,791,547 | 1,170,702 | 1,239,713 | 30,201,962 |
| Settled balances | (17,840,047) | (2,810,075) | (10,372,727) | (31,022,849) |
| Transfer to the first stage during the year | 11,265,197 | (10,620,653) | (644,544) | - |
| Transfer to second stage during the year | (12,466,604) | 12,566,274 | (99,670) | - |
| Transferred to the third stage during the year | (1,216,570) | (9,821,980) | 11,038,550 | - |
| Additions due to acquisition | 25,341,865 | 9,177,351 | 14,659,767 | 49,178,983 |
| Written off balances | - | - | (3,534,929) | (3,534,929) |
| Net balance | 152,987,506 | 29,818,370 | 26,774,032 | 209,579,908 |

| As of 31 December 2020 | Stage one | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2020 | 114,908,753 | 24,317,068 | 16,463,737 | 155,689,558 |
| Add: new balances during the year / Additions * | 30,083,092 | 10,056,805 | 1,265,926 | 41,405,823 |
| Settled balances | (20,469,044) | (9,602,276) | (2,267,320) | (32,338,640) |
| Transfer to the first stage during the year | 4,262,774 | (4,145,897) | (116,877) | - |
| Transfer to second stage during the year | (7,942,251) | 10,609,708 | (2,667,457) | - |
| Transferred to the third stage during the year | (731,206) | (1,078,657) | 1,809,863 | - |
| Net balance | 120,112,118 | 30,156,751 | 14,487,872 | 164,756,741 |

* The new additions to the third stage represent the outstanding interest recorded during the year.

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Movement of provision for impairment losses for direct credit facilities for Real Estate facilities according to Cenral Bank›s Regulations:

| As of 31 December 2021 | Stage one | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 297,749 | 1,353,804 | 5,733,666 | 7,385,219 |
| Impairment loss of direct credit facilities during the year | 298,033 | 175,906 | 1,721,585 | 2,195,524 |
| Recoveries | (805,437) | (1,295,542) | (7,041,545) | (9,142,524) |
| Transfer to the first stage | 88,311 | (88,311) | - | - |
| Transfer to second stage | (326,554) | 326,554 | - | - |
| Additions due to acquisition | 773,698 | 870,007 | 8,663,533 | 10,307,238 |
| Written off balances | - | - | (1,773,248) | (1,773,248) |
| Adjustments due to changes | | 0 | | - |
| Net balance | 325,800 | 1,342,418 | 7,303,991 | 8,972,209 |

| As of 31 December 2020 | Stage one | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2020 | 119,156 | 69,890 | 3,539,658 | 3,728,704 |
| Impairment loss of direct credit facilities during the year | 216,372 | 1,394,901 | 2,778,205 | 4,389,478 |
| Recoveries | (97,774) | (50,992) | (584,197) | (732,963) |
| Transfer to the first stage | 124,121 | (124,121) | - | - |
| Transfer to second stage | (64,126) | 64,126 | - | - |
| Net balance | 297,749 | 1,353,804 | 5,733,666 | 7,385,219 |

**Direct credit facilities at amortized cost – Government and Public Sector**

Distribution of direct credit facilities for Governmental & Public sectors by the Bank›s internal credit rating segmentation

| As of 31 December 2021 | Stage one | Stage two | Stage three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Low risk / performing | 31,000,000 | - | - | 31,000,000 |
| Acceptable risk / performing | 88,021,813 | - | - | 88,021,813 |
| Total | 119,021,813 | - | - | 119,021,813 |

| As of 31 December 2020 | Stage one | Stage two | Stage three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Acceptable risk / performing | 60,023,731 | - | - | 60,023,731 |
| Total | 60,023,731 | - | - | 60,023,731 |

Movement of Direct credit facilities at amortized cost for Governmental & Public sectors according to Cenral Bank›s Regulations:

| As of 31 December 2021 | Stage one | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 60,023,731 | - | - | 60,023,731 |
| Add: new balances during the year / Additions * | 62,354,268 | - | - | 62,354,268 |
| Settled balances | (3,356,186) | - | - | (3,356,186) |
| Net balance | 119,021,813 | - | - | 119,021,813 |

* The new additions to the third stage represent the outstanding interest recorded during the year.

| As of 31 December 2020 | Stage one | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2020 | 49,198,622 | - | - | 49,198,622 |
| Add: new balances during the year / Additions * | 23,669,110 | - | - | 23,669,110 |
| Settled balances | (12,844,001) | - | - | (12,844,001) |
| Net balance | 60,023,731 | - | - | 60,023,731 |

* The new additions to the third stage represent the outstanding interest recorded during the year.

## Consolidated Financial Statements31 December 2021

Movement of provision for impairment losses for direct credit facilities for Governmental & Public sectors according to Cenral Bank›s Regulations:

| As of 31 December 2021 | Stage one | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | - | - | - | - |
| Impairment loss of direct credit facilities during the year | - | - | - | - |
| Recoveries | - | - | - | - |
| Net balance | - | - | - | - |

| As of 31 December 2020 | Stage one | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2020 | 3,369 | - | - | 3,369 |
| Impairment loss of direct credit facilities during the year | - | - | - | - |
| Recoveries | (3,369) | - | - | (3,369) |
| Net balance | - | - | - | - |

**direct credit facilities - Cummulitive**

The cumulative movement of direct credit facilities during the period According to IFRS 9

## Consolidated Financial Statements31 December 2021

### Direct credit facilities at amortized cost - Cumulative

| As of 31 December 2021 | Stage one | Stage two | Stage three | Purchased originated credit-impaired (POCI) | Total |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 1,113,255,381 | 178,262,154 | 101,849,349 | - | 1,393,366,884 |
| Add: new balances during the year / Additions | 818,277,227 | 53,988,756 | 21,398,858 | - | 893,664,841 |
| Settled balances | (288,834,920) | (70,198,232) | (25,691,293) | - | (384,724,445) |
| Transfer to the first stage during the year | 36,792,471 | (35,303,178) | (1,489,293) | - | - |
| Transfer to second stage during the year | (39,998,435) | 40,813,131 | (814,696) | - | - |
| Transferred to the third stage during the year | (3,825,686) | (31,009,919) | 34,835,605 | - | - |
| Additions due to acquisition | 225,119,061 | - | - | 21,108,055 | 246,227,116 |
| Written off balances | - | 291,514.0- | (17,620,741) | - | (17,912,255) |
| Adjustments due to change in exchange rates | | - | | | 0 |
| Net balance | 1,860,785,099 | 136,261,198 | 112,467,789 | 21,108,055 | 2,130,622,141 |

The cumulative movement of the provision for impairment losses of direct credit facilities according Stages during the period According to IFRS 9

| As of 31 December 2021 | Stage one | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 5,868,144 | 9,803,637 | 51,298,352 | 66,970,133 |
| Impairment loss of direct credit facilities during the period | 8,883,472 | 3,721,418 | 39,889,560 | 52,494,450 |
| Recoveries | (6,130,508) | (9,135,110) | (16,719,230) | (31,984,848) |
| Transfer from the first stage | 378,392 | (378,392) | - | - |
| Transfer from second stage | (635,107) | 684,174 | (49,067) | - |
| Transferred from the third stage | - | (1,080) | 1,080 | - |
| Written off balances | - | (291,514) | (10,794,137) | (11,085,651) |
| Net balance | 8,364,393 | 4,403,133 | 63,626,558 | 76,394,084 |

## Consolidated Financial Statements31 December 2021

**Direct credit facilities at amortized cost – Cumulative**

Distribution of direct credit facilities by the Bank›s internal credit rating segmentation

| As of 31 December 2021 | Stage one | Stage two | Stage three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Low risk / performing | 566,165,583 | 6,467,294 | 28,009 | 572,660,886 |
| Acceptable risk / performing | 1,235,029,562 | 196,422,929 | 36,065,958 | 1,467,518,449 |
| Non- Performing | | | | |
| Substandard | - | - | 5,630,197 | 5,630,197 |
| Doubtful | - | - | 14,180,713 | 14,180,713 |
| Loss | - | - | 127,064,903 | 127,064,903 |
| Total | 1,801,195,145 | 202,890,223 | 182,969,780 | 2,187,055,148 |

| As of 31 December 2020 | Stage one | Stage two | Stage three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Low risk / performing | 251,177,496 | 9,361,263 | 276,626 | 260,815,385 |
| Acceptable risk / performing | 862,077,885 | 168,900,891 | 9,586,951 | 1,040,565,727 |
| Non- Performing | | | | |
| Substandard | - | - | 2,245,424 | 2,245,424 |
| Doubtful | - | - | 8,477,211 | 8,477,211 |
| Loss | - | - | 81,263,137 | 81,263,137 |
| Total | 1,113,255,381 | 178,262,154 | 101,849,349 | 1,393,366,884 |

## Consolidated Financial Statements31 December 2021

Movement of Direct credit facilities at amortized cost according to Cenral Bank›s Regulations:

| As of 31 December 2021 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 1,113,255,381 | 178,262,154 | 101,849,349 | 1,393,366,884 |
| Add: new balances during the year / Additions * | 818,277,227 | 53,988,756 | 21,398,858 | 893,664,841 |
| Settled balances | (288,834,920) | (70,198,232) | (25,691,293) | (384,724,445) |
| Transfer to the first stage during the year | 36,792,471 | (35,303,178) | (1,489,293) | - |
| Transfer to second stage during the year | (39,998,435) | 40,813,131 | (814,696) | - |
| Transferred to the third stage | (3,825,686) | (31,009,919) | 34,835,605 | - |
| Additions due to acquisition | 165,529,107 | 66,629,025 | 70,501,991 | 302,660,123 |
| Written off balances | - | - | (17,620,741) | (17,620,741) |
| Adjustments due to change in exchange rates | | | | - |
| Net balance | 1,801,195,145 | 203,181,737 | 182,969,780 | 2,187,346,662 |

* New balances / additions during phase three represent suspended interest during the year

| As of 31 December 2020 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2020 | 780,448,626 | 144,997,241 | 121,367,716 | 1,046,813,583 |
| Add: new balances during the year / Additions * | 491,991,238 | 62,992,865 | 10,320,967 | 565,305,070 |
| Settled balances | (148,958,439) | (37,355,990) | (15,793,190) | (202,107,619) |
| Transfer to the first stage during the year | 26,115,384 | (14,317,915) | (11,797,469) | - |
| Transfer to second stage during the year | (23,963,099) | 28,713,495 | (4,750,396) | - |
| Transferred to the third stage | (1,708,056) | (3,941,091) | 5,649,147 | - |
| Written off balances | - | - | (1,979,682) | (1,979,682) |
| Adjustments due to change in exchange rates | (10,670,273) | (2,826,451) | (1,167,744) | (14,664,468) |
| Net balance | 1,113,255,381 | 178,262,154 | 101,849,349 | 1,393,366,884 |

* New balances / additions during phase three represent suspended interest during the year

## Consolidated Financial Statements31 December 2021

Movement of provision for impairment losses for direct credit facilities according to Cenral Bank›s Regulations:

| As of 31 December 2021 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 5,868,144 | 9,803,637 | 51,298,352 | 66,970,133 |
| Impairment loss of direct credit facilities/ Additions during the year | 8,883,472 | 3,721,418 | 39,889,560 | 52,494,450 |
| Recoveries | (6,130,508) | (9,135,110) | (16,719,230) | (31,984,848) |
| Transfer to (from) the first stage | 378,392 | (378,392) | - | - |
| Transfer to (from) second stage | (635,107) | 684,174 | (49,067) | - |
| Transferred to (from) the third stage | - | (1,080) | 1,080 | - |
| Additions due to acquistion | 3,352,644 | 3,686,427 | 37,120,798 | 44,159,869 |
| Written off balances | - | (291,514) | (10,794,137) | (11,085,651) |
| Net balance | 11,717,037 | 8,089,560 | 100,747,356 | 120,553,953 |

| As of 31 December 2020 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2020 | 2,740,944 | 3,770,840 | 39,342,289 | 45,854,073 |
| Impairment loss of direct credit facilities/ Additions during the year | 4,501,806 | 7,422,190 | 21,294,792 | 33,218,788 |
| Recoveries | (1,512,246) | (1,936,825) | (7,322,811) | (10,771,882) |
| Transfer to the first stage | 308,664 | (308,664) | - | - |
| Transfer to second stage | (354,905) | 354,921 | (16) | - |
| Transferred to the third stage | (3,115) | (7,259) | 10,374 | - |
| Changes due to Adjustments | 354,951 | 739,213 | 107,779 | 1,201,943 |
| Written off balances | - | - | (1,215,381) | (1,215,381) |
| Adjustments due to change in exchange rates | (167,955) | (230,779) | (918,674) | (1,317,408) |
| Net balance | 5,868,144 | 9,803,637 | 51,298,352 | 66,970,133 |

The cumulative movement of the provision for impairment losses of direct credit facilities according to sectors:

| As of 31 December 2021 | Retail | Real estate | Corporate | SMEs | Government and Public Sector | Total |
|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 6,841,990 | 7,385,219 | 40,561,725 | 12,181,199 | - | 66,970,133 |
| Impairment loss of direct credit facilities during the year | 8,286,341 | 2,195,524 | 31,901,493 | 10,111,092 | - | 52,494,450 |
| Recoveries | (4,428,459) | (9,142,524) | (14,618,175) | (3,795,690) | - | (31,984,848) |
| Transfer (from) to the first stage | (32,058) | (238,243) | 5,858 | 7,728 | - | (256,715) |
| Transfer from (to) second stage | 53,029 | 238,243 | (6,938) | 20,368 | - | 304,702 |
| Transferred to (from) the third stage | (20,971) | - | 1,080 | (28,096) | - | (47,987) |
| Additions due to acquistion | 10,961,928 | 10,307,238 | 20,782,190 | 2,108,513 | - | 44,159,869 |
| Written off balances | (5,898,319) | (1,773,248) | (1,315,084) | (2,099,000) | - | (11,085,651) |
| Net balance | 15,763,481 | 8,972,209 | 77,312,149 | 18,506,114 | - | 120,553,953 |

| As of 31 December 2020 | Retail | Real estate | Corporate | SMEs | Government and Public Sector | Total |
|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD |
| Balance as at 1 January 2020 | 6,096,149 | 3,728,704 | 26,315,398 | 9,710,453 | 3,369 | 45,854,073 |
| Impairment loss of direct credit facilities during the year | 2,554,081 | 4,331,304 | 21,300,485 | 5,032,918 | - | 33,218,788 |
| Recoveries | (1,681,590) | (732,963) | (5,431,979) | (2,921,981) | (3,369) | (10,771,882) |
| Transfer (from) to the first stage | 1,106 | 59,995 | (56,520) | (50,822) | - | (46,241) |
| Transfer from (to) second stage | (1,090) | (59,995) | 56,520 | 50,822 | - | 46,257 |
| Transferred to (from) the third stage | (16) | - | - | - | - | (16) |
| Changes due to Adjustments | 122,208 | 58,174 | 377,111 | 644,450 | - | 1,201,943 |
| Written off balances | (22,842) | - | (970,888) | (221,651) | - | (1,215,381) |
| Adjustments due to change in exchange rates | (226,016) | - | (1,028,403) | (62,989) | - | (1,317,408) |
| Net balance | 6,841,990 | 7,385,219 | 40,561,724 | 12,181,200 | - | 66,970,133 |

### Interest in suspense

The movement of interest in suspense is as follow:

| As of 31 December 2021 | Retail | Real estate | Corporate | SMEs | Total |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 3,287,310 | 3,222,152 | 11,655,538 | 5,272,800 | 23,437,800 |
| Suspended interest during the period | 774,347 | 1,239,713 | 6,004,802 | 2,090,464 | 10,109,326 |
| Interest transferred to income | (455,753) | (802,919) | (1,518,231) | (862,901) | (3,639,804) |
| Additions due to acquisition | 1,939,300 | 1,937,994 | 7,068,909 | 1,326,935 | 12,273,138 |
| Amounts written off | (2,632,206) | (1,761,680) | (596,374) | (1,836,343) | (6,826,603) |
| Balance at the end of the year | 2,912,998 | 3,835,260 | 22,614,644 | 5,990,955 | 35,353,857 |
| | | | | | |
| As of 31 December 2020 | Retail | Real estate | Corporate | SMEs | Total |
| | JD | JD | JD | JD | JD |
| | | | | | |
| Balance as at 1 January 2020 | 3,000,973 | 2,305,645 | 9,256,316 | 3,372,535 | 17,935,469 |
| Suspended interest during the period | 953,579 | 1,265,926 | 5,601,942 | 2,499,520 | 10,320,967 |
| Interest transferred to income | (465,629) | (349,419) | (1,709,119) | (391,169) | (2,915,336) |
| Amounts written off | (30,358) | - | (527,202) | (206,741) | (764,301) |
| Foreign exchange differences | (171,255) | - | (966,399) | (1,345) | (1,138,999) |
| Balance at the end of the year | 3,287,310 | 3,222,152 | 11,655,538 | 5,272,800 | 23,437,800 |

## Consolidated Financial Statements31 December 2021

Direct credit facilities portfolio is distributed as per the following geographical and industrial sectors classification:

| | Inside Jordan | Outside Jordan | 31 December 2021 | 31 December 2020 |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Financial | 58,406,982 | - | 58,406,982 | 24,137,414 |
| Industrial | 253,589,953 | 26,381,191 | 279,971,144 | 156,683,495 |
| Commercial | 292,186,980 | 114,317,112 | 406,504,092 | 318,572,460 |
| Real estate and Construction | 378,604,643 | 34,306,351 | 412,910,994 | 322,145,135 |
| Tourism and hotels | 65,671,216 | - | 65,671,216 | 46,809,774 |
| Agriculture | 24,997,330 | 19,150,519 | 44,147,849 | 38,090,438 |
| Shares | 79,934,579 | - | 79,934,579 | 81,799,133 |
| Services utilities and public | 91,835,527 | - | 91,835,527 | 84,043,767 |
| Transportation services (including air transportation) | 72,261,686 | - | 72,261,686 | 52,831,926 |
| Government and public sector | 119,021,813 | - | 119,021,813 | 60,023,731 |
| Retail | 295,578,389 | 235,230,339 | 530,808,728 | 177,697,588 |
| Other | 15,325,380 | 10,255,158 | 25,580,538 | 30,532,023 |
| Total | 1,747,414,478 | 439,640,670 | 2,187,055,148 | 1,393,366,884 |

### (10) Financial Assets At Amortized Cost

This item consists of the following:

Financial assets at amortized cost with no market prices

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| | JD | JD |
| Treasury bonds | 168,405,903 | 77,199,293.00 |
| Governmental debt securities | 742,326,091 | 447,477,050 |
| Governmental debt securities and its guarantee | 44,442,157 | 30,503,143 |
| Bonds, Corporate debt securities | 8,890,500 | 9,245,000 |
| Other government bonds | 24,663,998 | - |
| Total | 988,728,649 | 564,424,486 |
| Less: Impairment allowance and expected credit losses | (1,707,230) | (540,029) |
| Total | 987,021,419 | 563,884,457 |
| Analysis of bonds and bills: | | |
| Fixed Rate | 979,838,149 | 552,321,485 |
| Floating rate | 7,183,270 | 11,562,972 |
| Total | 987,021,419 | 563,884,457 |

### Financial Assets at Amortized Cost

The cumulative movement of Financial Assets at Amortized Cost during the period According to IFRS 9

| As of 31 December 2021 | Stage One | Stage Two | Stage Three | Purchased originated credit-impaired (POCI) | Total |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 558,724,486 | 5,200,000 | 500,000 | - | 564,424,486 |
| Add: new balances during the year | 365,560,996 | - | - | - | 365,560,996 |
| Settled balances | (121,786,057) | - | - | - | (121,786,057) |
| Transferred from (to) the third stage during the year | - | (5,200,000) | 5,200,000 | - | - |
| Additions due to acquisition | 155,198,403 | - | - | - | 155,198,403 |
| Transfers from pledged financial assets | 25,330,821 | - | - | - | 25,330,821 |
| Net balance as at 31 December 2021 | 983,028,649 | - | 5,700,000 | - | 988,728,649 |

The cumulative movement of the provision for impairment losses of Financial Assets at Amortized Cost according Stages during the period According to IFRS 9

| As of 31 December 2021 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 8,652 | 31,377 | 500,000 | 540,029 |
| Impairment loss of direct credit facilities during the period | 25,131 | - | 1,149,291 | 1,174,422 |
| Settled balances | | | | - |
| Recoveries | (7,221) | - | - | (7,221) |
| Transferred from the third stage during the year | - | (31,377) | 31,377 | - |
| Net balance as at 31 December 2021 | 26,562 | - | 1,680,668 | 1,707,230 |

### Financial Assets at Amortized Cost

Distribution of financial Assets at Amortized Cost by categories of the Bank's internal credit rating:

The below presentation is as required by the Central bank of Jordan instructions for implementing IFRS 9, Circular no. 13/2018

| As of 31 December 2021 | Stage one | Stage two | Stage three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Low risk / performing | 955,174,151 | - | - | 955,174,151 |
| Acceptable risk / performing | 27,854,498 | - | - | 27,854,498 |
| Non- Performing | | | | |
| Loss - Bad debt | - | - | 5,700,000 | 5,700,000 |
| Total | 983,028,649 | - | 5,700,000 | 988,728,649 |

| As of 31 December 2020 | Stage one | Stage two | Stage three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Low risk / performing | 555,179,486 | - | - | 555,179,486 |
| Acceptable risk / performing | 3,545,000 | 5,200,000 | - | 8,745,000 |
| Non- Performing | | | | |
| Loss - Bad debt | - | - | 500,000 | 500,000 |
| Total | 558,724,486 | 5,200,000 | 500,000 | 564,424,486 |

Movements of Financial Assets at Amortized Cost:

| As of 31 December 2021 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 558,724,486 | 5,200,000 | 500,000 | 564,424,486 |
| Add: new balances during the year | 365,560,996 | - | - | 365,560,996 |
| Settled balances | (121,786,057) | - | - | (121,786,057) |
| Transferred from (to) the third stage during the year | - | (5,200,000) | 5,200,000 | - |
| Changes due to Acquisition | 155,198,403 | - | - | 155,198,403 |
| Transfers from pledged financial assets (note 11) | 25,330,821 | - | - | 25,330,821 |
| Net balance as at 31 December 2021 | 983,028,649 | - | 5,700,000 | 988,728,649 |

| As of 31 December 2020 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2020 | 465,223,476 | - | 5,700,000 | 470,923,476 |
| Add: new balances during the year | 81,385,377 | - | - | 81,385,377 |
| Settled balances | (10,044,030) | - | - | (10,044,030) |
| Transferred from (to) third stage during the year | - | 5,200,000 | (5,200,000) | - |
| Transfers to pledged financial assets (note 11) | (25,330,821) | - | - | (25,330,821) |
| Transfers from pledged financial assets (note 11) | 47,490,484 | - | - | 47,490,484 |
| Net balance as at 31 December 2020 | 558,724,486 | 5,200,000 | 500,000 | 564,424,486 |

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Movements of provision on of Financial Assets at Amortized Cost:

| As of 31 December 2021 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 8,652 | 31,377 | 500,000 | 540,029 |
| Impairment loss on new investments during the year | 25,131 | - | 1,149,291 | 1,174,422 |
| Recoveries on Settled balances | (7,221) | - | - | (7,221) |
| Transferred from the third stage during the year | - | (31,377) | 31,377 | - |
| Written off balances | | | | - |
| Adjustments due to change in exchange rates | | | | - |
| Net balance as at 31 December 2021 | 26,562 | - | 1,680,668 | 1,707,230 |

| As of 31 December 2020 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2020 | 49,967 | - | 500,000 | 549,967 |
| Impairment loss on new investments during the year | - | 31,377 | - | 31,377 |
| Recoveries on Settled balances | (41,315) | - | - | (41,315) |
| Written off balances | | | | - |
| Adjustments due to change in exchange rates | | | | - |
| Net balance as at 31 December 2020 | 8,652 | 31,377 | 500,000 | 540,029 |

No provision for expected credit losses was calculated on bonds and treasury bills for the Jordanian government and that is according to the regulations by the Central Bank of Jordan related to IFRS 9.

### (11) Pledged Financial Assets

Distribution of financial Assets at Amortized Cost by categories of the Bank's internal credit rating:

| | 31 December 2021 | | 31 December 2020 | |
|---|---|---|---|---|
| | Pledged Financial Assets | Associated Liabilities (Note 19) | Pledged Financial Assets | Associated Liabilities (Note 19) |
| | JD | JD | JD | JD |
| Financial Assets at Amortized Cost | - | - | 25,330,821 | 26,094,227 |
| Financial Assets at Fair Value Through Other Comprehensive Income (bonds guaranteed by Jordanian Government) | - | - | 7,268,800 | 7,487,863 |
| Total | - | - | 32,599,621 | 33,582,090 |

- The bonds were mortgaged as of 31 December 2021 & 31 December 2020, against funds borrowed from the Central Bank Repurchase Agreement (REPO).

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Disclosure of the movement on pledged financial assets

| As of 31 December 2021 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at beginning of the year | 32,599,621 | - | - | 32,599,621 |
| What has been transferred to financial assets at amortized cost (note 10) | (25,330,821) | - | - | (25,330,821) |
| What has been transferred from financial assets at fair value through other comprehensive income (note 7) | (7,268,800) | - | - | (7,268,800) |
| Total | - | - | - | - |

| As of 31 December 2020 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Fair value at beginning of the year | 47,490,484.00 | - | - | 47,490,484 |
| What has been transferred to financial assets at amortized cost (note 10) | (47,490,484) | - | - | (47,490,484) |
| What has been transferred from financial assets at amortized cost (note 10) | 25,330,821 | - | - | 25,330,821 |
| What has been transferred from financial assets at fair value through other comprehensive income (note 7) | 7,268,800 | - | - | 7,268,800 |
| Total | 32,599,621 | - | - | 32,599,621 |

The provision for expected credit losses has not been calculated for Jordanian government bonds, which are guaranteed by the pledged Jordanian government, in accordance with the instructions of the Central Bank of Jordan related to the application of IFRS 9.

### (12) Property, plant and Equipment – Net

| 2021 | Lands | Buildings | Furniture & Fixtures | Vehicles | Computers | Others* | Total |
|---|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD | JD |
| Cost | | | | | | | |
| Balance at 1 January 2021 | 16,180,461 | 7,683,580 | 13,949,610 | 551,698 | 7,254,264 | 15,428,957 | 61,048,571 |
| Additions | - | 3,023,085 | 2,330,871 | 151,460 | 4,235,571 | 2,609,209 | 12,350,196 |
| Disposals | - | - | (606,474) | - | (34,994) | (1,501,924) | (2,143,392) |
| Additions due to acquisition | 2,728,802 | 6,135,717 | 4,870,243 | 61,400 | 2,996,061 | 6,714,015 | 23,506,238 |
| Balance at the end of the year | 18,909,263 | 16,842,382 | 20,544,250 | 764,558 | 14,450,902 | 23,250,257 | 94,761,613 |
| Accumulated depreciation: | | | | | | | |
| Balance at 1 January 2021 | - | 1,585,278 | 8,219,149 | 472,165 | 5,143,150 | 10,687,831 | 26,107,573 |
| Depreciation charge for the year | - | 317,788 | 1,942,970 | 73,549 | 822,669 | 1,565,998 | 4,722,973 |
| Disposals | - | - | (580,551) | - | (34,864) | (1,482,462) | (2,097,877) |
| Additions due to acquisition | - | 1,219,749 | 4,332,040 | 61,397 | 2,467,288 | 6,093,495 | 14,173,969 |
| Balance at the end of the year | - | 3,122,815 | 13,913,608 | 607,111 | 8,398,243 | 16,864,862 | 42,906,638 |
| Net book value of property and equipment | 18,909,263 | 13,719,567 | 6,630,643 | 157,447 | 6,052,660 | 6,385,395 | 51,854,975 |
| Advanced payment to purchase property & equipment | 4,630,329 | 5,237,567 | 3,372,216 | - | 82,638 | 1,144,611 | 14,467,361 |
| Net book value of property and equipment at the end of the year 2021 | 23,539,592 | 18,957,134 | 10,002,859 | 157,447 | 6,135,298 | 7,530,006 | 66,322,336 |

## Consolidated Financial Statements31 December 2021

| 2021 | Lands | Buildings | Furniture & Fixtures | Vehicles | Computers | Others* | Total |
|---|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD | JD |
| Cost | | | | | | | |
| Balance at 1 January 2020 | 13,442,742 | 6,833,954 | 10,671,698 | 602,666 | 7,024,689 | 15,084,659 | 53,660,408 |
| Additions | 3,686,685 | 1,039,100 | 3,724,225 | - | 483,886 | 945,022 | 9,878,919 |
| Disposals | - | - | (41,384) | (15,342) | (16,962) | (65,432) | (139,120) |
| Foreign exchange differences | (948,966) | (189,474) | (404,929) | (35,626) | (237,349) | (535,292) | (2,351,636) |
| Balance at the end of the year | 16,180,461 | 7,683,580 | 13,949,610 | 551,698 | 7,254,264 | 15,428,957 | 61,048,571 |
| Accumulated depreciation: | | | | | | | |
| Balance at 1 January 2020 | - | 1,505,787 | 7,587,245 | 462,529 | 4,594,688 | 10,065,700 | 24,215,949 |
| Depreciation charge for the year | - | 113,338 | 1,156,948 | 53,954 | 565,369 | 1,103,892 | 2,993,501 |
| Disposals | - | - | (28,438) | (18,227) | (16,907) | (51,569) | (115,141) |
| Foreign exchange differences | - | (33,847) | (496,606) | (26,091) | - | (430,192) | (986,736) |
| Balance at the end of the year | - | 1,585,278 | 8,219,149 | 472,165 | 5,143,150 | 10,687,831 | 26,107,573 |
| Net book value of property and equipment | 16,180,461 | 6,098,302 | 5,730,461 | 79,533 | 2,111,114 | 4,741,126 | 34,940,998 |
| Advanced payment to purchase property & equipment | - | - | 38,901 | - | 290,686 | 3,602,500 | 3,932,087 |
| Net book value of property and equipment at the end of the year 2020 | 16,180,461 | 6,098,302 | 5,769,362 | 79,533 | 2,401,800 | 8,343,626 | 38,873,085 |

* Others represent renovation, interior design and decoration of buildings and branch offices.

- Fully depreciated property and equipment  amounted to JD 17,547,372 as of 31 December 2021 against JD 16,759,739 as of 31 December 2020.
- The remaining cost to complete projects under implementation is estimated at against 4,809,367 dinars as of December 31, 2021, compared to approximately 2,490,490 dinars as of December 31, 2020

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(13) Intangible Assets, Net

This Item Consists of the following:

| | 2021 | | |
|---|---|---|---|
| | Computer Software & Systems | Customers Relations | Total |
| | JD | JD | JD |
| Balance at 1 January 2021 | 11,180,010 | - | 11,180,010 |
| Additions | 10,464,233 | - | 10,464,233 |
| Amortization for the year | (3,709,527) | - | (3,709,527) |
| Additions due to acquisition | 1,292,873 | 253,180 | 1,546,053 |
| Balance at the end of the year | 19,227,589 | 253,180 | 19,480,769 |
| Projects under development | 11,021,903 | - | 11,021,903 |
| Balance at the end of the year | 30,249,492 | 253,180 | 30,502,672 |

| | 2020 |
|---|---|
| Balance at 1 January 2020 | 3,351,178 |
| Additions | 9,981,967 |
| Amortization for the year | (2,102,006) |
| Adjustments due to change in exchange rates | (51,129) |
| Balance at the end of the year | 11,180,010 |
| Projects under development | 10,525,911 |
| Balance at the end of the year | 21,705,921 |

- Fully amortized intangible assets amounted to JD 17,833,322 as of 31 December 2021 against JD 15,417,303 as of 31 December 2020.
- The remaining cost  to complete projects under impementation is estimated at 8,435,221 JD as of December 31, 2021 for an amount of 24,801,554 against December 31,2020

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### (14) Other Assets

This item consists of the following:

| | 2021 | 2020 |
|---|---|---|
| | JD | JD |
| Accrued interest and revenue | 33,537,922 | 21,268,858 |
| Prepaid expenses | 8,786,222 | 2,504,395 |
| Collaterals seized by the bank against matured debts - amortized cost* | 68,234,167 | 59,040,733 |
| Purchased banks acceptances - amortized cost | 26,050,501 | 34,452,639 |
| Assets / derivatives unrealized gain (Note 43) | 220,412 | 610,863 |
| Refundable deposits | 4,230,067 | 3,535,961 |
| Others | 8,553,364 | 7,366,527 |
| Total | 149,612,655 | 128,779,976 |

* According to the regulations of the Central Bank of Jordan, the bank is required to dispose seized real estate in a maximum period of two years from the acquisition date. The Central Bank may approve an extension up to two executive years at most. According to the Central Bank circular No. 10/1/4076 , a provision should be calculated for real estate seized for a period longer than four years .

The following is a summary of the movement of assets seized by the bank:

| | 2021 | 2020 |
|---|---|---|
| | JD | JD |
| Balance at the beginning of the period | 59,040,733 | 67,172,269 |
| Additions | 25,658,566 | 4,285,416 |
| Additions due to acquisition | 2,719,517 | - |
| Retirements | (19,252,065) | (10,605,647) |
| Impairment losses | 107,531 | (1,004,170) |
| Releases from seized real estate | (40,115) | 1,020,208 |
| Foreign currency translation differences | - | (1,827,343) |
| Balance at the end of the period | 68,234,167 | 59,040,733 |

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**Purchased Banks acceptances – Amortized cost**

Distribution of bank acceptances and export documents and bills purchased by categories of the Bank's internal credit rating:

| As of 31 December 2021 | Stage one | Stage two | Stage three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Low risk / performing from 1 to 3 | 131,989 | - | - | 131,989 |
| Acceptable risk / performing from 4 to 9 | 25,911,931 | 94,248 | - | 26,006,179 |
| Total | 26,043,920 | 94,248 | - | 26,138,168 |

| As of 31 December 2020 | Stage one | Stage two | Stage three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Low risk / performing from 1 to 3 | 1,653,412 | - | - | 1,653,412 |
| Acceptable risk / performing from 4 to 9 | 32,767,602 | 148,595 | - | 32,916,197 |
| Total | 34,421,014 | 148,595 | - | 34,569,609 |

Movements of bank acceptances and export documents and bills purchased:

| As of 31 December 2021 | Stage one | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 34,421,014 | 148,595 | - | 34,569,609 |
| Add: new balances during the year | 192,311 | - | - | 192,311 |
| Settled balances | (8,569,404) | (54,347) | - | (8,623,751) |
| Net balance | 26,043,921 | 94,248 | - | 26,138,169 |

| As of 31 December 2020 | Stage one | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2020 | 30,277,120 | 232,297 | - | 30,509,417 |
| Add: new balances during the year | 34,420,245 | 148,595 | - | 34,568,840 |
| Settled balances | (30,276,351) | (232,297) | - | (30,508,648) |
| Net balance | 34,421,014 | 148,595 | - | 34,569,609 |

Movements of provisions on bank acceptances and export documents and bills purchased:

| As of 31 December 2021 | Stage one | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 112,298 | 4,672 | - | 116,970 |
| Add: new balances during the year | 364 | - | - | 364 |
| Settled balances | (27,958) | (1,708) | - | (29,666) |
| Net balance | 84,704 | 2,964 | - | 87,668 |

| As of 31 December 2020 | Stage one | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2020 | 79,220 | 2,488 | - | 81,708 |
| Add: new balances during the year | 111,530 | 4,672 | - | 116,202 |
| Settled balances | (78,452) | (2,488) | - | (80,940) |
| Net balance | 112,298 | 4,672 | - | 116,970 |

**(15) Right to use leased assets and leased assets contracts obligations**

| The right to use leased assets | 2021 | 2020 |
|---|---|---|
| | JD | JD |
| balance as of 01 January 2021 | 3,943,039 | 3,695,089 |
| Add: new contracts during 2021 | 2,108,629 | 1,297,530 |
| Add: additions due to acquisition | 8,334,833 | - |
| Less: depreciation during the year | 1,843,839 | 1,252,237 |
| Less: terminated contracts | 1,964,950 | - |
| Foreign currency translation differences | - | 202,657 |
| Balance as of 31 December 2021 | 10,577,712 | 3,943,039 |
| Obligations of leased assets contracts | | |
| balance as of 01 January 2021 | 3,983,732 | 3,787,881 |
| Add: interest expenses during the year | 587,088 | 246,839 |
| Add: new contracts during 2021 | 1,912,594 | 1,310,130 |
| Add: additions due to acquisiton | 9,037,127 | - |
| Less: obligations repaid during the year | 1,808,449 | 1,432,076 |
| Less: terminated contracts | 1,848,472 | - |
| Foreign currency translation differences | - | 70,958 |
| Balance as of 31 December 2021 | 11,863,620 | 3,983,732 |

All of the Long-Term leases are related to  Branches Rent Contracts

- The value of rents paid on short-term contracts (less than a year) amounted to JD 383,256 as of December 31, 2021, compared to an amount of JD 302,641 as of December 31, 2020
- The value of rents paid on long-term contracts (More than a year) amounted to JD 1.808.449 as of December 31, 2021, compared to an amount of JD 1.432.076 as of December 31, 2020

The following is an analysis of the maturity of lease obligations as of December 31, 2021:

| | less than one year | from 1 year to 5 years | more than 5 years | total |
|---|---|---|---|---|
| Right-of-use leased assets | 946,336 | 3,017,342 | 6,614,034 | 10,577,712 |
| Leased liabilities | 869,725 | 2,902,531 | 8,091,363 | 11,863,620 |

**(16) Banks and Financial Institutions' Deposits**

The details are as follows:

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Inside Jordan | Outside Jordan | Total | Inside Jordan | Outside Jordan | Total |
| | JD | JD | JD | JD | JD | JD |
| Current and demand deposits | 85,382 | 23,357,016 | 23,442,398 | 77,148 | 13,986,215 | 14,063,363 |
| Term deposits under 3 months | 19,040,585 | 333,661,306 | 352,701,891 | 19,947,754 | 104,047,736 | 123,995,490 |
| Total | 24,125,967 | 357,018,322 | 381,144,289 | 20,024,902 | 118,033,951 | 138,058,853 |

(17) Customers' Deposits

This item consists of the following:

| 2021 | Retail | Corporate | SMEs | Government and Public Sectors | Total |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| Current and demand deposits | 258,460,635 | 455,541,790 | 100,313,719 | 24,554,919 | 838,871,063 |
| Saving accounts | 193,361,382 | 3,204,858 | 817,302 | - | 197,383,542 |
| Time and notice deposits | 1,070,484,079 | 465,759,604 | 72,923,539 | 110,142,312 | 1,719,309,534 |
| Certificates of deposit | 15,243,139 | - | - | - | 15,243,139 |
| Total | 1,537,549,235 | 924,506,252 | 174,054,560 | 134,697,231 | 2,770,807,278 |

| 2020 | Retail | Corporate | SMEs | Government and Public Sectors | Total |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| Current and demand deposits | 170,083,431 | 230,515,021 | 71,290,279 | 44,473,011 | 516,361,742 |
| Saving accounts | 91,394,775 | - | 37,289 | - | 91,432,064 |
| Time and notice deposits | 598,656,698 | 254,221,350 | 26,935,238 | 104,399,899 | 984,213,185 |
| Certificates of deposit | 82,205,815 | - | - | - | 82,205,815 |
| Total | 942,340,719 | 484,736,371 | 98,262,806 | 148,872,910 | 1,674,212,806 |

- The deposits of government and general public sector inside Jordan amounted to JD 120,370,733 representing 4.34 % of the total deposits as at 31 December 2021 against JD 148,872,910 representing 5.12 % as at 31 December 2020.
- The deposits of government and general public sector inside Iraq amounted to JD 14,326,498 representing 0.52 % of the total deposits as at 31 December 2021 against none as at 31 December 2020.
- Non-interest bearing deposits amounted to JD 817,208,987 representing 29.49 % of total deposits as at 31 December 2021 against JD 426,458,931 representing 25.99 % of the total deposits as at 31 December 2020.
- Reserved deposits (restricted withdrawals) amounted JD 5,751,775 as at 31 December 2021, against JD 13,645,671 as at 31 December 2020.
- Dormant deposits amounted to JD 8,414,661 as at 31 December 2021 against JD 6,390,038 as at 31 December 2020.

Customer deposits significantly increased during the year 2021, due to the natural growth of the business and due to the combination and acquisition of the Bank Audi SAL in Jordan and Iraq.

**(18) Margin Accounts**

The details are as follows:

| | 2021 | 2020 |
|---|---|---|
| | JD | JD |
| Margins on direct credit facilities | 75,122,686 | 71,081,895 |
| Margins on indirect credit facilities | 105,588,350 | 56,917,756 |
| Margin dealings | 1,097,822 | 889,822 |
| Others | 51,854,906 | 22,833,909 |
| Total | 233,663,764 | 151,723,382 |

## (19) Loans and Borrowings

The details are as follows :

| 31 December 2021 | Amount | Number of Installments | | Frequency of Instalments | Collaterals (note 11) | Interest rate | Re-financed Interest rate |
|---|---|---|---|---|---|---|---|
| | | Total | Outstanding | | | | |
| | JD | JD | JD | | JD | % | |
| Amounts borrowed from central banks | 207,545,080 | 21,034 | 15,896 | Monthly and semi annual payment and payment at maturity | - | 0.00% to 4.00% | 3.75% to 4.75% |
| Amounts borrowed from local banks and financial institutions | 60,000,000 | 7 | 7 | One payment | - | 4.30% to 7.00% | 4.50% to 12.40% |
| Amounts borrowed from foreign banks and financial institutions | 146,720,702 | 75 | 66 | Monthly and semi annual payment and payment at maturity | - | 1.00% to 2.79% | 3.87% to 12.00% |
| Total | 414,265,782 | | | | - | | |

| 31 December 2020 | Amount | Number of Installments | | Frequency of Instalments | Collaterals (note 11) | Interest rate | Re-financed Interest rate |
|---|---|---|---|---|---|---|---|
| | | Total | Outstanding | | | | |
| | JD | JD | JD | | JD | % | |
| Amounts borrowed from central banks | 184,704,862 | 12,704 | 12,176 | Monthly and semi annual payment and payment at maturity | 32,599,621 | 0.00% to 4.00% | 3.75% to 4.75% |
| Amounts borrowed from local banks and financial institutions | 55,000,000 | 6 | 6 | One payment | - | 4.30% to 7.00% | 4.50% to 12.40% |
| Amounts borrowed from foreign banks and financial institutions | 90,286,365 | 74 | 52 | Monthly and semi annual payment and payment at maturity | - | 1.00% to 2.79% | 3.87% to 12.00% |
| Total | 329,991,227 | | | | 32,599,621 | | |

- Borrowed money from the Central Bank includes JD 207,545,080 that represents amounts borrowed to refinance the customers' loans in the medium term financing programs that have been re-borrowed. These loans mature during 2022 - 2038.
- The amounts borrowed from local institutions are all borrowed from the Jordan Mortgagee Refinance Company with a total amount of JD 60 Million. The loans mature during 2022 - 2028.
- Loans bearing fixed - interest rates amounted to JD 410,970,782 and loans bearing floating - interest rates amounted to JD 3,295,000 as at 31 December 2020 against JD 326,286,227 and JD 3,705,000 respectively as at 31 December 2020.
- Based on the most recent covenant assesment we are complying with all contingent rules and conditions with our financial institution leaders.

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the below table shows the movement on the loans and borrowings as of :

| | 2021 | 2020 |
|---|---|---|
| | JD | JD |
| Balance as at 1 January 2020 | 329,991,227 | 165,319,524 |
| New balances during the year / Additions | 190,163,728 | 283,118,363 |
| Settled balances | (112,880,236) | (119,914,136) |
| Changes due to Acquisition | 6,991,063 | - |
| Adjustments due to change in exchange rates | - | 1,467,476 |
| Total | 414,265,782 | 329,991,227 |

### (20) Subordinated Loans

| 31 December 2021 | Amount | Frequency of instalments | Collaterals | Interest Rate |
|---|---|---|---|---|
| | JD | | JD | % |
| Subordinated Loan | 28,360,000 | One payment maturing on 15 March 2026 | - | 7.00% |
| Total | 28,360,000 | | - | |

| 31 December 2020 | Amount | Frequency of instalments | Collaterals | Interest Rate |
|---|---|---|---|---|
| | JD | | JD | % |
| Subordinated Loan | 28,360,000 | One payment maturing on 15 March 2026 | - | 7.00% |
| Total | 28,360,000 | | - | |

The Bank has completed issuing a $40 million bond on March 15 2020, classified as a tier two in accordance with Basel III instructions. .

## (21) Sundry Provisions

| 31 December 2021 | Balance at the beginning of the year | Provided during the period/year | Utilized during the period/year | Transferred to income | Balance at the end of the period/year |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| Provision for lawsuits raised against the bank | 102,700 | 61,700 | (49,604) | - | 114,796 |
| Other provisions | 3,415,781 | - | (1,013,087) | (19,498) | 2,383,196 |
| Total | 3,518,481 | 61,700 | (1,062,691) | (19,498) | 2,497,992 |

| 31 December 2020 | Balance at the beginning of the year | Provided during the period/year | Utilized during the period/year | Transferred to income | Balance at the end of the period/year |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| Provision for lawsuits raised against the bank | 102,700 | 27,740 | (27,740) | - | 102,700 |
| Other provisions | 4,819,310 | - | (519,498) | - | 4,299,812 |
| Foreign Currency translation differences | - | - | (884,031) | - | (884,031) |
| Total | 4,922,010 | 27,740 | (1,431,269) | - | 3,518,481 |

- The bank has taken full provisions against the differences resulting from the currency auctions as requested by the Central Bank of Iraq from the affiliate National Bank of Iraq- during the year 2018, by which the National Bank of Iraq claimed these amounts from its customers according to the Central Bank of Iraq, in addition to the recourse of the judiciary to collect these amounts. The National Bank of Iraq has collected an amount of JD 398,915 during the year ended 31 December 2021 against JD 615,369 during the year ended 31 December 2020.

## (22) Income Tax

A- The movement of income tax provision is as follows:

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| | JD | JD |
| Balance at the beginning of the period/year | 4,887,737 | 6,850,303 |
| Income tax paid | (7,282,792) | (9,621,681) |
| Income tax charge for the year | 6,604,273 | 7,713,455 |
| Income tax charge for previous years | 307,327 | 175,237 |
| Foreign exchange translation differences | - | (229,577) |
| Balance at the end of the period/year | 4,484,833 | 4,887,737 |

Income tax expense presented in consolidated income statement:

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| | JD | JD |
| Current income tax charge for the year | 6,604,273 | 7,713,455 |
| Previous years income tax charges | 307,327 | 175,237 |
| Deferred tax assets for the year | 3,087,007 | (602,582) |
| Deferred tax liabilities for the year | (269,420) | (69,575) |
| Foreign exchange translation differences | - | 488,901 |
| | 9,729,187 | 7,705,436 |

- Legal income tax rate on the Bank's revenues and brokerage firm is 34% and 24% respectively. In addition to 4% for national contribution tax.
- Legal income tax on the Bank's revenues in Iraq is 15%.
- A final settlement has been made with the Income and Sales tax department regarding the Bank's tax in Jordan till the end of 2020.
- The Income and Sales Tax Department did not commence its review on the Bank's account for the year ended 2019 and 2020 until the date of these consolidated financial statements.
- The Bank has submitted its financial statements for the years ended till 2018, and the Income Tax Department has not reviewed these statements until the date of consolidated financial statements.
- A final settlement has been made with the Income and Sales Tax Department regarding the tax on Capital Investment and Brokerage company till the end of 2019.
- Capital Investment and Brokerage company have submitted the tax return till the year 2020. Final settlements are still pending as of the date of the consolidated financial statements.
- A final settlement has been made with the Income Tax Department regarding the tax on National Bank of Iraq till the end of 2016, and the Bank has settled the amounts due until the end of 2020.
- The management and tax consultants believe that the income tax provision recorded is sufficient to meet the tax obligations as at 31 December 2021.

### B– Income Tax liabilities

The movement of income tax liability is as follows:

| Items Included | 2021 | | | | | 2020 |
|---|---|---|---|---|---|---|
| | Balance at the beginning of the year | Released | Additions | Balance at the end of the year | Deferred Tax | |
| | JD | JD | JD | JD | JD | JD |
| a) Deferred tax assets | | | | | | |
| Provision for lawsuits held against the bank | 130,440 | (77,344) | 61,700 | 114,796 | 43,622 | 49,567 |
| Impairment loss on seized shares | 7,191,841 | - | - | 7,191,841 | 2,732,900 | 2,732,900 |
| Losses from revaluation of financial assets through income statement | 90,340 | (90,340) | - | - | - | - |
| Provision for watch list facilities | 25,789,404 | (9,208,802) | 10,890,906 | 27,471,508 | 10,222,707 | 5,977,643 |
| Losses from revaluation of financial assets through other comprehensive income | 2,620,050 | (277,766) | 3,129,269 | 5,471,553 | 1,958,974 | 2,957,379 |
| Additional provision on other credit facilities | - | - | - | - | - | - |
| Impairment losses of acquired assets | 8,979,959 | (1,050,887) | 233,707 | 8,162,779 | 3,101,856 | 3,412,384 |
| Provision against risks in Iraq | | | | | | |
| Provision for loss from partially selling subsidiaries | | | | | | |
| Other deferred tax assets | 1,195,909 | (1,196,504) | 3,466,644 | 3,466,049 | 1,290,225 | 432,974 |
| Total | 45,997,943 | (11,901,643) | 17,782,226 | 51,878,526 | 19,350,284 | 15,562,847 |
| b) Deferred tax liabilities | | | | | | |
| Unrealized gains – financial assets at fair value though OCI | 7,440,697 | (5,314,733) | 4,051,752 | 6,177,716 | 2,208,332 | 1,873,009 |
| Financial assets at fair value through income statement | 2,481,500 | (709,000) | - | 1,772,500 | 673,550 | 942,969 |
| Total | 9,922,197 | (6,023,733) | 4,051,752 | 7,950,216 | 2,881,882 | 2,815,978 |

- The deferred tax assets and liabilities of the Bank as at 31 December 2014 were calculated using a 35% tax rate which had an impact on deferred tax assets of JD 994.807 and deferred tax liabilities of JD 29.345 based on the new income tax law of 31 December 2014 and effective from 1 January 2015.

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

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities |
| | JD | JD | JD | JD |
| Balance at the beginning of the year | 15,562,848 | 2,815,978 | 14,845,952 | 2,616,165 |
| Additions | 5,102,314 | 335,323 | 3,075,253 | 269,388 |
| Released | (1,314,878) | (269,419) | (2,358,357) | (69,575) |
| Balance at the end of the year | 19,350,284 | 2,881,882 | 15,562,848 | 2,815,978 |

- The Income tax rates on deferred tax assets and liabilities ranged between 28% - 38% in accordance to the newly issued Income Tax Law number 38, effective 1 January 2020.

Reconciliation between taxable profit and the accounting profit is as follows:

| | 2021 | 2020 |
|---|---|---|
| | JD | JD |
| Accounting profit | 70,736,011 | 38,007,514 |
| Non-taxable income | (59,632,180) | (12,540,596) |
| Non-deductible expenses | 20,135,953 | 11,293,457 |
| Taxable profit | 31,239,784 | 36,760,375 |
| Effective rate of income tax | 13.75% | 20.27% |

### (23) Other Liabilities

| | 2021 | 2020 |
|---|---|---|
| | JD | JD |
| Accrued interest expense | 16,887,671 | 10,830,244 |
| Accrued expenses | 6,904,734 | 3,453,483 |
| Certified cheques | 7,278,415 | 4,715,290 |
| Cheques payable | 2,127,431 | 1,309,806 |
| Board of directors' remuneration | 68,334 | 65,000 |
| Brokerage payables | 21,526,344 | 19,272,726 |
| Liabilities / derivatives unrealized gain (Note 43) | 1,414,498 | 3,698,004 |
| Guarantees | 453,716 | 659,326 |
| Others | 7,635,179 | 7,201,078 |
| Total | 64,296,322 | 51,204,957 |

The statutory income tax rate on bank profits in Jordan is 38%, and the statutory income tax rate in the countries in which the bank has investments ranges between 15% - 24%.

### (24) Paid In Capital

The authorized and paid-in-capital amounted to JD 200,000,000 and is divided into shares at a par value of JD 1 per share as of 31 December 2021 and 31 December 2020.

### (25) Cash Dividends and Proposed Cash Dividends

The Bank's board of directors, in its meeting held on 15 April 2021 approved the distribution of cash dividends at a value of 12% of the subscribed group paid-up capital equivalent to JD 24,000,000

The Bank's ordinary General Assembly, in its meeting held on 27 January 2022 No. 01/2022, approved distribution of cash dividends at a value of 15% of the subscribed group paid-up capital, and is subject to the approval of the Central Bank of Jordan and the Public Authority of Shareholders.

### (26) Reserves

#### Statutory Reserve

As required by the Law, 10% of the profit before tax is transferred to the statutory reserve. This reserve is not available for distribution to shareholders according to the banking and company laws.

The use of the following reserves is restricted by law:

| Description | Amount | Restriction Law |
|---|---|---|
| | JD | |
| Statutory reserve - 31 December 2021 | 56,114,618 | Companies and Banks law |
| Statutory reserve - 31 December 2020 | 44,186,425 | Companies and Banks law |

(27) Foreign currency translation adjustments

The foreign currency translation differences represents the exchange differences resulted from translation of the net assets of the National Bank of Iraq upon the consolidation of the financial statements.

| | 2021 | 2020 |
|---|---|---|
| | JD | JD |
| Balance at the beginning of the year | (16,540,837) | (5,223,143) |
| Net movement | - | (11,317,694) |
| Balance at the end of the year | (16,540,837) | (16,540,837) |

### (28) Fair value reserve

| 31 December 2021 | Financial assets at fair value through other comprehensive income |
|---|---|
| | JD |
| Balance at the beginning of the year | 3,619,029 |
| Unrealized loss from debt instruments | (4,305,696) |
| Realized Loss of sale of debt instruments at fair value through other comprehensive income transferred to income | (21,019) |
| Unrealized gain from equity instruments | 1,370,329 |
| Loss from sale of equity instruments through other comprehensive income | (517,889) |
| Deferred tax assets | 1,003,689 |
| Deferred tax liabilities | (335,323) |
| Balance at the end of the Year | 813,120 |

| 31 December 2020 | Financial assets at fair value through other comprehensive income |
|---|---|
| | JD |
| Balance at the beginning of the year | 1,636,797 |
| Unrealized Gain from debt instruments | 2,876,087 |
| Realized Loss of sale of debt instruments at fair value through other comprehensive income transferred to income | (1,070,702) |
| Unrealized gain from equity instruments | 101,375 |
| Gains from sale of equity instruments through other comprehensive income | 279,515 |
| Deferred tax assets | 114,313 |
| Deferred tax liabilities | (269,388) |
| Differences from foreign currency translations | (48,968) |
| Balance at the end of the Year | 3,619,029 |

### (29) Material partially – owned subsidiaries

**First: Proportion of equity interest held by non-controlling interests is as follows:**

| 31 December 2021 | Country | Nature of activity | Non-controlling interest ownership percentage | Non controlling interest share of dividends distributed |
|---|---|---|---|---|
| National Bank of Iraq | Iraq | Banking | 38.15% | 3,705,253 |
| 31 December 2020 | | | | |
| National Bank of Iraq | Iraq | Banking | 38.15% | - |

**Second: The following is the summarized financial information of these subsidiaries, this information is based on amounts before inter-company eliminations.**

A. Summarized statement of financial position before elimination entries as of :

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| | National Bank of Iraq | National Bank of Iraq |
| | JD | JD |
| Cash, balances and deposits | 290,079,352 | 214,288,827 |
| Financial assets through OCI | 36,659,100 | 34,847,369 |
| Credit facilities, net | 419,837,979 | 154,231,487 |
| Financial assets at amortized cost | 24,663,997 | - |
| Other assets | 105,215,247 | 30,390,123 |
| Total assets | 876,455,675 | 433,757,806 |
| | | |
| Banks, customers deposits' and margin accounts | 654,300,152 | 239,218,270 |
| Loans & borrowings | 49,000,733 | 32,198,834 |
| Provisions and other liabilities | 23,358,237 | 16,763,939 |
| Total liabilities | 726,659,122 | 288,181,043 |
| Shareholders' equity | 149,796,553 | 145,576,763 |
| Total liabilities and shareholders' equity | 876,455,675 | 433,757,806 |
| Non-Controlling interest * | 29,140,509 | 48,324,233 |

- The financial statements of the National Bank of Iraq show a Goodwill of 58.8 million JD resulting from the acquisition of Bank Audi's branches business in Iraq, which resulted using the fair value acquisition method.
- During the consolidation of the financial statements of the National Bank of Iraq with the parent company, this goodwill was reversed along with the value of the outcome of the acquisition in Jordan which resulted from the acquisition of the business of Bank Audi branches in Jordan, as it was considered as a single transaction.
- The effect of reversing the resulted goodwill in the National Bank of Iraq has been allocated between the non-controlling interests and shareholders equity.
- The Ordinary General Assembly of the National Bank of Iraq, in its meeting held on March 18, 2021, approved the distribution of cash dividends to shareholders at the rate of 8% of the bank's paid-up capital.

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B. Summarized statement of comprehensive income before elimination entries as of:

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| | National Bank of Iraq | National Bank of Iraq |
| | JD | JD |
| Interest and commission income, net | 36,825,079 | 24,656,741 |
| Other income | 3,267,232 | 7,102,253 |
| Total Income | 40,092,311 | 31,758,994 |
| | | |
| General and administrative expenses | 23,233,471 | 14,361,473 |
| Provisions | 971,332 | 3,199,130 |
| Total expenses | 24,204,803 | 17,560,603 |
| | | |
| Profit before tax | 15,887,508 | 14,198,391 |
| Income tax | 2,641,237 | 2,806,520 |
| Profit after tax | 13,246,271 | 11,391,872 |
| Other comprehensive income | 1,035,098 | 16,009,632 |
| Total comprehensive income for the year | 14,281,369 | 27,401,504 |
| Non-Controlling interest | (17,467,667) | (3,755,327) |

C. Summarized cash flow for National Bank of Iraq:

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| | National Bank of Iraq | National Bank of Iraq |
| | JD | JD |
| Cash flows | | |
| Operating | 38,188,089 | 20,149,733 |
| Investing | (38,182,907) | (9,407,630) |
| Financing | 19,858,673 | 18,921,937 |
| Net increase/(Decrease) | 19,863,855 | 29,664,040 |

### (30) Retained Earnings

| | 2021 |
|---|---|
| | JD |
| Balance at 1 January 2021 | 78,096,479 |
| Gain on sale of financial assets through other comprehensive income | 517,889 |
| Sale of treasury stocks from subsidiaries | 414,246 |
| Transferred to reserves | (11,928,193) |
| Distributed dividends (Note 25) | (24,000,000) |
| Profit at end of year | 78,813,333 |
| Balance at the end of the year | 121,913,754 |

| | 2020 |
|---|---|
| | JD |
| Balance at 1 January 2020 | 55,404,849 |
| Loss on sale of financial assets through other comprehensive income | (279,515) |
| Transferred to reserves | (2,984,934) |
| Profit at end of year | 25,956,079 |
| Balance at the end of the year | 78,096,479 |

- The balance of retained earnings includes a restricted amount of JD 19,350,284 as at 31 December 2021 against JD 14,845,952 as at 31 December 2020 which represents the deferred tax assets that cannot be utilized according to the Central Bank of Jordan Regulations.
- The balance of retained earnings includes unrealized gain of JD 958,330 as at 31 December 2021 against JD 927,971 as at 31 December 2020 which represents the effect of early adoption of IFRS (9) related to classification and measurement. However, this amount is restricted from use except for the amounts that become realized regulations according to Securities and Exchange Commission.
- Amount equal to the negative balance of a fair value reserve is considered a restricted reserve that cannot be utilized.
- The general banking risks reserve is a restricted reserve that cannot be utilized without prior approval of the Central Bank of Jordan. Regarding the implementation of IFRS 9 the Central Bank of Jordan issued Circular No.10/1/1359 on 25 January 2018 , allowing banks to transfer the balance of general banking risk reserve to retained earnings to reflect the impact of IFRS 9 on the opening balance of retained earnings as at 1 January 2018. The Circular also stipulates that the balance of a general bank risk reserve item is a restricted balance. Dividends may not be distributed as dividends to shareholders and may not be used for any other purpose except with the approval of the Central Bank of Jordan. The unutilized balance amounted to JD 8,840,593.

## (31) Interest Income

This item consists of the following:

| | 2021 | 2020 |
|---|---|---|
| | JD | JD |
| Direct Credit Facilities:- | | |
| Retail | | |
| Overdrafts | 1,470,478 | 1,146,772 |
| Loans and bills | 29,445,953 | 11,026,555 |
| Credit cards | 1,623,587 | 1,041,502 |
| | | |
| Real estate mortgages | 12,225,601 | 9,764,398 |
| Corporate | | |
| Overdrafts | 11,461,162 | 10,139,406 |
| Loans and bills | 54,635,216 | 41,467,185 |
| Small and medium enterprises (SMEs) | | |
| Overdrafts | 1,437,661 | 2,594,407 |
| Loans and bills | 11,169,031 | 12,064,112 |
| | | |
| Government and public sectors | 4,378,724 | 2,877,171 |
| | | |
| Balances at central banks | - | 28,162 |
| Balances at banks and financial institutions | 1,692,652 | 1,625,561 |
| Financial assets at fair value through other comprehensive income - debt instruments | 5,727,208 | 3,417,107 |
| Interest on pledged financial assets | 490,882 | 1,963,526 |
| Financial assets at amortized cost | 41,036,616 | 30,103,010 |
| Loans and advances at fair value through other comprehensive income | 3,924,191 | 1,027,164 |
| Total | 180,718,962 | 130,286,038 |

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## (32) Interest Expense

The details are as follow:

| | 2021 | 2020 |
|---|---|---|
| | JD | JD |
| Banks and financial institutions deposits | 3,762,741 | 4,020,107 |
| Customers' deposits : | | |
| Current accounts and deposits | 2,646,162 | 982,747 |
| Saving deposits | 1,372,003 | 755,761 |
| Time and notice deposits | 55,415,339 | 40,355,243 |
| Certificates of deposits | 1,635,604 | 4,131,202 |
| Interest on leased asset obligations | 587,090 | 246,839 |
| Margin accounts | 2,312,585 | 1,122,585 |
| Loans and borrowings | 8,317,789 | 8,096,014 |
| Deposits guarantee fees | 2,663,079 | 1,505,504 |
| Total | 78,712,392 | 61,216,002 |

## (33) Net Commission Income

The details are as follow:

| Commission income : | 2021 | 2020 |
|---|---|---|
| | JD | JD |
| Direct credit facilities | 4,205,793 | 3,069,398 |
| Indirect credit facilities | 15,579,428 | 12,550,747 |
| Other commission | 11,453,767 | 11,991,865 |
| Less: Commission expense | (6,296,656) | (3,198,108) |
| Net Commission Income | 24,942,332 | 24,413,902 |

## (34) Gain From Foreign Currencies

The details are as follow::

| Commission income : | 2021 | 2020 |
|---|---|---|
| | JD | JD |
| Revaluation of foreign currencies | 2,001,617 | 5,253,774 |
| Revaluation trading in foreign currencies | 2,412,890 | 6,394,255 |
| Total | 4,414,507 | 11,648,029 |

### (35) Other Income

The details are as follow:

| | 2021 | 2020 |
|---|---|---|
| | JD | JD |
| Recovery from written - off debts | 1,826,770 | 341,685 |
| Gain (loss) on revaluation of loans at fair value | - | - |
| Income and commission from investments and securities | 4,124,775 | 2,620,255 |
| Collection against auction price swaps * | 398,915 | 615,369 |
| Others | 193,312 | 647,385 |
| Total | 6,543,772 | 4,224,694 |

* Based on the instructions of the Central Bank of Iraq, the amount JD 398,915 was collected from National Bank of Iraq customers which represents the differences imposed by the Central Bank of Iraq during 2021, compared to JD 615,369 during 2020.

### (36) Employees' Expenses

The details are as follow:

| | 2021 | 2020 |
|---|---|---|
| | JD | JD |
| Salaries and benefits | 28,509,851 | 17,740,183 |
| Bank's contribution in social security | 2,440,369 | 2,039,827 |
| Medical expenses | 1,290,705 | 1,209,446 |
| Employees' training | 250,058 | 172,090 |
| Bank's contribution to social activities fund | 20,560 | 15,292 |
| Paid vacations | 137,769 | 178,868 |
| Others | 94,820 | 152,754 |
| Total | 32,744,132 | 21,508,460 |

### (37) Other Expenses

The details are as follow:

| | 2021 | 2020 |
|---|---|---|
| | JD | JD |
| Rent and building services | 3,225,393 | 2,611,848 |
| Advertisement | 3,447,882 | 2,866,677 |
| Computer expenses | 4,019,880 | 2,569,948 |
| Consulting and professional fees | 6,734,815 | 2,600,211 |
| Internet | 688,896 | 999,596 |
| Subscriptions | 252,743 | 412,715 |
| Board of Directors’ transportation | 1,852,701 | 1,587,807 |
| Maintenance | 867,853 | 773,732 |
| Post, telephone, swift | 872,106 | 713,989 |
| Travel and transportation | 550,169 | 300,812 |
| Donations | 781,689 | 499,378 |
| Subscriptions, fees and licenses | 799,982 | 454,307 |
| Security services | 1,012,782 | 724,709 |
| Operational Loss | 177,768 | 32,980 |
| Insurance | 928,767 | 606,568 |
| Stationary and printing | 507,169 | 331,459 |
| Cash transportation services | 277,742 | 295,835 |
| Reuters’ and Bloomberg subscription expense | 282,122 | 244,612 |
| Hospitality | 218,781 | 71,805 |
| Others | 1,006,127 | 246,176 |
| Total | 28,505,367 | 18,945,164 |

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## (38) Earnings Per Share

Basic earnings per share:

The details are as follow:

| | 2021 | 2020 |
|---|---|---|
| | JD | JD |
| Profit for the period attributable to Bank's shareholders | 78,813,333 | 25,956,079 |
| Weighted average number of shares during the period | 200,000,000 | 200,000,000 |
| | JD / Fils | JD / Fils |
| Basic and diluted earnings per share | 0.394 | 0.130 |

- The basic earning per share is equivalent to the diluted earning per share, since the bank did not issue any convertible financial instruments.

## (39) Fair Value of Financial Assets not Presented at Fair Value in the Financial Statements

| | 31 December 2021 | | | 31 December 2020 | |
|---|---|---|---|---|---|
| | Book value | Fair value | Level | Book value | Fair value |
| | JD | JD | | JD | JD |
| Financial assets at amortized cost | 987,021,419 | 1,010,904,151 | one and two | 563,884,457 | 598,429,335 |
| Direct credit facilities, net | 2,031,147,338 | 2,031,147,338 | two | 1,302,958,951 | 1,302,958,951 |
| Pledged financial assets | - | - | one and two | 25,330,821 | 26,456,371 |

Carrying Value approximate fair value for all other financial assets and liabilities Which are carried at amortised cost and not presented in the table above

## (40) Cash and Cash Equivalents

The details are as follow:

| | 2021 | 2020 |
|---|---|---|
| | JD | JD |
| Cash and balances with central banks maturing within 3 months | 375,703,975 | 264,660,799 |
| Add: Balances at banks and financial institutions maturing within 3 months | 312,546,731 | 142,537,265 |
| Less: Banks and financial institutions' deposits maturing within 3 months | (376,144,289) | (138,058,853) |
| Less: Restricted cash balances (Note 5) | (6,319,823) | (6,106,562) |
| | 305,786,594 | 263,032,649 |

**(41) Derivative financial instruments**

The table below shows the details of derivative financial instruments at the end of the year.

| 2021 | Positive fair value (note 14) | Negative fair value (Note 23) | Total nominal amount | Within 3 months | 3-12 months |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| Currency sale contract | 1,665 | - | 23,905,149 | 20,595,817 | 3,309,332 |
| Currency purchases contract | - | 12,200 | 23,548,022 | 20,244,192 | 3,303,830 |
| Currency swaps contracts | 218,747 | - | 63,841,185 | 51,060,096 | 12,781,089 |
| Interest swap contracts | - | 1,402,298 | 79,762,500 | - | 79,762,500 |

| 2020 | Positive fair value (note 14) | Negative fair value (Note 23) | Total nominal amount | Within 3 months | 3-12 months |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| Currency sale contract | 190,368 | - | 16,484,676 | 15,717,241 | 767,435 |
| Currency purchases contract | - | - | 16,714,108 | 15,946,673 | 767,435 |
| Currency swaps contracts | 420,495 | - | 77,959,137 | 37,645,122 | 40,314,015 |
| Interest swap contracts | - | 3,698,004 | 106,350,000 | - | 106,350,000 |

The par (nominal) value indicates the value of the outstanding transactions at year end and does not indicate market risk or credit risk.

**(42) Related Parties Transactions**

The consolidated financial statements of the Bank include the following subsidiaries:

| | Ownership | | Paid in capital | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | % | % | JD | JD |
| Capital Investment and Brokerage Company | 100 ٪ | 100 ٪ | 10,000,000 | 10,000,000 |
| National Bank of Iraq | 61.85٪ | 61.85٪ | 86,739,856 | 86,739,856 |
| Bahrain Investment Fund Company | 100 ٪ | 100 ٪ | 1,888 | 1,888 |
| Capital Investment (DIFC) Limited | 100 ٪ | 100 ٪ | 177,250 | 177,250 |

The Bank has entered into transactions with subsidiaries, Shareholders, directors and senior management within the normal activities of the Bank and using commercial interest rates and commissions.

The following related parties transactions took place during the year:

| | Related party | | Subsidiaries * | Major Shareholders | Total | |
|---|---|---|---|---|---|---|
| | BOD members | Executive management | | | 2021 | 2020 |
| | JD | JD | JD | JD | JD | JD |
| Statement of financial position items: | | | | | | |
| Bank deposits with related parties | - | - | 40,867,382 | - | 40,867,382 | - |
| Bank deposits | 104,876,108 | 828,456 | 9,318,880 | 5,387 | 115,028,831 | 123,236,215 |
| Margin accounts | 42,662 | 20,994 | 113,831,573 | - | 113,895,229 | 70,469,885 |
| Direct credit facilities | 21,408,293 | 1,585,999 | 520 | 3,700,000 | 26,694,812 | 33,912,380 |
| Direct credit facilities - watch list | - | - | - | - | - | 4,263,872 |
| Off-balance sheet items: | | | | | | |
| Indirect credit facilities | 6,117,113 | 1,000 | 80,259,598 | - | 86,377,711 | 78,256,133 |
| Expected credit losses stage 1 | 443,341 | 340 | 86,877 | 10,622 | 541,180 | 295,081 |
| Expected credit losses stage 2 | - | - | - | - | - | 500,099 |
| Statement of income items: | | | | | | |
| Interest and commission income | 1,989,092 | 86,892 | 6,104,625 | 138,944 | 8,319,553 | 6,295,532 |
| Interest and commission expense | 3,991,020 | 18,305 | 351,481 | 298 | 4,361,104 | 5,531,557 |

* The effect of balances and movements with affiliate companies for purposes of consolidating financial statements.

- Interest rates on credit facilities in Jordanian Dinar range between 2.00% - 9.95%.
- Interest rates on credit facilities in foreign currency range between 6.50% - 6.50%.
- Interest rates on deposits in Jordanian Dinar range between 3.125% - 4.35%.
- Interest rates on deposits in foreign currency between 1.50% - 1.50%.

Compensation of the key management personnel benefits for the bank and its subsidiaries as follows:

| | 2021 | 2020 |
|---|---|---|
| | JD | JD |
| Benefits (Salaries, wages, and bonuses) of executive management for the Group | 3,597,806 | 3,424,180 |
| Total | 3,597,806 | 3,424,180 |

### (43) Fair Value of Financial Instruments

Financial instruments include cash balances, deposits at banks and the Central Bank of Jordan, direct credit facilities, other financial assets, customers' deposits, banks deposits and other financial liabilities.

There are no material differences between the fair value of financial instruments and their book value.

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques by which all inputs significantly effect the recorded fair value may be observed, either directly or indirectly from market information.

Level 3: Other techniques using inputs significantly effecting the recorded fair values; which are not based on observable market data.

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The following table shows the breakdown of the financial instruments at fair value and according to the above hierarchy:

| 2021 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **Financial assets-** | | | | |
| Financial assets at fair value through other comprehensive income | 168,091,630 | 27,409,208 | - | 195,500,838 |
| Loans and advances at fair value through income statement | - | 82,883,298 | - | 82,883,298 |
| Derivative instruments (Note 14) | - | 220,412 | - | 220,412 |
| Financial Liabilities | | | | |
| Derivative instruments (Note 23) | - | 1,414,498 | - | 1,414,498 |

| 2020 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Financial assets- | | | | |
| Financial assets at fair value through other comprehensive income | 72,832,611 | 16,744,523 | - | 89,577,134 |
| Loans and advances at fair value through income statement | - | 112,529,504 | - | 112,529,504 |
| Derivative instruments (Note 14) | - | 610,863 | - | 610,863 |
| Mortgaged Assets | - | 7,268,800 | - | 7,268,800 |
| Financial Liabilities | | | | |
| Derivative instruments (Note 23) | - | 3,698,004 | - | 3,698,004 |

### (44) Risk Management Policies

The Bank has followed a comprehensive strategy within the best practices in managing the risks that it may be exposed to (credit risk, operational risk, market risk, liquidity risk, interest rate risk, concentration risk, information security, and any other risks) in order to preserve the Bank's financial position and profitability.

The general framework of risk management in the bank, its follow-up and mitigation, and compliance with the instructions of the regulatory authorities and the Basel Committee is a comprehensive and joint responsibility through multiple bodies in the bank, starting with the Board of Directors and its committees such as the Risk Committee, the Audit Committee and the Compliance Committee, in addition to the various internal committees in the bank such as the Internal Risk Management Committee Asset and liability management, facilities committees, in addition to all bank departments and branches.

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The Risk Management Department, which is an independent and specialized department in the Bank, which operates according to the approved risk management policies and credit policies in identifying and measure existing and potential risks (financial and non-financial) and raising the necessary reporting on a periodic basis, in additional to adopting and implementing the requirements of Basel Committee, the Central Bank of Jordan and the best practices in the field of risk management. The risk management participates in evaluating the bank's ability and the adequacy and distribution of its capital in achieving its strategic objectives and determining the requirements necessary to manage and control the associated risks, control and the complexity of its operations. These principles are as follows:

1. The Board of Directors and its risk committee both review and approve the Bank's Risk Appetite for potential losses associated with the various risk factors, as well as review and approve the Risk Management Policies in order to ensure that these policies keep up with all developments in the banking industry in terms of growing its operations and expansion of its services. In addition the Board of Directors ensures that the Bank's strategies are being implemented in relation to the bank's risk management.
2. The Chief Executive Officer is considered the primary responsible person for implementing risk management recommendations in accordance to the principles of Board of Directors and the Risk Committee . He is also the head of the Internal Risk Management Committee.
3. The Chief Risk Officer is responsible for managing risks and the associated practices within the bank's activities structure, and submitting periodic reports to the risk management committee emanating from the Board of Directors.
4. The risk management philosophy at the Bank is based on knowledge, experience ,the judgment capability of the supervisory management , and the availability of a clear authority matrix set by the Board of Directors.
5. Continuously developing the risk management systems and taking on the necessary steps and measures needed to make sure that the Bank is in compliance with the new international standards, namely the requirements of Basel III and IFRS 9.
6. The Risk Department manages the Bank's risks according to a comprehensive centralized methodology, with the presence of systems that assist in managing these risks, and by providing various business units at the Bank with the methodologies and tools that are necessary for achieving an efficient and proper management of all types of risks. The Risk Department, which is headed by the Chief Risk Officer, is linked to the Board's Risk Management Committee. There is also a direct link that connects the Chief Risk Officer with the Chief Executive Officer.
7. Risk management is the responsibility of all employees.
8. The role of the Assets and Liabilities Committee is in planning the optimal deployment and allocation of capital, assets and liabilities and the continuous monitoring of liquidity and market risks.
9. The Internal Audit Department provides an independent assurance on the compliance of the Bank's business units with the risk management policies and procedures, and the effectiveness of the Bank's risk management framework.
10. The Chief Financial Officer (CFO) is responsible for identifying the financial risks, as well as monitoring and maintaining the quality and soundness of financial information, and ensuring the accuracy and integrity of the disclosed financial statements.
11. The Chief Compliance Officer is responsible for ensuring that the Bank complies with all the relevant regulations, legislation and laws, especially those issued by the regulatory authorities.

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During 2021 the Bank has worked on several primary principles in risk management, mainly on the following:

1. Implementation of the new updated credit rating system (CreditLens)
2. Update the limits of acceptable risks in the bank (Risk Appetite)
3. Preparing the internal capital adequacy assessment process (ICAAP) and stress testing
4. Updating the criteria for staging and calculating expected credit losses in line with the conditions of the Corona pandemic
5. Obtaining the updated PCI DSS certificate for the bank and the National Bank of Iraq
6. Developing Cyber Security Standards for the Bank's operating systems
7. Implementing security controls related to the SWIFT system according to standards and requirements
8. Perform multiple security checks for bank applications and internal external network
9. Developing a Security Awareness Program to the customers & bank's Staff.
10. Develop authority matrix for important and critical systems
11. Classification of assets for most of the bank's departments
12. Apply Basic Indicator Approach and Standardized Approach for measuring the operational risks in the bank
13. Activate Key Risk Indicators (KRIs)
14. Monitor all the operational risks at the bank by ensure conducting the Control and Risk Self Assessments (CRSA)
15. Completion of upgrading Operational Risk system
16. Monitoring all financial transactions through credit cards via one of the latest specialized system in compliance with regulators' instructions
17. Implement COBIT 2019 framework for Operational Risk, Business Continuity and Information Security Department
18. Create a protocol to deal with COVID pandemic and update it regularly based on regulators' directions / recommendations and re-evaluating Business Continuity Plans accordingly
19. Developing a comprehensive Business Impact Analysis model for all bank departments and creating a clear methodology for assessing the criticality of the bank's systems and products
20. Conduct Disaster Recovery (DR) site testing
21. Conduct call tree testing for all departments and branches and update the related procedures
22. Review and update Operational Risk and Business Continuity policies and procedures in addition to creating a comprehensive BCP
23. Conducting awareness campaigns for all staff regarding the importance of Business Continuity

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For the year 2022, the Bank is planning to work on several primary principles in risk management, mainly on the following:

1. Update the limits of acceptable risks in the bank (Risk Appetite)
2. Updating the staging criteria and expected credit loss calculations
3. Preparing the internal capital adequacy assessment process (ICAAP) and stress testing
4. Establishing an automated system for risk management and developing its reports
5. Update the Information Security and Cyber Security Strategy
6. Obtaining the updated PCI DSS certificate for the bank and the National Bank of Iraq
7. Implementation of security controls related to the SWIFT system as per standards and requirements
8. Implementation of the security information management system, update and upgrade the systems
9. Implementation of Cyber security software application
10. Implementation of the COBIT Framework for Information Security
11. Development of Key Risk Indicators.
12. Introducing Key Performance Indicators.
13. Updating the authority matrix for critical and critical systems
14. Develop a security awareness program for employees and bank customers
15. Update information security policies and procedures
16. Automating Key Risk Indicators (KRIs) process
17. Evaluating the operational risks on process level
18. Review and update the Risk and Controls Self-Assessment (CRSA)
19. Updating Operational Risk and Business Continuity policies, procedures and BCP
20. Periodic review of approved work procedures and policies according to the procedures classification list
21. Staff training and awareness on the culture of operational risk and business continuity plan
22. Maintaining maturity level in COBIT 2019 processes related to Operational Risk and Business Continuity
23. Evaluating the bank's operating and new systems based on the pre- approved methodology
24. Conduct all the needed tests to ensure business continuity

### (44-1-A) Credit risk management

Credit risk is the risk of suffering financial loss, should any of the Group's customers fail to fulfil their contractual obligations to the Group. Credit risk arises mainly from loan and advances, loan commitments arising from such lending activities, trade finance and treasury activities but can also arise from financial guarantees, letter of credit, endorsements and acceptances. The Group is also exposed to other credit risks arising from investments in debts instruments, derivatives as well as settlement balances with market counterparties.

Credit risk is the single largest risk from the Group's business of extending Loans and Advances (including loan commitments, LCs and LGs) and carrying out investment in securities and debts; management therefore carefully manages its exposure to credit risk. The credit risk management and control are centralized in a risk management department which reports regularly to the Risk Management Committee.

The Bank generally manages Credit Risk through:

- A clear and comprehensive policy for managing credit risk in addition to approved credit policies.
- Setting clear and specific limits for credit risks level that are set by the Board of Directors and then circulated to the different business units.
- Adopting the concept of credit committees to ensure that the credit decisions are not made on individual or subjective basis.
- Having a clear criteria for selecting clients, the target market and the acceptable level of credit.
- A comprehensive and thorough financial and credit analysis covering the various aspects of risk for each clients and/or credit processes.
- The results of Moody's Credit Rating System in determining each client's risk classification.
- Reviewing and analyzing the quality of the credit portfolio periodically, according to specific performance indicators.
- Evaluating and monitoring constantly to avoid high credit concentration, and implementing the required remedial actions.
- Adopting early warning indicators and recognition of possible risks in the credit portfolio while revising them on a regular basis.
- Effective management and follow up of the preservation of the legal documentation process and collateral administration to ensure that there are no negative indicators or regress that may necessitate the undertaking of pre-emptive or safety actions.
- Periodical revision, or when necessary, of all extended credit facilities on individual basis to ensure that there are no negative indicators or regress that necessitate the undertaking of pre-emptive or safety actions.

## Key Credit Risk Management Methods:

### 1- Loans and advances

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using the concept of Expected Loss which requires the following measures:

- Probability of Default (PD)
- Loss Given Default (LGD)
- Exposure at Default (EAD)”

Under IFRS 9 expected loss is replaced by expected Credit Loss (ECL), which is based on macro adjusted PD, LGD & EAD measures. Additionally it also captures deterioration and lifetime likelihood of defaults.

### 2- Credit risk grading

The international credit rating system “Moodys”has been applied to the Bank and its subsidaries since 2013, 2017 and 2018 respectively. The system has assisted the Bank with;

Measuring customer risk scores, and improved the process of collecting and evaluating quantitative and qualitative information that can be relied upon in the risk measurement methodology

The process of monitoring the terms and financial covenants is contained in loan agreements

Conducting analysis of the economic sectors and comparisons of the financial statements of clients of similar companies in the same sector based on the available system database

| | | |
|---|---|---|
| Country Scorecard Model | SMEs Programmed Lending Model | Corporate Rating Model |
| High Net Worth Individual Model | Retail Scorecard Model | SMEs Financial Model |
| Project Finance Model | Financial Institutions Scorecard Model | SMEs Non-Financial Model |

For corporate customer, the model evaluates from a finanical and non-financial aspect as follows:

These risk ratings have been mapped into 8 Grades which are defined below:

| Stage | "CB Grade " | Description |
|---|---|---|
| 1 | 1 | FI rated 1, 2, 3, and 4 possess superior intrinsic financial strength. Typically, they will be institutions with highly valuable and defensible business franchises, strong financial fundamentals, and a very predictable and stable operating environment. |
| | 2 | |
| | 3 | |
| | 4 | |
| | 5 | "FI rated 5 possess strong intrinsic financial strength. Typically, they will be institutions with valuable and defensible business franchises, good financial fundamentals, and a predictable and stable operating environment." |
| 2 | 6 | FI rated 6 possess adequate intrinsic financial strength. Typically, they will be institutions with more limited but still valuable business franchises. These FI will display either acceptable financial fundamentals within a predictable and stable operating environment, or good financial fundamentals within a less predictable and stable operating environment. |
| | 7 | FI rated 7 display modest intrinsic financial strength, potentially requiring some outside support at times. Such institutions may be limited by one or more of the following factors: a weak business franchise; financial fundamentals that are deficient in one or more respects; or an unpredictable and unstable operating environment. |
| 3 | 8 | FI rated 8 display very modest intrinsic financial strength, with a higher likelihood of periodic outside support or an eventual need for outside assistance. Such institutions may be limited by one or more of the following factors: a weak and limited business franchise; financial fundamentals that are materially deficient in one or more respects; or a highly unpredictable or unstable operating environment. |

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Ineternal Credit rating for corporate and SMEs:

| Stage | "CB Grade " | Description |
|---|---|---|
| 1 | 1 | Obligations rated 1 are judged to be of the highest quality, and carry the lowest level of credit risk. |
| | 2 | Obligations rated 2 are judged to be of high quality and very low credit risk. |
| | 3 | Obligations rated 3 are judged to be upper-medium grade and carry a low credit risk. |
| | 4 | Obligations rated 4 are judged to be medium-grade and carry a Low to moderate credit risk and as such may possess certain speculative characteristics. |
| | 5 | Obligations rated 5 are judged to be speculative and carry a moderate credit risk. |
| | 6 | Obligations rated 6 are considered speculative with a moderate to High credit risk. |
| 2 | 7 | Obligations rated 7 are judged to be speculative of poor standing and carry a very high credit risk. |
| | 8 | Obligations rated 8 are highly speculative and are likely for PDs, with some prospect of recovery of principal and interest/yield. |
| | 9 | Obligations rated 9 are the lowest rated and are typically in default, with no prospect for recovery of principal or interest/yield. |
| 3 | 10 | Obligations rated 10 are in default, with little prospect for full recovery of principal or interest/ yield. |

Ineternal credit rating for retail and real estate:

| Stage | "CB Grade " | Description |
|---|---|---|
| 1 | A | Obligations rated A are judged to be of the highest quality, and carry the lowest level of credit risk. |
| | B | Obligations rated B are judged to be of high quality and low credit risk. |
| | C | Obligations rated C are judged to be upper-medium grade and carry a low credit risk. |
| 2 | D | Obligations rated D are judged to be speculative and carry a moderate credit risk. |
| | E | Obligations rated E are judged to be speculative of poor standing and carry a very high credit risk. |
| 3 | F | Obligations rated F are in default, with little prospect for full recovery of principal or interest/ yield. |

### 3- Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition of a facility as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. The identification of SICR is measured via a change in one year probability of default between the date of inception of facility and the date of IFRS 9 ECL run.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring the ECL in accordance with IFRS 9 is that it should consider forward-looking information.
- Purchased or originated credit impaired financial assets are those financial assets that are credit impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).
- All government and government-guaranteed financial instruments have been taken into account in the calculation of total expected credit losses.

### 4- Significant increase in credit risk (SICR)

The Group considers a financial asset to have experienced a significant increase in credit risk when a significant change in one year probability of default occurs between the origination date of a specific facility and the IFRS 9 ECL run date.

**Quantitative criteria**

**Corporate loans:**

Retail:

For Retail portfolio, if the borrowers meet one or more of the following criteria:

- Adverse findings for an account/ borrower as per credit department data;
- Loan rescheduling before 30 Days Past Due (DPD);
- Accounts overdue between 30 and 90 days"

Treasury:

- Significant increase in probability of default of the underlying treasury instrument;
- Significant change in the investment's expected performance & behavior of borrower (collateral value, payment holiday, payment to income ratio etc.)."

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**Qualitative criteria:**

**Corporate Loans**

For corporate loans, if the borrower experiences a significant increase in probability of default, which can be triggered by the following Default Risk Indicator's (DRI):

- Past Due
- Net Worth Erosion
- Fraudulent Activity
- Mandatory Restructure
- Financial Covenants Breach
- Significant Operations Disruption"

For corporate loans, if the borrower experiences a significant increase in probability of default which can be triggered by the following qualitative factors:

- Management
- Industry Outlook\
- Financial Conduct
- Income Stability
- Lifecycle Stage
- Auditor Information"

The Group has not used the low credit exemption for any financial instruments in the year ended 31 December 2018.

**Backstop:**

If the borrower is more than 30 days past due on its contractual payments a backstop is applied and the financial asset is considered to have experienced a significant increase in credit risk.

### 5- Definition of default and credit-impaired assets

The Group defines a financial corporate, retail and investment instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

**Quantitative criteria**

The borrower is more than 90 days past due on its contractual payments.

### Qualitative criteria:

According to the Basel definition, default is considered to have occurred with regard to particular obligors when either one of the following events have taken place:

- The Bank considers that the obligor is unlikely to pay its credit obligation to the Group in full without recourse by the Bank to actions like realizing security (if held).
- The Bank puts the credit obligation on a non-accrued status.
- The Bank makes a charge-off or account-specific provision resulting from a perceived decline in credit quality subsequent to the Bank taking on the exposure.
- The Bank sells the credit obligation at a material credit-related economic loss.
- The Bank consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness or postponement of principal, interest and other fees.
- The Bank has filed for the obligor's bankruptcy or similar order in respect of the obligor's credit obligation to the Banking Group.
- The obligor is past due more than 90 days on any material credit obligation to the Banking Group."

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD) throughout the Group's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of twelve months. This period of twelve months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different cure definitions.

The Bank applies a three-stage approach to measuring ECL on financial instruments accounted for at amortised cost and FVOCI. Assets migrate through the following three stages based on the change in credit quality since initial recognition:

### Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised. "

### Stage 2: Lifetime ECL – not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised."

### Stage 3: Lifetime ECL – credit impaired

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. This uses the same criteria as under IAS 39, the Bank's methodology for specific provisions remains unchanged. For financial assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount."

### 6- Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since the initial recognition of a specific facility or whether an asset is considered credit-impaired. The Group has adopted a forward exposure method for computing the ECL for each facility. The bank has opted for a monthly granular computation of PD, EAD and LGD.

#### Probability of default (PD):

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between ratings classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

#### Loss given default (LGD):

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, LTV ratios are a key parameter in determining LGD. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

The Bank estimates the following haircuts for its main collaterals:

| Collateral Type | LGD% |
|---|---|
| Cash Margin, Government Guaranteed, Qualified Banking Guarantees, Other external qualified guarantors | 0% |
| Stocks and financial Assets | 25% |
| Real Estate | 30% |
| Cars | 52% |
| Machines | 61% |

**Exposure at default (EAD):**

The Group has implemented a risk rating model since 2014 which has enabled the Bank to collect historical risk ratings since 2014 and build point in time credit transition matrices for the last 12 years.

This has enabled the bank to derive a credit index using the historical transition matrices. The credit index correlates with specific macro-economic factors, which have been statistically, established through regression models.

These models were used to forecast future credit transitions using Moody's research macro-economic forecast under the IFRS 9 scenarios i.e. upwards and downwards.

- The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

The Group has adopted a workout methodology for LGD computation. For the Corporate segment, the Bank has developed the LGD framework using more than 10 years of data.

- The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.
- Forward-looking economic information is also included in determining the 12-month and lifetime PD.
- There have been no significant changes in estimation techniques or significant assumptions made during the year.

**7- Importance of staging criteria**

- Staging is based on the assessment of relative movement in the credit quality of the loans from the time of initial recording.
- Loans in stage 3 are those loans for which the bank has objective evidence of impairment. Accordingly, specific provision is recorded for such exposures.
- Stage transfer is triggered by assessing the relative change in credit risk (measured using lifetime risk of default) and not by the absolute credit risk at the reporting date.
- 30 days past due is the last resort."

Bank management's main definition and criteria for significant increase in credit risk (stage 2) includes the following parameters:

**For exposures (credit facilities) to corporate customers**

- 30 days past due on installment
- Downgrade by 7 notches of the risk rating scale of 20 points.
- Customer is classified as (7,8,9).
- Customer is classified under watchlist, restructured, rescheduled."

**For exposures (credit facilities) to retail customers**

- 30 days past dues on installments
- Customer is classified under watchlist, restructured, rescheduled.
- Customer is classified as E with more than 30 days past due
- Customer is classified as F"

**For exposures (Deposits balances) with banks and financial institutions**

- Current risk rate is 6 or 7

**For exposures to (Financial assets) at amortized cost and at fair value through the statement of comprehensive income**

- Current risk rate ranges from CCC to C

The Bank's definition and criteria for the significant increase in credit risk (stage 3) include the following criteria:

**For exposures (credit facilities) to corporate customers**

- 90 days past due.
- Customer is classified as (10).
- The customer is facing liquidity difficulties
- Customer is classified under non-performing."

**For exposures (credit facilities) to retail customers**

- 90 days past due.
- Customer is classified under non-performing
- Customer is classified as (F) and has more than 60 days past due"

**For exposures (Deposits balances) with banks and financial institutions**

- Current risk rate is 8

For exposures to (Financial assets) at amortized cost and at fair value through the statement of comprehensive income

- Current risk rate ranges from D

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**8- Forward looking information incorporated in the ECL models**

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

**9- Sensitivity analysis**

The Group has calculated ECL at an individual financial instrument level, hence does not require any grouping of financial instruments in the process of loss calculation.

The most significant assumptions affecting the ECL allowance in respect of retail and wholesale credit portfolios are as follows:

- Interest rate
- Unemployment
- Inflation”

**10- IFRS 9 Governance**

This section describes the roles and responsibilities of the Committees and groups, specific to the IFRS 9 process at the Bank.

- BOARD OF DIRECTORS (“BOARD” or “BoD”)
- “The Board will be responsible for:

• Approving the IFRS 9 Framework, that has been recommended by RMC,
• Ensuring the Bank’s Management is taking the required to comply with the standard
• Maintaining ECL allowances at an appropriate level and to oversee that CBJ has appropriate credit risk practices for assessment and measurement processes, including internal controls in place to consistently determine allowances in accordance with the stated policies and procedures, the applicable accounting framework and relevant supervisory guidance.

The BOD may delegate the responsibility of reviewing the detailed IFRS 9 related policies to the RMC.

- RISK MANAGEMENT COMMITTEE (“RMC”)

**The Risk Management Committee will be responsible for:**

• Reviewing and recommending the IFRS 9 framework to the BoD,
• Reviewing the implementation of IFRS 9 and ensuring the appropriate steps for compliance,
• Reviewing and approving the periodic disclosures in accordance to the Standard.
• Recommending adjustments to the business models, framework, methodology and policies and procedures

### INTERNAL AUDIT DEPARTMENT ("IAD")

- Internal Audit Department will be responsible for independently:
- Ensure the Bank's overall compliance with the Standard
- Reviewing the methodology and assumptions to ensure compliance
- Ensure appropriate levels of expected credit losses relative to the Bank's profile.

### INTERNAL RISK MANAGEMENT COMMITTEE ("IRMC")

The Internal Risk Management Committee will be responsible for:

- Overlooking and approving the periodic reporting's according to the standards.
- making the necessary recommendations to the Risk Committee of the Board of Directors
- Recommending adjustments to the business models, framework, methodology and policies and procedures to the RMC.

### RISK MANAGEMENT DEPARTMENT ("RMD")

The Chief Risk Officer and his/her respective personnel in the RMD will be responsible for:

- Developing and update the framework and methodology to be implemented by the Bank.
- Creating the expected credit loss models in compliance with the standard.
- Identify the criteria and develop the model to classify stages
- Coordinate between the different departments and units to manage the implementation of IFRS 9.
- Evaluate the impact of the ECL on the capital adequacy ratio.

### FINANCIAL CONTROL DEPARTMENT ("FCD")

FCD will be responsible for:

- Creating the business models
- Classifying and measuring the financial assets
- Reflecting the IFRS 9 impact on the Bank's financials.

### CREDIT CONTROL DEPARTMENT

- Identifying the stages of each customer and calculate the expected credit loss for each customer
- Updating customer information for IFRS 9 calculations to comply with the classified stage
- Create required reports

### (44-A-1) Expected credit loss for net recovered expenses

| Friday, December 31, 2021 | Stage one | Stage two | Stage three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balances with banks and financial institutions | (13) | - | 64 | 51 |
| Debt instruments at fair value through other comprehensive income | (5,473) | - | - | (5,473) |
| Direct credit facilities at amortized cost | 2,496,249 | (5,108,990) | 23,122,343 | 20,509,602 |
| Financial asstes at amortized cost - Debt instruments | 17,910 | (31,377) | 1,180,668 | 1,167,201 |
| Other financial assets measured at amortized cost | (27,594) | (1,708) | - | (29,302) |
| Letters of guarantee | (811,143) | (90,094) | (795,549) | (1,696,786) |
| Unutilized direct credit limits | 306,350 | (3,546) | - | 302,804 |
| Letters of credit | (267,862) | 59,955 | - | (207,907) |
| Bank acceptances | (81,406) | (3,713) | - | (85,119) |
| Total | 1,627,018 | (5,179,473) | 23,507,526 | 19,955,072 |

| Thursday, December 31, 2020 | Stage one | Stage two | Stage three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balances with banks and financial institutions | (255) | - | 67,702 | 67,447 |
| Debt instruments at fair value through other comprehensive income | (2,703) | - | - | (2,703) |
| Direct credit facilities at amortized cost | 3,295,155 | 6,263,576 | 14,090,118 | 23,648,849 |
| Financial asstes at amortized cost - Debt instruments | (41,315) | 31,377 | - | (9,938) |
| Other financial assets measured at amortized cost | 33,078 | 2,184 | - | 35,262 |
| Letters of guarantee | 244,157 | 184,209 | 462,958 | 891,324 |
| Unutilized direct credit limits | 181,675 | (97,643) | - | 84,032 |
| Letters of credit | 503,450 | (27,352) | - | 476,098 |
| Bank acceptances | (483,411) | (161,546) | - | (644,957) |
| Total | 3,729,831 | 6,194,805 | 14,620,778 | 24,545,414 |

**(44-A-2) Credit Risk Exposures (after impairment provisions and suspended interest and before collateral held or other mitigation factors):**

| | 2021 | 2020 |
|---|---|---|
| | JD | JD |
| Statement of financial position items: | | |
| Balances at Central Banks | 317,709,405 | 227,932,896 |
| Balances at banks and financial institutions | 312,926,016 | 142,576,136 |
| Direct credit facilities | | |
| Retail | 537,778,673 | 182,626,662 |
| Real estate | 198,821,957 | 155,769,597 |
| Corporate & SMEs | | |
| Corporate | 974,824,033 | 741,344,490 |
| Small and medium enterprises (SMEs) | 214,828,896 | 172,919,678 |
| | | |
| Governmental and public sector | 119,388,336 | 60,187,977 |
| Direct credit facilities through income statement | 83,650,601 | 113,546,088 |
| | | |
| Bonds and treasury bills: | | |
| Financial assets at fair value through other comprehensive income statement | 174,563,616 | 70,701,687 |
| Financial assets at amortized cost | 1,000,744,777 | 572,078,174 |
| Pledged financial assets | - | 33,238,850 |
| Other assets | 26,419,103 | 34,539,050 |
| Total statement of financial position Items | 3,961,655,413 | 2,507,461,285 |
| Off - statement of financial position items | | |
| Letters of guarantee | 251,478,630 | 144,679,111 |
| Export Letters of credit | 137,109,229 | 64,422,199 |
| Confirmed Import Letters of credit | 14,832,594 | 23,157,779 |
| Issued acceptances | 90,806,002 | 70,387,661 |
| Unutilized credit facilities | 280,252,801 | 127,664,372 |
| Forward purchase contracts | 296,545,718 | 94,673,245 |
| Forward interest contracts | 79,762,500 | 106,350,000 |
| Total off - statement of financial position items | 1,150,787,474 | 631,334,367 |
| Total | 5,112,442,887 | 3,138,795,652 |

- The table above represents the maximum limit of the Bank's credit risk exposure as of 31 December 2021 and 2020, without taking into consideration the collateral and the other factors which will decrease the Bank's credit risk.
- For the statement of financial position items, the exposure in the above table is based on the balances as appeared on the consolidated statement of financial position, in addition to the related accrued interests.

## (44-A-3) Credit risk management disclosure

### 1) Distribution of credit exposure

| Internal credit rating | Classification According to instruction number (2009/47) | Total Exposures | Expected credit loss (ECL) | Probability of Default (PD) | Classification by external classification institutions | Exposure at default (EAD) | Loss given default (LGD) % |
|---|---|---|---|---|---|---|---|
| Performing Exposures | | | | | | | |
| Balances at Central Banks | | | | | | | |
| | Low risk | 318,309,728 | - | | - | 318,310 | - |
| | Acceptable risk | 107,530,404 | - | | - | 107,530 | - |
| Balances and deposits at banks and financial institutions | | | | | | | |
| | Low risk | 70,607,588 | - | | - | 70,608 | - |
| | Acceptable risk | 71,908,736 | 69,020 | 2.52% | - | 71,909 | 0.10% |
| Loans and Advances measured at fair value through income statement | | | | | | | |
| | Acceptable risk | 82,883,298 | - | | Unrated | - | - |
| Direct credit facilities- amortized cost: | | | | | | | |
| Corporate companies | | | | | | | |
| | Low risk | 190,912,576 | 347,779 | 0.68% | Unrated | 190,913 | 28.89% |
| | Acceptable risk | 792,156,612 | 12,786,523 | 6.76% | Unrated | 792,157 | 27.49% |
| Small and medium entities | | | | | | | |
| | Low risk | 35,147,405 | 44,571 | 0.50% | Unrated | 35,147 | 25.66% |
| | Acceptable risk | 174,480,213 | 2,725,803 | 13.54% | Unrated | 174,480 | 19.51% |
| Retail | | | | | | | |
| | Low risk | 280,293,853 | 1,399,455 | 1.17% | Unrated | 280,294 | 43.11% |
| | Acceptable risk | 256,294,213 | 1,166,537 | 2.03% | Unrated | 256,294 | 32.94% |
| Real estate | | | | | | | |
| | Low risk | 35,307,052 | 3,716 | 0.06% | Unrated | 35,307 | 18.17% |
| | Acceptable risk | 156,565,598 | 1,664,502 | 11.33% | Unrated | 156,566 | 16.93% |
| Government and public sector | | | | | | | |
| | Low risk | 31,000,000 | - | | Unrated | 31,000 | - |
| | Acceptable risk | 88,021,813 | - | | Unrated | 88,022 | - |
| Financial Assets At Amortized Cost - Debt instruments | | | | | | | |
| | Low risk | 955,174,151 | - | | BB- | 955,174 | - |
| | Acceptable risk | 27,854,498 | 26,562 | 6.60% | BB-/Unrated | 27,854 | - |
| Financial Assets at Fair Value through Other Comprehensive Income - Debt instruments | | | | | | | |
| | Low risk | 147,197,518 | - | | BB- | 147,198 | - |
| | Acceptable risk | 23,622,741 | 19,458 | 0.21% | AA/BBB- | 23,623 | - |
| Internal credit rating | Classification According to instruction number (2009/47) | Total Exposures | Expected credit loss (ECL) | Probability of Default (PD) | Classification by external classification institutions | Exposure at default (EAD) | Loss given default (LGD) % |
| Letters of guarantee | | | | | | | |
| | Low risk | 58,105,425 | 77,941 | 0.00% | Unrated | 58,105 | 0 |
| | Acceptable risk | 192,316,148 | 1,798,571 | 0.40% | Unrated | 192,316 | 34.73% |
| Unutilized direct credit limits | | | | | | | |
| | Low risk | 131,858,042 | 128,440 | 0.00% | Unrated | 131,858 | 0.00% |
| | Acceptable risk | 149,303,323 | 780,124 | 0.57% | Unrated | 149,303 | 43.42% |

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| Internal credit rating | Classification According to instruction number (2009/47) | Total Exposures | Expected credit loss (ECL) | Probability of Default (PD) | Classification by external classification institutions | Exposure at default (EAD) | Loss given default (LGD) % |
|---|---|---|---|---|---|---|---|
| Letters of credit | | | | | | | |
| | Low risk | 47,240,612 | 147,854 | 0.00% | Unrated | 47,241 | 0.00% |
| | Acceptable risk | 105,883,585 | 1,034,520 | 0.93% | Unrated | 105,884 | 25.65% |
| Issued Acceptances | | | | | | | |
| | Low risk | 13,780,447 | 91,011 | 0.00% | Unrated | 13,780 | 0.00% |
| | Acceptable risk | 77,945,664 | 829,098 | 0.81% | Unrated | 77,946 | 37.45% |
| Bank acceptances and claims of purchased financial receivables | | | | | | | |
| | Low risk | 131,989 | 168 | 0.00% | Unrated | 132 | 0.00% |
| | Acceptable risk | 26,006,179 | 87,500 | 0.28% | Unrated | 26,006 | 45.00% |
| Non-performing exposures | | | | | | | |
| Direct credit facilities - amortized cost: | | | | | | | |
| Corporate companies | | | | | | | |
| | Substandard | 989,199 | 8,276,215 | 100٪ | Unrated | 967 | 20.10% |
| | Doubtful | 3,770,736 | 1,713,230 | 100٪ | Unrated | 3,509 | 64.04% |
| | Loss | 77,934,979 | 54,188,400 | 100٪ | Unrated | 57,550 | 49.07% |
| Small and medium entities | | | | | | | |
| | Substandard | 1,697,619 | 366,992 | 100٪ | Unrated | 1,664 | 37.94% |
| | Doubtful | 5,654,199 | 2,462,612 | 100٪ | Unrated | 5,475 | 28.99% |
| | Loss | 21,017,802 | 12,906,138 | 100٪ | Unrated | 15,458 | 38.41% |
| Retail | | | | | | | |
| | Substandard Substandard | 2,576,270 | 1,121,701 | 100٪ | Unrated | 2,551 | 19.82% |
| | Doubtful Doubtful | 2,754,799 | 2,229,087 | 100٪ | Unrated | 2,529 | 34.14% |
| | Loss | 12,772,952 | 9,846,701 | 100٪ | Unrated | 10,162 | 50.98% |
| Real estate | | | | | | | |
| | Substandard | 367,109 | 31,212 | 100٪ | Unrated | 362 | 18.87% |
| | Doubtful | 2,000,979 | 413,897 | 100٪ | Unrated | 1,830 | 16.32% |
| | Loss | 15,339,170 | 6,858,882 | 100٪ | Unrated | 11,947 | 28.04% |
| Financial Assets At Amortized Cost - Debt instruments | | | | | | | |
| | Loss | 5,700,000 | 1,680,668 | 100٪ | Unrated | 5,700 | 100.00% |
| Letters of guarantee | | | | | | | |
| | Substandard | - | - | 100٪ | Unrated | - | 1.70% |
| | Doubtful | 161,429 | - | 100٪ | Unrated | 161 | 40.30% |
| | Loss | 2,773,597 | 1,457 | 100٪ | Unrated | 2,774 | 44.34% |
| Limits of credit facilities | | | | | | | |
| | Substandard | - | - | 100٪ | Unrated | - | - |
| | Loss | - | - | 100٪ | Unrated | - | - |

**2- Concentration in credit exposures based on economic sectors is as follows:**

a) Total distribution of exposures according to financial instruments subject to impairment losses

| | 31 December 2021 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Financial | Industrial | Commercial | Real estate | Agriculture | Shares | Retail | Governmental and Public Sector | Other | Total |
| | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Balance sheet items | | | | | | | | | | |
| Balances at Central Banks | - | - | - | - | - | - | - | 317,709,405 | - | 317,709,405 |
| Balances at banks and financial institutions | 312,926,016 | - | - | - | - | - | - | - | - | 312,926,016 |
| Direct Credit facilities at amortized cost | 56,341,511 | 255,601,693 | 359,561,944 | 377,466,938 | 42,735,768 | 75,815,630 | 515,538,806 | 119,392,267 | 243,187,338 | 2,045,641,895 |
| Loans and advances at fair value through income statement | - | 83,650,601 | - | - | - | - | - | - | - | 83,650,601 |
| Bonds and treasury bills: | | | | | | | | | | |
| Financial assets at fair value through other comprehensive income | 3,155,769 | 1,581,855 | - | 531,505 | - | - | - | 165,309,131 | 3,985,356 | 174,563,616 |
| Financial assets at Amortized cost | 3,225,534 | - | - | - | - | - | - | 993,497,039 | 4,022,204 | 1,000,744,777 |
| Financial derivatives | - | - | - | - | - | - | - | - | - | - |
| Pledged financial assets - debt instruments | - | - | - | - | - | - | - | | - | - |
| Other assets | 26,195,997 | 223,106 | - | - | - | - | - | - | - | 26,419,103 |
| Total 2021 | 401,844,827 | 341,057,255 | 359,561,944 | 377,998,443 | 42,735,768 | 75,815,630 | 515,538,806 | 1,595,907,842 | 251,194,898 | 3,961,655,413 |
| Off - balance sheet items | | | | | | | | | | |
| Letter of guarantee | 34,426,700 | 12,676,593 | 68,931,165 | 66,731,901 | 1,124,330 | 888,971 | 10,608,152 | - | 56,090,818 | 251,478,630 |
| Letter of credit | 37,808,126 | 13,486,562 | 53,137,799 | 324,658 | 2,240,831 | - | 1,024,988 | 15,667,267 | 28,251,592 | 151,941,823 |
| Other Liabilities | 370,645,919 | 150,278,346 | 98,960,001 | 14,876,406 | 9,476,134 | 3,795,008 | 46,828,438 | - | 52,506,769 | 747,367,021 |
| Total | 844,725,572 | 517,498,756 | 580,590,909 | 459,931,408 | 55,577,063 | 80,499,609 | 574,000,384 | 1,611,575,109 | 388,044,077 | 5,112,442,887 |

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| | 31 December 2020 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Financial | Industrial | Commercial | Real estate | Agriculture | Shares | Retail | Governmental and Public Sector | Other | Total |
| | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Balance sheet items | | | | | | | | | | |
| Balances at Central Banks | - | - | - | - | - | - | - | 227,932,896 | - | 227,932,896 |
| Balances at banks and financial institutions | 142,576,136 | - | - | - | - | - | - | - | - | 142,576,136 |
| Deposits at banks and financial institutions | - | - | - | - | - | - | - | - | - | - |
| Direct Credit facilities at amortized cost | 23,539,643 | 149,434,515 | 287,981,055 | 296,819,403 | 37,086,945 | 77,536,580 | 169,275,014 | 60,187,977 | 210,987,272 | 1,312,848,404 |
| Loans and advances at fair value through income statement | - | 113,546,088 | - | - | - | - | - | - | - | 113,546,088 |
| Bonds and treasury bills: | | | | | | | | | | |
| Financial assets at fair value through income statement | - | - | - | - | - | - | - | - | - | - |
| Financial assets at fair value through other comprehensive income | 23,977,648 | 886,934 | - | - | - | - | - | 44,073,759 | 1,763,346 | 70,701,687 |
| Financial assets at Amortized cost | 3,604,787 | - | - | - | - | - | - | 563,304,764 | 5,168,623 | 572,078,174 |
| Financial derivatives | - | - | - | - | - | - | - | - | - | - |
| Pledge financial assets | - | - | - | - | - | - | - | 33,238,850 | - | 33,238,850 |
| Other assets | 34,308,716 | 143,924 | - | - | - | - | - | - | - | 34,452,640 |
| Total 2020 | 228,006,930 | 264,011,461 | 287,981,055 | 296,819,403 | 37,086,945 | 77,536,580 | 169,275,014 | 928,738,246 | 217,919,241 | 2,507,374,875 |
| Off - balance sheet items | | | | | | | | | | |
| Letter of guarantee | 33,461,234 | 6,944,961 | 19,763,708 | 14,566,839 | 432,341 | 5,443,133 | - | 19,114,232 | 44,952,663 | 144,679,111 |
| Letter of credit | 32,370,504 | 5,280,331 | 22,369,566 | 143,892 | 2,821,836 | 207,385 | - | - | 24,386,464 | 87,579,978 |
| Other Liabilities | 249,540,317 | 117,113,308 | 15,737,189 | 69,803 | 4,496,339 | 221,967 | - | - | 11,896,355 | 399,075,278 |
| Total | 543,378,985 | 393,350,061 | 345,851,518 | 311,599,937 | 44,837,461 | 83,409,065 | 169,275,014 | 947,852,478 | 299,154,723 | 3,138,709,242 |

b) Total distribution of exposures according to financial instruments subject to impairment losses

| 31 December 2021 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Financial | 401,748,611 | 17,590 | 78,626 | 401,844,827 |
| Industrial | 315,307,530 | 20,161,334 | 5,588,391 | 341,057,255 |
| Commercial | 304,228,222 | 44,465,312 | 10,868,410 | 359,561,944 |
| Real estate | 275,227,113 | 81,785,771 | 20,985,559 | 377,998,443 |
| Agriculture | 35,911,444 | 6,794,872 | 29,452 | 42,735,768 |
| Shares | 72,839,519 | 2,784,552 | 191,559 | 75,815,630 |
| Retail | 496,221,055 | 13,394,401 | 5,923,350 | 515,538,806 |
| Governmental and Public Sector | 1,595,907,842 | - | - | 1,595,907,842 |
| Other | 213,901,231 | 27,863,379 | 9,430,288 | 251,194,898 |
| Total | 3,711,292,567 | 197,267,211 | 53,095,635 | 3,961,655,413 |

| 31 December 2020 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Financial | 227,875,664 | 20,811 | 196,865 | 228,093,340 |
| Industrial | 237,890,275 | 22,200,899 | 3,920,287 | 264,011,461 |
| Commercial | 215,772,501 | 61,294,660 | 10,913,894 | 287,981,055 |
| Real estate | 238,070,745 | 48,870,314 | 9,878,344 | 296,819,403 |
| Agriculture | 34,146,624 | 2,763,181 | 177,140 | 37,086,945 |
| Shares | 70,834,207 | 6,006,584 | 695,789 | 77,536,580 |
| Retail | 159,498,373 | 8,069,803 | 1,706,838 | 169,275,014 |
| Governmental and Public Sector | 928,738,246 | - | - | 928,738,246 |
| Other | 190,177,315 | 25,895,950 | 1,845,976 | 217,919,241 |
| Total | 2,303,003,950 | 175,122,202 | 29,335,133 | 2,507,461,285 |

**3) Credit Concentration based on geographic distribution is as follows:**

a) Total distribution of exposures according to geographic region

| | 31 December 2021 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Inside Jordan | Other Middle Eastern countries | Europe | Asia | Africa | America | Other Countries | Total |
| | JD | JD | JD | JD | JD | JD | JD | JD |
| Balances at Central Banks | 210,179,001 | 107,530,404 | - | - | - | - | - | 317,709,405 |
| Balances at banks and financial institutions | 74,485,600 | 42,547,495 | 56,693,016 | 2,388,111 | 1,258,049 | 135,279,876 | 273,869 | 312,926,016 |
| Direct Credit facilities at amortized cost | 1,624,864,709 | 420,777,186 | - | - | - | - | - | 2,045,641,895 |
| Loans and advances at fair value through income statement | 83,650,601 | - | - | - | - | - | - | 83,650,601 |
| Bonds and treasury bills: | | | | | | | | |
| Financial assets at fair value through other comprehensive income | 132,643,425 | 38,220,947 | 814,598 | - | 385,682 | 2,498,964 | - | 174,563,616 |
| Financial assets at Amortized cost | 972,368,749 | 28,376,028 | - | - | | - | - | 1,000,744,777 |
| Other assets | 591,709 | 25,767,268 | - | - | 60,126 | - | - | 26,419,103 |
| Total 2021 | 3,098,783,794 | 663,219,328 | 57,507,614 | 2,388,111 | 1,703,857 | 137,778,840 | 273,869 | 3,961,655,413 |
| Letter of guarantee | 147,167,751 | 64,774,248 | 39,532,631 | - | - | 4,000 | - | 251,478,630 |
| Letter of Credit | 76,516,297 | 75,425,526 | - | - | - | - | - | 151,941,823 |
| Other Liabilities | 687,258,727 | 60,108,294 | - | - | - | - | - | 747,367,021 |
| Total | 4,009,726,569 | 863,527,396 | 97,040,245 | 2,388,111 | 1,703,857 | 137,782,840 | 273,869 | 5,112,442,887 |

| | 31 December 2020 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Inside Jordan | Other Middle Eastern countries | Europe | Asia | Africa | America | Other Countries | Total |
| | JD | JD | JD | JD | JD | JD | JD | JD |
| Balances at Central Banks | 150,664,838 | 77,268,058 | | | | | | 227,932,896 |
| Balances at banks and financial institutions | 39,763,454 | 36,465,245 | 43,049,262 | 2,580,627 | - | 20,682,610 | 34,938 | 142,576,136 |
| Direct Credit facilities at amortized cost | 1,158,616,917 | 154,231,487 | - | - | - | - | - | 1,312,848,404 |
| Loans and advances at fair value through income statement | 113,546,088 | - | - | - | - | - | - | 113,546,088 |
| Bonds and treasury bills: | | | | | | | | |
| Financial assets at fair value through other comprehensive income | 12,607,355 | 56,722,352 | 683,611 | 389,446 | 298,923 | - | - | 70,701,687 |
| Financial assets at Amortized cost | 568,473,387 | 3,604,787 | - | - | - | - | - | 572,078,174 |
| Pledged financial assets - debt instruments | 33,238,850 | - | - | - | - | - | - | 33,238,850 |
| Other assets | 230,335 | 34,308,715 | - | - | - | - | - | 34,539,050 |
| Total 2019 | 2,077,141,224 | 362,600,644 | 43,732,873 | 2,970,073 | 298,923 | 20,682,610 | 34,938 | 2,507,461,285 |
| Letter of guarantee | 99,506,222 | 41,621,834 | 3,548,555 | - | 500 | 2,000 | - | 144,679,111 |
| Letter of Credit | 36,688,497 | 50,891,481 | - | - | - | - | - | 87,579,978 |
| Other Liabilities | 348,896,355 | 50,178,923 | - | - | - | - | - | 399,075,278 |
| Total | 2,562,232,298 | 505,292,882 | 47,281,428 | 2,970,073 | 299,423 | 20,684,610 | 34,938 | 3,138,795,652 |

b) Distribution of exposures according to geographic region on stages according to IFRS 9

| Friday, December 31, 2021 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Inside Jordan | 2,890,838,208 | 158,253,546 | 49,692,040 | 3,098,783,794 |
| Other Middle Eastern countries | 620,815,653 | 39,000,080 | 3,403,595 | 663,219,328 |
| Europe | 57,507,614 | - | - | 57,507,614 |
| Asia | 2,374,526 | 13,585 | - | 2,388,111 |
| Africa | 1,703,857 | - | - | 1,703,857 |
| America | 137,778,840 | - | - | 137,778,840 |
| Other Countries | 273,869 | - | - | 273,869 |
| Total | 3,711,292,567 | 197,267,211 | 53,095,635 | 3,961,655,413 |

| Thursday, December 31, 2020 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Inside Jordan | 1,896,553,865 | 154,084,819 | 26,502,540 | 2,077,141,224 |
| Other Middle Eastern countries | 338,745,854 | 21,022,197 | 2,832,593 | 362,600,644 |
| Europe | 43,732,873 | - | - | 43,732,873 |
| Asia | 2,954,887 | 15,186 | - | 2,970,073 |
| Africa | 298,923 | - | - | 298,923 |
| America | 20,682,610 | - | - | 20,682,610 |
| Other Countries | 34,938 | - | - | 34,938 |
| Total | 2,303,003,950 | 175,122,202 | 29,335,133 | 2,507,461,285 |

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distribution of exposures according to financial instruments subject to impairment losses

| 31 December 2021 | Stage One | Stage Two | Stage Three | Purchased originated credit-impaired (POCI) | Total |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| Financial | 401,748,611 | 17,590 | 78,626 | - | 401,844,827 |
| Industrial | 315,307,534 | 20,161,330 | 5,588,391 | - | 341,057,255 |
| Commercial | 312,279,848 | 36,413,686 | 9,169,134 | 1,699,276 | 359,561,944 |
| Real estate | 302,956,886 | 54,055,998 | 16,731,375 | 4,254,184 | 377,998,443 |
| Agriculture | 35,911,444 | 6,794,872 | 29,452 | - | 42,735,768 |
| Shares | 72,839,519 | 2,784,552 | 191,559 | - | 75,815,630 |
| Retail | 496,221,055 | 13,394,401 | 5,923,350 | - | 515,538,806 |
| Governmental and Public Sector | 1,595,907,842 | - | - | - | 1,595,907,842 |
| Other | 241,062,426 | 702,184 | 6,548,831 | 2,881,457 | 251,194,898 |
| Total | 3,774,235,165 | 134,324,613 | 44,260,718 | 8,834,917 | 3,961,655,413 |

Distribution of exposures according to geographic region on stages according to IFRS 9

| 31 December 2021 | Stage One | Stage Two | Stage Three | Purchased originated credit-impaired (POCI) | Total |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| Inside Jordan | 2,953,780,806 | 95,310,948 | 40,857,123 | 8,834,917 | 3,098,783,794 |
| Other Middle Eastern countries | 620,815,653 | 39,000,080 | 3,403,595 | - | 663,219,328 |
| Europe | 57,507,614 | - | - | - | 57,507,614 |
| Asia | 2,374,526 | 13,585 | - | - | 2,388,111 |
| Africa | 1,703,857 | - | - | - | 1,703,857 |
| America | 137,778,840 | - | - | - | 137,778,840 |
| Other Countries | 273,869 | - | - | - | 273,869 |
| Total | 3,774,235,165 | 134,324,613 | 53,095,635 | 8,834,917 | 3,961,655,413 |

### 4- The fair value distribution of collateral against credit exposure (for total credit exposures) is as follows:

| Friday, December 31, 2021 | Total Exposure | Interest In Suspense | Fair value of Collaterals | | | | | | Net exposures after collateral | Expected credit loss (ECL) |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Cash Collaterals | Listed stocks | Accepted guarantees | Real estate | Cars and equipment | Total Collateral | | |
| | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Cash and balances at central banks | 317,709,405 | - | - | - | - | - | - | - | 317,709,405 | - |
| Balances at banks and financial institutions | 312,926,016 | - | - | - | - | - | - | - | 312,926,016 | - |
| Direct credit facilities: | | | | | | | | | | |
| Retail | 556,455,152 | 2,912,998 | 23,429,737 | 11,927,421 | - | 42,185,061 | 23,982,711 | 328,364,171 | 228,090,981 | 15,763,481 |
| Real estate Mortgages | 211,629,426 | 3,835,260 | 1,799,233 | - | - | 195,081,154 | 3,559,453 | 200,439,840 | 11,189,586 | 8,972,209 |
| Companies | | | | | | | | | | |
| Corporate | 1,074,750,826 | 22,614,644 | 30,143,932 | 14,109,913 | 20,125,899 | 255,055,735 | 30,908,165 | 350,880,026 | 723,870,800 | 77,312,149 |
| Small and medium enterprises "SMEs" | 239,325,965 | 5,990,955 | 5,599,756 | 1,254,902 | - | 103,687,720 | 3,835,864 | 117,717,757 | 121,608,208 | 18,506,114 |
| Government and public sector lending | 119,388,336 | - | | - | - | - | - | - | 119,388,336 | - |
| Loans and advances at fair value through income statement | 83,650,601 | - | - | - | - | - | - | - | - | - |
| Debt, subordinate, and treasury bills : | | | | | | | | | | |
| Financial assets at fair value through other comprehensive income | 174,583,074 | - | - | - | - | - | - | - | 174,583,074 | 19,458 |
| Financial assets at amortized cost | 1,002,452,007 | - | - | - | - | 5,200,000 | - | 5,200,000 | 997,252,007 | 1,707,230 |
| Other assets | 26,506,771 | - | - | - | - | - | - | - | 26,506,771 | 87,668 |
| Total | 4,119,377,579 | 35,353,857 | 60,972,658 | 27,292,236 | 20,125,899 | 601,209,670 | 62,286,193 | 1,002,601,794 | 3,033,125,184 | 122,368,309 |
| Letters of guarantee | 253,356,599 | - | 49,676,997 | 1,400 | 631,269 | 38,595,414 | 2,693,096 | 91,598,175 | 161,758,424 | 1,877,969 |
| Letters of credit | 153,124,197 | - | 68,393,600 | - | 1,911,097 | 12,952,487 | 78,930 | 83,336,113 | 69,788,084 | 1,182,374 |
| Other liabilities | 749,195,694 | - | 45,306,448 | - | - | 1,254,377 | 276,497 | 46,837,322 | 702,358,372 | 1,828,673 |
| Total | 5,275,054,069 | 35,353,857 | 224,349,703 | 27,293,636 | 22,668,265 | 654,011,947 | 65,334,716 | 1,224,373,405 | 3,967,030,063 | 127,257,325 |

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| Thursday, December 31, 2020 | Total Exposure | Interest In Suspense | Fair value of Collaterals | | | | | | | Net exposures after collateral | Expected credit loss (ECL) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Cash Collaterals | Listed stocks | Accepted guarantees | Real estate | Cars and equipment | Others | Total Collateral | | |
| | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Cash and balances at central banks | 227,932,896 | - | - | - | - | - | - | - | - | 227,932,896 | - |
| Balances at banks and financial institutions | 142,645,092 | - | - | - | - | - | - | - | - | 142,645,092 | 68,956 |
| Deposits at banks and financial institutions | - | - | - | - | - | - | - | - | - | - | - |
| Direct credit facilities: | | | | | | | | | | | |
| Retail | 192,755,962 | 3,287,310 | 12,789,918 | 13,759,142 | - | 2,406,763 | 16,514,190 | 687,466 | 46,157,479 | 146,598,483 | 6,841,990 |
| Real estate Mortgages | 166,376,968 | 3,222,152 | 3,058,058 | - | - | 157,295,594 | - | - | 160,353,652 | 6,023,316 | 7,385,219 |
| Companies | | | | | | | | | | | |
| Corporate | 793,561,752 | 11,655,538 | 20,966,365 | 10,521,855 | 3,017,304 | 167,723,201 | 24,449,210 | 12,673,708 | 239,351,643 | 554,210,109 | 40,561,724 |
| Small and medium enterprises "SMEs" | 190,373,678 | 5,272,800 | 7,991,500 | 357,123 | - | 75,127,534 | 4,622,646 | 6,100,749 | 94,199,552 | 96,174,126 | 12,181,200 |
| Government and public sector lending | 60,187,977 | - | 182,117 | - | - | - | - | - | - | 60,187,977 | - |
| Financial assets at fair value through other comprehensive income | 113,546,088 | - | - | - | - | - | - | - | - | - | - |
| Debt, subordinate, and treasury bills : | | | | | | | | | | | |
| Financial assets at fair value through other comprehensive income | 70,726,618 | - | - | - | - | - | - | - | - | 70,726,618 | 24,931 |
| Financial assets at amortized cost | 572,618,203 | - | - | 4,690,079 | - | 7,159,440 | - | - | 11,849,519 | 560,768,684 | 540,029 |
| Pledged financial assets | 33,238,850 | - | - | - | - | - | - | - | - | 33,238,850 | - |
| Other assets | 34,656,020 | - | - | - | - | - | - | - | - | 34,656,020 | 116,970 |
| Total | 2,598,620,104 | 23,437,800 | 44,987,958 | 29,328,199 | 3,017,304 | 409,712,532 | 45,586,046 | 19,461,923 | 551,911,845 | 1,933,162,171 | 67,721,019 |
| Letters of guarantee | 146,285,015 | - | 54,097,302 | 118,656 | 822,158 | 13,525,907 | 1,332,916 | - | 69,896,939 | 76,388,076 | 1,605,904 |
| Letters of credit | 88,954,239 | - | 38,928,424 | - | 693,460 | 17,216,550 | - | 17,331,190 | 74,169,624 | 14,784,615 | 1,374,261 |
| Other liabilities | 400,455,968 | - | 31,367,084 | - | - | 3,000,000 | - | - | 34,367,084 | 366,088,884 | 1,380,690 |
| Total | 3,234,315,326 | 23,437,800 | 169,380,768 | 29,446,855 | 4,532,922 | 443,454,989 | 46,918,962 | 36,793,113 | 730,345,492 | 2,390,423,746 | 72,081,874 |

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**5 – The fair value distribution of collateral against credit exposure is as follows (for exposures under stage three):**

| Friday, December 31, 2021 | Total Exposure | Interest In Suspense | Fair value of Collaterals | | | | | Net exposures after collateral | Expected credit loss (ECL) |
|---|---|---|---|---|---|---|---|---|---|
| | | | Cash Collaterals | Listed stocks | Real estate | Cars and equipements | Total Collateral | | |
| | JD | | JD | JD | JD | JD | JD | JD | JD |
| Balances at banks and financial institutions | 69,020 | - | - | - | - | - | - | 69,020 | 69,020 |
| Direct credit facilities: | | | | | | | | | |
| Retail | 20,723,934 | 2,912,998 | 109,381 | 13,458 | 3,642,949 | 990,717 | 5,899,075 | 14,824,859 | 13,430,308 |
| Real estate Mortgages | 27,025,060 | 3,835,260 | 86,899 | - | 21,947,696 | 321,420 | 22,356,015 | 4,669,045 | 7,303,991 |
| Companies | | | | | | | | | |
| Corporate | 97,610,761 | 22,614,644 | 54,376 | - | 34,801,845 | 1,590,795 | 40,209,156 | 57,401,605 | 64,215,626 |
| Small and medium enterprises -SMEs | 39,642,918 | 5,990,955 | 1,506,500 | - | 15,982,354 | 50,000 | 18,533,323 | 21,109,595 | 15,797,430 |
| Government and public sector lending | | | | | | | | | |
| Debt, subordinate, and treasury bills: | | | | | | | | | |
| Financial assets at amortized cost | 5,700,000 | - | - | - | 5,200,000 | - | 5,200,000 | 500,000 | 1,680,668 |
| Total | 190,771,693 | 35,353,857 | 1,757,155 | 13,458 | 81,574,844 | 2,952,931 | 92,197,569 | 98,574,124 | 102,497,043 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Letters of guarantee | 6,740,168 | - | 890,178 | - | 2,330,128 | 14,975 | 3,235,281 | 3,504,887 | 8,931 |
| Other liabilities | 664 | - | - | - | - | - | - | 664 | - |
| Total | 197,512,525 | 35,353,857 | 2,647,333 | 13,458 | 83,904,972 | 2,967,906 | 95,432,850 | 102,079,675 | 102,505,974 |

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| Thursday, December 31, 2020 | Total Exposure | Interest In Suspense | Fair value of Collaterals | | | | | | | Net exposures after collateral | Expected credit loss (ECL) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Cash Collaterals | Listed stocks | Accepted guarantees | Real estate | Cars and equipment | Others | Total Collateral | | |
| | JD | | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Balances at banks and financial institutions | 69,091 | - | - | - | - | - | - | - | - | 69,091 | 68,956 |
| Direct credit facilities: | | | | | | | | | | | |
| Retail | 10,660,321 | 3,287,310 | 84,933 | 437,513 | - | 776,526 | 1,851,587 | - | 3,150,559 | 7,509,762 | 5,736,529 |
| Real estate Mortgages | 14,671,036 | 3,222,152 | 435,133 | - | - | 11,647,653 | - | - | 12,082,786 | 2,588,250 | 5,733,666 |
| Companies | | | | | | | | | | | |
| Corporate | 54,829,675 | 11,434,161 | 1,513,741 | - | 33,180 | 13,820,578 | 1,826,504 | - | 17,194,003 | 37,635,672 | 30,848,582 |
| Small and medium enterprises- SMEs | 23,688,742 | 5,272,800 | 2,198,139 | - | - | 5,362,406 | 50,000 | 56,162 | 7,666,707 | 16,022,035 | 8,979,575 |
| Debt, subordinate, and treasury bills: | | | | | | | | | | | |
| Financial assets at amortized cost | 500,000 | - | - | - | - | - | - | - | - | 500,000 | 500,000 |
| Total | 104,418,865 | 23,216,423 | 4,231,946 | 437,513 | 33,180 | 31,607,163 | 3,728,091 | 56,162 | 40,094,055 | 64,324,810 | 51,867,308 |
| Letters of guarantee | 5,283,031 | - | 1,353,261 | - | - | 1,070,912 | 13,275 | - | 2,437,448 | 2,845,583 | 472,812 |
| Other liabilities | 20,885 | - | - | - | - | - | - | - | - | 20,885 | - |
| Total | 109,722,781 | 23,216,423 | 5,585,207 | 437,513 | 33,180 | 32,678,075 | 3,741,366 | 56,162 | 42,531,503 | 67,191,278 | 52,340,120 |

**6) Total credit exposures that have been reclassified**

**a) Total credit exposures that have been reclassified**

| Friday, December 31, 2021 | Stage Two | | Stage Three | | Total reclassified exposures | Percentage of reclassified exposures |
|---|---|---|---|---|---|---|
| | Total Exposure | reclassified exposure | Total Exposure | Total reclassified exposures | | |
| | JD | JD | JD | JD | JD | |
| Balances at banks and financial institutions | 17,584 | - | - | - | - | 0% |
| Direct Credit Facilities at amortized cost | 194,800,663 | 40,128,957 | 82,222,424 | 14,911,353 | 55,040,310 | 20% |
| Bonds and treasury bills within: | | | | | | |
| Financial assets at Amortized cost | - | - | 4,019,332 | 5,168,623 | 5,168,623 | 129% |
| Other assets | 91,284 | - | - | - | - | |
| Total | 194,909,531 | 40,128,957 | 86,241,756 | 20,079,976 | 60,208,933 | 21% |
| | | | | | | |
| Letters of guarantee | 8,604,090 | 2,650,865 | 6,731,237 | 3,973,319 | 6,624,184 | 43% |
| Letters of Credit | 396,502 | - | - | - | - | 0% |
| Bank acceptances | 14,166 | - | - | - | - | 0% |
| Unutilized credit facilities | 1,716,815 | 11,196 | 664 | - | 11,196 | 1% |
| Total | 10,731,573 | 2,662,061 | 6,731,901 | 3,973,319 | 6,635,380 | 38% |

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| Thursday, December 31, 2020 | Stage Two | | Stage Three | | Total reclassified exposures | Percentage of reclassified exposures |
|---|---|---|---|---|---|---|
| | Total Exposure | reclassified exposure | Total Exposure | Total reclassified exposures | | |
| | JD | JD | JD | JD | JD | |
| Balances at banks and financial institutions | 20,806 | - | 135 | 135 | 135 | 1% |
| Direct Credit Facilities at amortized cost | 168,458,517 | 28,358,574 | 50,550,997 | 2,950,777 | 31,309,351 | 14% |
| Bonds and treasury bills within: | | | | | | |
| Financial assets at Amortized cost | 5,168,623 | 5,200,000 | - | - | 5,200,000 | 101% |
| Other assets | 143,923 | - | - | - | - | - |
| Total | 173,791,869 | 33,558,574 | 50,551,132 | 2,950,912 | 36,509,486 | 16% |
| | | | | | | |
| Letters of guarantee | 7,955,269 | 3,225,608 | 4,810,219 | 2,149,095 | 5,374,703 | 42% |
| Letters of Credit | 956,210 | - | - | - | - | 0% |
| Bank acceptances | 514,904 | - | - | - | - | 0% |
| Unutilized credit facilities | 3,776,508 | 60,139 | 20,885 | - | 60,139 | 2% |
| Total | 13,202,891 | 3,285,747 | 4,831,104 | 2,149,095 | 5,434,842 | 30% |

**b) Expected Credit Loss for the reclassified exposures**

| Friday, December 31, 2021 | Exposures that have been classified | | | Expected Credit Loss for the reclassified exposures | | Total |
|---|---|---|---|---|---|---|
| | Exposures that were reclassified from stage two | Exposures that were reclassified from stage three | Total reclassified exposures | Stage Two | Stage Three | |
| | JD | JD | JD | JD | JD | JD |
| Direct Credit Facilities - amortized cost | 40,128,957 | 14,911,353 | 55,040,310 | (684,174) | (19,924,252) | 34,431,884 |
| Financial assets at Amortized cost | - | 5,168,623 | 5,168,623 | - | (31,377) | 5,137,246 |
| Total | 40,128,957 | 20,079,976 | 60,208,933 | (684,174) | (19,955,629) | 39,569,130 |
| Letters of guarantee | 2,650,865 | 3,973,319 | 6,624,184 | (62,878) | - | 6,561,306 |
| Unutilized credit facilities | 11,196 | - | 11,196 | - | - | 11,196 |
| Total | 2,662,061 | 3,973,319 | 6,635,380 | (62,878) | - | 6,572,502 |

| Thursday, December 31, 2020 | Exposures that have been classified | | | Expected Credit Loss for the reclassified exposures | | Total |
|---|---|---|---|---|---|---|
| | Exposures that were reclassified from stage two | Exposures that were reclassified from stage three | Total reclassified exposures | Stage Two | Stage Three | |
| | JD | JD | JD | JD | JD | JD |
| Direct Credit Facilities - amortized cost | 28,358,574 | 2,950,777 | 31,309,351 | (354,921) | (2,698,370) | 28,256,060 |
| Financial assets at Amortized cost | 5,200,000 | - | 5,200,000 | - | - | 5,200,000 |
| Total | 33,558,574 | 2,950,777 | 36,509,351 | (354,921) | (2,698,370) | 33,456,060 |
| Letters of guarantee | 3,225,608 | 2,149,095 | 5,374,703 | (14,840) | (567,804) | 4,792,059 |
| Unutilized credit facilities | 60,139 | - | 60,139 | (25,373) | - | 34,766 |
| Total | 3,285,747 | 2,149,095 | 5,434,842 | (40,213) | (567,804) | 4,826,825 |

### 7) Credit exposures according to the Central Bank of Jordan instructions number 47/2009 are in conformity with IFRS 9

| | According to the Central Bank of Jordan instructions number 47/2009 | | | | According to the International Financial Reporting Standards | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Stage one | | | Stage two | | | Stage Three | | |
| 2020-12-31 | Total | Interest in suspense | Gross | Provision | Total | Expected credit loss | Interest in suspense | Total | Expected credit loss | Interest in suspense | Total | Expected credit loss | Interest in suspense |
| Performing loans | 1,923,366,381 | - | 1,923,366,382 | - | 1,801,195,145 | 11,717,037 | 68,153 | - | - | - | - | - | - |
| Watch list | 116,812,954 | - | 116,812,954 | 2,529,043 | - | - | - | 202,890,223 | 8,075,015 | 106,699 | - | - | - |
| Non performing: | - | - | - | - | - | - | - | - | - | - | 182,969,780 | 78,275,290 | 35,179,005 |
| -Substandard | 5,630,197 | 85,472 | 5,544,725 | 9,614,388 | - | - | - | - | - | - | - | - | - |
| -Doubtful | 14,180,713 | 838,091 | 13,342,622 | 6,927,298 | - | - | - | - | - | - | - | - | - |
| -Loss | 127,064,903 | 31,947,637 | 95,117,267 | 84,208,842 | - | - | - | - | - | - | - | - | - |
| Total | 2,187,055,148 | 32,871,200 | 2,154,183,950 | 103,279,571 | 1,801,195,145 | 11,717,037 | 68,153 | 202,890,223 | 8,075,015 | 106,699 | 182,969,780 | 78,275,290 | 35,179,005 |

### 7- Rescheduled loans

Are defined as loans that were classified as “Non-performing” credit facilities, and subsequently removed and included

under “Watch List” based upon a proper rescheduling that complies with the Central Bank of Jordan’s regulations.

These loans amounted to JD 45,312,741 as of 31 December 2020, against JD54,199,174 as of 31 December 2020.

The rescheduled loans balances represents the scheduled loans either still classified as watch list or transferred to as performing.

### 8- Restructured loans

Restructuring is defined as reorganizing credit facilities in terms of installments, extending the term of credit facilities, deferment of installments, or extending the grace period and accordingly are classified as “Watch List” in case of restructuring twice during the year according to the Central Bank of Jordan instructions number 47/2009 issued on 10 December 2009 and its amendments. These debts amounted to JD 66,975,947 as of 31 December 2021 against JD 112,598,526 as of 31 December 2020.

### 9- Bonds and Treasury Bills

The following table shows the classifications of bonds and treasury bills based on the international credit rating agencies:

| 2021 | | | | |
|---|---|---|---|---|
| Risk Rating Class | Financial assets at amortized cost | Financial assets at fair value through other comprehensive income | Pledged financial assets | Total |
| | JD | JD | JD | JD |
| Non-rated | 8,890,500 | - | - | 8,890,500 |
| Governmental | 979,838,149 | 161,620,280 | - | 1,141,458,429 |
| S&P (AA) | - | 1,734,243 | - | 1,734,243 |
| S&P (A +) | - | 899,207 | - | 899,207 |
| S&P (A) | - | 3,946,338 | - | 3,946,338 |
| S&P (A-) | - | 1,093,771 | - | 1,093,771 |
| S&P (BBB+) | - | 527,266 | - | 527,266 |
| S&P (B) | - | 285,384 | - | 285,384 |
| S&P (BB-) | - | 420,197 | - | 420,197 |
| S&P (BBB-) | - | 293,573 | - | 293,573 |
| Total | 988,728,649 | 170,820,259 | - | 1,159,548,908 |

| 2020 | | | | |
|---|---|---|---|---|
| Risk Rating Class | Financial assets at amortized cost | Financial assets at fair value through other comprehensive income | Pledged financial assets | Total |
| | JD | JD | JD | JD |
| Non-rated | 9,245,000 | 7,492,397 | - | 16,737,397 |
| Governmental | 555,179,486 | 59,777,684 | 32,599,621 | 647,556,791 |
| S&P (AA) | - | 1,470,254 | - | 1,470,254 |
| S&P (B +) | - | 142,454 | - | 142,454 |
| S&P (B-) | - | 296,575 | - | 296,575 |
| S&P (BBB-) | - | 142,661 | - | 142,661 |
| Total | 564,424,486 | 69,322,025 | 32,599,621 | 666,346,132 |

**(44 – 2) Market Risk**

Market Risk is the risk of fluctuations and changes in the fair value or the cash flow of financial instruments, due to changes in market prices such as interest rates, exchange rates, and stock prices. Market risk arises from open positions in interest rates, currency rates and equity and security investments. These risks are monitored through specific policies and procedures by specialized committees and concerned business units. The risks include the following:

1. Interest Rate Risk
2. Exchange Rate Risk
3. Equity Price Risk

The Bank manages the expected market risk by adopting financial and investment policies within a specific strategy, and through the Assets and Liabilities Committee, which is tasked with the supervision of market risk and providing advice regarding the acceptable risks and the policy that is being followed.

The Market Risk Unit has been established and staffed by qualified and trained personnel to manage this type of risk according to the following:

1. **Policies and procedures that are approved by the Board of Directors and the Central Bank of Jordan.**
2. Market Risk Policy that includes principles of identifying, managing, measuring and monitoring this type of risk and having it approved by the relevant committees.
3. Monitoring reports for managing and monitoring market risk.
4. Developing tools and measures to manage and monitor market risk through:
   a. Sensitivity Analysis

   b. Basis Point Analysis

   c. Value at Risk (VaR)

   d. Stress Testing

   e. Stop-Loss Limit Reports

   f. Monitoring the Bank's investment limits

   g. Monitoring the Bank's investment portfolio at fair value through other comprehensive income and conducting revaluations of the portfolio on a regular basis.

5. **The Middle Office Unit is tasked with monitoring, on a daily basis, all the investment limits in the money market and the foreign exchange transactions.**

**1- Interest Rate Risk:**

Interest rate risk arises from the possible impact of changes in interest rates on the Bank's profits or the fair value of financial instruments. The Bank is exposed to interest rate risk due to the possible interest rate mismatch or gap between assets and liabilities valued at different time intervals, or the revision of the interest rates at a given time interval. The Bank manages these risks by reviewing the interest rates on assets and liabilities on a regular basis.

The Assets and Liabilities Management Policy includes limits for interest rate sensitivity. The Asset and Liability Committee evaluates the interest rate risk through periodic meetings and examines the gaps in the maturities of assets and liabilities and the extent by which it is affected by the current and expected interest rates, while comparing it with the approved limits, and implementing hedging strategies when needed.

The Bank uses hedging instruments such as Interest Rate Swaps to curb the negative impact of fluctuations in interest rates.

**Interest Rate Risk Reduction Methods:**

The Asset and Liability Committee, through periodic meetings convened for this purpose, evaluates the assets and liabilities maturity gaps, and the extent of their exposure to the impacts of current and expected interest rates are examined. In addition, solutions are proposed to reduce the impact of these risks.

Balancing due dates of assets and liabilities; the management of the Bank seeks to harmonize the impact of interest rates changes within the assets and liabilities maturity categories to mitigate any negative impact that may arise from fluctuations in interest rates.

**Interest Rate Gaps:**

The Bank mitigates any gaps in interest rates through a circular that adjusts interest rates on its assets and liabilities that links and balances the maturities and interests.

**Interest Rate Hedging:**

The Bank acquires long-term financing to meet its long-term investments using fixed interest rates as much as possible to avoid interest rate fluctuations. Conversely, the Bank invests in short-term investments to meet any possible fluctuations.

The sensitivity of statement of income is represented by the effect of the possible expected changes in interest rates on the Bank's profits for one year. It is calculated based on the financial assets and liabilities that carry a variable interest rate as at 31 December 2020:

| 2021 | | | |
|---|---|---|---|
| Currency | Increase in interest rate | Sensitivity of interest income (profit and loss) | Sensitivity of equity |
| | % | JD | JD |
| US Dollar | 1 | (368,027) | - |
| Euro | 1 | 373 | - |
| Pound Sterling | 1 | (48) | - |
| Japanese Yen | 1 | 14 | - |
| Other Currencies | 1 | (1,063) | - |

| 2020 | | | |
|---|---|---|---|
| Currency | Increase in interest rate | Sensitivity of interest income (profit and loss) | Sensitivity of equity |
| | % | JD | JD |
| US Dollar | 1 | 440,669 | - |
| Euro | 1 | 435 | - |
| Pound Sterling | 1 | (1,076) | - |
| Japanese Yen | 1 | 15,451 | - |
| Other Currencies | 1 | 234 | - |

The sensitivity of the interest rates is as follows:

The following analysis shows interest rate re-pricing or maturity dates, whichever is earlier:

| 31 December 2021 | Less than 1 month | 1 – 3 months | 3 – 6 months | 6 – 12 months | 1 – 3 years | 3 years or more | Non-interest bearing | Total |
|---|---|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD | JD | JD |
| | | | | | | | | |
| Assets- | | | | | | | | |
| Cash and balances at Central Banks | 100,500,000 | - | - | - | - | - | 325,340,132 | 425,840,132 |
| Balances and deposits at banks and financial institutions | 65,666,181 | 4,927,551 | - | - | - | - | 241,952,999 | 312,546,731 |
| Direct credit facilities at amortized cost | 357,574,356 | 125,795,561 | 132,790,901 | 178,316,842 | 405,887,479 | 817,524,937 | 13,257,262 | 2,031,147,338 |
| Loans and advances measured at fair value through income statement | - | - | 13,813,883 | 13,813,883 | 55,255,532 | - | - | 82,883,298 |
| Financial assets at fair value through other comprehensive income | - | 285,384 | 9,926,190 | 1,440,404 | 34,700,556 | 124,448,267 | 24,700,037 | 195,500,838 |
| Financial assets at amortized Cost - net | 5,200,000 | 27,687,442 | 183,064,006 | 59,617,467 | 372,142,431 | 339,310,073 | - | 987,021,419 |
| Property and equipment - net | - | - | - | - | - | - | 66,322,336 | 66,322,336 |
| Intangible assets - net | - | - | - | - | - | - | 30,502,672 | 30,502,672 |
| Deferred tax assets | - | - | - | - | - | - | 19,350,284 | 19,350,284 |
| Leased Assets | 145,861 | 153,246 | 200,109 | 473,514 | 2,039,430 | 7,565,552 | - | 10,577,712 |
| Other assets | 12,085,732 | 3,638,138 | 17,713,903 | 4,068,848 | 9,544,847 | 12,067,721 | 90,493,466 | 149,612,655 |
| Total Assets | 541,172,130 | 162,487,322 | 357,508,992 | 257,730,958 | 879,570,275 | 1,300,916,550 | 811,919,188 | 4,311,305,415 |
| | | | | | | | | |
| Liabilities- | | | | | | | | |
| Banks and financial institution deposits | 136,102,074 | 205,255,818 | 709,000 | 17,958,077 | - | - | 21,119,320 | 381,144,289 |
| Customers' deposits | 496,930,114 | 376,403,914 | 384,434,541 | 656,058,777 | 39,421,475 | 349,469 | 817,208,988 | 2,770,807,278 |
| Cash Margin accounts | 39,522,686 | 13,904,181 | 16,204,224 | 21,236,205 | 50,970,128 | 90,361,015 | 1,465,325 | 233,663,764 |
| Loans and borrowings | 19,153,362 | 15,225,757 | 23,701,854 | 55,863,232 | 168,564,057 | 95,840,221 | 35,917,299 | 414,265,782 |
| Income tax provisions | - | - | - | - | - | - | 4,484,833 | 4,484,833 |
| Deferred tax liabilities | - | - | - | - | - | - | 2,881,882 | 2,881,882 |
| Sundry provisions | - | - | - | - | - | - | 2,497,992 | 2,497,992 |
| Expected credit losses provision against off balance sheet items | - | - | - | - | - | - | 4,889,017 | 4,889,017 |
| Obligations for lease contracts | 162,621 | 256,561 | 80,737 | 394,626 | 2,050,162 | 8,918,913 | - | 11,863,620 |
| Other liabilities | 7,893,996 | 3,008,787 | 3,105,218 | 6,017,706 | 910,629 | 8,542,935 | 34,817,051 | 64,296,322 |
| Bond loans | - | - | - | - | - | 28,360,000 | - | 28,360,000 |
| Total liabilities | 699,764,853 | 614,055,018 | 428,235,574 | 757,528,623 | 261,916,451 | 232,372,553 | 925,281,707 | 3,919,154,779 |
| Interest rate sensitivity gap | (158,592,723) | (451,567,696) | (70,726,582) | (499,797,665) | 617,653,824 | 1,068,543,997 | (113,362,519) | 392,150,636 |
| | - | - | - | - | - | - | - | |
| 31 December 2020 | | | | | | | | |
| Total Assets | 263,368,996 | 151,627,111 | 207,820,551 | 226,799,170 | 629,112,382 | 771,317,016 | 498,760,091 | 2,748,805,317 |
| Total Liabilities | 348,084,665 | 274,019,946 | 279,409,893 | 470,794,146 | 384,717,069 | 130,466,822 | 505,625,466 | 2,393,118,007 |
| Interest rate sensitivity gap | (84,715,669) | (122,392,835) | (71,589,342) | (243,994,976) | 244,395,313 | 640,850,194 | (6,865,375) | 355,687,310 |

### 2- Currency Risks

The currency risk is the risk of change in the value of financial instruments due to change in exchange rates. The Jordanian Dinar is the base currency of the Bank. The Board of Directors imposes limits for the financial position of each currency at the Bank. The foreign currency positions are monitored on a daily basis, and hedging strategies are implemented to ensure the maintenance of foreign currencies' positions within the approved limits.

The Bank's investment policy states that it is possible to hold positions in major foreign currencies, provided that they do not exceed 5% of shareholders' equity for each currency, and that the gross foreign currencies position does not exceed 15% of shareholders equity. Also, the foreign currency positions are monitored on a daily basis. In addition, complex market instruments can be used to hedge against fluctuations in currency exchange rates according to limits that ensure the Bank is not exposed to additional risks.

The following table illustrates the possible effect on the statement of income as a result of fluctuations in exchange rates against the Jordanian Dinar, assuming that all other variables remain constant:

| 2021 | Change in currency exchange rate | Effect on profit and loss |
|---|---|---|
| Currency | % | JD |
| Euro | 5 | (187,321) |
| British Pound Sterling | 5 | (5,452) |
| Japanese Yen | 5 | 1,209 |
| Other currencies | 5 | (5,141) |

| 2021 | Change in currency exchange rate | Effect on profit and loss |
|---|---|---|
| Currency | % | JD |
| Euro | 5 | (29,011) |
| British Pound Sterling | 5 | 154,394 |
| Japanese Yen | 5 | 3,195 |
| Other currencies | 5 | 101,944 |

In the event of negative change in the indicator, the effect will remain constant but with an opposite sign.

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Concentration in Foreign currency risk:

| 2021 | US Dollar | Euro | Pound sterling | Japanese Yen | Other | Total |
|---|---|---|---|---|---|---|
| Assets | | | | | | |
| Cash and balances at Central Bank of Jordan | 119,471,587 | 2,029,758 | 518,375 | - | 106,332,462 | 228,352,182 |
| Balances at banks and financial institutions | 245,381,162 | 40,761,737 | 13,702,368 | 1,291,747 | 11,407,195 | 312,544,209 |
| Financial assets at fair value through other comprehensive income | 162,630,153 | 548,590 | 708,807 | - | 5,269,105 | 169,156,655 |
| Loans and advances at fair value through income statement | 82,883,298 | - | - | - | - | 82,883,298 |
| Credit facilities at amortized cost | 306,955,427 | 2,296 | 33,285 | 13,602,150 | 315,248,819 | 635,841,977 |
| Financial assets at amortized cost - net | 344,091,641 | - | - | - | 9,712,329 | 353,803,970 |
| Leased assets | - | - | - | - | 6,125,974 | 6,125,974 |
| Property and equipment - net | 1,618,515 | - | - | - | 14,634,540 | 16,253,055 |
| Intangible assets - net | 4,824,508 | - | - | - | 4,355,465 | 9,179,973 |
| Deferred tax assets | - | - | - | - | - | - |
| Other assets | 70,938,991 | 458,020 | 55,674 | 12,109 | 6,798,988 | 78,263,782 |
| Total Assets | 1,338,795,282 | 43,800,401 | 15,018,509 | 14,906,006 | 479,884,877 | 1,892,405,075 |
| | - | - | - | - | - | - |
| Liabilities | | | | | | |
| Banks and financial institution deposits | 349,273,861 | 7,475,011 | 26,715 | - | 8,718,797 | 365,494,384 |
| Customers' deposits | 830,888,279 | 26,406,543 | 14,677,488 | 79,710 | 280,396,496 | 1,152,448,516 |
| Cash Margin accounts | 99,151,847 | 6,856,716 | 123,057 | 23,493 | 22,936,628 | 129,091,741 |
| Loans and borrowings | 143,175,018 | - | - | - | 36,525,003 | 179,700,021 |
| Income tax provision | - | - | - | - | 2,498,412 | 2,498,412 |
| Sundry provisions | 45,406 | - | - | - | 2,337,790 | 2,383,196 |
| Expected credit losses provision against off balance sheet items | - | - | - | - | 2,095,939 | 2,095,939 |
| Other liabilities | 12,881,865 | 236,531 | 3,593,658 | 404 | 8,225,334 | 24,937,792 |
| Bond loans | 28,360,000 | - | - | - | - | 28,360,000 |
| Lease obligations | - | - | - | - | 7,650,391 | 7,650,391 |
| Total Liabilities | 1,463,776,276 | 40,974,801 | 18,420,918 | 103,607 | 371,384,790 | 1,894,660,392 |
| Net concentration in the statement of financial position | (124,980,994) | 2,825,600 | (3,402,409) | 14,802,399 | 108,500,087 | (2,255,317) |
| Forward contracts | 22,474,086 | 234,037 | 23,476 | (14,779,360) | (737,194) | 7,215,045 |
| Net concentration in foreign currency | (102,506,908) | 3,059,637 | (3,378,933) | 23,039 | 107,762,893 | 4,959,728 |
| | - | - | - | - | - | - |
| 2020 | | | | | | |
| Total Assets | 724,107,996 | 46,186,211 | 14,876,851 | 15,874,079 | 211,721,059 | 1,012,766,196 |
| Total Liabilities | 722,117,220 | 42,250,569 | 16,019,804 | 360,881 | 176,283,506 | 957,031,980 |
| Net concentration in the statement of financial position | 1,990,776 | 3,935,642 | (1,142,953) | 15,513,198 | 35,437,553 | 55,734,216 |
| Forward contracts | 28,447,372 | (1,365,459) | 244,117 | (15,449,242) | 141,900 | 28,447,372 |
| Net concentration in foreign currency | 30,438,148 | 2,570,183 | (898,836) | 63,956 | 35,579,453 | 67,752,904 |

### 3- Equity Price Risk

Equity price risk arises from the change in the fair value of equity investments. The Bank manages this risk by distributing its investments over various geographic and economic sectors. Most of the Bank's equity investments are listed in Amman Stock Exchange.

The following table illustrates the statement of income sensitivity and the cumulative change in fair value as a result of possible reasonable changes in the equity prices, assuming that all other variables remain constant:

| Indicator | Change in indicator | Effect on profit and loss | Effect on equity |
|---|---|---|---|
| 2021 | % | JD | JD |
| Amman Stock exchange | 5 | - | 112,246 |
| Regional Markets | 5 | - | 206,513 |

| Indicator | Change in indicator | Effect on profit and loss | Effect on equity |
|---|---|---|---|
| 2020 | % | JD | JD |
| Amman Stock exchange | 5 | - | 148,849 |
| Regional Markets | 5 | - | 156,086 |

In the event of negative change in the indicator, the effect will remain constant but with an opposite sign.

### (44 – 3) Liquidity Risk

Liquidity risk refers to the risk arising from the probability of the Bank being unable to raise adequate funds in any geographical region, currency and time, to meet its obligations when they are due, or to finance its activities without bearing high costs or incurring losses because of resorting to:

1. Selling Bank assets at low prices; leading to a decrease in the expected returns and the financial profits of the Bank.
2. Acquiring high-cost obligations in order to meet its commitments, which would lead to an increase in the costs and a consequent decrease in the expected profits of the Bank.

The impact of a liquidity risk is identified by ascertaining the extent of the liquidity of its assets and the ability of the Bank to convert liquid and semi-liquid assets into cash with the least amount of losses if the prices decrease. The Bank should provide the assets that can be sold at a price that is close to its fair value. Accordingly, the liquidity risk which the Bank may be subject to can be divided into the following:

#### A- Funding Liquidity Risk:

the inability of the Bank to convert assets into cash such as accounts receivable, or obtain financing to meet commitments

#### B- Market Liquidity Risk:

the inability of the Bank to sell assets in the market or the sale of these assets at a large financial loss due to the poor liquidity or demand in the market.

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The treasury and Investment department is responsible for managing the Bank's liquidity, while the Asset and Liability Committee (ALCO) manages, measures and monitors the liquidity risk which are governed by pre-set policies and procedures as well as the Contingency Funding Plan. The Committee is tasked with monitoring and controlling liquidity and ensuring the optimum strategic distribution of the Bank assets and liabilities, whether in the on/off-statement of financial position items of it in coordination with the head of Treasury and Investment Department. The management of liquidity risk is conducted within the following group of inputs:

1. A set of policies and procedures approved by the committees which determine principles, definition, management, measurement and monitoring of liquidity risk.
2. Contingency Funding Plan, which includes:
    a. Specific procedures for liquidity contingency management.
    b. A specialized committee for liquidity contingency management.
    c. Liquidity Contingency Plan.
    d. Analysis of the liquidity position of the Bank based on the following liquidity reports:

- Duration gap analysis of assets and liabilities
- Legal liquidity ratio, liquidity according to maturity ladder (in Jordanian dinar and foreign currencies).
- Certificate of Deposits (CDs) issued by Capital Bank (in Jordanian dinar and foreign currencies).
- Customers Deposits (in Jordanian dinar and foreign currencies)
- Liquidity Indicators Report
- Stress testing

The Treasury and Investment Department, in coordination with the Market Risk Unit, diversifies funding sources and matches its maturity dates, and maintains sufficient liquid assets, in order to mitigate liquidity risk. Accordingly, this is accomplished through:

Analysis and monitoring of assets and liabilities maturity dates: the Bank examines the liquidity of its assets and liabilities as well as any changes that may occur on a daily basis. Through the Asset and Liability Committee, the Bank seeks to achieve a balance between the maturity dates of the assets and liabilities, and monitors the gaps in relation to those specified by the policies of the Bank.

Liquidity Contingency Plan: Assets and Liabilities Risk Management Committee submits its recommendations regarding the liquidity risk management and its procedures and sets necessary orders to apply the effective monitoring controls and issues reports regarding liquidity risk and the ability to adhere to the policies and controls. In addition to providing analytical resources to top management including monitoring all the technical updates related to the measurements and liquidity risk and its application.

Geographical and sectorial distribution: the assets and liabilities of the Bank are distributed regularly into local and foreign investments depending on more than one financial and capital market. The facilities are also distributed among several sectors and geographical regions while maintaining a balance between providing customer and corporate credit. Furthermore, the Bank seeks to diversify the sources of funding and their maturity dates.

Cash reserves at the banking monitoring authorities: The Bank maintains a statutory cash reserve at the banking monitoring authorities amounting to JD 103,687,381.

First: The table below summarizes the undiscounted cash flows of the financial liabilities:

| 31 December 2021 | Less than 1 month | 1 – 3 months | 3 – 6 months | 6 – 12 months | 1 – 3 years | 3 years or more | No fixed maturity | Total |
|---|---|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD | JD | JD |
| Liabilities- | | | | | | | | |
| Banks and financial institution deposits | 157,389,994 | 206,018,618 | 714,270 | 18,225,030 | - | - | - | 382,347,912 |
| Customers' deposits | 1,315,369,246 | 379,199,264 | 390,144,520 | 675,547,565 | 42,934,621 | 401,375 | - | 2,803,596,591 |
| Margin accounts | 41,012,864 | 13,929,473 | 16,263,176 | 21,390,723 | 52,082,729 | 93,648,422 | - | 238,327,387 |
| Loans and borrowings | 55,101,069 | 15,298,274 | 23,927,629 | 56,927,494 | 178,198,105 | 104,969,582 | 35,917,299 | 470,339,452 |
| Income tax provision | - | 4,484,833 | - | - | - | - | - | 4,484,833 |
| Deferred tax liabilities | - | - | - | - | - | - | 2,881,882 | 2,881,882 |
| Sundry provisions | - | - | - | 2,383,196 | - | - | 114,796 | 2,497,992 |
| Provisions against off - balance sheet items | - | - | - | - | - | - | 4,889,017 | 4,889,017 |
| The rights to use leased contracts | 162,621 | 256,561 | 80,737 | 394,626 | 2,050,162 | 8,918,912 | - | 11,863,619 |
| Other liabilities | 42,711,054 | 3,008,787 | 3,105,218 | 6,017,706 | 910,629 | 8,542,935 | - | 64,296,329 |
| Subordinated loans | - | - | - | - | - | 38,286,000 | - | 38,286,000 |
| Total Liabilities | 1,611,746,848 | 622,195,810 | 434,235,550 | 780,886,340 | 276,176,246 | 254,767,226 | 43,802,994 | 4,023,811,014 |
| Total Assets | 321,276,601 | 168,975,988 | 366,593,777 | 265,499,315 | 916,613,116 | 1,334,198,614 | 938,148,003 | 4,311,305,415 |

| 31 December 2020 | Less than 1 month | 1 – 3 months | 3 – 6 months | 6 – 12 months | 1 – 3 years | 3 years or more | No fixed maturity | Total |
|---|---|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD | JD | JD |
| Liabilities- | | | | | | | | |
| Banks and financial institution deposits | 118,251,207 | 20,028,338 | - | - | - | - | - | 138,279,545 |
| Customers' deposits | 574,869,123 | 206,358,057 | 266,904,949 | 439,326,438 | 225,811,248 | 3,764,592 | - | 1,717,034,407 |
| Margin accounts | 23,324,315 | 11,584,111 | 11,304,706 | 16,381,852 | 49,635,877 | 44,152,206 | - | 156,383,067 |
| Loans and borrowings | 79,458,853 | 36,293,866 | 3,376,180 | 26,092,573 | 140,675,029 | 62,865,522 | - | 348,762,023 |
| Income tax provision | - | 4,887,737 | - | - | - | - | - | 4,887,737 |
| Deferred tax liabilities | - | - | - | - | - | - | 2,815,978 | 2,815,978 |
| Sundry provisions | - | - | - | 3,415,781 | - | - | 102,700 | 3,518,481 |
| Provisions against off - balance sheet items | - | - | - | - | - | - | 4,360,854 | 4,360,854 |
| The rights to use leased contracts | - | - | - | 1,843,370 | 517,713 | 1,622,649 | - | 3,983,732 |
| Other liabilities | 42,984,459 | 1,862,101 | 2,432,585 | 2,573,614 | 1,211,117 | 141,081 | - | 51,204,957 |
| Subordinated loans | - | - | - | - | - | 38,286,000 | - | 38,286,000 |
| Total Liabilities | 838,887,957 | 281,014,210 | 284,018,420 | 489,633,628 | 417,850,984 | 150,832,050 | 7,279,532 | 2,469,516,781 |
| Total Assets | 355,335,045 | 159,527,614 | 208,759,542 | 226,799,171 | 598,167,510 | 774,432,742 | 425,783,692 | 2,748,805,317 |

**Second: The table below summarizes the maturities of financial derivatives as of the date of the consolidated financial statements:**

Financial derivatives / liabilities which are settled in net include: foreign currency derivatives, off-the statement of Financial position items market currency options, currency futures, and on-statement of financial position foreign currency swap contracts:

### Foreign Currency Derivatives

| 2021 | Up to 1 month | 1 – 3 months | 3 – 6 months | 6 – 12 months | Total |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| Derivatives held for trading | | | | | |
| Outflows | 9,535,207 | 2,809,332 | 500,000 | 11,060,611 | 23,905,149 |
| Inflows | 9,194,211 | 2,808,026 | 495,804 | 11,049,981 | 23,548,022 |

| 2020 | Up to 1 month | 1 – 3 months | 3 – 6 months | 6 – 12 months | Total |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| Derivatives held for trading | | | | | |
| Outflows | 23,355,010 | 30,007,353 | 39,260,855 | 1,820,595 | 94,443,813 |
| Inflows | 23,350,430 | 30,241,365 | 39,260,855 | 1,820,595 | 94,673,245 |

**Third: Off-the statement of Financial position items:**

| 2021 | Up to 1 year | 1 – 5 years | Total |
|---|---|---|---|
| | JD | JD | JD |
| Acceptances and Letters of Credit | 91,726,111 | 153,124,197 | 244,850,308 |
| Unutilized credit limits | - | 281,161,365 | 281,161,365 |
| Letters of guarantee | 253,356,599 | - | 253,356,599 |
| Foreign Currency Forward Deals | 296,545,718 | - | 296,545,718 |
| Interest Forward Deals | - | 79,762,500 | 79,762,500 |
| Total | 641,628,428 | 514,048,062 | 1,155,676,490 |

| 2020 | Up to 1 year | 1 – 5 years | Total |
|---|---|---|---|
| | JD | JD | JD |
| Acceptances and Letters of Credit | 90,761,408 | 69,585,720 | 160,347,128 |
| Unutilized credit limits | 626,053 | 127,413,781 | 128,039,834 |
| Letters of guarantee | 146,285,015 | - | 146,285,015 |
| Foreign Currency Forward Deals | 94,673,245 | - | 94,673,245 |
| Interest Forward Deals | - | 106,350,000 | 106,350,000 |
| Total | 332,345,721 | 303,349,501 | 635,695,222 |

**(44-4) Operational risk:**

Operational risk is defined as the risk of loss arising from inadequate or failure of internal processes, human factor or systems, or resulting from external events. From a management perspective, this definition also includes legal risk, strategic risk and reputational risk for the purposes of managing these types of risk.

Due to the continuous change in the working environment and the management's desire to remain in-sync with all the technological advancements and to introduce new banking services and products, Operational Risk Policy has been designed and developed for the Bank's departments, branches and subsidiary, whereby the main principles are included and the policy's objectives are aligned with the Bank's strategic objectives.

Moreover, Bank's strategies have been implemented to enhance the role of Operational Risk management which is represented by Operational Risk Management Framework, that includes all bank's departments, branches and subsidiaries. This requires determining, evaluating, supervising and rendering the operational risk for each branch separately as outlined in Basel committee through which Control and Risk Self Assessment (CRSA) made by:

1. Holding "Workshops" based on analyzing the related procedures, events and audit reports thus identifying risks, controls, and determine gaps which will be self tested by entities' managers.
2. Implement Key Risk Indicators (KRIs) at the bank's level.
3. Create and update Business Continuity Plans.

Therefore, the Operational Risk and Business Continuity efficiency is a joint responsibility with all departments from all levels, as it is part of their responsibilities through:

1. Conducting CRSA testing on time and without delay.
2. Provide Operational Risk with accurate data transparently.
3. Reporting and disclosing any losses or operating events without delay or hesitation.
4. Implement "Remedial Actions/ Recommendations / Mitigations" by Operational Risk department, that would mitigate the risks which were identified through workshops / reporting of events or losses /CRSA.
5. Board of Directors, related committees and top management have a major role in supporting Operational Risk activities and methodology.

To ensure that the above is implemented, the Operational Risk Management Department is keen on spreading knowledge and increasing awareness about Operational Risk Management and Business Continuity by conducting training courses and workshops for all Bank departments and by creating an effective work environment. In addition, the Operational Risk Management Department is responsible for raising reports to the Internal Risk Committee concerning any short comings or violations. This will ultimately lead to the development of risk profile at each department / unit level and the Bank level as a whole.

In addition to the above, Operational Risk Department is responsible on:

1. Reviewing the Bank's internal policies and procedures to highlight risks and work on mitigating such prior to implementation.
2. Conducting stress testing and observing the results.
3. Ensure updating and upgrading Operational Risk system.
4. Update Business Continuity Plans.

**Information Security :**

The responsibility of the Information Security / Risk management unit lies in ensuring security, availability and accuracy of the Banks information through the following:-

1. Developing an Information security Strategy & program based on leading International standards (ISO 27k, PCI DSS), that is in line with the Bank's strategy.
2. Providing the tools and means necessary to reduce Information security risks.
3. Developing security policies related to Information systems and resources.
4. Developing a security awareness programm for Bank's employees & Customers.
5. Managing security incidents related to Information management systems and raising recommendations to Top Management.
6. Developing security standards for various Information systems.
7. Participating in the business continuity plan to ensure business continuity in the event of any disaster.
8. Identifying the appropriate controls to mitigate the risks faced by the bank through analyzing various Information security risks.
9. Preparing and developing security measures related to Information systems security incidents.
10. Managing Information systems security incidents and raising relevant recommendations to Top Management.
11. Ensuring the security and Integrity of hardware, software and various applications through risk analysis and periodic testing to ensure safe use of these resources.

## (45) Segment Information

### 1. Information about bank Activities:

For management purposes the Bank is organized into four major segments that are measured according to the reports used by the main decision maker at the Bank:

- Retail banking: Includes handling individual customers' deposits, credit facilities, credit card, and other services.
- Corporate banking: Includes monitoring deposits, credit facilities, and other banking facilities provided to corporate customers.
- Corporate finance: Principally arranging structured financing, and providing services relating to privatizations, IPOs, and mergers and acquisitions.
- Treasury: Principally providing money market, trading and treasury services, as well as the management of the Bank's funding operations.

These segments are the basis on which the Bank reports its segment information:

| | Retail Banking | Corporate Banking | Corporate Finance | Treasury | Other | Total 2021 | Total 2020 |
|---|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD | JD |
| Total revenue | 50,430,816 | 94,815,807 | 13,545 | 73,841,864 | 3,409,492 | 222,511,524 | 175,075,050 |
| Net of acquisition Impact | - | - | - | - | 25,376,518 | 25,376,518 | - |
| Impairment and expected credit losses and financial assets | 3,331,442 | (23,841,043) | - | (1,161,728) | 1,716,257 | (19,955,072) | (24,545,414) |
| Segment results | 22,529,983 | 27,844,479 | 13,545 | 62,620,739 | 29,915,176 | 142,923,922 | 86,115,526 |
| Unallocated expenses | | | | | | (72,187,911) | (48,108,012) |
| Profit before tax | | | | | | 70,736,011 | 38,007,514 |
| Income tax | | | | | | (9,729,187) | (7,705,436) |
| Net income | | | | | | (81,917,098) | (55,813,448) |
| | | | | | | - | - |
| Other information | | | | | | - | |
| | | | | | | | |
| Segmental assets | 733,030,371 | 1,381,000,265 | - | 1,920,909,120 | 276,365,659 | 4,311,305,415 | 2,748,805,317 |
| Segmental liabilities | 1,537,549,236 | 1,466,921,806 | - | 823,770,071 | 90,913,666 | 3,919,154,779 | 2,393,118,007 |
| | | | | | | | |
| Capital expenditure | | | | | | (28,226,506) | (20,988,878) |
| Depreciation and amortization | | | | | | (10,276,339) | (6,056,762) |

### 2. Geographical Information

This segment represents the geographical operations of the bank. The bank operates primarily in Jordan and also operates internationally in the Middle East, Europe, Asia, America and the Far-East.

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

| | Inside Jordan | | Outside Jordan | | Total | |
|---|---|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | JD | JD | JD | JD | JD | JD |
| Total revenue | 196,684,311 | 151,478,242 | 25,827,213 | 23,596,808 | 222,511,524 | 175,075,050 |
| Total assets | 3,448,433,796 | 2,318,485,256 | 862,871,619 | 430,320,061 | 4,311,305,415 | 2,748,805,317 |
| Capital expenditure | 16,230,083 | 18,459,899 | 11,996,423 | 2,528,979 | 28,226,506 | 20,988,878 |

### (46) Capital Management

The Bank maintains an appropriate paid-in-capital in order to meet its operational risk, and it regularly monitors its capital adequacy in accordance with BASEL to comply with the Central Bank of Jordan's regulations.

According to Central Bank of Jordan regulations (52/2010), the minimum paid-in-capital of Jordanian banks should be JD 100 million before the end of 2011 and the capital for the foreign banks in Jordan should not be less than half of the capital for the Jordanian banks in accordance to article (12) and article (8) from the Law and Banks number (28) for the year 2000 and its adjustments. In addition, the regulation requires a minimum leverage ratio of 4% as per article 67/2016 CBJ regulations.

Through its operational years; the Bank maintained a capital adequacy ratio in excess of 12%, being the minimum capital adequacy rate required by the Central Bank of Jordan (8% as per Basel). Furthermore, the Bank regularly reviews and complies with the concentration ratios using regulatory capital as an indicator; noting that the instructions impose a ratio of no less than 14%.

The Bank manages and restructures its capital in light of the changes in the business environment. There has been no change on the Bank's capital structure during 2021 and 2020.

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**Description of paid-in-capital**

According to CBJ regulations regarding Basel III, regulatory capital comprises of:

**1- Tier 1 capital, which refers to the Bank's core capital, and consists of:**

- Common Equity Tier 1 (CET1) which includes the following: (paid in capital, retained earnings, statutory and voluntary reserves, cumulative change in fair value, foreign currency translation adjustment, minority interest ( recognizable under CET1)), it also includes the following deductions (year/period losses, goodwill and intangible assets, deferred tax assets, treasury stocks, shortage in required provisions, shortages in tier 2 capital, restricted balances, gross insignificant investments (<10%) and significant investments (>10%) in other banks, financial institutions, insurance companies and unconsolidated subsidiaries.
- Additional Tier 1 (AT1), Additional Tier 1 capital consists of the sum of the following elements: (convertible bonds, preferred stocks, financial instruments issued by the bank and holds the characteristics of additional capital, minority interest (recognizable under AT1), it also includes the following deductions (gross insignificant investments (<10%) and significant investments (>10%) in other banks, financial institutions, insurance companies, and unconsolidated subsidiaries.

**2- Tier 2 capital, which is the supplementary capital, consists of the following elements; subordinated debt, general banking risk reserve and minority interest, and deducts the following; insignificant investments (<10%) and significant investments (>10%) in other banks, financial institution, insurance companies and unconsolidated subsidiaries.**

The transition period for the deductions in tier 1 and tier 2 related to the investments in banks, financial institutions, insurance companies and unconsolidated subsidiaries occurs gradually over 5 years according to CBJ regulations. By the end of the year 2020, these deductions will be fully deducted from Tier 1.

Central Bank of Jordan emphasized on the importance of complying with Basel III regulation in building up addition capital as a percentage of risk weighted assets, which restricts cash dividends, through the following buffers:

1. Conservation Buffer
2. Countercyclical Buffer
3. D-SIBs

### Regulatory Requirements for paid in capital

Capital adequacy ratio is calculated based on the simplified approach (standardized approach) in accordance with the regulations of the Central Bank of Jordan, which in turn are based on the verdicts of the Basel committee. Below are the comparative figures of the capital adequacy ratio:

| | 2021 | 2020 |
|---|---|---|
| | JD | JD |
| Primary capital- | | |
| Paid-in-capital | 200,000,000 | 200,000,000 |
| Statutory reserves | 56,114,618 | 44,186,425 |
| Additional paid in capital | 709,472 | 709,472 |
| Retained earning | 120,955,424 | 77,133,920 |
| Total cumulative change in fair value | 813,120 | 3,619,029 |
| Changes due to Foreign Currency translations | (16,540,837) | (16,540,837) |
| Non-controlling interest | 29,587,673 | 20,469,481 |
| Proposed cash dividends | (30,000,000) | (24,000,000) |
| Less- | | |
| Intangible assets | 30,502,672 | 21,705,921 |
| Deferred tax assets | 17,391,310 | 15,562,847 |
| Investments at other financial institutions (banks, financial institutions and insurance companies) | 86,851 | 30,079 |
| Treasury stocks | - | 2,707,491 |
| Total Primary capital | 313,658,637 | 265,571,152 |
| Supplementary Capital | | |
| Impairment losses according to IFRS9 – Stage 1 | 16,356,209 | 3,396,826 |
| Non-controlling interest | 1,947,324 | 520,016 |
| Subordinated loans | 22,688,000 | 28,360,000 |
| Investments at other financial institutions (banks, financial institutions and insurance companies) | - | - |
| Total Subordinated Capital | 40,991,533 | 32,276,842 |
| Net Supplementary Capital Tier 2 | 40,991,533 | 32,276,842 |
| Total Regulatory Capital | 354,650,171 | 297,847,994 |
| Total Risk weighted assets | 2,384,560,903 | 1,826,310,338 |
| Capital adequacy (%) | 14.87% | 16.31% |
| Primary Capital (%) | 13.15% | 14.54% |

### (47) Fiduciary Accounts

Investment custody accounts amounted to JD 145,903,232 as of 31 December 2021 compared to JD 143,262,948 in 31 December 2020.

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### (48) Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled:

| 2021 | Up to 1 year | More than 1 year | Total |
|---|---|---|---|
| | JD | JD | JD |
| Assets | | | |
| Cash and balances at Central Banks | 100,500,000 | 325,340,132 | 425,840,132 |
| Balances at banks and financial institutions | 312,546,731 | - | 312,546,731 |
| Direct credit facilities at amortized cost, net | 794,477,660 | 1,236,669,678 | 2,031,147,338 |
| Loans and Advances at fair value through income statement | - | 82,883,298 | 82,883,298 |
| Direct credit facilities at fair value through other comprehensive income | 11,651,978 | 183,848,860 | 195,500,838 |
| Financial assets at amortized cost - net | 59,617,467 | 927,403,952 | 987,021,419 |
| Pledged Financial Assets | - | - | - |
| Property plants and equipment -net | - | 66,322,336 | 66,322,336 |
| Intangible assets -net | - | 30,502,672 | 30,502,672 |
| Deferred tax assets | - | 19,350,284 | 19,350,284 |
| The right to use leased contracts | 972,730 | 9,604,982 | 10,577,712 |
| Other assets | 37,506,621 | 112,106,034 | 149,612,655 |
| Total Assets | 1,317,273,187 | 2,994,032,228 | 4,311,305,415 |
| | | | |
| Liabilities | | | |
| Banks and financial institution deposits | 381,144,289 | - | 381,144,289 |
| Customers’ deposits | 1,913,827,346 | 856,979,932 | 2,770,807,278 |
| Margin accounts | 90,867,296 | 142,796,468 | 233,663,764 |
| Loans and borrowings | 113,944,205 | 300,321,577 | 414,265,782 |
| Income tax provision | 4,484,833 | - | 4,484,833 |
| Deferred tax liabilities | 2,881,882 | - | 2,881,882 |
| Sundry provisions | 2,497,992 | - | 2,497,992 |
| Provision against off-balance sheet items | 4,889,017 | - | 4,889,017 |
| Obligations for lease contracts | 894,545 | 10,969,075 | 11,863,620 |
| Other liabilities | 20,025,707 | 44,270,615 | 64,296,322 |
| Subordinated loans | - | 28,360,000 | 28,360,000 |
| Total Liabilities | 2,535,457,112 | 1,383,697,667 | 3,919,154,779 |
| Net | (1,218,183,925) | 1,610,334,561 | 392,150,636 |

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| 2020 | Up to 1 year | More than 1 year | Total |
|---|---|---|---|
| | JD | JD | JD |
| Assets | | | |
| Cash and balances at Central Banks | 87,000,000 | 208,853,517 | 295,853,517 |
| Balances at banks and financial institutions | 142,537,265 | - | 142,537,265 |
| Direct credit facilities at amortized cost, net | 502,675,126 | 800,283,825 | 1,302,958,951 |
| Financial assets at fair value through income statement | - | 112,529,504 | 112,529,504 |
| Direct cerdit facilities at fair value through other comprehensive income | 142,454 | 89,434,680 | 89,577,134 |
| Financial assets at amortized cost - net | 21,327,146 | 542,557,311 | 563,884,457 |
| Pledged Financial Assets | 11,397,623 | 21,201,998 | 32,599,621 |
| Property plants and equipment -net | - | 34,940,997 | 34,940,997 |
| Intangible assets -net | - | 11,180,010 | 11,180,010 |
| Deferred tax assets | - | 15,562,847 | 15,562,847 |
| The right to use leased contracts | 515,289 | 3,427,750 | 3,943,039 |
| Other assets | 44,429,724 | 98,808,251 | 143,237,975 |
| Total Assets | 810,024,627 | 1,938,780,690 | 2,748,805,317 |
| | | | |
| Liabilities | | | |
| Banks and financial institution deposits | 138,058,853 | - | 138,058,853 |
| Customers' deposits | 1,039,775,590 | 634,437,216 | 1,674,212,806 |
| Margin accounts | 50,640,324 | 101,083,058 | 151,723,382 |
| Loans and borrowings | 144,094,685 | 185,896,542 | 329,991,227 |
| Income tax provision | 4,887,737 | - | 4,887,737 |
| Deferred tax liabilities | 2,815,978 | - | 2,815,978 |
| Sundry provisions | 3,518,481 | - | 3,518,481 |
| Provision against off-balance sheet items | 4,360,854 | - | 4,360,854 |
| Obligations for lease contracts | 1,843,370 | 2,140,362 | 3,983,732 |
| Other liabilities | 11,959,191 | 39,245,766 | 51,204,957 |
| Subordinated loans | - | 28,360,000 | 28,360,000 |
| Total Liabilities | 1,401,955,063 | 991,162,944 | 2,393,118,007 |
| Net | (591,930,436) | 947,617,746 | 355,687,310 |

### (49) Contingent Liabilities and Commitments (Off statement of financial position)

a) The total outstanding commitments and contingent liabilities are as follows:

| | 2021 | 2020 |
|---|---|---|
| | JD | JD |
| Letters of credit | 138,291,603 | 65,796,460 |
| Confirmed Export Letters of credit | 14,832,594 | 23,157,779 |
| Acceptances | 91,726,111 | 71,392,889 |
| Letters of guarantee : | | |
| - Payments | 63,306,201 | 40,456,761 |
| - Performance | 109,081,557 | 62,134,208 |
| - Others | 80,968,841 | 43,694,046 |
| Foreign currency forward | 296,545,718 | 94,673,245 |
| Interest rate forward contracts | 79,762,500 | 106,350,000 |
| Unutilized direct credit limits | 281,161,365 | 128,039,834 |
| Total | 1,155,676,490 | 635,695,222 |
| Less: Expected credit losses | (4,889,017) | (4,360,855) |
| Contingent Liabilities and Commitments- Net | 1,150,787,473 | 631,334,367 |

b) The contractual commitments of the Bank are as follows:

| | 2021 | 2020 |
|---|---|---|
| | JD | JD |
| Intangible assets contracts | 8,435,221 | 15,348,491 |
| Property, Plant & Equipment contracts | 1,313,597 | 434,512 |
| Construction contracts | 3,495,770 | 1,242,484 |
| | 13,244,588 | 17,025,487 |

### Letter Of Credit

The cumulative movement of Letter of Credit during the period According to IFRS 9 as well as its original rating in the acquired bank

| 31 December 2021 | Stage One | Stage Two | Stage Three | Purchased originated credit-impaired (POCI) | Total |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 87,981,261 | 972,978 | - | - | 88,954,239 |
| Add: new balances during the year | 115,901,248 | 195,541 | - | - | 116,096,789 |
| Settled balances | (56,535,780) | (425,874) | - | - | (56,961,654) |
| Transfer to the first stage during the year | 269,420 | (269,420) | - | - | - |
| Additions due to acquisition | 5,018,803 | - | - | - | 5,018,803 |
| Net balance | 152,634,952 | 473,225 | - | - | 153,108,177 |

The cumulative movement of the provision for impairment losses of Letter of Credit according Stages during the period According to IFRS 9 as well as its original rating in the acquired bank

| 31 December 2021 | Stage One | Stage Two | Stage Three | Purchased originated credit-impaired (POCI) | Total |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 1,357,493 | 16,768 | - | 1,374,261 | |
| Impairment loss of indirect credit facilities during the year | 830,235 | 18,235 | - | 848,470 | |
| Impairment loss of matured exposures | (1,052,340) | (4,037) | - | (1,056,377) | |
| Transfer to the first stage during the period | 9,667 | (9,667) | - | - | |
| Transfer to second stage during the period | (55,424) | 55,424 | - | - | |
| Net balance | 1,089,631 | 76,723 | - | 1,166,354 | |

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### Impairment loss on Letter of Credit

Distribution of letter of credit by categories of the Bank's internal credit rating:

The below presentation is as required by the Central bank of Jordan instructions for implementing IFRS 9, Circular no. 13/2018

| 31 December 2021 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Low risk / performing | 47,240,612 | - | - | 47,240,612 |
| Acceptable risk / performing | 105,410,360 | 473,225 | - | 105,883,585 |
| Total | 152,650,972 | 473,225 | - | 153,124,197 |

| 31 December 2020 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Low risk / performing | 5,928,488 | - | - | 5,928,488 |
| Acceptable risk / performing | 82,052,773 | 972,978 | - | 83,025,751 |
| Total | 87,981,261 | 972,978 | - | 88,954,239 |

The movement of Contingent Liabilities

| 31 December 2021 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 87,981,261 | 972,978 | - | 88,954,239 |
| Add: new balances during the year | 115,901,248 | 195,541 | - | 116,096,789 |
| Settled balances | (56,535,780) | (425,874) | - | (56,961,654) |
| Transfer to the first stage during the year | 269,420 | (269,420) | - | - |
| Addition due to acquisition | 5,034,823 | - | - | 5,034,823 |
| Net balance | 152,650,972 | 473,225 | - | 153,124,197 |

| 31 December 2020 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2020 | 50,245,721 | 311,336 | - | 50,557,057 |
| Add: new balances during the year | 57,947,962 | 664,336 | - | 58,612,298 |
| Settled balances | (22,216,209) | (2,694) | - | (22,218,903) |
| Adjustments due to change in exchange rates | 2,003,787 | - | - | 2,003,787 |
| Net balance | 87,981,261 | 972,978 | - | 88,954,239 |

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The movement of the provision for impairment losses of Contingent Liabilities

| 31 December 2021 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 1,357,493 | 16,768 | - | 1,374,261 |
| Impairment loss of indirect credit facilities during the year | 830,235 | 18,235 | - | 848,470 |
| Settled balances | (1,052,340) | (4,037) | - | (1,056,377) |
| Transfer to the first stage during the period | 9,667 | (9,667) | - | - |
| Transfer to second stage during the period | (55,424) | 55,424 | - | - |
| Addition due to acquisition | 16,020 | - | - | 16,020 |
| Net balance | 1,105,651 | 76,723 | - | 1,182,374 |

| 31 December 2020 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2020 | 908,600 | 43,238 | | 951,838 |
| Impairment loss of indirect credit facilities during the year | 1,538,701 | 6,474 | | 1,545,175 |
| Settled balances | (1,035,251) | (33,826) | | (1,069,077) |
| Adjustments due to change in exchange rates | (54,557) | 882 | | (53,675) |
| Net balance | 1,357,493 | 16,768 | - | 1,374,261 |

Letter Of Guarantee

The cumulative movement of Letter of Guarantee during the period According to IFRS 9 as well as its original rating in the acquired bank

| 31 December 2021 | Stage One | Stage Two | Stage Three | Purchased originated credit-impaired (POCI) | Total |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 132,741,708 | 8,260,276 | 5,283,031 | - | 146,285,015 |
| Add: new balances during the year | 142,245,342 | 2,184,023 | 309,200 | - | 144,738,565 |
| Settled balances | (155,748,387) | (5,175,279) | (3,146,342) | - | (164,070,008) |
| Transfer to the first stage during the year | 144,994 | (144,994) | - | - | - |
| Transfer to second stage during the year | (2,703,743) | 2,713,743 | (10,000) | - | - |
| Transferred to the third stage during the year | (835,901) | (3,137,418) | 3,973,319 | - | - |
| Additions due to acquisition | 124,434,884 | - | - | (708) | 124,434,176 |
| Net balance | 240,278,897 | 4,700,351 | 6,409,208 | (708) | 251,387,748 |

The cumulative movement of the provision for impairment losses of Letter of Guarantee according Stages during the period According to IFRS 9 as well as its original rating in the acquired bank

| 31 December 2021 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 828,085 | 305,007 | 472,812 | 1,605,904 |
| Impairment loss of indirect credit facilities during the year | 1,273,799 | 55,414 | - | 1,329,213 |
| Impairment loss of matured exposures | (2,024,422) | (206,028) | (795,549) | (3,025,999) |
| Transfer to the first stage during the period | 2,358 | (2,358) | - | - |
| Transfer to second stage during the period | (62,878) | 62,878 | - | - |
| Net balance | 16,942 | 214,913 | (322,737) | (90,882) |

**Impairment loss on Letter of Guarantee**

Distribution of letter of guarantee by categories of the Bank's internal credit rating:

| 31 December 2021 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Low risk / performing | 58,096,425 | - | 9,000 | 58,105,425 |
| Acceptable risk / performing | 179,693,197 | 8,826,809 | 3,796,142 | 192,316,148 |
| Non- Performing | | | | |
| Doubtful | - | - | 161,429 | 161,429 |
| Loss | - | - | 2,773,597 | 2,773,597 |
| Total | 237,789,622 | 8,826,809 | 6,740,168 | 253,356,599 |

| 31 December 2020 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Low risk / performing | 14,297,295 | 44,100 | 8,000 | 14,349,395 |
| Acceptable risk / performing | 118,444,413 | 8,216,176 | 97,464 | 126,758,053 |
| Non- Performing | | | | |
| Substandard | - | - | 74,939 | 74,939 |
| Doubtful | - | - | 60,300 | 60,300 |
| Loss | - | - | 5,042,328 | 5,042,328 |
| Total | 132,741,708 | 8,260,276 | 5,283,031 | 146,285,015 |

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The movement of letters of guarantee

| 31 December 2021 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 132,741,708 | 8,260,276 | 5,283,031 | 146,285,015 |
| Add: new balances during the year | 142,245,342 | 2,184,023 | 309,200 | 144,738,565 |
| Settled balances | (155,748,387) | (5,175,279) | (3,146,342) | (164,070,008) |
| Transfer to the first stage during the year | 144,994 | (144,994) | - | - |
| Transfer to second stage during the year | (2,703,743) | 2,713,743 | (10,000) | - |
| Transferred to the third stage during the year | (835,901) | (3,137,418) | 3,973,319 | - |
| Addition due to acquisition | 121,945,609 | 4,126,458 | 330,960 | 126,403,027 |
| Net balance | 237,789,622 | 8,826,809 | 6,740,168 | 253,356,599 |

| 31 December 2020 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2020 | 122,824,356 | 6,061,161 | 7,748,065 | 136,633,582 |
| Add: new balances during the year | 39,599,307 | 592,798 | 5,895 | 40,198,000 |
| Settled balances | (25,230,576) | (829,999) | (2,747,013) | (28,807,588) |
| Transfer to the first stage during the year | 461,922 | (411,229) | (50,693) | - |
| Transfer to second stage during the year | (860,841) | 3,240,448 | (2,379,607) | - |
| Transferred to the third stage during the year | (2,323,996) | (392,903) | 2,716,899 | - |
| Adjustments due to change in exchange rates | (1,728,464) | - | (10,515) | (1,738,979) |
| Net balance | 132,741,708 | 8,260,276 | 5,283,031 | 146,285,015 |

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The movement of the provision for impairment losses of letters of guarantee

| 31 December 2021 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 828,085 | 305,007 | 472,812 | 1,605,904 |
| Impairment loss of indirect credit facilities during the year | 1,273,799 | 55,414 | - | 1,329,213 |
| Settled balances | (2,024,422) | (206,028) | (795,549) | (3,025,999) |
| Transfer to the first stage during the year | 2,358 | (2,358) | - | - |
| Transfer to second stage during the year | (62,878) | 62,878 | - | - |
| Addition due to acquisition | 1,629,377 | 7,806 | 331,668 | 1,968,851 |
| Net balance | 1,646,319 | 222,719 | 8,931 | 1,877,969 |

| 31 December 2020 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2020 | 623,764 | 120,798 | 20,145 | 764,707 |
| Impairment loss of indirect credit facilities during the year | 1,119,076 | 216,388 | - | 1,335,464 |
| Settled balances | (302,466) | (37,622) | (104,052) | (444,140) |
| Transfer to the first stage during the year | 10,191 | (9,397) | (794) | - |
| Transfer to second stage during the year | (14,840) | 14,840 | - | - |
| Transferred to the third stage | (567,804) | - | 567,804 | - |
| Adjustments due to change in exchange rates | (39,836) | - | (10,291) | (50,127) |
| Net balance | 828,085 | 305,007 | 472,812 | 1,605,904 |

### Acceptances

The cumulative movement of Acceptances during the period According to IFRS 9 as well as its original rating in the acquired bank

| 31 December 2021 | Stage One | Stage Two | Stage Three | Purchased originated credit-impaired (POCI) | Total |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 70,874,090 | 518,799 | - | - | 71,392,889 |
| Add: new balances during the year | 58,133,797 | 14,348 | - | - | 58,148,145 |
| Settled balances | (42,624,233) | (518,799) | - | - | (43,143,032) |
| Additions due to acquisition | 5,328,109 | - | - | - | 5,328,109 |
| Net balance | 91,711,763 | 14,348 | - | - | 91,726,111 |

The cumulative movement of the provision for impairment losses of Acceptances according Stages during the period According to IFRS 9 as well as its original rating in the acquired bank

| 31 December 2021 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 1,001,333 | 3,895 | - | 1,005,228 |
| Impairment loss of indirect credit facilities during the year | 620,999 | 181 | - | 621,180 |
| Impairment loss of matured exposures | (702,405) | (3,894) | - | (706,299) |
| Net balance | 919,927 | 182 | - | 920,109 |

Impairment loss on Acceptances

Distribution of acceptances by categories of the Bank's internal credit rating:

| 31 December 2021 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Low risk / performing | 13,780,447 | - | - | 13,780,447 |
| Acceptable risk / performing | 77,931,316 | 14,348 | - | 77,945,664 |
| Total | 91,711,763 | 14,348 | - | 91,726,111 |

| 31 December 2020 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Low risk / performing | 13,213,399 | - | - | 13,213,399 |
| Acceptable risk / performing | 57,660,691 | 518,799 | - | 58,179,490 |
| Total | 70,874,090 | 518,799 | - | 71,392,889 |

The movement of acceptances

| 31 December 2021 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 70,874,090 | 518,799 | - | 71,392,889 |
| Add: new balances during the year | 58,133,797 | 14,348 | - | 58,148,145 |
| Settled balances | (42,624,233) | (518,799) | - | (43,143,032) |
| Addition due to acquisition | 5,328,109 | - | - | 5,328,109 |
| Net balance | 91,711,763 | 14,348 | - | 91,726,111 |

| 31 December 2020 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2020 | 146,250,600 | 1,841,143 | - | 148,091,743 |
| Add: new balances during the year | 34,904,904 | 518,799 | - | 35,423,703 |
| Settled balances | (107,783,149) | (1,631,774) | - | (109,414,923) |
| Adjustments due to change in exchange rates | (2,498,265) | (209,369) | - | (2,707,634) |
| Net balance | 70,874,090 | 518,799 | - | 71,392,889 |

## Consolidated Financial Statements31 December 2021

The movement of the provision for impairment losses

| 31 December 2021 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 1,001,333 | 3,895 | - | 1,005,228 |
| Impairment loss of indirect credit facilities during the year | 620,999 | 181 | - | 621,180 |
| Settled balances | (702,405) | (3,894) | - | (706,299) |
| Transfer to second stage during the period | - | - | - | - |
| Net balance | 919,927 | 182 | - | 920,109 |

| 31 December 2020 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2020 | 1,433,375 | 161,017 | - | 1,594,392 |
| Impairment loss of indirect credit facilities during the year | 1,172,505 | 3,894 | - | 1,176,399 |
| Settled balances | (1,655,916) | (165,440) | - | (1,821,356) |
| Adjustments due to change in exchange rates | 51,369 | 4,424 | - | 55,793 |
| Net balance | 1,001,333 | 3,895 | - | 1,005,228 |

**Unutilized direct credit limits**

The cumulative movement of Unutilized direct credit limits during the period According to IFRS 9 as well as its original rating in the acquired bank

| 31 December 2021 | Stage One | Stage Two | Stage Three | Purchased originated credit-impaired (POCI) | Total |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 124,166,882 | 3,852,067 | 20,885 | - | 128,039,834 |
| Add: new balances during the year | 195,112,033 | 1,658,028 | 31,292 | - | 196,801,353 |
| Settled balances | (169,901,607) | (9,074,459) | (51,513) | - | (179,027,579) |
| Transfer to second stage during the year | (11,196) | 11,196 | - | - | - |
| Additions due to acquisition | 135,117,459 | - | - | - | 135,117,459 |
| Net balance | 284,483,571 | (3,553,168) | 664 | - | 280,931,067 |

## Consolidated Financial Statements31 December 2021

The cumulative movement of the provision for impairment losses of Unutilized direct credit limits according Stages during the period According to IFRS 9 as well as its original rating in the acquired bank

| 31 December 2021 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 299,903 | 75,559 | - | 375,462 |
| Impairment loss of indirect credit facilities during the year | 666,715 | 47,191 | - | 713,906 |
| Impairment loss of matured exposures | (360,365) | (50,737) | - | (411,102) |
| Net balance | 606,253 | 72,013 | - | 678,266 |

Impairement loss on Unutilized direct credit limits

Distribution of unutilized direct credit limits by categories of the Bank's internal credit rating:

| 31 December 2021 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Low risk / performing | 131,733,554 | 124,488 | - | 131,858,042 |
| Acceptable risk / performing | 147,638,319 | 1,664,340 | 664 | 149,303,323 |
| Total | 279,371,873 | 1,788,828 | 664 | 281,161,365 |

| 31 December 2020 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Low risk / performing | - | - | - | - |
| Acceptable risk / performing | 67,126,390 | 141,201 | - | 67,267,591 |
| Total | 67,126,390 | 141,201 | - | 67,267,591 |

The movement of unutilized direct credit limits

| 31 December 2021 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 124,166,882 | 3,852,067 | 20,885 | 128,039,834 |
| Add: new balances during the year | 195,112,033 | 1,658,028 | 31,292 | 196,801,353 |
| Settled balances | (169,901,607) | (9,074,459) | (51,513) | (179,027,579) |
| Transfer to second stage during the year | (11,196) | 11,196 | - | - |
| Addition due to acquisition | 130,005,761 | 5,341,996 | 664 | 135,348,421 |
| Net balance | 279,371,873 | 1,788,828 | 1,328 | 281,162,029 |

| 31 December 2020 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2020 | 137,674,509 | 2,744,057 | 19,007 | 140,437,573 |
| Add: new balances during the year | 15,427,310 | 3,690,352 | 20,886 | 19,138,548 |
| Settled balances | (28,726,097) | (2,663,921) | (19,008) | (31,409,026) |
| Transfer to second stage during the year | (85,512) | 85,512 | - | - |
| Adjustments due to change in exchange rates | (123,328) | (3,933) | - | (127,261) |
| Net balance | 124,166,882 | 3,852,067 | 20,885 | 128,039,834 |

The movement of the provision for impairment losses of unutilized direct credit limits

| 31 December 2021 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 299,903 | 75,559 | - | 375,462 |
| Impairement loss of indirect credit facilities during the year | 666,715 | 47,191 | - | 713,906 |
| Settled balances | (360,365) | (50,737) | - | (411,102) |
| Addition due to acquisition | 230,298 | - | - | 230,298 |
| Net balance | 836,551 | 72,013 | - | 908,564 |

| 31 December 2020 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2020 | 116,747 | 178,326 | - | 295,073 |
| Impairement loss of indirect credit facilities during the year | 289,124 | 47,002 | - | 336,126 |
| Settled balances | (82,076) | (170,018) | - | (252,094) |
| Transfer to second stage during the period | (25,373) | 25,373 | - | - |
| Adjustments due to change in exchange rates | 1,481 | (5,124) | - | (3,643) |
| Net balance | 299,903 | 75,559 | - | 375,462 |

## Consolidated Financial Statements31 December 2021

### Unutilized direct credit limits

The cumulative movement of Indirect credit facilities during the period According to IFRS 9 as well as its original rating in the acquired bank

| 31 December 2021 | First stage | Second stage | Third stage | Purchased originated credit-impaired (POCI) | Total |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 415,763,941 | 13,604,120 | 5,303,916 | - | 434,671,977 |
| Add: new balances during the year | 511,392,420 | 4,051,940 | 340,492 | - | 515,784,852 |
| Settled balances | (424,810,007) | (15,194,411) | (3,197,855) | - | (443,202,273) |
| Transfer to the first stage during the year | 414,414 | (414,414) | - | - | - |
| Transfer to second stage during the year | (2,714,939) | 2,724,939 | (10,000) | - | - |
| Transferred to the third stage during the year | (835,901) | (3,137,418) | 3,973,319 | - | - |
| Addition due to acquisition | 269,899,255 | - | - | (708) | 269,898,547 |
| Net balance | 769,109,183 | 1,634,756 | 6,409,872 | (708) | 777,153,103 |

The cumulative movement of the provision for impairment losses of Indirect Credit Facilities according Stages during the period According to IFRS 9 as well as its original rating in the acquired bank

| 31 December 2021 | First stage | Second stage | Third stage* | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 1,079,031 | 376,470 | - | 1,455,501 |
| Impairment loss of indirect credit facilities during the year | 2,219,235 | 109,140 | - | 2,328,375 |
| Settled balances | (1,135,933) | (264,696) | (331,668) | (1,732,297) |
| Transfer to the first stage during the year | 12,025 | (12,025) | - | - |
| Transfer to second stage during the year | (61,704) | 61,704 | - | - |
| Net balance | 2,112,654 | 270,593 | (331,668) | 2,051,579 |

### Expected credit loss on indirect credit facilities

Distribution of indirect credit facilities subject to IFRS 9 by categories of the Bank's internal credit rating:

The below presentation is as required by the Central bank of Jordan instructions for implementing IFRS 9, Circular no. 13/2018

| 31 December 2021 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Low risk / performing | 250,851,038 | 124,488 | 9,000 | 250,984,526 |
| Acceptable risk / performing | 510,673,192 | 10,978,722 | 3,796,806 | 525,448,720 |
| Non- Performing | | | | |
| Doubtful | - | - | 161,429 | 161,429 |
| loss | - | - | 2,773,597 | 2,773,597 |
| Total | 761,524,230 | 11,103,210 | 6,740,832 | 779,368,272 |

| 31 December 2020 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Low risk / performing | 100,565,572 | 185,301 | 8,000 | 100,758,873 |
| Acceptable risk / performing | 315,198,369 | 13,418,819 | 118,349 | 328,735,537 |
| Non- Performing | | | | |
| Substandard | - | - | 74,939 | 74,939 |
| Doubtful | - | - | 60,300 | 60,300 |
| loss | - | - | 5,042,328 | 5,042,328 |
| Total | 415,763,941 | 13,604,120 | 5,303,916 | 434,671,977 |

## Consolidated Financial Statements31 December 2021

The cumulative movement of indirect credit facilities subject to IFRS 9 calculation:

| 31 December 2021 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 415,763,941 | 13,604,120 | 5,303,916 | 434,671,977 |
| Add: new balances during the year | 511,392,420 | 4,051,940 | 340,492 | 515,784,852 |
| Settled balances | (424,810,007) | (15,194,411) | (3,197,855) | (443,202,273) |
| Transfer to the first stage during the year | 414,414 | (414,414) | - | - |
| Transfer to second stage during the year | (2,714,939) | 2,724,939 | (10,000) | - |
| Transferred to the third stage during the year | (835,901) | (3,137,418) | 3,973,319 | - |
| Addition due to acquisition | 262,314,302 | 9,468,454 | 330,960 | 272,113,716 |
| Net balance | 761,524,230 | 11,103,210 | 6,740,832 | 779,368,272 |

| 31 December 2020 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2020 | 456,995,186 | 10,957,697 | 7,767,072 | 475,719,955 |
| Add: new balances during the year | 147,879,483 | 5,466,285 | 26,781 | 153,372,549 |
| Settled balances | (183,956,031) | (5,128,388) | (2,766,021) | (191,850,440) |
| Transfer to the first stage during the year | 461,922 | (411,229) | (50,693) | - |
| Transfer to second stage during the year | (946,353) | 3,325,960 | (2,379,607) | - |
| Transferred to the third stage during the year | (2,323,996) | (392,903) | 2,716,899 | - |
| Adjustments due to change in exchange rates | (2,346,270) | (213,302) | (10,515) | (2,570,087) |
| Net balance | 415,763,941 | 13,604,120 | 5,303,916 | 434,671,977 |

## Consolidated Financial Statements31 December 2021

The cumulative movement of the provision for impairment losses of indirect credit facilities:

| 31 December 2021 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2021 | 3,486,815 | 401,227 | 472,812 | 4,360,854 |
| Impairment loss of indirect credit facilities during the year | 3,391,748 | 121,021 | - | 3,512,769 |
| Settled balances | (4,139,532) | (264,696) | (795,549) | (5,199,777) |
| Transfer to the first stage during the year | 12,025 | (12,025) | | - |
| Transfer to second stage during the year | (118,302) | 118,302 | - | - |
| Addition due to acquisition | 1,875,695 | 7,806 | 331,668 | 2,215,169 |
| Net balance | 4,508,449 | 371,635 | 8,931 | 4,889,015 |

| 31 December 2020 | Stage One | Stage Two | Stage Three | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance as at 1 January 2020 | 3,082,487 | 503,377 | 20,145 | 3,606,009 |
| Impairment loss of indirect credit facilities during the year | 4,119,406 | 273,758 | - | 4,393,164 |
| Impairment loss of matured exposures | (3,075,709) | (406,906) | (104,052) | (3,586,667) |
| Transfer to the first stage during the year | 10,191 | (9,397) | (794) | - |
| Transfer to second stage during the year | (40,213) | 40,213 | - | - |
| Transferred to the third stage | (567,804) | - | 567,804 | - |
| Adjustments due to change in exchange rates | (41,543) | 182 | (10,291) | (51,652) |
| Net balance | 3,486,815 | 401,227 | 472,812 | 4,360,854 |

* The expected credit losses for commitments and contingent liabilities - in the third stage, were calculated within the expected credit losses of direct credit facilities at amortized cost

### (50) Lawsuits against the Bank

- The lawsuits raised against the Bank, as part of the ordinary course of business, amounted to JD 14,803,484 as at 31 December 2021 against JD 25,382,777 as at 31 December 2020. According to the Bank's management and legal counselor, the Bank will not be liable in any of these cases, excluding a lawsuit for JD 114,796.
- The lawsuits raised against National Bank of Iraq, as part of the ordinary course of business, amounted to JD 1,517,901 as at 31 December 2021 against JD 1,499,467 as at 31 December 2020.
- No lawsuits were raised against Capital Investment and Brokerage Company Ltd/Jordan, as part of the ordinary course of business as at 31 December 2021 as well as at 31 December 2020.

### (51) Acquisition of Bank Audi Branches in Jordan and Iraq

- During September 2020, the Group signed a non-binding and exclusive "Letter of Intent" agreement to acquire the banking business of the Lebanese Bank Audi branches in Jordan and Iraq and purchase its assets and liabilities. At the end of December 2020, the bank signed an agreement to purchase and transfer the business, whereby all the necessary requirements and approvals were completed from the regulatory authorities to complete the acquisition as on March 11, 2021.
- The table below shows a summary of the net fair division of assets and liabilities acquired at the end of the business day on March 11, 2021:

| Assets | 11 March 2021 |
|---|---|
| | JDs |
| Cash and balances with banks and central banks | 119,888,013 |
| Financial assets at fair value through other comprehensive income | 2,210,437 |
| Direct credit facilities at amortized cost | 234,376,344 |
| Other financial assets at amortized cost | 155,198,402 |
| Other Assets | 36,794,379 |
| Total Assets | 548,467,575 |
| | |
| Liabilities and Equity | |
| Liabilities | |
| Customer Deposits | 387,880,077 |
| Cash margins | 68,115,448 |
| Borrowed funds | 6,991,062 |
| Other liabilities | 15,621,656 |
| Total Liabilities | 478,608,243 |
| | |
| Net fair value of the business acquired at the date of acquisition | 69,859,332 |
| The purchase price paid for the acquisition | 41,781,370 |
| Result from the acquisition | 28,077,962 |

Cash and Cash equivalent from the acquired subsidiary is amounting to 6,397,815 as at March 11, 2021 .

## Consolidated Financial Statements31 December 2021

**Study of the purchase price agreement**

- A study of the distribution of the purchase price was carried out by an independent company, and the preliminary study was completed at the end of December 2021
- Management has went ahead with this acquisition due to the significant step in the group's expansion strategy and its ambitious plans to further reinforce its competitive position also this step comes within the growth that the group has witnessed in its budget over the past several years, and according to this acquisition deal, Capital Bank branches in Jordan will grow to 28 and those of the National Bank of Iraq to 18.
- Furthermore, the fact that Bank Audi's desire to exit the Jordanian and Iraqi market is in line with the group's strategy to expand and enhance its competitive position, which positively affected the completion of the deal.
- For each class of acquired receivables, the gross contractual amounts receivable and the best estimate of the contractual cash flows not expected to be collected are as follows

| | Gross contractual amounts receivable | The contractual cash flows not expected to be collected |
|---|---|---|
| | JDs | JDs |
| Cash and balances with banks and central banks | 119,888,026 | - |
| Financial assets at fair value through other comprehensive income | 2,210,437 | - |
| Direct credit facilities at amortized cost | 278,536,214 | 597,810 |
| Other financial assets at amortized cost | 155,198,402 | - |
| Other Assets | 36,794,379 | - |
| Total Assets | 592,627,458 | 597,810 |

- The fair value of acquired net direct credit facilities at amortized cost is 234,376,344 and the gross contractual amount for direct credit facilities at amortized cost is 278,536,214 , with a loss allowance of 44,159,870 recognised on acquisition.
- Acquisition related transaction costs of JOD 2,701,444 were expensed disclosed separately on the Interim Condensed Consolidated statement of income and the include the following:

| | |
|---|---|
| **Professional fees** | 1,274,581 |
| **Governmental Fees** | 69,128 |
| **other fees** | 1,357,735 |
| **Total** | 2,701,444 |

- The acquired bank contributed revenue of 9.2 million Jordanian dinars for the period from the date of acquisition until September 30, 2021. If the acquisition took place on January 1, 2021, the group's revenue for the period ending on September 30, 2021 will have an impact of 12.3 million Jordanian dinars.

| Purchase consideration – Cash outflow | JDs |
|---|---|
| Outflow of cash to acquire, net of cash acquired | 41,781,370 |
| Cash Considraction | 41,781,370 |
| less - balance acquired | 119,888,013 |
| Cash and balances with banks and central banks | 119,888,013 |
| Net Outflow of cash - investing activities | (78,106,643) |

### (52) Other Notes

#### A) Subsequent events

During the fourth quarter of the year, the bank announced that the bank had issued nominal loan bonds within the first tranche of the capital, which are permanent, not convertible into shares, and amortized by the issuer after the lapse of 5 years. The bank intends to register and offer these bonds in the United Arab Emirates, so that the proceeds of the offering will be used to finance the bank's expansion plans and various activities.

On December 25, 2021, the Capital Bank of Jordan signed a "binding offer" agreement regarding the desired and expected acquisition of Societe Generale Bank - Jordan by purchasing 100% of Societe Generale Bank - Lebanon's stakes in Societe Generale Bank - Jordan and from the rest of its shareholders, and this matter Subject to the results of the financial, legal and administrative due diligence study intended to work on all aspects, business and activities of Societe Generale Bank - Jordan. Work is underway to complete all necessary approvals from the Central Bank of Jordan and other regulatory authorities. This decision comes within the bank's strategy to expand and enhance its market share.

#### B) Reclassification of comparative figures

Some of the comparative figures for the year ended December 31, 2020 have been reclassified to match the classification of the financial statements for the year ended December 31, 2021. This amendment had no impact on the income statement and the statement of changes in equity for the group.

| 31 December 2021 | Before adjustment | adjustment amount | after adjustment |
|---|---|---|---|
| Property, plant and equipment, net | 34,940,997 | 3,932,088 | 38,873,085 |
| Intangible assets, net | 11,180,010 | 10,525,911 | 21,705,921 |
| Other assets | 143,237,975 | (14,457,999) | 128,779,976 |

| 31 December 2020 | Before adjustment | adjustment amount | after adjustment |
|---|---|---|---|
| Property, plant and equipment, net | 33,151,390 | (3,706,931) | 29,444,459 |
| Intangible assets, net | 20,002,960 | (16,651,782) | 3,351,178 |
| Other assets | 124,041,194 | 20,358,713 | 144,399,907 |

# Statements of the Requirements of the Securities Commission

### A. Message from the Chairman

Included in the beginning of the annual report

### B. Board of Directors' Report

Included in the beginning of the annual report

### C. Description of the Bank's Main Activities

Capital Bank offers all banking and financial products and services directed towards all economic sectors in Jordan through its branches in the Hashemite Kingdom of Jordan. In addition, the bank provides a number of investment and financial brokerage services through Capital Investments, a subsidiary that is wholly owned by Capital Bank, with a capital of JD10 million. It is also an investor in the National Bank of Iraq, which has a capital of IQD250 billion, 61.85% owned by Capital Bank. Furthermore, Capital Bank owns Capital Investments Ltd., headquartered at the DIFC, which specializes in providing investment and enterprise financing consulting services.

### D. Bank's Locations and Number of Employees

Capital Bank, Jordan Capital Investment and Financial Brokerage Company, Capital Investments Company (DIFC), and the National Bank of Iraq employ 1597 people distributed over the following geographic locations:

| Location | Address | Number of Employees |
|---|---|---|
| Headquarters | Amman | 688 |
| Capital Investments | Amman | 49 |
| Special Banking and Wealth Management | Amman | 29 |
| Irbid Branch 1 | Irbed | 11 |
| Irbid Branch 2 | Irbed | 8 |
| Gardens Street Branch | Amman | 10 |
| New Zarqa Branch | New Zarqa | 6 |
| Zarqa Free Zone Branch | Zarqa Free Zone | 4 |
| Sweifieh Branch 1 | Amman | 8 |
| SweifiehBranch 2 | Amman | 7 |
| Abdali Branch | Amman | 9 |
| Aqaba Branch | Aqaba | 12 |
| Al-Madina Al-Munawwara Branch | Amman | 11 |
| Al-Wehdat Branch | Amman | 6 |
| Taj Mall Branch | Amman | 12 |

## Statements of the Requirements ofthe Securities Commission

| Location | Address | Number of Employees |
|---|---|---|
| Jabal Hussein Branch | Amman | 6 |
| Dabouq Branch 1 | Amman | 11 |
| Dabouq Branch 2 | Amman | 7 |
| Zahran Branch | Amman | 10 |
| Shmeisani Branch | Amman | 11 |
| Fuheis Branch | Balqa’ | 5 |
| Majdi Mall Branch | Amman | 6 |
| Mecca Mall Branch | Amman | 14 |
| Wadi Saqra Branch | Amman | 7 |
| Capital Investments Company (DIFC) | Dubai | 10 |
| National Bank of Iraq | Iraq | 631 |

The bank does not operate any branches outside the Kingdom.

### 1. Capital Bank’s Capital Investments

The bank’s capital investments amounted to JD 96,825,008 representing a net value of property, equipment, assets, and intangible assets as at the end of 2021.

### 2. Subsidiary Companies

| Subsidiary Company | Company Type | Company Activity | Company Capital |
|---|---|---|---|
| Capital Investments | Limited Ability | Investment & Financial Brokerage | JD 10,000,000 |
| National Bank of Iraq | Public Shareholding | Banking | IQD 250 Billion |
| Capital Investments DIFC | Limited Ability | Consultancy | $250,000 |
| Bahrain Investment Fund Company | Bahraini Shareholding (Closed) | Founding of Investments Funds | BHD 1,000 |

### 3. Brief Introduction to the Chairman and Members of the Board of Directors:

**H.E. Mr. Bassem Khalil Salem Al-Salem**

Position: Chairman of the Board of Directors
Date of Birth: June 19, 1956
Nationality: Jordanian
Membership Date: April 20, 2010

**Education:**

Mr. Al-Salem holds a Bachelor's degree with honors in ChemicalEngineering from Imperial College, United Kingdom.

**Current Positions:**

Chairman of the Board of Directors of Capital Bank of Jordan and chairman of the Board of the Jordanian Association of Banks. He is also chairman of a number of boards of prominent private and public companies, most importantly the Jordanian General Mining Company.

**Experience:**

Mr. Al-Salem began his career in the private sector, where he established a number of industrial companies. In April 2011, he became the chairman of the Board of Directors of Capital Bank Group, which includes the Jordanian Capital Bank, the National Bank of Iraq, and Capital Investemnts Brokerage-Jordan LTD. He is also one of the founders of Capital Bank of Jordan and has directed the bank toinnovatively serveits clients, while focusing on providing advanced commercial and investment banking services to the Jordanian and Iraqi markets.

He previously held the posts of minister of labor and minister of finance in Jordan (2005-2009) and is credited for putting in place social and economic policies that contributed to the creation of job opportunities in the public and private sectors, in addition to attracting foreign companies and investments to Jordan and contributing to the growth and prosperity of local investments.

Previously, he held the post of the chairman of the Board of Kings Academy and the post of chairman of the Board of the Social Security Corporation (2005-2009), and he was a member of the Board of Directors of the Central Bank. He served as a member of the Jordanian Senate from 2010 to 2011.

## Statements of the Requirements ofthe Securities Commission

**Mr. Said Samih Darwazeh**

Position: Vice-Chairman of the Board of Directors

Date of Birth: May 25, 1957

Nationality: Jordanian

Membership Date: June 14, 2021

**Education:**

Mr. Darwazeh holds a Bachelor's degree in Industrial Engineering from Purdue University in the United States and a Master's degree in Business Administration of INSEAD university in France

**Current Positions:**

Mr. Darwazeh is currently the chairman of the Executive Board of Directors of Hikma PharmaceuticalsCompany, a leading international company listed on the London Stock Exchange and is part of the FTSE100, a position he has held since 2007. Mr. Darwazeh also holds the post of chairman of the Board of Directors of Queen Rania Foundation, which focuses on improving national educational resources in Jordan as a means to strengthen social development. He is the founder of the Health Care Accreditation Council, which is a non-profit organization operating to improve medical standards in all areas of the Middle East and North Africa. Since 2016, Mr. Darwazeh has been thechairman of the Board of Directors of Royal Jordanian, the national aviation company.

**Experience:**

Mr. Darwazeh was the Jordanian minister of health between 2003 and 2006 and a member of the Board of Directors of the Central Bank of Jordan between 2012 and 2021.

## Statements of the Requirements ofthe Securities Commission

**Social Security Corporation**

**Ms. Shaden Ziyad Nabih Darwish Al Haji**

Position: Representative board member of the Social Security Corporation

Date of Birth: September 19, 1981

Nationality: Jordanian

Membership Date: August 31, 2009

**Education:**

Ms. Al Haji holds a Bachelor's degree in Financial and Banking from the University of Jordan, Certified Financial Analyst (CFA) from the CFA Institute in the United States, a Board of Directors Certificate from JIOD and is a member of the CFA Society Jordan

**Current Positions:**

Director of the Private Shareholder Portfolio Section of the Investment Fund of the Social Security Corporation.

**Experience:**

She has long experience in the field of investment and financial analysis. She has held numerous positions at the Investment Fund of the Social Security Corporation, including financial analyst at the Stocks Investment Department and became the senior financial analyst. She also held the post of director of the Portfolio Management Section of the Stock Investment Department. She offers lectures for CFA certification at accredited training centers in Jordan.

## Statements of the Requirements ofthe Securities Commission

**Hitaf Investment Company**
**Mr. "Mohammed Ali" Khaldoun Sati' Al-Husry**

Position: Representative of board member of Hitaf Investment Company
Date of Birth: April 20, 1957
Membership Date: August 31, 2009
Nationality: Jordanian

**Education:**
Mr. Al-Husry has a Bachelor's degree in Mechanical Engineering from the University of Southern California and an MBA from INSEAD Business School in France

**Current Positions:**
Non-executive member of the Board of Directors of Hikma Pharmaceuticals and member of the board of directors of the Women's Fund.

**Experience:**
Mr. Al-Husry founded and served as chairman of the Board of Directors of Capital Bank of Jordan from 1995 to 2007. He is credited for pioneering investment banking services in Jordan during his management of the bank.

# Statements of the Requirements ofthe Securities Commission

**Al-Khalil Company for Investments**
**Mr. Khalil Hatem Khalil Al-Salem**

Position: Representative of board member of Al-Khalil Company for Investments
Date of Birth: December 28, 1982
Membership Date: August 31, 2009
Nationality: Jordanian

**Education:**
Mr. Al-Salem has a Bachelor's degree in Economics from Columbia University

**Current Positions:**
Deputy CEO of Iraq Logistics Ventures Ltd.

**Experience:**
Mr. Al-Salem began his career as a financial analyst at J.P. Morgan in New York, then as a financial analyst and business development manager at Capital Investment– Jordan.Previously, he served as the director of the Office of His Royal Highness Prince Ali Bin Al-Hussein, he also worked as financial analyst for MIDRAR Investments.

**Al-Jadara Company for Real Estate Investment**
**Mr. Sultan Mohammed M. Al Seif**

Position: Representative of board member of Al-Jadara for Real Estate Investment
Date of Birth: March 3, 1985
Membership Date: August 31, 2009
Nationality: Saudi Arabian

**Education:**
Mr. El Seif holds a Bachelor's degree in Finance from Roger Williams University

**Current Positions:**
General Manager of El Seif Corporation.

**Experience:**
Mr. El Seif was thedeputy general manager and office director of the chairman of the Board of Directors of the Saudi Medicare Company in Riyadh. Previously, he worked as a financial analyst at UME Investment and Morgan Stanley. He is a board member of several companies including the Saudi Medicare Company, Allied Medical Group, and United Medical Enterprises Group.

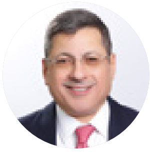
## Statements of the Requirements ofthe Securities Commission

**Investment and IntegratedIndustries Co (Holding)**
**Mr. Omar M. I. Shahrour**

Position: Representative of the board member of Investment and Integrated Industries Co (Holding)
Position: Date of Birth: April 17, 1967
Membership Date: August 31, 2009
Nationality: Jordanian

**Education:**
Mr. Shahrour holds a Bachelor's degree in Accounting from the University of Jordan, an MBA in Finance from Wayne State University in Detroit, Michigan

**Experience:**
Mr. Shahrour has more than 20 years of experience in financial management. Previously, he held the post of CFO of Nuqul Group. His responsibilities cover strategic financial leadership and the implementation of financial operations and controls, in addition to financial planning, auditing, and investor relations.



**Mr. Omar Akram Omran Bitar**

Position: Member of the Board of Directors

Date of Birth: January 1, 1963

Membership Date: June 4, 2015

Nationality: Palestinian

**Education:**

Mr. Bitar has a Bachelor’s degree in Finance and Banking from the University of Missouri in St. Louis

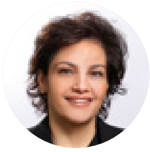
**Experience:**

Mr. Bitar began his career with Arthur Andersen in 1984, where he acquired his expertise in financial auditing. He later moved to work in the field of financial and administrative consultations. In 1997, he participated in establishing consulting services for Arthur Andersen in the Middle East. He later chaired the financial and administrative consulting services for Ernst and Young in the Middle East and North Africa. He later moved to PricewaterhouseCoopers.

He holds a CPA from the State of Illinois and is a member of the Association of Certified Public Accountants in the United Sates, Jordan, Palestine, and the Arab Association.

Previously, he was a partner in Price waterhouse Coopers, where he was the head of consulting services for business and led the company’s services in the field of administrative consultancy and corporate finance in the Middle East. Before that, he led the company’s operations in Jordan, Iraq, Libya, Syria, and Palestine.

He has extensive experience in operational and financial consultancy, auditing, privatization, and the company restructuring in many sectors, including banking and financial services, hospitality, construction, manufacturing, oil, and gas.



**Ms. Reem Haitham Goussous**

Position: Member of the Board of Directors
Date of Birth: November 16, 1971
Membership Date: June 4, 2015
Nationality: Jordanian

**Education:**

Ms. Goussous has a Bachelor's degree in Economics and a Master's degree in Economic Development and International Trade from Boston University, USA

**Current Positions:**

CEO of Endeavor Jordan, a global organization that seeks to enhance sustainable economic growth by establishing and expediting the growth of startups and SMEs.

**Experience:**

Ms. Goussous was the first director and chief economic consultant at Al-Jadara Company, which is a regional investment company that offers economic, developmental, and administrative consulting services to enterprises and companies in the public and private sectors. She has more than 25 years of experience in the economic and financial sector, where she has built a successful record in economic impact analysis, the formulation of economic development policies, strategies, research and market data, investment development and exports.

She led the establishment of many units specialized in research and report preparation.She also served as policy advisor to the Minister of Planning and International Cooperation.

**Mr. Khalid Walid Nabilsi**

Position: Member of the Board of Directors
Date of Birth: February 20, 1972
Membership Date: May 24, 2017
Nationality: Jordanian

**Education:**

Mr. Nabilsi holds a Bachelor's degree in Economics and Administrative Sciences from the University of Jordan, he holds an MBA from the University of Hull in the United Kingdom.

**Current Positions:**

Head of Financial Control Department at Hikma Pharmaceuticals.

**Experience:**

Before assuming his current post, Mr. Nabilsi held strategic administrative posts in Hikma Pharmaceuticals' financial management. He was a main member in the team that organized the company's public underwriting in 2005. He obtained experience in mergers and acquisitions when working with Atlas Investment Group - AB Invest.

He also occupied several positions at financial management and accounting, and consultation. He carried international auditing operations while working with Arthur Andersen – Amman (Ernst & Young).

## Statements of the Requirements ofthe Securities Commission

**Mr. Mohammad Hasan Subhi (AlHaj Hasan)**

Position: Member of the Board of Directors
Date of Birth: August 16, 1981
Membership Date: May 24, 2017
Nationality: Jordanian

**Education:**

Mr. AlHaj Hasan holds a Master's degree in Business Administration and a Master's degree in Education from Stanford Graduate School. He also holds a Bachelor's degree in Finance and Microeconomics from Massachusetts Institute of Technology (MIT).

**Current Positions:**

Chairman of the Board and CEO of Jawaker and a member of the Board of Directors of Akhtaboot Company.

**Experience:**

Mr. AlHaj Hasan is a partner and founder of two of the most innovative startup companies in the Middle East and North Africa: Jawaker, which is an electronic social gaming company, particularly focusing on card games; and Akhtaboot, a provider of employment solution online. He held the post of deputy general manager for quantitative analysis at Rasmala, based in Dubai, in addition to his work as a financial analyst in Dresdner Kleinwort Wasserstein, which is a global financial organization specialized in banking investment in the United States.

## Statements of the Requirements ofthe Securities Commission

**Abubaker Seddiq Mohamed Hussain Alkhoori**

Position: Member of the Board of Directors
Date of Birth: November 13, 1971
Membership Date: April 15, 2021
Nationality: Emirati

**Education:**

Mr. Al-Khouri holds a Bachelor’s degree in Financial Sciences from Linfield College in the United States. He also holds a CFA

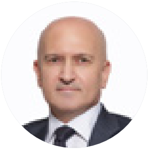
**Current Positions:**

He has been the CEO of Abu Dhabi Capital Group, UAE since 2018.

**Experience:**

Mr. Al-Khouri has 25 years of experience in the fields of international financing and investment and real estate. He has chaired the boards of directors of many companies, including the National Investor company, Khidmah company, Abu Dhabi Airports, and Aldar Properties. He was first vice chairman for the Board of Directors of Aldar Properties. He held the post of vice chairman of the Board of Directors of the Waha Capital and the Emirates Steel companies. He was a member in boards of directors of many companies, most prominently Abu Dhabi Ports, Shuaa Capital, Abu Dhabi Securities Exchange, Abu Dhabi Chamber of Commerce and Industry, Khalifa Fund for Enterprise Development, Abu Dhabi Retirement Pensions and Benefits Fund, and Al-Dhabi Investment. He was a delegated member in the Surouh Real Estate company and an assistant manager in the Abu Dhabi Investment Authority-ADIA.

## Statements of the Requirements ofthe Securities Commission



**Mr. Yousef Ali Yousef Al-Nsour**

Position: Member of the Board of Directors

Date of Birth: January 30, 1970

Membership Date: April 15, 2021

Nationality: Jordanian

**Education:**

Mr. Al-Nsour holds a Bachelor’s degree in Business Administration from University of Jordan and a Master’s degree in Business Administration from Bowling Green State University in the United States

**Current Positions:**

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**Experience:**

Mr. Al-Nsour has a long career in banking, during which he held many positions that have enriched his banking expertise. Most prominently, he held the post of regional manager (general manager) of Bank Audi – Jordan branches from 2006 to 2021, as well as chief of corporate and enterprise financial services at Standard Chartered Bank from June 2004 to February 2006. He held several positions during his work with HSBC Bank Middle East from June 1997 to May 2004. He also worked in the Amman Investment Bank.

**4. Meetings of the Board of Directors and BoardCommittees in 2021**

Included within the Corporate Governance Report

## Statements of the Requirements ofthe Securities Commission

**5. Capital Bank Executive Management:**

**Members of the senior executive management team include:**

**Mr. Dawod M. D. Al Ghoul**

Position: Group CEO
Date of Birth: May 25, 1971
Nationality: Jordanian
Membership Date: March 12, 2020

**Education:**

Mr. Al Ghoul has a Bachelor's degree in Accounting from the University of Jordan and a Master's degree from the University of Colorado. He is a certified public accountant (CPA).

**Experience:**

Mr. Al Ghoul has worked for more than 22 years in financial and strategic planning, as well as investments and financial restructuring. He began his career in 1995 as an auditor at Arthur Andersen in Dubai, UAE, and then at Schlumberger, Dubai as assistant financial director for MENA and the Indian subcontinent. He then moved to KPMG in Dallas, Texas, as a financial advisor in international taxation. In 2003, he joined the Arab Bank Group as vice chief financial officer. In 2008, he took over as executive vice president of planning and investment for the same group, during which time he led and developed the group's financial plans. In 2012, he took over the position of chief financial officer of the Arab Bank Group and later as CFO at Abu Dhabi Capital Group.

## Statements of the Requirements ofthe Securities Commission

**Yasser Ibrahim Mohammad Kleib**

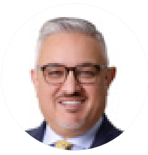
Position: Group Chief Institutional Banking Officer
Date of Birth: October 27, 1974
Nationality: Jordanian
Membership Date: December 30, 2009

**Education:**

Mr. Kleib has a Bachelor's degree in Business Administration from Yarmouk University and is a Certified Lender Business Banker (CLBB) with the American Bankers Association.

**Experience:**

Experience: Mr. Kleib has over 20 years of experience in commercial and institutional development. He joined Capital Bank in 2004, and began his career in the Banking Services and Credit Facilitations Department. Previously, he worked at the Arab Bank for eight years.



**Ali Mohammad Daoud Abu Swai**

Position: Group Chief Treasurer
Date of Birth: February 2, 1962
Nationality: Jordanian
Membership Date: March 1, 2009

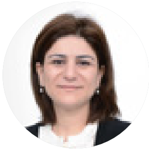
**Education:**

Mr. Abu Swai holds a Bachelor's degree and a Master's degree in Finance and Banking.

**Experience:**

Experience: Mr. Abu Swai has more than 24 years of experience in financial markets and banking, treasury and investment operations. He served as the president of the Trade Association from 2010 until 2017, and is a member of the Board of Directors of the Investment Fund of the University of Jordan. He is Jordan's representative to the Arab Union of Circulators in Financial Markets, and previously worked for Amman Investment Bank for five years.

## Statements of the Requirements ofthe Securities Commission



**Manar Mohammad Abdulhalim Al-Nsour**

Position: Head of Financial Management
Date of Birth: September 20, 1979
Nationality: Jordanian
Membership Date: July 3, 2016

**Education:**
Ms. Al-Nsour holds a Bachelor's degree in Accounting from the University of Jordan.

**Experience:**
Ms. Al-Nsour has close to 17 years of practical experience, having held various managerial positions at Capital Bank before she assumed the role of chief financial officer as of July 30, 2016.

**Falah Hassan Khalil Kokash**

Position: Head of Risk Management
Date of Birth: August 1, 1967
Nationality: Jordanian
Membership date: September 9, 2012

**Education:**
Mr. Kokash holds a Bachelor's degree in Finance and Banking and a Master's degree in Financial Management from Yarmouk University, as well as a number of professional certificates including Financial Risk Management (FRM), International Certificate in Banking Risk and Regulation (ICBRR), Certified Management Accountant (CMA), Certified Financial Management (CFM), and a Certified Lender Business Banker (CLBB) in commercial banks.

**Experience:**
Mr. Kokash has over 21 years of experience in the financial sector. He has held several leadership positions in risk management and credit analysis, and has worked for several banks including the Bank of Jordan, Ahli Bank, Istithmari Bank and Al-Bilad Bank in Saudi Arabia.

## Statements of the Requirements ofthe Securities Commission

**Mohammad Hafez Abdul-Karim Mohammad Hafez Mua'z**

Position: Head of Legal Affairs
Date of Birth: October 27, 1969
Nationality: Jordanian
Membership date: February 6, 2003

**Education:**

Mr. Mua'z holds a Bachelor's of Law from the University of Jordan, a higher diploma in International Law, and a Master's degree in Commercial Law from Staffordshire University, the United Kingdom.

**Experience:**

Mr. Mua'z previously worked in the foreign section of the Arab Bank's Legal Department for two years. Prior to that, he worked at Dajani and Sons law firm for five years. He has been a member of the Jordanian Bar Association since 1997, and has been a member of the Association of International Lawyers since 1998.

**Ra'fat Abdullah Ismail Khalil**

Position: Head of Internal Auditing
Date of Birth: December 10, 1964
Nationality: Jordanian
Membership Date: March 1, 2017

**Education:**

Mr. Khalil holds a Bachelor's degree in Accounting from Yarmouk University, as well as professional certificates in CICA and CBA.

**Experience:**

Experience: Mr. Khalil has over 26 years of practical experience, having worked at the Central Bank of Jordan for seven years. He also worked at Oman Commercial Bank for four years and at the Oman Arab Bank for seven years.

**Zain Ammar Khaldoun Malhas**

Position: CEO of BLINK

Date of Birth: July 10, 1985

Nationality: Jordanian

Membership Date: September 19, 2019

**Education:**

Ms. Malhas holds a Master's degree in Business Administration from the Jordan German University and a Bachelor's degree in International Finance and Banking from Franklin College in Switzerland.

**Experience:**

Ms. Malhas has over 12 years of experience in the banking sector, having worked for the Housing Bank and Standard Chartered, where she managed the Global Subsidiaries business. Ms. Malhas is also a member of the board of directors Middle East Payment Services (MEPS).

**Haya Ibrahim Hanna Abuata**

Position: Head of Human Resources

Date of Birth: May 19, 1989

Nationality: Jordanian

Membership Date: August 12, 2020

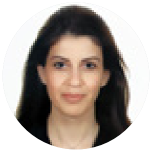
**Education:**

Ms. Abuata holds a Bachelor's degree in Human Resources from University of Toronto, Canada.

**Experience:**

Ms. Abuata has around nine years of experience in the banking sector. She moved up the ranks in Capital Bank Jordan before becoming the head of human resources on August 12, 2020.

## Statements of the Requirements ofthe Securities Commission



**Manar Nizar Mahmoud Aabidi**

Position: Head of Credit

Date of Birth: May 25, 1972

Nationality: Jordanian

Membership Date: August 12, 2020

**Education:**

Ms. Aabidi holds a Master's degree in Finance and Investment from Edinburgh University, the United Kingdom.

**Experience:**

Ms. Aabidi has around 24 years of experience in the banking sector. Prior to Capital Bank, she worked with the Housing Bank, HSBC, and CitiBank, where she was thehead ofcommercial banking and vice president.

**Mohammad Ragheb Hussein Othman**

Position: Head of Consumer Banking

Date of Birth: June 20, 1980

Nationality: Jordanian

Membership Date: November 26, 2020

**Education:**

Mr. Othman holds a Master's degree in Management Information Systems from the Arab Academy for Banking and Financial Sciences.

**Experience:**

Mr. Othman has around 17 years of experience in the banking sector. He has worked with a number of banks, including the Arab Bank, Jordan Ahli Bank, and Al-Rajhi Bank, until he joined Bank Al Etihad, where his last post was chief retail banking officer.

## Statements of the Requirements ofthe Securities Commission

**Touleen Mohammad Mahmoud Barto**

Position: Head of Marketing and Corporate Communications
Date of Birth: August 13, 1976
Nationality: Jordanian
Membership Date: March 1, 2021

**Education:**
Ms. Barto holds a Master's degree in Marketing and Advertisement from Leeds University, United Kingdom.

**Experience:**
Ms. Barto has more than 24 years of experience in the field of marketing in the communications sector and joined Capital Bank as head of the Marketing and Corporate Communications Department. Previously, she worked at HSBC Bank for nearly two years.

**Izzedine Rushdi Abd Al-Latif Abu Salameh**

Position: Head of Operations
Date of Birth: October8, 1971
Nationality: Palestinian
Membership Date: December 1, 2021

**Education:**
Mr. Abu Salameh holds a Master's degree in Business Administration from Birzeit University and a Bachelor's degree in English Language and Literature from Yarmouk University.

**Experience:**
Mr. Abu Salameh has more than 26 years of experience, 20 years of those in the banking sector. He held posts in several banks, including Standard Chartered Grindlays and Cairo Amman Bank, until he joined the Bank Al-Etihad, where he was chief operating officer.

## Statements of the Requirements ofthe Securities Commission

**Samer Ibrahim Abd Al-Afou Al-Aloul**

Position: Head of Banking Operations
Date of Birth: June 7, 1977
Nationality: Jordanian
Membership Date: September 29, 2021

**Education:**
Mr. Al-Aloul holds a Bachelor's degree in Economics from Michigan University.

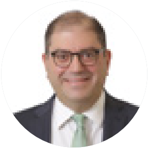
**Experience:**
Mr. Al-Aloul has nearly 22 years of experience in the banking sector. He worked in several banks, including CitiBank and Standard Chartered, until he joined Bank Audi, where he was deputy general manager. After Bank Audi's merger with Capital Bank, Mr. Al-Aloul assumed the post of head of banking operations.

**Mu'nes Mamdouh Hanna Haddadin**

Position: Head of Compliance
Date of Birth: October21, 1977
Nationality: Jordanian
Membership Date: December 23, 2021

**Education:**
Mr. Haddadin holds a Master's degree in Business Administration from Lancaster University in Britain and a Bachelor's degree in Finance and Banking from the Hashemite University.

**Experience:**
Mr. Haddadin has more than 22 years of experience in the banking sector. He worked in several banks, including Bank Al-Etihad, the National Bank, and the Central Bank, until he joined the Royal Bank of Canada, where he was manager for Global Financial Crimes and Economic Sanctions Risk Assessment.



**Fadi Farid Habib Khouri**

Position: Head of Liabilities

Date of Birth: July26, 1973

Nationality: Jordanian

Membership Date: July 28, 2021

**Education:**

Mr. Khouri holds a Bachelor’s degree in Business Administration from the University of Jordan.

**Experience:**

Mr. Khouri has nearly 25 years of experience in the banking sector. He worked in several banks, including the Arab Bank, ABC Bank, Jordan Commercial Bank, Standard Chartered Bank, and ANZ Grindlays Bank, until he joined Bank Audi, where he was retail and branch manager. After Bank Audi’s merger with Capital Bank, Mr. Al-Aloul assumed the post of head of liabilities.

**Resigned Members of the Executive Management:**

| Member’s Name | Position | Date Resigned |
|---|---|---|
| Saher Daoud Kamel Abd Al-Hadi | Head of Compliance | Last working day was December 31, 2021 |

# Statements of the Requirements ofthe Securities Commission

**6. Competitive Position:**

| Description | 2021 | 2020 |
|---|---|---|
| Market Share/Credit Facilities | 6% | 4.2% |
| Market Share/Deposits | 5.6% | 4.0% |
| Market Share/Assets | 6.1% | 4.3% |

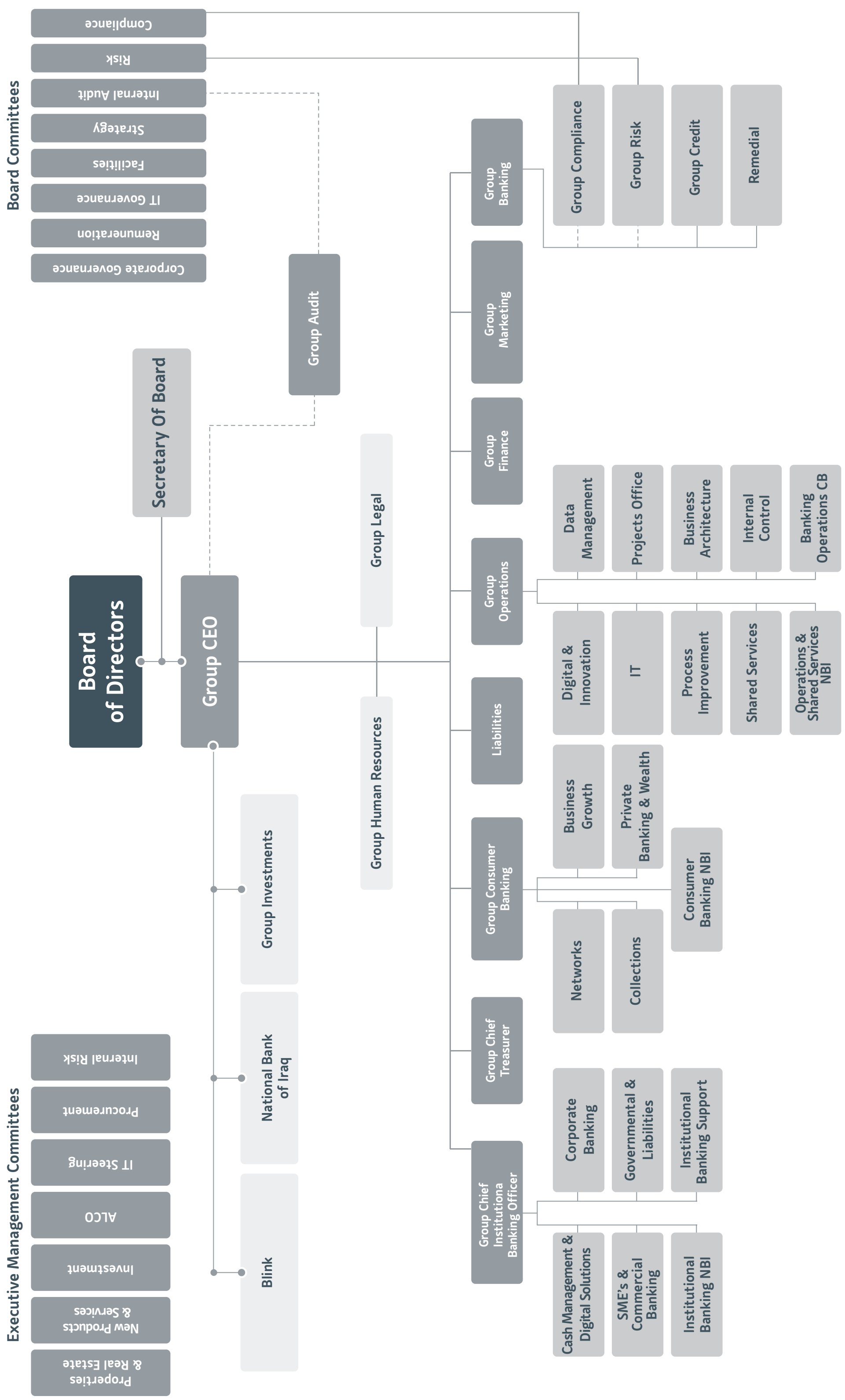
**7.The bank does not rely on specific local or foreign suppliers or agents who constitute 10% or more of total purchases and/or sales or revenues.**

**8.The bank and its products do not enjoy any government protection or privileges under laws, regulations, or otherwise.**

**9.There are no patents or concession rights that the bank has acquired.**

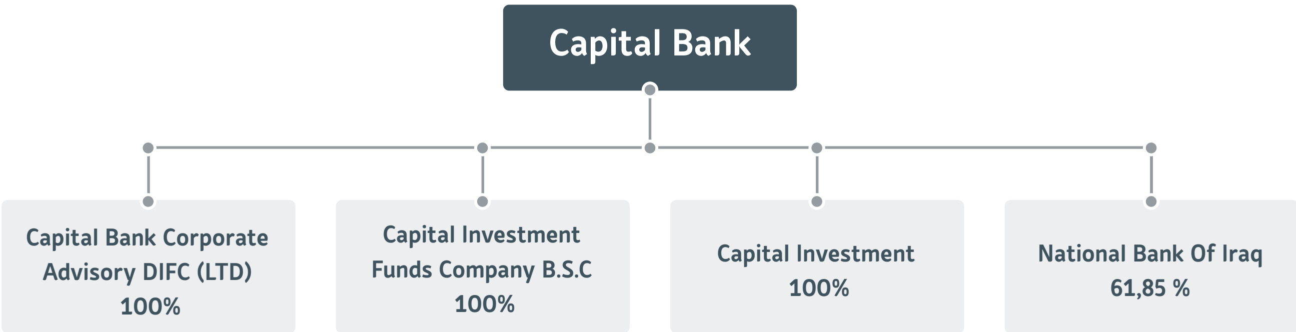
**10.No decisions issued by the government, international agencies or others have impacted the bank's work, products, or competitive capability. In addition, international standards of quality do not apply to the bank.**

### 11. A. Organizational Structure of the Bank and its Subsidiaries



## Statements of the Requirements ofthe Securities Commission

### B. Organizational Structure of Bank Subsidiaries




### C. Academic Credentials of Capital Bank, Capital Investments, and National Bank of IraqEmployees.

| Education Level | Number of Capital Bank Employees | Number of Capital Investments Employees | Number of Capital Investments DIFC Employees | Number of National Bank of Iraq Employees |
|---|---|---|---|---|
| PhD | - | - | - | - |
| Master's | 57 | 5 | 7 | 21 |
| Higher Diploma | 4 | - | - | - |
| Bachelor's | 772 | 38 | 2 | 548 |
| Diploma | 29 | - | - | 26 |
| Secretarial | 3 | 1 | - | - |
| Secondary School | 23 | 1 | 1 | 10 |
| Less than Secondary School | 19 | 4 | - | 26 |
| **Total** | **907** | **49** | **10** | **631** |

### D. Training Programs for Capital Bank and Capital Investments

| Description | Capital Bank | | Subsidiary Companies | |
|---|---|---|---|---|
| Type of Training | Number of Participants | Number of Workshops | Number of Participants | Number of Workshops |
| Workshops Held by the Bank's Training Centers | 670 | 14 | 938 | 77 |
| Local Workshops in Jordan | 801 | 75 | 234 | 82 |
| International Workshops | 0 | 0 | 5 | 2 |
| Specialized Professional Certifications | 16 | 10 | 11 | 5 |

**E. Names of Training Workshops for Capital Bank and Capital Investments Employees**

| | Number of Courses | Number of Participants from Capital Bank Group |
|---|---|---|
| Specialized Banking Courses | 66 | 263 |
| Specialized Courses in Risk Management and Information Security | 40 | 1183 |
| Specialized Courses in Finance | 12 | 30 |
| Specialized Courses in Managing Audits, Control, Compliance, and Anti-Money Laundering | 53 | 430 |
| Specialized Courses in Behavioral and Qualitative Skills | 37 | 301 |
| Specialized Courses in Leadership Skills | 6 | 114 |
| Specialized Courses in Information Technology and Systems | 10 | 29 |
| Specialized Professional Certificates | 15 | 27 |
| **Total** | **239** | **2377** |

**12. Risks to which the bank is exposed:**

Capital Bank is exposed to the following risks in the banking sector:

- Credit risks
- Market risks
- Liquidity risks
- Operational risks
- Compliance risks
- Information technology/cyber risks

Specialized departments at the bank manage risk in accordance with the laws and guidelines in effect, as well as international best practices.

* Included in the Board of Directors' report

**13. Bank's achievements in 2021**

Description of achievements as detailed and supported by figures can be found in the report of the Board of Directors.

**14. The financial impact of non-recurring operations during 2021 that do not fall within the bank's main activities:**

The Bank acquired the operations of Bank Audi branches in Jordan and Iraq on March 11, 2021, raising its total profit to JD28 million after consolidating financial statements.

**15.The value of legal proceedings by the bank against third parties amounted to approximately JD174 million as on December 31, 2020. These were cases about hampered or bad debt accounts.**

There were no operations of a non-recurring nature that took place in 2020

**16.The timeline of realized profits, losses, dividend distribution and net shareholder equity for the years 2004–2021**

| Fiscal Year | Shareholder Equity JD | Net Profits | Dividends | | Closing Price JD |
|---|---|---|---|---|---|
| | | | Cash Dividends | Free Shares | |
| 2005 | 135,934,724 | 21,358,989 | - | 10,500,000 | 3.32 |
| 2006 | 156,991,770 | 18,059,905 | - | 14,000,000 | 1.93 |
| 2007 | 172,375,124 | 13,508,666 | - | 7,000,000 | 2.07 |
| 2008 | 203,161,545 | 15,250,169 | 7,500,000 | - | 1.8 |
| 2009 | 208,070,606 | 1,338,383 | - | 17,200,000 | 1.56 |
| 2010 | 214,107,952 | 5,149,968 | - | - | 1.54 |
| 2011 | 221,258,745 | 1,428,331 | - | - | 1.36 |
| 2012 | 242,807,956 | 22,036,184 | - | - | 1.13 |
| 2013 | 324,291,358 | 37,036,290 | - | 15,000,000 | 1.60 |
| 2014 | 344,881,127 | 36,314,776 | 16,500,000 | 16,000,000 | 1.51 |
| 2015 | 324,350,413 | 1,068,872 | 10,890,000 | 18,500,000 | 1 |
| 2016 | 334,107,254 | 16,135,976 | - | - | 0.83 |
| 2017 | 349,394,463 | 27,311,646 | 10,000,000 | - | 0.79 |
| 2018 | 336,832,327 | 30,348,276 | 20,000,000 | | 0.92 |
| 2019 | 347,479,046 | 28,816,777 | 20,000,000 | - | 1,00 |
| 2020 | 355,687,310 | 30,302,078 | - | - | 0.98 |
| 2021 | 392,150,636 | 61,006,824 | 24,000,000 | - | 2.03 |

**17. Analysis of the bank's financial position and the results of its operations for the fiscal year:**

| Financial Percentages | 31/12/2020 | 31/12/2021 |
|---|---|---|
| Return on Average Assets | 1.23% | 1.73% |
| Return on Average Shareholder Equity | 8.62% | 16.32% |
| Return Per Share | 0.130 | 0.394 |
| Equity to Assets Ratio | 12.94% | 9.10% |
| Capital Sufficiency | 16.31% | 14.87% |
| Non-Operational Facilities Ratio (after deducting suspended interest) | 5.07% | 5.30% |
| Coverage of Allowances for Inactive Credit (after deducting suspended interest) | 73.91% | %٩٢.٧ |
| Cash and Semi-Cash Liquidity Ratio | 130.25% | 138.39% |

### 18. Key Future Developments and the Bank's 2022 Plan

Over the past year, Capital Bank Group finalized the acquisition of Bank Audi's branches and operations in Jordan and Iraq, which was part of the group's expansion strategy,its ambitious plans to strengthen its competitive position, as well as its effort to reach the largest number of clients and provide the best and latest banking services. The group is preparing to launch its branch in the Kingdom of Saudi Arabia in 2022 under the umbrella of the National Bank of Iraq, a move that will furtheritsinfluence by linking together the largest economies in the region and, in turn, facilitate commercial operations while raising the group's capability to meet client needs, particularly those of export companies.

Currently, Capital Bank Group is launching the first integrated digital bank in Jordan and Iraq, whichwill provide the necessary digital and financial tools for clients to have full control of their financial decisions. The digital bank, Blink, wills serve individual clients and SMEs through an advanced trademark digital platform and a separate identity, furthering digital transformation and innovation, both of which are the language of advanced economies.

In 2022, the group to expand its banking services through a proposed updated value directed at all clients, whether individuals, companies, or SMEs. One of the objectives of this new effort is to enrich client experiences, particularly with regard to the automated and digital services, to be in line with the current stage and the ongoing accelerating evolution in the banking sector.

### 19. Auditing fees for the bank and its subsidiaries:

Auditing fees for Messrs. PricewaterhouseCoopers for the year 2021 amounted to JD230,500 including taxes as detailed below for the bank and its subsidiaries:

| | Amount (JD) |
|---|---|
| Capital Bank | 136,000 |
| Capital Investments (subsidiary) | 10,500 |
| National Bank of Iraq | 70,000 |
| Capital Investments (DFIC) | 14,000 |
| Bahrain Investment Fund | - |
| **Total** | **230,500** |

### 20. Statement of number of securities:

Following is the statement of the number of securities owned by members of the Board of Directors and the executive management, their relatives, and companies controlled by board members, the executive management, and their relatives.

### A. Number of securities owned by members of the Board of Directors:

| Member | Position | Nationality | Number of Shares Owned as on December 31, 2020 | Number of Shares Owned as on December 31, 2021 |
|---|---|---|---|---|
| Bassem Khalil Salem Al-Salem | Chairman of the Board | Jordanian | 9,844,556 | 10,035,420 |
| Said Samih Taleb Darwazeh | Vice-Chairman of the Board | Jordanian | 10,800,349 | 11,108,518 |
| Social Security Corporation represented by Shaden Ziyad | Member | Jordanian | 18,784,288 | 18,920,939 |
| Nabih Darwish Alhaji | | Jordanian | - | - |
| Investment and Integrated Industries Co (Holding) | Member | Jordanian | 5,338,007 | 5,338,007 |
| Represented by Mr. Omar M. I. Shahrour | | Jordanian | 40,000 | 24,976 |
| Hitaf Investment Company | Member | Jordanian | 8,682,776 | 8,810,228 |
| Represented by Mr. "Mohammed Ali" Khaldoun Sati' Al-Husry | | Jordanian | 3,023,886 | 3,023,886 |
| Al Khalil Company for Investments | Member | Jordanian | 64,567 | 64,567 |
| Represented by Mr. Khalil Hatem Khalil Al-Salem | | Jordanian | - | - |
| Al-Jadarah Company for Real Estate Investment | Member | Jordanian | 37,796 | 37,796 |
| Represented by Mr. Sultan Mohammed M. El Seif | | Saudi | 60,000 | 60,000 |
| Omar Akram Omran Bitar | Member | Palestinian | 27,548 | 27,548 |
| Reem Haitham Jamil Goussous | Member | Jordanian | 27,548 | 27,548 |
| Khalid Walid Hussni Nabilsi | Member | Jordanian | 175,000 | 250,000 |
| Mohammad Hasan Subhi AlHaj Hasan | Member | Jordanian | 40,210 | 125,000 |
| Yousef Ali Yousef Al-Nsour | Member | Jordanian | - | 25,000 |
| Abu Bakr Siddiq Mohammad Hussein Al-Khouri | Member | Jordanian | - | 25,000 |

**B. Number of securities owned by relatives of members of the Board of Directors:**

| Relatives of Members of the Board of Directors | Member | Relationship | Nationality | Number of Shares Owned as on December 31, 2020 | Number of Shares Owned as on December 31, 2021 |
|---|---|---|---|---|---|
| Rudayna Farhan Sa'd Abu Jaber | Bassem Khalil Salem Al- Salem | Wife | Jordanian | 776,587 | 394,231 |
| Mariana Farid Milhem | Said Samih Taleb Darwazeh | Wife | Jordanian | 250,000 | 342,789 |
| Ghalia Charlie Ghaleb Bisharat | Khalil Hatem Khalil Al-Salem representing Al Khalil Company for Investments | Wife | Jordanian | - | 5,000 |
| Hatem Khalil Hatem Al-Salem | Khalil Hatem Khalil Al-Salem representing Al Khalil Company for Investments | Son | Jordanian | 30,000 | 110,000 |
| Salwa Izzedine Izzat Katkhuda | Mohammad Hassan Subhi AlHaj Hasan | Wife | Jordanian | - | 66,000 |

**C. Number of securities owned by companies controlled by members of the Board of Directors:**

| Member | Position | Company Controlled | Company Legal Description | Number of Bank Shares Controlled by the Company | |
|---|---|---|---|---|---|
| | | | | 31/12/2020 | 31/12/2021 |
| Bassem Khalil Al-Salem | Chairman of the Board of Directors – General Manager | Al Khalil Company for Investments | Limited Liability Company | 64,567 | 64,567 |
| | Member | General Mining Company | Public Shareholding Company | 41,173 | 41,173 |
| Said Samih Taleb Darwazeh | Member | DARHOLD LIMITED | Private | 3,537,497 | 3,537,497 |
| | | General Mining Company | Public Shareholding Company | 41,173 | 41,173 |
| "Mohammed Ali" Khaldoun Sati' Al-Husry representing Hitaf Investment Company | Member | DARHOLD LIMITED | Private | 3,537,497 | 3,537,497 |
| Investment and Integrated Industries Company/ holding | Member | Modern International Company for Manufacturing Vegetable Oils | Public Shareholding Company | 25,825 | 25,825 |

**D. Number of securities owned by companies controlled by relatives of members of the Board of Directors:**

| Relatives of Board Member | Member | Relation-ship | Position | Name of Controlled Company | Company Legal Description | Number of Bank Shares Controlled by the Company | |
|---|---|---|---|---|---|---|---|
| | | | | | | 31/12/2020 | 31/12/2021 |
| Rudayna Farhan Sa'd Abu Jaber | Bassem Khalil Salem Al-Salem | Wife | Chairman of the Board | Al Khalil Company for Investments | Limited Liability Company | 64,567 | 64,567 |

**E. Number of securities owned by members of the Executive Management:**

| Name | Position | Nationality | Number of Shares as on | |
|---|---|---|---|---|
| | | | 31/12/2020 | 31/12/2021 |
| Dawod Mohammad Dawod Al-Ghoul | CEO | Jordanian | 27,000 | 126,580 |
| Yasser Ibrahim Mohammad Kleib | Group Chief Institutional Banking Officer | Jordanian | 5,505 | 5,505 |
| Ra'fat Abdullah Ismail Khalil | Chief Auditor | Jordanian | 50,000 | 37,000 |
| Mohammad Hafez Abdul-Karim Mohammad Hafez M'uaz | Legal Counselor | Jordanian | - | - |
| Ali Mohammad Daoud Abu Swai | Group Chief Treasurer | Jordanian | - | - |
| Falah Hassan Khalil Kokash | Chief Risk Officer | Jordanian | 2,416 | 2,416 |
| Manar Mohammad Abdulhalim Al-Nsour | Chief Financial Officer | Jordanian | 14,044 | 14,044 |
| Mu'nes Mamdouh Hanna Haddadin | Head of Compliance | Jordanian | - | - |
| Zain Ammar Khaldoun Malhas | CEO of BLINK | Jordanian | - | - |
| Manar Nizar Mahmoud Aabidi | Head of Credit | Jordanian | - | - |
| Haya Ibrahim Hanna Abuata | Head of Human Resources | Jordanian | - | - |
| Muhammad Ragheb Hussein Othman | Head of Retail Banking Services | Jordanian | - | - |
| Touleen Mohammad Mahmoud Barto | Head of Marketing and Communications | Jordanian | - | 516 |
| Izzedine Rushdi Abd Al-Latif Abu Salameh | Head of Operations | Jordanian | - | - |
| Samer Ibrahim Abd Al-Afou Al-Aloul | Head of Banking Operations for the Group | Jordanian | 16 | 16 |
| Fadi Farid Habib Khouri | Head of Liabilities | Jordanian | - | - |

There are no securities owned by relatives of the executive management members.

There are no securities owned by companies controlled by members of the executive management members or their relatives.

**F. Names of major shareholders who own 5% or more and the number of shares owned compared to the previous year**

| Name | Nationality | Number of Shares as on 31/12/2020 | Percentage | Number of Shares as on 31/12/2021 | Percentage |
|---|---|---|---|---|---|
| Saad Assim A. Aljanabi | Iraqi | 19,524,105 | 9.762 | 19,524,105 | 9.762 |
| Social Security Corporation | Jordanian | 18,784,288 | 9.392 | 18,920,939 | 9,460 |
| Asem S. A. Aljanabi | Iraqi | 11,483,787 | 5.742 | 11,483,787 | 5.742 |
| Abdallah S. A. Aljanabi | Iraqi | 11,483,787 | 5.742 | 11,483,787 | 5.742 |
| Said Samih Taleb Darwazeh | Jordanian | 10,800,349 | 5.400 | 11,108,518 | 5.554 |
| SARA INTERNATIONAL HOLDINGS LTD | Cayman Islands | 10,064,669 | 5.032 | 10,064,669 | 5.032 |
| Bassem Khalil Salem Al-Salem | Jordanian | 9,844,556 | 4.922 | 10,035,420 | 5.018 |

**G. Shareholders who own 1% or more of the Bank's capital and the statement of mortgaged shares and the ultimate beneficial owners as at December 31, 2021**

| Shareholder | Nationality | Number of Owned Shares | Percentage if Bank Capital | Ultimate Beneficiary | Number of Mortgaged Shares | Percentage of Mortgaged Shares of Total | Mortgage Party |
|---|---|---|---|---|---|---|---|
| Saad Assim A. Aljanabi | Iraqi | 19,524,105 | 9.762 | Same | | | |
| Social Security Corporation | Jordanian | 18,920,939 | 9.460 | Same | | | |
| Asem S. A. Aljanabi | Iraqi | 11,483,787 | 5.742 | Same | | | |
| Abdallah S. A. Aljanabi | Iraqi | 11,483,787 | 5.742 | Same | | | |
| Said Samih Taleb Darwazeh | Jordanian | 11,108,518 | 5.554 | Same | 6,000,000 | 54.013 | Jordan Kuwait Bank |
| SARA INTERNATIONAL HOLDINGS LTD | Cayman Islands | 10,064,669 | 5.032 | Ali Hasan Hussein Kolaghassi | 8,858,525 | 88.016 | Cairo Amman Bank |
| Bassem Khalil Salem Al-Salem | Jordanian | 10,035,420 | 5.018 | Same | 8,203,523 | 81.746 | Housing Bank for Trade and Finance |
| Hitaf Investment Company | Jordanian | 8,810,228 | 4.405 | Mohammad Ali Khaldoun Sati Al-Husry<br>Sharifa Nisreen Zaid Shaker Awn | | | |
| Mohammed Bin Musa'id Bin Seif | Saudi | 8,495,472 | 4.248 | Same | | | |
| Mazen Samih Taleb Darwazeh | Jordanian | 6,215,714 | 3.108 | Same | 1,983,471 | 31.911 | Jordan Kuwait Bank |
| Investment and Integrated Industries Co (Holding) | Jordanian | 5,338,007 | 2.669 | Ghassan Elia Nuqul<br>Marwan Elia Nuqul | | | |

## Statements of the Requirements ofthe Securities Commission

| Shareholder | Nationality | Number of Owned Shares | Percentage if Bank Capital | Ultimate Beneficiary | Number of Mortgaged Shares | Percentage of Mortgaged Shares of Total | Mortgage Party |
|---|---|---|---|---|---|---|---|
| Elia Nuqul and Sons Company | Jordanian | 4,735,000 | 2.368 | Ghassan Elia Nuqul<br>Marwan Elia Nuqul<br>Elia Qustandi Nuqu | 4,735,000 | 100.000 | Kuwait National Bank |
| DARHOLD LIMITED | Channel Islands (Jersey) | 3,537,497 | 1.769 | Mazen Samih Taleb Darwazeh<br>Said Samih Taleb Darwazeh<br>Mohammad Ali Khaldoun Sati Al-Husry<br>Mohammad Mahmoud Mohammad Saffoury<br>Ghassan Bashir Yousef Mohammad Al-Alami | | | |
| Awn Mohammad Yousef Al-Tarawneh | Jordanian | 3,435,259 | 1.718 | Same | | | |
| Mohammad Ali Khaldoun Sati Al-Husry | Jordanian | 3,023,886 | 1.512 | Same | 3,000,000 | 99.210 | Jordan Kuwait Bank |
| Sa'd Abu Jaber and Sons Company | Jordanian | 2,700,742 | 1.350 | Sa'd Farhan Abu Jaber<br>Kim Fu'ad Abu Jaber<br>Nimr Fa'eq Sa'd Abu Jaber<br>Laith Fa'eq Sa'd Abu Jaber<br>Omar Farouq Sa'd Abu Jaber | | | |
| Ikram Adnan Ahmed Al-Bitar | Jordanian | 2,420,071 | 1.210 | Same | | | |
| Qays Fu'ad Sa'd Abu Jaber | Jordanian | 2,088,171 | 1.044 | Same | | | |

### H. Summary of the Bank's Performance Evaluation and Bonuses Policy

Capital Bank implements the vision of its brand and institutional identity by emphasizing the concepts of performance and excellence. All the bank's employees, regardless of their position, are partners in the achievement of these objectives and the reinforcement of productivity.

To articulate its policy regarding the employee evaluation system and in granting incentives and bonuses endorsed by the Board of Directors, the bank implements institutional governance guidelines issued by the Central Bank of Jordan. Evaluations are also scaled according to the bank's general performance levels, results of the banking sector, and the level of performance of the employee. This system also rewards employees according to their performance levels during the year. The evaluation system is a dynamic process based on transparency and dialogue among employees and managers, allowing them the opportunity to work together on performance reviews and identifying potential training and development opportunities, all of which emphasizes the fact that Capital Bank is an establishment driven by outstanding performances.

To this end, the bank has created an evaluation system based on three axes, the first of which is the Key Performance Indicator (KPI), the second is quality evaluation factors, and the third is continued training and development. At the beginning of the year, both sides set goals for the employee, which are reconsidered periodically, with a discussion by both sides about performance and the achievement of set goals, as well as the identification of any obstacles encountered and possible solutions. A final evaluation takes place at the end of the year in order to assess achievements based on the set targets. The bank's policy considers the achievement of KPIs at an organizational level as approved by the Board of Directors.

**21. Benefits and Bonuses of Members of the Board of Directors and Executive Management in 2021:**

**A. Members of the Board of Directors:**

| Name | "Fixed Allowance" | "Committees and Board Allowances" | Bonus | Total |
|---|---|---|---|---|
| Bassem Khalil Salem Al-Salem | 462,000 | 384,926 | 5,000 | 851,926 |
| "Social Security Corporation - Shaden "Darwish Al-Haji"" | - | 33,507 | 5,000 | 38,507 |
| "Integrated Investment and Industries– Omar Ibrahim Muhammad Shahrour" | - | 24,712 | 5,000 | 29,712 |
| "Hitaf Investment Company "Mohammad Ali" Khaldoun Sati Al-Husry" | - | 23,996 | 5,000 | 28,996 |
| "Al-Khalil Investment Company - Khalil Hatem Khalil Al-Salem" | - | 42,392 | 5,000 | 47,392 |
| "Al-Jadara Real Estate Investment Company - Sultan Bin Muhammad Bin Musa'id Al-Seif" | - | 15,237 | 5,000 | 20,237 |
| Omar Akram Omran Bitar | - | 28,296 | 5,000 | 33,296 |
| Reem Haitham Jamil Goussous | - | 34,451 | 5,000 | 39,451 |
| Khaled Walid Husni Nabilsi | - | 34,236 | 5,000 | 39,236 |
| Mohammad Hasan Subhi Al-Haj Hasan | - | 33,666 | 5,000 | 38,666 |
| Saeed Samih Taleb Darwazeh | - | 12,198 | - | 12,198 |
| Yousef Al Nsour | - | 17,252 | - | 17,252 |
| Abubaker Seddiq Mohamed Hussain Alkhoori | - | 22,212 | - | 22,212 |
| Mazen Samih Taleb Darwazeh | - | 7,045 | 5,000 | 12,045 |
| "Arab Potash Company Jamal Ahmad Mufleh Al Sarayrah" | - | 3,905 | 1,667 | 5,571 |
| Ahmad Qasim Deeb Al-Hanandeh | - | - | 4,167 | 4,167 |
| Dawod Mohammad Dawod Al-Ghoul | - | - | 833 | 833 |
| **Total** | **462,000** | **718,031** | **61,667** | **1,241,698** |

**B. Members of the Executive Management Team:**

| No. | Name | Benefits and Allowances until 31/12/2021 | Bonuses | Total | Notes |
|---|---|---|---|---|---|
| 1800 | Dawod Mohammad Dawod Al-Ghoul | 500,775 | 212,700 | 713,475 | Appointed on 1/3/2020 |
| 507 | Ra'fat 'Abdullah Khalil | 155,226 | 44,913 | 200,138 | |
| 137 | Mohammad Hafez Abdul-Karim Muaz | 145,562 | 60,000 | 205,562 | |
| 17 | Ali Mohammad Abu Swai | 137,155 | 30,000 | 167,155 | |
| 202 | Yasser Ibrahim Kleib | 78,113 | 103,159 | 181,272 | |
| 973 | Falah Hassan Khalil Kokash | 109,430 | 10,000 | 119,430 | |
| 82 | Manar Mohammad Abdulhalim Al-Nsour | 155,000 | 80,000 | 235,000 | |
| 1642 | Saher Daoud Kamil Abdul-Hadi | 145,327 | 9,000 | 154,327 | Last day of work 31/12/2021 |
| 1691 | Isam Bassem Nasri Samara | 5,739 | 7,000 | 12,739 | Amend Mr. Isam Samara's administrative reporting on 28/1/2021 dedicating him to marketing work at National Bank of Iraq |
| 1582 | Zain Ammar Khaldoun Malhas | 114,250 | 35,443 | 149,693 | |
| 940 | Haya Ibrahim Hanna Abuata | 77,500 | 28,443 | 105,943 | |
| 1666 | Manar Nizar Mahmoud Aabidi | 89,000 | 24,943 | 113,943 | |
| 1812 | Muhammad Ragheb Othman | 194,525 | 40,000 | 234,525 | |
| 1886 | Touleen Mohammad Mahmoud Barto | 89,911 | - | 89,911 | Appointment date 1/3/2021 |
| 2251 | Izzedine Rushdi Abd Al-Latif Abu Salameh | 14,022 | - | 14,022 | Appointment date 1/12/2021 |
| 2255 | Mu'nes Mamdouh Hanna Haddadin | 11,685 | - | 11,685 | Appointment date 23/12/2021 |
| 1893 | Samer Ibrahim Abd Al-Afou Al-Aloul | 155,680 | - | 155,680 | Appointment date in job site 29/9/2021 |
| 1971 | Fadi Farid Habib Khouri | 105,925 | - | 105,925 | Appointment date in job site 28/7/2021 |

## Statements of the Requirements ofthe Securities Commission

| No. | Name | Benefits and Allowances until 31/12/2021 | Bonuses | Total | Notes |
|---|---|---|---|---|---|
| 1975 | Ahmad Salah Sa'eed Ghnaim | 25,130 | - | 25,130 | Based on merger decision between Capital Bank and former Bank Audi from 12/3/2021 to date of resignation 18/5/2021 |
| 1434 | Bashar Mohammad Abd Al-Ghani Al-Amad (CEO of Capital Company | 37,579 | - | 37,579 | Promotion date 11/7/2021 and the referred to income starts from the date of promotion |
| | Total | 2,347,534 | 685,601 | 3,033,134 | |

**22. Donations and grants paid by the bank in 2021:**

| Beneficiar | |
|---|---|
| Rehabilitation of Al Mutanabi Street | 145,685 |
| Al Aman Fund for the Future of Orphans | 100,000 |
| Central Bank Initiative to Spread Financial Culture in Government Schools | 97,383 |
| Annual Grants to Cover Study Expenses | 92,525 |
| Al Aman Fund for the Future of Orphans | 70,900 |
| Queen Rania Foundation | 50,000 |
| Jordan Hashemite Fund for Human Development | 47,000 |
| Civil Societies Initiative | 34,964 |
| The Station Development | 31,551 |
| Al Husun Athlete and Cultural Club | 20,000 |
| Elia Nuqul Foundation | 16,050 |
| Young Muslim Women Association for Special Education | 15,000 |
| Tkiyet Um Ali | 8,000 |
| Injaz Company | 7,090 |
| Wasel for Awareness | 5,000 |
| Banks Association Membership/ donation to the initiative encouraging citizens to take the Corona Vaccine | 5,000 |
| Miscellaneous donations | 35,541 |
| **Total** | **781,689** |

**23. There are no contracts, projects, or commitments concluded by the issuing company with subsidiaries, sister companies, affiliates, board members, the chief executive officer or any employee or their relatives.**

**24. The bank's contribution to protecting the environment and serving the local community**

This was included in the Board of Directors' report.

## Statements of the Requirements ofthe Securities Commission

**C. Declarations:**

1. The Board of Directors hereby declares that there are no substantial matters that could affect the bank's sustainability during the upcoming fiscal year.
2. The Board of Directors hereby acknowledges its responsibility in preparing the financial statements and establishing an effective monitoring system at the bank.
3. The Board of Directors hereby declares that none of its members received material or in-kind benefits for them personally or anyone related to them for the fiscal year 2021.
4. The Board of Directors hereby acknowledges the accuracy and sufficiency of the bank's financial statements and the information in the report, as well as the sufficiency of the internal control and monitoring systems.

Chairman of the Board
Mr. Bassem Khalil Salim Al-Salem

Representative member of the Social Security Corporation
Ms. Shaden Ziyad Nabih Darwish Al Hajji

Vice Chairman of the Board
Mr. Mazen Samih Taleb Darwazeh

Representing Investment and Integrated Industries Co Plc
Omar M. I. Shahrour

Representative member of the Board of Directors of Integrated Investments and Industries (Holding)
Mr. Mohammad-Ali Khaldoun Sati'i Al-Husry

Member of the Board of Directors
Omar Akram Omran Bitar

Representing Al-Khalil Company for Investments
Khalil Hatem Khalil Al-Salem

Represnting Al Jadara Company for Real Estate Investment
Sultan Mohammed M. Elseif

Member of the Board of Directors
Mr. Khalid Walid Husni Nabilsi

Member of the Board of Directors
Ms. Reem Haitham Jamil Goussous

Member of the Board of Directors
Abubaker Seddiq Mohamed Hussain Alkhoori

Member of the Board of Directors
Mr. Mohammad Hassan Subhi Al-Haj Hassan

Member of the Board of Directors
Yousef A.Y. Ensour

5. We, the undersigned, hereby declare that the information and data contained in this annual report are true and accurate.

Chairman of the Board of Directors
Bassem Khalil Al-Salem

Chief Executive Officer
Mr. Daoud Mohammad Daoud Al Ghoul

Head of Financial Management
Manar Mohammad Al Nsour

# Governance Report

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## Governance Report

# 1. Introduction

**Ladies and Gentlemen,**

Jordan Capital Bank was established in 1995 as a public shareholding company under the name of Export and Finance Bank and was duly registered at the Companies Control Department. Since its establishment, the bank has had several boards of directors, the last of which was formed in April of 2021, when 13 members were elected at the bank's general assembly meeting from among shareholders with knowledge, experience, skill, and independence, enabling them to carry out their tasks efficiently and professionally, having the ability to make their decisions independently and impartially, taking into consideration the bank's interest and that of shareholders and depositors, away from any external interests or influences.

The board includes six independent members out of its 13 members This emanates from our recognition of the need for the board to enjoy more independence and professionalism, as an independent member adds a new dimension to impartiality, expertise, and distance from any conflict of interests. In order for the board to carry out all its tasks efficiently, committees were formed from among its members, and the goals, tasks, responsibilities, and authorities of these committees were defined in accordance with an approved charter, explained in the Corporate Governance Guide found on the bank's website (http://www.capitalbank.jo). This report contains details of each member's qualifications.

In 2014, the Central Bank of Jordan issued corporate governance instructions, which were frequently amended, with the last amendment taking place in 2016. The Securities Commission also issued its instructions for the governance of listed shareholding companies in 2017. Capital Bank was at the forefront of applying corporate governance in compliance with the various instructions on the subject of governance. A Corporate Governance Guide has been prepared for the bank, in cooperation with Messrs. Ernst & Young. It is fully and completely derived from the instructions of the Central Bank of Jordan, in addition to the best international practices in this field. We have conducted a comprehensive review of the guide, and all amendments to the legislation and instructions were reflected, considering the issuance of the corporate governance instructions for listed shareholding companies for 2017.

As part of our continuous endeavors to institutionalize the principles of governance at the bank, we have adopted a set of policies that ensure the application of best practices in governance.

At Capital Bank of Jordan, we assure our commitment to the corporate governance instructions issued by the Central Bank of Jordan No. 63/2016 and its amendments, and the corporate governance instructions for listed shareholding companies for the year 2017.

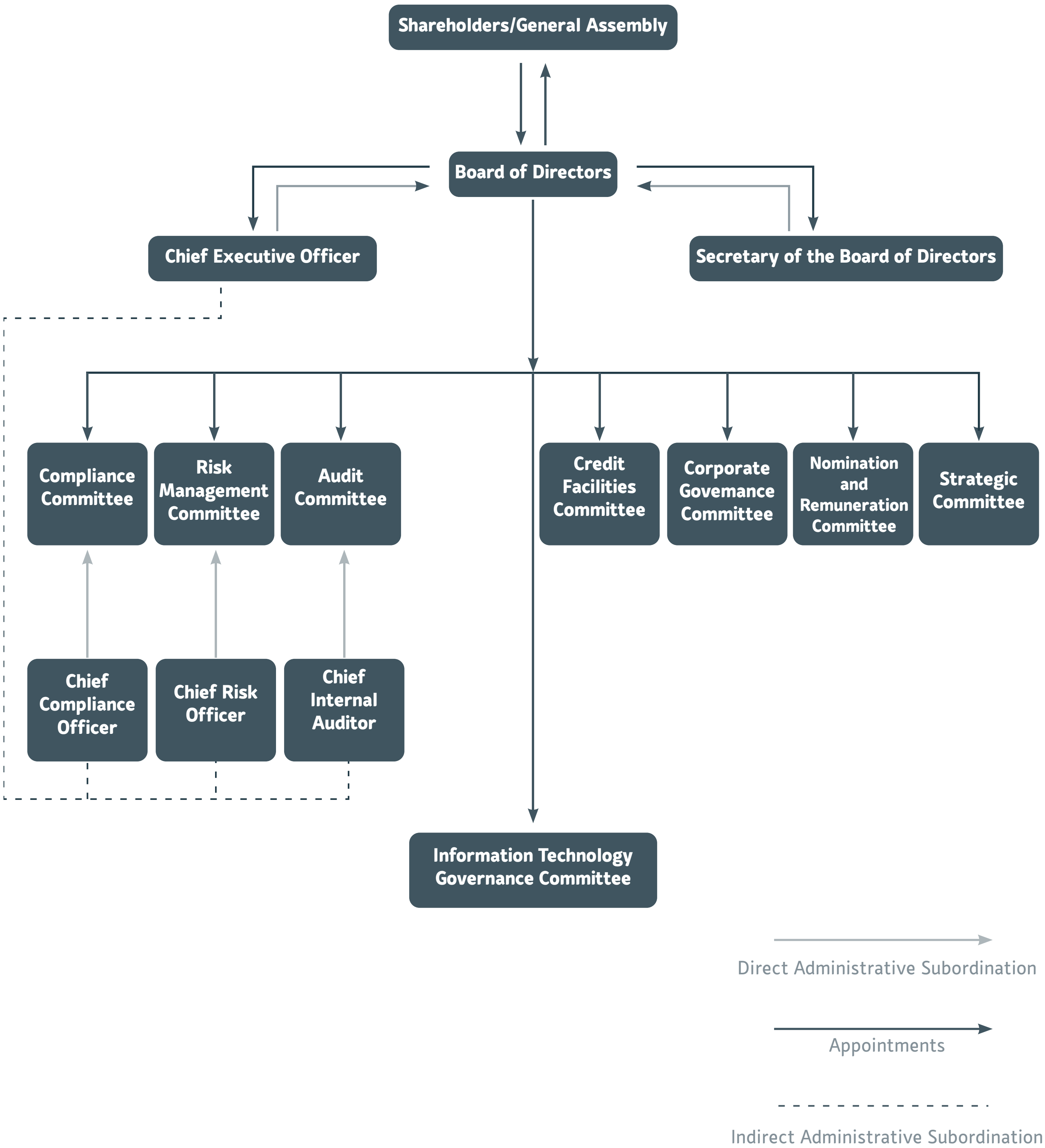
The bank has also approved and published the Governance and Information Management and Associated Technology Guide on its website, based on the instructions of Governance, Information Management, and Associated Technology No. 56/2016 issued by the Central Bank of Jordan, and to assure the bank's commitment to implementing the guide and the items contained therein.

We hereby present to you the Corporate Governance Report, which was duly approved by the Board of Directors based on the text of Article 17 of the Corporate Governance Instructions.

**Chairman of the Board of Directors**

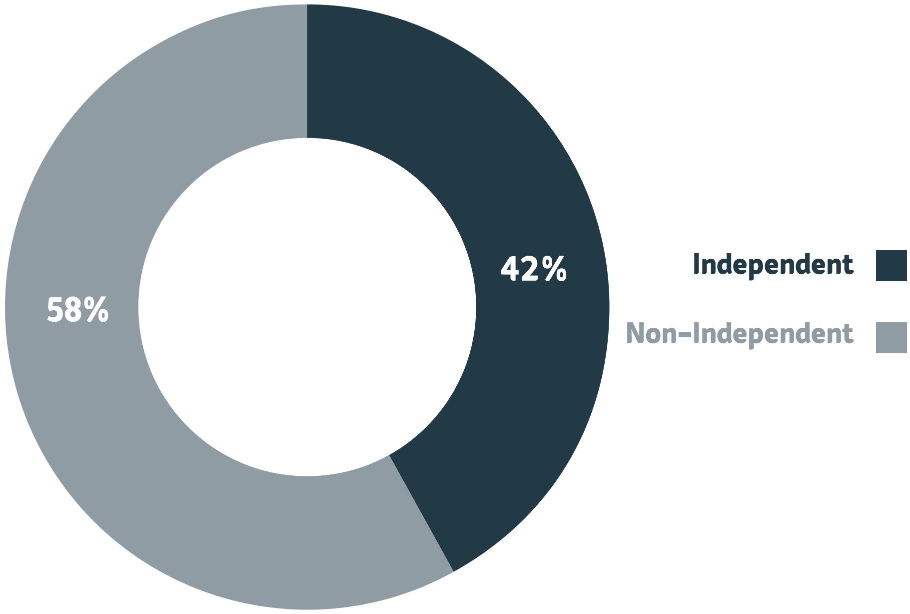
**Bassem Khalil Al-Salem**

## 2. General Framework of the Governance System in the Bank



# 3. Members of the Board of Directors

### 3.1 Composition of the Board




* All board members are non-executive members.

# Governance Report

### 3.2 Names of Board Members and Representatives of Corporate Members.

| Board Member | Representative | Independence |
|---|---|---|
| Mr. Bassem Khalil Salem Al-Salem | | Not independent |
| Mr. Said Samih Taleb Darwazeh | | Not independent |
| Social Security Corporation | Ms. Shaden Ziyad Nabih Darwish Al Haji | Not independent |
| Investment and Integrated Industries Co (Holding) | Mr. Omar M. I. Shahroor | Not independent |
| Hitaf Investment Company | Mr. “Mohammed Ali” Khaldoun Sati’ Al-Husry | Not independent |
| Al Khalil Company for Investments | Mr. Khalil Hatem Khalil Al-Salem | Not independent |
| Al-Jadarah Company for Real Estate Investment | Mr. Sultan Mohammed M. Elseif | Not independent |
| Mr. Omar Akram Omran Bitar | | Independent |
| Ms. Reem Haitham Jamil Goussous | | Independent |
| Mr. Khalid Walid Hussni Nabilsi | | Independent |
| Mr. Mohammad Hasan Subhi (AlHaj Hasan) | | Independent |
| Mr. Yousef Ali Yousef Al-Nsour | | Independent |
| Mr. Abu Bakr Siddiq Muhammad Hussein Al-Khouri | | Independent |

# Governance Report

### 3.3 Membership of Capital Bank Board Members in Other Public Shareholding Companies in Jordan

| Member Name | Membership in Public Shareholding Company |
|---|---|
| Mr. Bassem Khalil Salem Al-Salem | Board member of General Mining Company<br>Representative of Government Contributions/Investments Management Company on Board of Royal Jordanian |
| Mr. Said Samih Taleb Darwazeh | Chairman of Board of Royal Jordanian<br>Board member of General Mining Company<br>Chairman of Board of Hikma pharmaceutical company |
| Mr. Omar Akram Omran Bitar | None |
| Ms. Reem Haitham Jamil Goussous | None |
| Mr. Khalid Walid Hussni Nabilsi | None |
| Mr. Mohammad Hasan Subhi (AlHaj Hasan) | None |
| Mr. Yousef Ali Yousef Al-Nsour | None |
| Mr. Abu Bakr Siddiq Muhammad Hussein Al-Khouri | None |

### 3.4 Resigned Members of the Board of Directors:

| Member name | Date of Resignation |
|---|---|
| Mr. Mazen Samih Taleb Darwazeh | 17/05/2021 |

### 3.5 Members of the Board of Directors with Finished Membership:

| Member name | Date of Finished Membership |
|---|---|
| Arab Potash Company | 15/04/2021 |

### 3.6 Name of Governance Liaison at the Bank:

The Secretary of the Board of Directors is Ms. Orouba Said Qarain, and she also serves as the secretary of the Board of Directors.

# Governance Report

### 3.7 Board Committees:

#### 3.7.1 Audit Committee:

Members of the Audit Committee and a brief description of their qualifications and experience inclusive of financial and accounting matters:

| Mr. Omar Akram Omran Bitar – Committee Chairman | |
|---|---|
| **Qualifications** | Mr. Bitar holds a Bachelor's degree in Finance and Banking from the University of Missouri in St. Louis and holds a CPA. |
| **Experience** | Mr. Bitar was a partner in PricewaterhouseCoopers, where he was the head of consulting services for business and led the company's services in the field of administrative consultancy and corporate finance in the Middle East. Before that, he led the company's operations in Jordan, Iraq, Libya, Syria, and Palestine.<br>He has extensive experience in operational and financial consultancy, auditing, privatization, and the company restructuring in many sectors, including banking and financial services, hospitality, construction, manufacturing, oil, and gas. He began his career with Arthur Andersen in 1984, where he acquired his expertise in financial auditing. He later moved to work in the field of financial and administrative consultations. In 1997, he participated in establishing consulting services for Arthur Andersen in the Middle East. |

| Mr. Mohammad Hasan Subhi (AlHaj Hasan) – Committee Vice Chairman | |
|---|---|
| **Qualifications** | Mr. AlHaj Hasan holds a Master's degree in Business Administration and a Master's degree in Education from Stanford Graduate School. He also holds a Bachelor's degree in Finance and Microeconomics from Massachusetts Institute of Technology (MIT). |
| **Experience** | Mr. AlHaj Hasan worked as a financial analyst in the Corporate Purchasing and Mergers Department of Dresdner Kleinwort Wasserstein. He also served as vice general manager of Rasmala, a company registered in Dubai that works in investments and fundraising.<br>He founded Akhtaboot, an employment and talent acquisition company in the Gulf and the Middle East, and Jawaker, an electronic gaming company. He is currently the CEO of Jawaker. |

| Al Khalil Company for Investments represented by Mr. Khalil Hatem Khalil Al-Salem – Board Member | |
|---|---|
| **Qualifications** | Mr. Al-Salem has a Bachelor's degree in Economics from Columbia University. |
| **Experience** | Mr. Al-Salem previously served as the director of the Office of His Royal Highness Prince Ali Bin Al-Hussein. He began his career as a financial analyst at J.P. Morgan in New York, then as a financial analyst and business development manager at Capital Investment & Brokerage - Jordan Ltd Co. He also worked as a financial analyst for Midrar Investments. He is currently the financial director of Al-Majal Energy Services Company and vice CEO of Iraq Logistics Ventures Ltd. |

# Governance Report

| Social Security Corporation represented by Ms. Shaden Ziyad Nabih Darwish Alhaji – Board Member | |
|---|---|
| **Qualifications** | Ms. Alhaji holds a Bachelor's degree in Financial and Banking from the University of Jordan, a Certified Financial Analyst (CFA) from the CFA Institute in USA, and a Board of Directors Certificate from the International Finance Corporation. |
| **Experience** | Ms. Alhaji held numerous positions at the Investment Fund of the Social Security Corporation since 2003, including financial analyst at the Stocks Investment Department between 2003 and 2007, senior financial analyst from 2007 to 2010, director of the Portfolio Management Section, Stock Investment Department from 2010 to 2019. She is currently the director of the Private Shareholder Portfolio Section of the Social Security. She is a member of the CFA Society in Jordan. |

| Ms. Reem Haitham Jamil Goussous – Board Member | |
|---|---|
| **Qualifications** | Ms. Goussous has a Bachelor's degree in Economics and a Master's degree in Economic Development and International Trade from Boston University, USA. |
| **Experience** | Ms. Goussous has more than 25 years of experience in the economic and financial fields in which she has built a successful record in economic impact analysis, the formulation of economic development policies, strategies, research and market data, investment development and exports. She participated in economic feasibility studies of projects in the financial, manufacturing, mining and renewable energy sectors. She was the first director and chief economic consultant at Al-Jadara Company. She served as policy advisor to the Minister of Planning and International Cooperation. She is currently the CEO of Endeavor Jordan and a board member of the Jordan River Foundation. |

### 3.7.2 Nomination and Remuneration Committee:

Committee Members:

| | |
|---|---|
| Ms. Reem Haitham Jamil Goussous | Committee Chairperson |
| Mr. Sa Samih Taleb Darwazeh | Committee Vice Chairman |
| Mr. Abu Bakr Siddiq Muhammad Hussein Al-Khouri | Committee Member |

# Governance Report

### 3.7.3 Corporate Governance Committee:

Committee Members:

| | |
|---|---|
| Mr. Yousef Ali Yousef Al-Nsour | Committee Chairperson |
| Mr. Bassem Khalil Salem Al-Salem | Committee Vice Chairman |
| Mr. Omar Akram Omran Bitar | Committee Member |

### 3.7.4 Risk Management Committee:

Committee Members:

| | |
|---|---|
| Mr. Khalid Walid Hussni Nabilsi | Committee Chairperson |
| Al Khalil Company for Investments represented by Mr. Khalil Hatem Khalil Al-Salem | Committee Vice Chairman |
| Social Security Corporation represented by Ms. Shaden Ziyad Nabih Darwish Alhaji | Committee Member |

### 3.7.5 Credit Facilities Committee:

Committee Members:

| | |
|---|---|
| Mr. Bassem Khalil Salem Al-Salem | Committee Chairperson |
| Mr. Said Samih Taleb Darwazeh | Committee Vice Chairman |
| Hitaf Investment Company represented by Mr. “Mohammed Ali” Khaldoun Sati’ Al-Husry | Committee Member |
| Investment and Integrated Industries Co (Holding) represented by Mr. Omar Mohammad Ibrahim Shahroor | Committee Member |
| Mr. Yousef Ali Yousef Al-Nsour | Committee Member |

# Governance Report

### 3.7.6 Compliance Committee:

Committee Members:

| | |
|---|---|
| Investment and Integrated Industries Co (Holding) represented by Mr. Omar Mohammad Ibrahim Shahroor | Committee Chairperson |
| Mr. Khalid Walid Hussni Nabilsi | Committee Vice Chairman |
| Ms. Reem Haitham Jamil Goussous | Committee Member |

### 3.7.7 Information Technology Governance Committee:

Committee Members:

| | |
|---|---|
| Mr. Mohammad Hasan Subhi (AlHaj Hasan) | Committee Chairperson |
| Al Khalil Company for Investments represented by Mr. Khalil Hatem Khalil Al-Salem | Committee Vice Chairman |
| Al-Jadarah Company for Real Estate Investment represented by Mr. Sultan Mohammed M. Elseif | Committee Member |
| Mr. Khalid Walid Hussni Nabilsi | Committee Member |
| Mr. Abu Bakr Siddiq Muhammad Hussein Al-Khouri | Committee Member |

### 3.7.8 Strategic Committee:

Committee Members:

| | |
|---|---|
| Mr. Bassem Khalil Salem Al-Salem | Committee Chairperson |
| Hitaf Investment Company represented by Mr. “Mohammed Ali” Khaldoun Sati’ Al-Husry | Committee Vice Chairman |
| Al Khalil Company for Investments represented by Mr. Khalil Hatem Khalil Al-Salem | Committee Member |
| Ms. Reem Haitham Jamil Goussous | Committee Member |
| Mr. Mohammad Hasan Subhi (AlHaj Hasan) | Committee Member |
| Mr. Abu Bakr Siddiq Muhammad Hussein Al-Khouri | Committee Member |

### 3.8 Number of Meetings of the Board and Board Committees and List of Attending Members

| # | Member Name | Board of Directors<br>Number of Meetings (14) | Audit Committee*<br>Number of Meetings (7) | Compliance Committee<br>Number of Meetings (6) | Risk Management Committee<br>Number of Meetings (4) | Nomination and Remuneration Committee<br>Number of Meetings (5) | Corporate Governance Committee<br>Number of Meetings (2) | Credit Facilities Committee<br>Number of Meetings (5) | Information Technology Governance Committee<br>Number of Meetings (5) | Strategic Committee<br>Number of Meetings (2) |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Mr. Bassem Khalil Salem Al-Salem | (14/14) | | | | | 2/2 | 5/5 | | 2/2 |
| 2 | Social Security Corporation Represented by Ms. Shaden Ziyad Nabih Darwish Alhaji | (14/14) | 7/7 | 2/2 | 4/4 | | | | | |
| 3 | Investment and Integrated Industries Co (Holding) represented by Mr. Omar Mohammad Ibrahim Shahroor | (14/14) | | 6/6 | | | | 4/4 | | |
| 4 | Hitaf Investment Company represented by Mr. "Mohammed Ali" Khaldoun Sati' Al-Husry | (13/14) | | | | | | 5/5 | | 2/2 |
| 5 | Al Khalil Company for Investments represented by Mr. Khalil Hatem Khalil Al-Salem | (14/14) | 7/7 | | 4/4 | | | | 5/5 | 2/2 |
| 6 | Al-Jadarah Company for Real Estate Investment represented by Mr. Sultan Mohammed M. Elseif | (14/14) | | | | | | | 4/4 | |
| 7 | Mr. Omar Akram Omran Bitar | (14/14) | 7/7 | | | | 2/2 | | | |
| 8 | Ms. Reem Haitham Jamil Goussous | (12/14) | 6/7 | 5/6 | | 5/5 | | | | 2/2 |
| 9 | Mr. Khalid Walid Hussni Nabilsi | (13/14) | | 4/4 | 4/4 | | | 3/3 | 4/5 | |
| 10 | Mr. Mohammad Hasan Subhi (AlHaj Hasan) | (13/14) | 7/7 | | | | | | 5/5 | 1/2 |
| **Members appointed in 2021** | | | | | | | | | | |
| 1 | Mr. Said Samih Taleb Darwazeh | 5/5 | | | | 2/2 | | 3/3 | | |
| 2 | Mr. Yousef Ali Yousef Al-Nsour | (9/9) | | | | | 2/2 | 3/3 | | |
| 3 | Mr. Abu Bakr Siddiq Muhammad Hussein Al-Khouri | (9/9) | | | | 4/4 | | | 3/4 | 2/2 |
| **Members resigned/finished memberships in 2021** | | | | | | | | | | |
| 1 | Mr. Mazen Samih Taleb Darwazeh until 17/5/2021 | (7/7) | | | | 2/2 | | 2/2 | | |
| 2 | Arab Potash Company until 15/4/2021 | (0/9) | | | | 0/1 | | | | |

* Four meetings of the Audit Committee were attended by the bank's external auditors.

## 4. Names of Executive Management Members and their Positions:

| Member Name | Position |
|---|---|
| Mr. Dawod Mohammad Dawod Al Ghoul | Chief Executive Officer |
| Mr. Yasser Ibrahim Mohammad Kleib | Group Chief Institutional Banking Officer |
| Mr. Ra'fat Abdullah Ismail Khalil | Head of Internal Auditing |
| Mr. Mohammad Hafiz Abdul-Karim Mohammad Hafiz Mua'z | Head of Legal Affairs |
| Mr. Ali Mohammad Daoud Abu Swai | Group Chief Treasurer |
| Ms. Manar Mohammad Abdulhalim Nsour | Head of Financial Management |
| Mr. Falah Hassan Khalil Kokash | Head of Risk Management |
| Ms. Zain Ammar Khaldoun Malhas | Blink CEO |
| Ms. Manar Nizar Mahmoud Aabidi | Head of Credit Management |
| Ms. Haya Ibrahim Hanna Abuata | Head of Human Resources |
| Mr. Mohammad Ragheb Hussein Othman | Head of Consumer Banking |
| Ms. Touleen Mohammad Mahmoud Barto | Head of Marketing and Corporate Communications |
| Mr. Izzedine Rushdi Abd Al-Latif Abu Salameh | Head of Operations |
| Mr. Samer Ibrahim Abd Al-Afou Al-Aloul | Head of Banking Operations |
| Mr. Mu'nes Mamdouh Hanna Haddadin | Head of Compliance |
| Mr. Fadi Farid Habib Khouri | Head of Liabilities |

# 5. Reports Issued by Board Committees on their work covering 2021:

## Audit Committee

**Most Important Issues Discussed in 2021**

**1. Issues related to the Internal Audit Department:**

- Adopt a risk-based internal audit plan and work methodology for 2022.
- Adopt the amendment of the internal audit management charter.
- Adopt the amendment of the Audit Committee charter.

**2. Internal audit reports:**

- Discuss the internal audit reports on the activities of all duty stations at the bank's branches and subsidiaries, as well as the achievements of the Internal Audit Department in accordance with the 2021 audit plan.
- Discuss the report on the additional assignments and tasks of the Internal Audit Department outside the scope of the audit plan that took place during 2021.

**3. Review periodic reports related to the following:**

- Dealing with relevant parties.

**4. Issues related to financial statements:**

- Review the periodic reports that include the financial statements (annual, semi-annual and quarterly), and recommend to the Board to approve them after ensuring that they are accurate, complete, and conform to the information and compliant with the appropriate accounting standards and laws for submission to the Board of Directors.
- Ensure that the provisions are sufficient against suspect debts and securities portfolio allocations and express opinion about the bank's non-performing debts or those proposed to be considered bad debts.
- Provide recommendations to the bank's Board of Directors regarding the appointment of the external auditors and the conditions that relate to contracting them as stated in the approved external audit policy.

**5. Miscellaneous issues:**

- Fees of the external auditor regarding consultations on capital sufficiency.
- Fees of the external auditor regarding purchase price distribution.
- The internal audit report and the external audit report regarding requirements relevant to the information technology governance requirements. Report on information (risk controls) and accompanying technology.
- Meeting with the external auditor and the chief auditor without the presence of the executive management one time.
- Recommendation to write off debts and settle accounts.
- Management letter.

**Reviewing the following policies:**

1. Financial and accounting policy.
2. Failing debts settlement policy.

# Governance Report

## Corporate Governance Committee

**Most Important Issues Discussed in 2021:**

1. Review and amend corporate governance manual.
2. The internal auditor's report on corporate governance and the work of the secretariat.
3. Review the governance report.

## Risk Management Committee

**Most Important Issues Discussed in 2021**

1. Review the information and reports prepared by the bank's Risk Management Department.
2. Understand the events that may affect the risks faced by the bank, such as political changes and changes in investment policies.
3. Review the internal capital adequacy assessment process (ICAAP) and ensure the capital adequacy for all risks to which the bank is or may be exposed and following up on them.
4. Review the risk management strategy and framework and acceptable limits 2021-2022.
5. Risk management work plan for 2021.
6. Recovery plan.
7. Review the actual risks for all the bank's activities compared to the acceptable risks documents and follow up on addressing the negative deviations.
8. Work continuity plan.
9. Negative deviations from acceptable risks limits.
10. Central Bank of Jordan's observations.
11. Credit risks management concentration limits.
12. Work continuity policy.
13. Internal capital adequacy assessment process (ICAAP) policy.
14. Stress situation scenarios and stress tests.
15. Information security risk assessment methodology.
16. Review the bank's policies regarding:

- Job rotation
- Anti-fraud
- Authorized signatories' general
- Operational risks
- Foreign bonds
- Credit risks management
- Work continuity
- ICAAP

## Nomination and Remuneration Committee

**Most Important Issues Discussed in 2021**

1. Discuss the incentives calculation methodology.
2. Discuss the evaluation questionnaire of the Board of Directors and committees.
3. Discuss the bank's organizational structure.
4. Discuss rewards for members of the senior executive management.
5. Review the code of conduct.
6. Appoint senior executive management members.
7. Nominate a person for a vacancy.
8. Review the independence of the members of the Board of Directors.
9. Review the bank's policies regarding:

- Job replacement
- Board member rewards

## Compliance Committee

**Most Important Issues Discussed in 2021**

1. Adopt compliance plan for 2021.
2. Internal audit report on the Compliance Department's work.
3. The Central Bank's inspection report on the bank's work and anti-money laundering measures and corrective plan.
4. Discuss comprehensive internal audit report on the Compliance Department's work.
5. Discuss risk assessment report on anti-money laundering and terrorism financing.
6. General assessment of the bank's and its subsidiaries' commitment to oversight entities' instructions and international best standards on compliance and anti-money laundering and terrorism financing.
7. Meet with the head of the Compliance Department without the presence of senior management.
8. Fines, penalties, or violations imposed by oversight entities and/or contracted entities during the year and resulting from not complying with oversight entities' instructions and requirements.
9. Discovered compliance risks and proposed corrective measures by conducting tests, inspections, and field visits to duty centers.
10. Banking products and services learned about during the year.
11. Outcomes and results issued by the internal and external auditors and the reports of the Central Bank of Jordan's inspectors showing cases of non-compliance.
12. Client complaints showing cases of non-compliance and corrective measures.
13. Number of cases investigated and reported to the Anti-Money Laundering and Terrorism Financing Unit.
14. Training courses and support for the bank's branches and departments, in addition to activities in which the Compliance Department participated.
15. Any alerts that might result in cases of non-compliance.
16. The resignation and appointment of the head of the Compliance Department.

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## Compliance Committee

17. Review the following policies:
- Client complaints
- International sanctions
- Compliance Department Guide

## Information Technology Governance Committee

**Most Important Issues Discussed in 2021**

1. Issues related to information technology governance systems (COBIT 2021).
- Adopt the information technology governance manual.
- Adopt the amended Steering Committee charter based on the Central Bank's instructions number 10/06/984 dated 21/1/2019.
- Adopt the corporate objectives according to quantitative and qualitative study.
- Adopt the list of responsibilities toward the main operations of information technology governance as of September 2021.
- Arrange information technology projects and programs according to priority, coordinate to resolve problems, and recommend initiatives and new projects to authorized entities, as well as monitor the progress in main projects related to information systems.
- Review and follow up on quarterly reports submitted by the Projects Department/Information Systems Department to follow the performance of projects listed in the annual plan.
- Raci chart.
2. Discuss progress reports and project efficiency in relation to information technology.
3. Omni channels.
4. Digital transformation.
5. Examine reports on information (risk controls) and accompanying technology prepared by the internal and external auditors regarding the requirements relevant to information technology governance instructions.

## Credit Facilities Committee

**Most Important Issues Discussed in 2021**

1. Discuss credit facility requests according to credit policy and accredited authorities at the bank.

## Strategic Committee

**Most Important Issues Discussed in 2021**

1. Adopt the group's strategic approach.
2. Examine and discuss the bank's strategy.

# Governance Report

### Bank Branches and Local Offices

| Branch | Branch Manager | Address | Email |
|---|---|---|---|
| Sweifiyeh Branch 2 | Miran Sirriyeh | Abdulraheem Alhaj Mohammad Street Yanbou' Complex | Sweifiyeh-2Branch@Capitalbank.jo |
| Dabouq Branch 1 | Reem Al Qasem | King Abdullah II Street Ayla Center Complex | DabouqBranch@Capitalbank.jo |
| Madina Munawara Branch 1 | Rehab Jadallah | Al Madinah Al Munawara Street Building 132 | MadinehBranch@Capitalbank.jo |
| Aqaba Branch 1 | Rezan Deeb | Nahda Street | AqabaBranch@Capitalbank.jo |
| Irbid Branch 1 | Samia Owais | King Abdullah II Street Qubba Circle | IrbidBranch@Capitalbank.jo |
| Shumeisani Branch 2 | Nada Al Rasheed | Alshareef Abdulhameed Sharaf Street | Shmeissani-2Branch@Capitalbank.jo |
| Zahran Branch | Lubna Owais | Zahran Street Building 213 | ZahranBranch@Capitalbank.jo |
| Main Branch | Grace Atallah | Boulevard - Sulaiman Nabulsi Street | Main.Branch@Capitalbank.jo |
| Gardens Branch | Lana Al Nimer | Wasfi Al Tal Street Building 115 Al Horani Complex | ALGardenzBranch@Capitalbank.jo |
| Taj Mall Branch | Layal Sweidan | Prince Hashem Street | TajMallBranch@Capitalbank.jo |
| Mecca Mall Branch | Odeh Odeh | Mecca Street | MeccaMallBranch@Capitalbank.jo |
| New Zarqa Branch | Abdullah Yousef | 36 Street - Al Kurdi Plaza Complex | ZarqaNewBranch@Capitalbank.jo |
| Sweifiyeh Branch 1 | Rania Yaghi | Ali Nouh Altaher Building 29 | SweifyiehBranch@Capitalbank.jo |
| Irbid Branch 2 | Jihad Al Zoubi | Firas Ajlouni Street Albosoul Complex | Irbid-2.Branch@Capitalbank.jo |
| Bab Al Madina Mall - Zarqa Branch | Samer Thabet | Bab Almadinah Mall - Alsharq City | ZarqaMallBranch@Capitalbank.jo |

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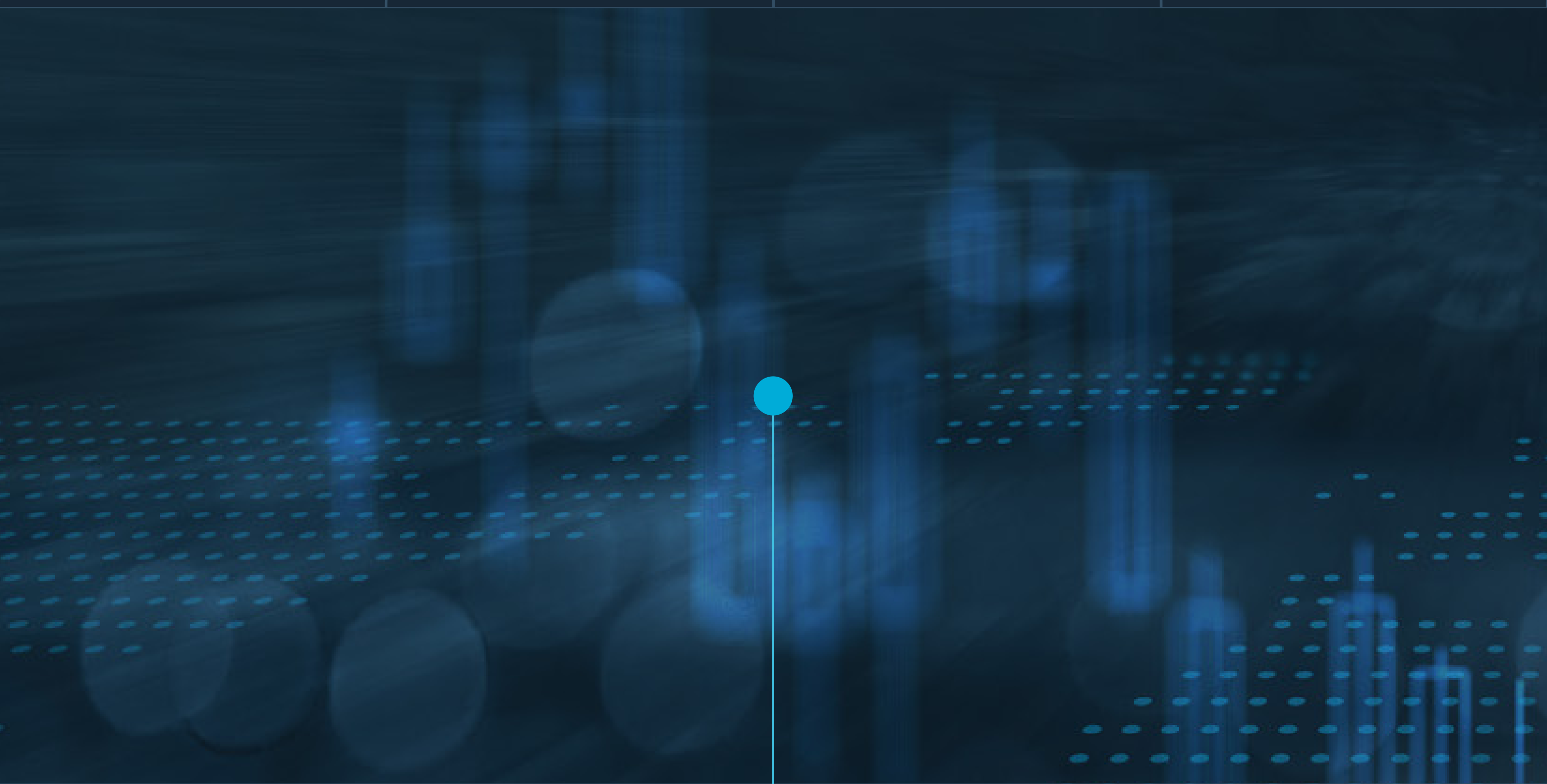
| Branch | Branch Manager | Address | Email |
|---|---|---|---|
| Wehdat Branch | Abdulrahman Habeeb | Madaba Street | WehdatBranch@Capitalbank.jo |
| Dabouq Branch 2 | Shatha Al Saad | King Abdullah II Street Building 179 Abu Dalhoum Complex | Dabouq-2Branch@Capitalbank.jo |
| Jabal Al Hussein Branch | Tareq Fidda | Khaled Bin Alwaleed Street - Firas Circle Al Hussaini Complex - Building 175 | JabalAlhusainBranch@Capitalbank.jo |
| Wadi Saqra Branch | Adnan Shaban | Arar Street - Saqra Complex Building 238 A | WadiSaqraBranch@Capitalbank.jo |
| Majdi Mall Branch | Raed Al Safadi | Queen Rania Street | MajdiMallBranch@Capitalbank.jo |
| Fuhais Branch | Mousa Jreisat | King Abdullah Street | FuhaisBranch@Capitalbank.jo |
| Abdoun Capital Select | Rima Shaban | Qahera Street Building 105 | AbdounBranch@Capitalbank.jo |
| Free Zone Branch | Mahmoud Abdulnour | Free Zone - Vehicles Licensing Area | FreeZoneBranch@Capitalbank.jo |



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