Capital Bank of Jordan

Interim Condensed Consolidated Financial Statements

(Reviewed not audited)

30 June 2023

REVIEW REPORT ON INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE CHAIRMAN AND BOARD OF DIRECTORS OF CAPITAL BANK OF JORDAN
(PUBLIC SHAREHOLDING COMPANY)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Capital Bank of Jordan (the "Bank") and its subsidiaries (together the "Group") as at 30 June 2023 and the related interim condensed consolidated statement of income and interim condensed consolidated statement comprehensive income for the three and six month ended 30 June 2023, and the interim condensed consolidated statements of changes in equity and cash flows for the six months then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (34) "interim financial reporting" as amended by the Central Bank of Jordan instructions. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not properly prepared, in all material respects, in accordance with International Accounting Standard (34) as amended by the Central Bank of Jordan instructions.

For and on behalf of PricewaterhouseCoopers "Jordan"

Hazem Hanna Sababa
License No. (802)

Certified Public Accountants
pwc
Amman - Jordan

Amman, Jordan
31 July 2023

Capital Bank of Jordan
Interim Condensed Consolidated Statement of Financial Position
As at 30 June 2023 (Reviewed not audited)

	Notes	30 June 2023	31 December 2022
		JD	JD
		(Reviewed not audited)	(Audited)
Assets			
Cash and balances at central banks	4	1,268,267,027	780,556,681
Balances at banks and financial institutions	5	251,080,272	220,054,411
Financial assets at fair value through other comprehensive income	6	76,216,533	113,829,676
Direct credit facilities at amortized cost, net	7	3,532,434,424	3,264,579,905
Financial assets at amortized cost	8	1,684,399,637	1,852,667,584
Pledged financial assets	9	228,359,311	258,287,955
Property and equipment, net		112,255,155	113,311,566
Intangible assets, net		62,435,687	58,375,636
Right-of-use leased assets		18,156,683	14,517,014
Deferred tax assets		39,480,338	36,915,178
Other assets	10	258,675,894	244,676,307
Total Assets		**7,531,760,961**	**6,957,771,913**
Liabilities And Equity			
Liabilities			
Banks and financial institutions' deposits		216,131,942	149,051,575
Customers' deposits	11	5,453,343,188	4,859,863,577
Margin accounts		426,313,019	409,734,448
Loans and borrowings	12	590,388,584	739,692,023
Income tax provision	14	9,590,660	4,341,637
Deferred tax liabilities		2,738,440	2,748,976
Sundry provisions	15	2,639,363	3,927,945
Expected credit losses provision against off-balance sheet items	28	8,860,753	8,236,731
Leased liabilities		17,621,950	15,804,949
Other liabilities	16	118,865,619	96,596,997
Subordinated loan	13	15,172,600	15,172,600
Total Liabilities		**6,861,666,118**	**6,305,171,458**
Equity			
Equity attributable to the Bank's shareholders			
Authorized, issued and paid in capital	1	263,037,121	263,037,121
Additional paid in capital		68,872,350	68,872,350
Perpetual Bond	17	70,900,000	70,900,000
Statutory reserve		62,375,552	62,375,552
Foreign currency translation adjustments		(4,191,153)	(16,540,837)
Fair value reserve	18	2,207,553	1,780,249
Retained earnings	19	118,852,289	166,923,467
Current period profits		41,442,911	-
Net equity attributable to the Bank's shareholders		**623,496,623**	**617,347,902**
Non-controlling interest		**46,598,220**	**35,252,553**
Total Equity		**670,094,843**	**652,600,455**
Total Liabilities and Equity		**7,531,760,961**	**6,957,771,913**

The accompanying notes from 1 to 35 are an integrated part of these interim condensed consolidated financial statements and should be read within conjunction and with the accompanying review report.

Capital Bank of Jordan

Interim Condensed Consolidated Statement of Income

For the Three and Six Months Period Ended 30 June 2023 (Reviewed not audited)

		For the 3 months ended		For the 6 months ended	
	Notes	**30 June 2023**	**30 June 2022**	**30 June 2023**	**30 June 2022**
		JD	**JD**	**JD**	**JD**
Interest income	20	103,688,530	76,348,008	209,238,262	130,818,944
Less: Interest expense	21	62,823,220	38,953,587	123,634,197	62,308,956
Net interest income		**40,865,310**	**37,394,421**	**85,604,065**	**68,509,988**
Commission income		38,611,521	12,605,450	60,193,038	21,552,702
Less: Commission Expense		7,156,323	2,718,007	10,786,984	5,071,946
Net commission income		**31,455,198**	**9,887,443**	**49,406,054**	**16,480,756**
Gain from foreign currencies		1,312,559	1,771,300	3,859,094	3,256,607
Dividends income from financial assets at fair value through other comprehensive income	6	454,348	163,443	865,522	179,237
Gain (Loss) from sale of financial assets at fair value through other comprehensive income - Debt instruments		27,935	(1,544,751)	248,919	(1,542,624)
Loss from sale of financial assets at amortized cost		(100,048)	-	(14,407)	-
Other income	22	6,955,430	3,316,782	9,966,499	5,252,564
Gross profit		**80,970,732**	**50,988,638**	**149,935,746**	**92,136,528**
Employees' expenses		10,792,471	12,257,502	23,302,191	21,755,630
Depreciation and amortization		5,617,189	4,103,804	10,573,916	6,819,917
Other expenses		14,091,380	9,586,224	24,468,393	16,089,933
Gain on sale of seized property		(473,115)	(38,291)	(374,029)	(43,456)
Impairment for (Revised from) expected credit losses on financial assets	(29-4)	15,259,096	(842,309)	24,729,052	5,320,356
Provision and Impairment on seized assets	10	1,364,130	323,266	2,728,261	270,207
(Revised from) Sundry provisions	15	(2,500)	(96,443)	(2,500)	680
Total expenses		**46,648,651**	**25,293,753**	**85,425,284**	**50,213,267**
Result of acquisition	34	-	-	-	25,508,629
Expenses of acquisition	34	-	-	-	(763,952)
Income before tax		34,322,081	25,694,885	64,510,462	66,667,938
Less: Income tax expense	14	10,360,942	5,702,595	14,413,199	7,322,205
Income for the period		**23,961,139**	**19,992,290**	**50,097,263**	**59,345,733**
Attributable to:					
Bank's shareholders		18,417,073	18,520,451	41,442,911	56,337,408
Non - controlling interest		5,544,066	1,471,839	8,654,352	3,008,325
		23,961,139	**19,992,290**	**50,097,263**	**59,345,733**
		JD/Fils	**JD/Fils**	**JD/Fils**	**JD/Fils**
Basic and diluted earnings per share from profit for the period attributable to the bank's shareholders	23	**0.070**	**0.093**	**0.158**	**0.282**

The accompanying notes from 1 to 35 are an integrated part of these interim condensed consolidated financial statements and should be read within conjunction and with the accompanying review report.

Capital Bank of Jordan

Interim Condensed Consolidated Statement of Comprehensive Income

For the Three and Six Months Period Ended 30 June 2023 (Reviewed not audited)

	For the 3 months ended		For the 6 months ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	JD	JD	JD	JD
Income for the period	23,961,139	19,992,290	50,097,263	59,345,733
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	(5,530)	-	12,335,520	-
Change in the fair value of debt investments at fair value through other comprehensive income	259,023	(826,984)	690,007	(1,411,186)
Add: Other comprehensive income items that will not be reclassified to profit or loss in subsequent periods after excluding the impact of tax :				
(Loss) Gain on selling debt instruments at fair value through other comprehensive income are transferred to the income statement	(164,866)	1,544,750	(27,527)	1,542,624
Change in the fair value of equity investments at fair value through other comprehensive income	(429,742)	(622,609)	(359,136)	(847,098)
Total other comprehensive income for the period, net of tax	**(341,115)**	**95,157**	**12,638,864**	**(715,661)**
Total comprehensive income for the period	**23,620,024**	**20,087,447**	**62,736,127**	**58,630,072**
Attributable to:				
Bank's shareholders	18,008,509	18,864,816	53,867,839	55,956,498
Non-controlling interest	5,611,515	1,222,630	8,868,288	2,673,574
	23,620,024	**20,087,447**	**62,736,127**	**58,630,072**

The accompanying notes from 1 to 35 are an integrated part of these interim condensed consolidated financial statements and should be read within conjunction and with the accompanying review reports.

Capital Bank Of Jordan

Interim Condensed Consolidated Statement of Cash Flows

For the Period Ended 30 June 2023 (Reviewed not audited)

	Note	30 June 2023	30 June 2022
Operating Activities		JD	JD
Profit before income tax		64,510,462	66,667,938
Adjustments for Non-Cash Items			
Depreciation and amortization		10,573,916	6,819,917
Impairment and expected credit loss on financial assets		24,729,052	5,320,356
Impairment on assets seized		2,728,261	270,207
Result of acquisition		-	(26,848,251)
Sundry provisions		-	680
Net accrued interest paid (received)		15,359,057	(18,184,376)
Effect of exchange rate changes on cash and cash equivalents		(3,859,094)	(2,548,509)
Cash flows from operating activities before changes in assets and liabilities		**114,041,654**	**31,497,962**
Changes in assets and liabilities :			
Restricted balances		(7,915,441)	2,973,265
Balances at central banks		(200,708,263)	22,099,862
Balances and deposits with Banks and financial institutions'		(3,190,114)	(1,692,513)
Direct credit facilities		(239,477,567)	(371,363,590)
Other assets		(11,129,247)	(6,724,107)
Banks and financial institutions' deposits maturing in more than three months		-	(4,918,430)
Customers’ deposits		507,920,042	340,825,571
Margin accounts		6,997,952	99,897,497
Other liabilities		2,832,591	5,771,258
Paid sundry provisions		(1,729,295)	(519,838)
Net cash flow from operating activities before income tax		**167,642,312**	**117,846,937**
Income tax paid		(9,851,753)	(7,243,719)
Net cash flow from operating activities		**157,790,559**	**110,603,218**
Investing Activities			
Sale of financial assets at fair value through other comprehensive income		41,885,234	122,195,733
Cash as a result of acquisition		-	281,668,748
Purchase of financial assets at amortized cost		-	(394,652,820)
Matured financial assets at amortized cost		204,114,622	-
Change in financial assets pledged as collateral		-	-
Purchase of property and equipment		(285,224)	(13,567,354)
Purchase of intangible assets		(7,573,369)	(10,991,586)
Net cash flow from (used in) investing activities		**238,141,262**	**(15,347,279)**
Financing Activities			
Proceeds from loans and borrowings		(157,663,955)	149,494,362
Repayment of loans and borrowings		-	(13,187,400)
Treasury stocks		-	-
Peprpetual bond		(4,024,654)	70,900,000
Capital increase fees		-	(3,069,643)
Lease liability payments		(3,691,000)	-
Cash dividends paid		(44,397,544)	(30,000,000)
Net cash flow (used in) from financing activities		**(209,777,153)**	**174,137,319**
Net increase in cash and cash equivalents		186,154,668	269,393,258
Effect of exchange rate changes on National Bank of Iraq		56,199,466	-
Effect of exchange rate changes on cash and cash equivalents		3,859,094	2,548,509
Cash and cash equivalent at the beginning of the period		807,149,480	305,786,594
Cash and cash equivalent at the end of the period	24	**1,053,362,709**	**577,728,361**

The accompanying notes from 1 to 35 are an integrated part of these interim condensed consolidated financial statements and should be read within conjunction and with the accompanying review report.

Capital Bank of Jordan

Interim Condensed Consolidated Statement of Changes in Owners Equity

For the Six Months Period Ended 30 June 2023 (Reviewed not audited)

	Authorized, issued and Paid in Capital	Issued capital shares	Additional paid in capital	Perputual Bonds	Statutory Reserves	Foreign currency translation adjustments	Fair value reserve	Retained earnings*	Net Income for the period attributable to the Bank's shareholders	Equity attributable to the Bank's shareholders	Non-controlling interest	Total equity
30 June 2023	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at 01 January 2023	263,037,121	-	68,872,350	70,900,000	62,375,552	(16,540,837)	1,780,249	166,923,467	-	**617,347,902**	35,252,553	**652,600,455**
Profit for the period	-	-	-	-	-	-	-	-	41,442,911	**41,442,911**	8,654,352	**50,097,263**
Change in fair value of financial assets through other comprehensive income -equity instruments	-	-	-	-	-	-	(361,009)	-	-	**(361,009)**	1,873	**(359,136)**
Gain on selling debt instruments at fair value through other comprehensive income are transferred to the income statement	-	-	-	-	-	-	(27,527)	-	-	**(27,527)**	-	**(27,527)**
Change in fair value of financial assets through other comprehensive income - debt instruments	-	-	-	-	-	-	493,948	-	-	**493,948**	196,059	**690,007**
Foreign currency translation adjustments	-	-	-	-	-	12,349,684	(30,168)	-	-	**12,319,516**	16,004	**12,335,520**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**12,349,684**	**75,244**	**-**	**41,442,911**	**53,867,839**	**8,868,288**	**62,736,127**
Realized loss from selling financial assets at fair value through other comprehensive income - equity instruments	-	-	-	-	-	-	352,060	(352,060)	-	**-**	(1,172)	(1,172)
Expenses for issuing permanent bonds	-	-	-	-	-	-	-	-	-	**-**	-	**-**
Interest related to Perputual Bonds	-	-	-	-	-	-	-	(2,942,535)	-	**(2,942,535)**	-	**(2,942,535)**
Expenses related to a subsidiary capital increase, net of tax	-	-	-	-	-	-	-	(60,272)	-	**(60,272)**	(37,177)	**(97,449)**
Subsidiary non-controlling interest	-	-	-	-	-	-	-	-	-	**-**	2,515,728	**2,515,728**
Cash dividends (Note 33)	-	-	-	-	-	-	-	(44,716,311)	-	(44,716,311)	-	(44,716,311)
Balance at 30 June 2023	**263,037,121**	**-**	**68,872,350**	**70,900,000**	**62,375,552**	**(4,191,153)**	**2,207,553**	**118,852,289**	**41,442,911**	**623,496,623**	**46,598,220**	**670,094,843**
30 June 2022												
Balance at 01 January 2022	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
Profit for the period	-	-	-	-	-	-	-	-	56,337,408	**56,337,408**	3,008,325	59,345,733
Change in fair value of financial assets through Other Comprehensive Income - Equity Instruments	-	-	-	-	-	-	(380,910)	-	-	**(380,910)**	(334,751)	(715,661)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**-**	**(380,910)**	**-**	**56,337,408**	**55,956,498**	**2,673,574**	**58,630,072**
Realized loss from selling financial assets at fair value through other comprehensive income - equity instruments	-	-	-	-	-	-	574,152	(574,152)	-	**-**	-	-
Expenses for issuing permanent bonds	-	-	-	70,900,000	-	-	-	(445,126)	-	**70,454,874**	-	70,454,874
Interest related to Perputual Bonds	-	-	-	-	-	-	-	(1,750,836)	-	**(1,750,836)**	-	(1,750,836)
Expenses related to raising capital through Issued capital shares	-	131,200,000	-	-	-	-	-	(873,681)	-	**130,326,319**	-	130,326,319
Cash dividends (Note 33)	-	-	-	-	-	-	-	(30,000,000)	-	**(30,000,000)**	-	(30,000,000)
Balance at 30 June 2022	**200,000,000**	**131,200,000**	**709,472**	**70,900,000**	**56,114,618**	**(16,540,837)**	**1,006,362**	**88,269,959**	**56,337,408**	**587,996,982**	**31,814,083**	**619,811,065**

* Retained earnings include JD 39,480,338 which represents deferred tax assets as at 30 June 2023 against JD 36,915,178 as at 31 December 2022, according to the Central Bank of Jordan's regulations these balances are restricted.

* Retained earnings as at 30 June 2023 and 31 December 2022 includes an amount of JD 958,330 which is related to the measurements and classifications as a result of the early adoption of IFRS 9. This amount is not available for distribution according to the Securities and Exchange Commission regulations until the amount becomes realized .

– An amount equals to the negative balance of fair value reserve is restricted within retained earnings and cannot be utilized.

– The general banking risks reserve is a restricted reserve against the implementation of IFRS 9 regarding the Central Bank of Jordan that issued Circular No.10/1/1359 on 25 January 2018. The unutilized balance amounted to 8,840,593 as at 30 June 2023 and 31 December 2022 which is included in the retained earnings. This amount cannot be distributed to shareholders and / or used for other purposes except with the approval of the Central Bank of Jordan.

(1) General Information

The Bank is a public shareholding company incorporated in Jordan on 30 August 1995 (with a registeration number of 291) in accordance with the Companies Law No. 1 of (1989) and its registered office in Amman.

The Bank provides its banking services through its thirty six 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, Capital Bank Corporate Advisory (Dubai International Finance Center) Ltd , and Capital Leasing Company.

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 to shareholders.

During the month of June 2022, the Bank signed an agreement with the Saudi Investment Fund (a strategic partner), through which the Bank listed it as one of the Bank's shareholders by paying an amount of 131,200,000 JOD, which was distributed as an increase in the capital by issuing new shares at a value of 63,037,121 JOD at a price of one dinars per share. The authorized, subscribed and paid up capital becomes 263,037,121 JOD, and the difference as a premium is 68,162,878 JOD

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

The Interim Consolidated Financial Statements were authorized for issue by the Board of Directors in their meeting 7/2023 held on 27 July 2023.

(2) Accounting Policies

(2-1) Basis Of Preparation of the interim consolidated financial reporting

The accompanying interim consolidated financial statements of the bank and its subsidiaries (together the "Group") have been prepared in accordance with International Accounting Standard number 34 "Interim Financial Reporting" as amended by the Central Bank of Jordan instructions.

The interim consolidated financial statements have been presented in Jordanian Dinars .

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:

1) 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

2) 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.

3) 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.

4) 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:

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

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'- 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.

b- 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.

c- 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 2019, 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 2020. According to the Central Bank's Circular No. 16239/1/10 dated 21 November 2020, 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 2030.

d- Certain items are classified and presented in the interim condensed consolidated statement of financial position, the interim condensed consolidated income statement, and the interim condensed consolidated statement of cash flows and related disclosures, such as credit facilities, interest in suspense, expected credit losses, investments, fair value levels, sector classification and risk-related disclosures And others, and disclose them in accordance with the requirements of the Central Bank of Jordan and its general instructions and guidelines that may not include all the requirements of international financial reporting standards such as IFRS 7, 9 and 13.

e- The clarifications on the interim condensed consolidated financial statements of the group were presented in accordance with the instructions issued and the forms required by the Central Bank of Jordan.

f- The condensed consolidated interim financial statements do not include all the information and explanations required for the annual financial statements prepared in accordance with the International Financial Reporting Standards, as amended in accordance with the instructions of the Central Bank of Jordan, and it must be read with the bank's annual report as of 31 December 2022, and the business results for the six months ending 30 June 2023 are not necessarily indicative of the expected results for the year ending 31 December 2023.

(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 30 June 2023. 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 300 billion equivalent to JD 162,366,412 as at 30 June 2023. The Bank provides banking services, National Bank of Iraq was acquired effective 1 January 2005 and their subsidiaries in saudi arabia branch and leasing company.

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 30 June 2023. 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 interim condensed 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 June 2023. The purpose of the company is to offer financial consulting services. The company was registered and incorporated on 23 February 2015.

5-Capital leasing Company ; of which the bank owns 100% of its paid in capital of JOD 8,009,481 as at 30 June 2023.The company carries out financial leasing activities, and it is a company that the bank acquired from Societe Generale Bank of Jordan during the year 2022 when it acquired Societe Generale Bank of Jordan and its business during the year 2022.

The financial statements of the subsidiaries are prepared for the same financial period of the bank and using the same accounting policies followed in the bank. If the subsidiary company follows accounting policies that differ from those followed in the bank, the necessary adjustments are made to the financial statements of the subsidiaries to conform to the accounting policies followed in the bank.

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.

When preparing separate financial statements, investment in subsidiaries is recorded at cost, less impairment if any.

(3) Significant Accounting Policies

(3-1) Changes in accounting policies

New standards issued and applicable for the annual periods starting on or after 1 January 2023 which has been followed by the Company:

IFRS 17 InsuranceContracts **Effective date 1 January 2023**

IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of:
- discounted probability-weighted cash flows
- an explicit risk adjustment, and
- a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short-duration contracts, which are often written by non-life insurers. There is a modification of the general measurement model called the ‘variable fee approach’ for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee
approach, the entity’s share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

Targeted amendments made in July 2020 aimed to ease the implementation of the standard by reducing implementation costs and making it easier for entities to explain the results from applying IFRS 17 to investors and others. The amendments also deferred the application date of IFRS 17 to 1 January 2023. Further amendments made in December 2021 added a transition option that permits an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of IFRS 17. The classification overlay applies to all financial assets, including those held in respect of activities not connected to contracts within the scope of IFRS 17. It allows those assets to be classified in the comparative period(s) in a way that aligns with how the entity
expects those assets to be classified on initial application of IFRS 9. The classification can be applied on an instrument-by-instrument basis.

Disclosure of Accounting Policies – Amendments to IAS 1

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.
To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

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, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

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.
The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:
-right-of-use assets and lease liabilities, and
-decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.
The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.
IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The above amendment and interpretation did not have significant impact on the Interim Condensed Consolidated Financial Statements.

New standards issued and not yet applicable or early adopted by the Company for the periods starting on or after 1 January 2024:

Non-current liabilities with covenants – Amendments to IAS 1

Amendments made to IAS 1 Presentation of Financial Statements in 2020 clarified 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 entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarified
what IAS 1 means when it refers to the 'settlement' of a liability. The amendments were due to be applied from 1 January 2022. However, the effective date was subsequently deferred to 1 January 2023 and then further to 1 January 2024. In October 2022, the IASB made further amendments to IAS 1 in response to concerns raised about these changes to the classification of liabilities as current or non-current. The new amendments clarify that covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current, even if the covenant is only tested for compliance after the reporting date. The amendments require disclosures if an entity classifies a liability as noncurrent and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:
- the carrying amount of the liability
- information about the covenants, and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or noncurrent.

Lease liability in sale and leaseback – Amendments to IFRS 16

In September 2022, the IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction. The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognizing any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

Sale or contribution of asset between an investor and its associate or joint venture –Amendments to IFRS10 and IAS28

The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their 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). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively.
In December 2015, the IASB decided to defer the application date of this amendment until such time.

(4) Critical Accounting Estimates and Judgements, and Risk Management

The preparation of the condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts recognized for assets, liabilities, income and expenses. Actual results may differ from estimates.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the main sources of estimation uncertainty were the same judgments and sources applied in the Group's audited consolidated financial statements as at and for the year ended December 31, 2022.

(4) Cash and Balances with Central Banks

	30 June 2023	31 December 2022
	JD	JD
	(Reviewed not audited)	(Audited)
Cash on hand	247,387,325	177,889,975
Current and demand accounts	537,712,234	184,913,435
Time and notice deposit	50,061,069	154,200,000
Statutory cash reserve	433,106,399	263,553,271
Cash & Balances with Central Banks	**1,268,267,027**	**780,556,681**

- Statutory cash reserve amounted to JD 211,917,109 as at 30 June 2023 against JD 216,950,795 as at 31 December 2022 which are not eliminated for cash and cash equivalents in the interim condensed consolidated statements of cash flows.
- There are no due balances during the period exceeding three months as at 30 June 2023 and 31 December 2022.
- The statutory reserves held at the Central Bank of Iraq amounting to JD 221,189,290 as at 30 June 2023 against 46,602,476 as at 31 December 2022 which is excluded from cash and cash equivalents for interim condensed consolidated statements of cash flows purposes.
-There are no expected credit losses on deposits at central banks as of 30 June 2023 and 31 December 2022 in accordance to the Central Bank of Jordan instructions related to the implementation of IFRS 9.

Disclosure of the movement on the total cash and balances with central banks:

30 June 2023 (Reviewed not audited)

	Stage One	Stage Two	Stage Three	Total
Balance at 1 January 2023	780,556,681	-	-	780,556,681
Add: new balances during the period	875,610,109	-	-	875,610,109
Settled balances	(427,976,830)	-	-	(427,976,830)
Foreign currency translation adjustments	40,077,066	-	-	40,077,066
Total balance	**1,268,267,027**	**-**	**-**	**1,268,267,027**

31 December 2022 (Audited)	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2022	425,840,132	-	-	425,840,132
Add: new balances during the year	358,250,231	-	-	358,250,231
Settled balances	(399,461,328)	-	-	(399,461,328)
Additions due to acquisition (Note 34)	395,927,646	-	-	395,927,646
Total balance as at 31 December 2022	**780,556,681**	**-**	**-**	**780,556,681**

Disclosure of the provision for expected credit losses movement for the cash and balances with central banks:

30 June 2023 (Reviewed not audited)

	Stage One	Stage Two	Stage Three	Total
Balance at 1 January 2023	-	-	-	-
Add: Impairment loss on new balances and deposits	-	-	-	-
Recovered from impairment loss on balances and deposits	-	-	-	-
Total balance	**-**	**-**	**-**	**-**

31 December 2022 (Audited)	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2022	-	-	-	-
Add: Impairment loss on new balances and deposits	-	-	-	-
Recovered from impairment loss on balances and deposits	-	-	-	-
Total balance	**-**	**-**	**-**	**-**

(5) Balances at banks and financial institutions

	30 June 2023	31 December 2022
	JD	JD
Cash and balances at banks and financial institutions	(Reviewed not audited)	(Audited)
Current Account	206,995,576	105,155,871
Short term deposits (less than 3 months)	44,186,512	114,975,427
Total	**251,182,088**	**220,131,298**
Less: Expected credit losses	-	-
Total Balances at Banks & Financial Institutes	**251,182,088**	**220,131,298**

- Non-interest bearing balances at banks and financial institutions amounted to JD 198,554,368 as at 30 June 2023 against JD102,451,076 as at 31 December 2022.
- Restricted balances amounted to JD 13,337,404 as at 30 June 2023 against JD 5,421,963 as at 31 December 2022.They are excluded from cash and cash equivalents for the purposes of the consolidated statement of cash flows.

The movement on the total balances in accordance with the requirements of the international standard related to the acquisition and the movement in the provision for expected credit losses in accordance with the requirements of IFRS 9 related to the acquisition:

Disclosure of the movement on the total balances with banks and financial institutions:

30 June 2023 (Reviewed not audited)	Stage one	Stage two	Stage three	Purchased originated credit-impaired (POCI)	Total
	JD	JD	JD	JD	JD
Balance as at 1 January 2023	218,090,923	1,936,833	68,949	-	220,096,705
Add: new balances during the period	59,068,741	48,921	-	-	59,117,662
Settled balances	(44,857,615)	(17,176)	-	-	(44,874,791)
Adjustments due to change in exchange rates	16,842,512	-	-	-	16,842,512
Total balance	**249,144,561**	**1,968,578**	**68,949**	**-**	**251,182,088**

31 December 2022 (Audited)	Stage one	Stage two	Stage three	Purchased originated credit-impaired (POCI)	Total
Balance as at 1 January 2022	312,529,147	17,584	69,020	-	312,615,751
Add: new balances during the year	58,117,865	1,951,151	-	-	60,069,016
Settled balances	(191,918,190)	(31,902)	(71)	-	(191,950,163)
Additions due to acquisition (Note 34)	39,362,101	-	-	-	39,362,101
Total balance	**218,090,923**	**1,936,833**	**68,949**	**-**	**220,096,705**

Disclosure of the movement on the provision for expected credit losses for balances with banks and banking institutions:

30 June 2023 (Reviewed not audited)	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2023	-	-	68,949	68,949
Impairment loss on new balances during the period	-	24,972	-	24,972
Total balance	-	24,972	68,949	93,921

31 December 2022 (Audited)	Stage one	Stage Two	Stage Three	Total
Balance as at 1 January 2022	-	-	69,020	69,020
Impairment loss recoveries during the year	-	-	(71)	(71)
Total balance	**-**	**-**	**68,949**	**68,949**

Movements of balances with banks and financial institutions in accordance to the Central Bank of Jordan special presentation requirements :-

30 June 2023 (Reviewed not audited)	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2023	218,125,516	1,936,833	68,949	220,131,298
New balances during the period	59,068,741	48,921	-	59,117,662
Settled balances	(44,892,208)	(17,176)	-	(44,909,384)
Adjustments due to change in exchange rates	16,842,512	-	-	16,842,512
Total balance	**249,144,561**	**1,968,578**	**68,949**	**251,182,088**

31 December 2022 (Audited)	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2022	312,529,147	17,584	69,020	312,615,751
New balances during the year	58,117,865	1,951,151	-	60,069,016
Settled balances	(169,622,904)	(22,327,188)	(71)	(191,950,163)
Additions due to acquisition (Note 34)	17,101,408	22,295,286	-	39,396,694
Total balance	**218,125,516**	**1,936,833**	**68,949**	**220,131,298**

Movements of provision for expected credit losses during the period:-

30 June 2023 (Reviewed not audited)	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2023	-	7,938	68,949	76,887
Impairment loss on new balances and deposits during the period	-	24,972	-	24,972
Impairment loss recoveries on paid balances and deposits	-	(7,938)	-	(7,938)
Adjustments due to change in exchange rates	-	7,895	-	7,895
Total balance	**-**	**32,867**	**68,949**	**101,816**

31 December 2022 (Audited)	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2022	-	-	69,020	69,020
Impairment loss on new balances and deposits during the year	(2,691)	(23,964)	(71)	(26,726)
Additions due to acquisition (Note 34)	2,691	31,902	-	34,593
Total balance	**-**	**7,938**	**68,949**	**76,887**

(6) Financial Assets at Fair Value through Other Comprehensive Income

	30 June 2023	31 December 2022
Publicly listed assets	JD (Reviewed not audited)	JD (Audited)
Bonds, Corporate debt securities	5,751,433	8,188,426
Other government bonds	3,430,160	33,671,964
Quoted shares	7,237,827	11,676,054
Total Financial assets at market value (listed)	**16,419,420**	**53,536,444**
Unlisted assets		
Treasury bonds	3,451,563	3,297,193
Unquoted shares	40,018,716	39,833,351
Investment funds	16,328,998	17,162,791
Total Unlisted Financial Assets at Market Value	**59,799,277**	**60,293,335**
Less: Expected credit loss	(2,164)	(103)
Total Financial Assets at Fair Value through Other Comprehensive Income	**76,216,533**	**113,829,676**
Analysis of bonds and bills:		
Fixed Rate	12,630,992	45,157,480
Total	**12,630,992**	**45,157,480**

- The unquoted shares include an amount of JD 20,963,078, representing 19.78% from the capital of Professional Real Estate Investment Company, which amounts to JD 106,000,000. This investment is made in partnership with several Jordanian banks and has been approved by the Central Bank of Jordan under the supervision of the Association of Banks. The establishment of the Professional Real Estate Investment Company aims to manage the banks' seized assets in Jordan. This investment has been classified as fair value through other comprehensive income as the Group has no significant impact on the Company in accordance with International Accounting Standard 28.

- The cash dividends amounted to JD 865,522 coming from the shares that the bank owns in other companies as at 30 June 2023 against JD 179,237 as at 30 June 2022.

- Realized loss resulted from sales of financial assets at fair value through other comprehensive Income (equity Instruments) amounted to JD 352,060 as at 30 June 2023 and a realized loss of JD 574,152 as at 30 June 2022 which has been transferred to the retaining earning in the interim condensed consolidated statement of changes in owners Equity.

- Realized gain resulted from sales of financial assets at fair value through other comprehensive Income (debt Instruments) amounted to JD 248,919 as at 30 June 2023 against realized loss of JD 1,542,624 as at 30 June 2022 which has been recognized in the interim condensed consolidated statement of income.
- The provision for expected credit losses is not calculated on government bonds and treasury bills or bonds guaranteed by the Jordanian government in accordance with the requirements of the Central Bank of Jordan to the application of IFRS 9.

Movements of financial assets at fair value through other comprehensive income during the period:-

30 June 2023 (Reviewed not audited)	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2023	45,157,583	-	-	45,157,583
Investments during the period	2,544,681	-	-	2,544,681
Settled balances	(35,069,108)	-	-	(35,069,108)
Total balance	**12,633,156**	**-**	**-**	**12,633,156**

31 December 2022 (Audited)	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2022	170,820,259	-	-	170,820,259
Investments during the year	7,023,974	-	-	7,023,974
Settled balances	(132,686,650)	-	-	(132,686,650)
Total balance	**45,157,583**	**-**	**-**	**45,157,583**

Movements of provision on financial assets at fair value through other comprehensive income during the period:-

30 June 2023 (Reviewed not audited)	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2023	103	-	-	103
Impairment losses on investments during the period	2,061	-	-	2,061
Total balance	**2,164**	**-**	**-**	**2,164**

31 December 2022 (Audited)	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2022	19,458	-	-	19,458
Impairment losses on investments during the year	103	-	-	103
Recoveries from impairment losses on investments	(19,458)	-	-	(19,458)
Total balance	**103**	**-**	**-**	**103**

(7) Direct Credit Facilities - Amortized cost

	30 June 2023 JD (Reviewed not audited)	31 December 2022 JD (Audited)
Retail customers		
Overdrafts	27,622,763	25,490,362
Loans and bills *	855,566,645	742,104,404
Credit cards	57,745,525	43,290,482
Real estate Mortgages	323,647,952	314,843,539
Corporate Lending		
Overdrafts	182,925,248	256,682,710
Loans and bills *	1,580,562,972	1,507,288,964
Small and medium enterprises "SMEs" facilities		
Overdrafts	90,199,746	74,835,339
Loans and bills *	301,801,692	300,162,608
Government and public sector lending	381,565,655	248,089,757
Total	**3,801,638,198**	**3,512,788,165**
Less: Suspended interest	53,753,891	53,111,461
Less: Impairment and Expected Credit Loss	215,449,883	195,096,799
Net direct credit facilities	**3,532,434,424**	**3,264,579,905**

* Net of interest and commissions received in advance amounted to JD 117,561,164 as at 30 June 2023 against JD 78,249,231 as at 31 December 2022.

- Non-performing credit facilities amounted to JD 240,712,929 as at 30 June 2023 against JD 219,358,581 as at 31 December 2022 which represents 6.33 % of total direct credit facilities as at 30 June 2023 against 6.24% as at 31 December 2022.

- Non-performing credit facilities, net of suspended interest, amounted to JD 186,959,038 as at 30 June 2023 against JD 166,247,119 as at 31 December 2022 which represents 4.99 % as at June 2023 against 4.81 % as at 31 December 2022 of total direct credit facilities after excluding the suspended interest.

- The credit facilities granted or guaranteed by the government as of 30 June 2023 amount JD 473,073,493 against JD 366,475,383 31 December 2022.

- The provision for expected credit losses is not calculated on the governmental or guaranteed credit facilities of the Jordanian Government in accordance with the requirements of the Central Bank of Jordan related to the application of IFRS 9.

The cumulative movement of direct credit facilities at amortized cost during the period in accordance to the Central Bank of Jordan special presentation requirements :-

30 June 2023 (Reviewed not audited)	**Stage One**	**Stage Two**	**Stage Three**	**Total**
	JD	**JD**	**JD**	**JD**
Balance at 1 January 2023	2,919,697,192	319,424,450	273,666,523	3,512,788,165
Add: new balances during the period / Additions*	1,055,200,521	60,424,165	61,869,347	1,177,494,033
Settled balances	(842,105,741)	(49,275,822)	(41,685,743)	(933,067,306)
Transferred to first stage	24,074,206	(23,308,906)	(765,300)	-
Transferred to second stage	(48,723,354)	52,701,227	(3,977,873)	-
Transferred to the third stage	(13,573,467)	(33,741,371)	47,314,838	-
Adjustments due to change in exchange rates	48,158,750	5,557,616	2,237,453	55,953,819
Written off balances	-	-	(11,530,513)	(11,530,513)
Total balance	**3,142,728,107**	**331,781,359**	**327,128,732**	**3,801,638,198**

31 December 2022 (Audited)	**Stage One**	**Stage Two**	**Stage Three**	**Total**
	JD	**JD**	**JD**	**JD**
Balance at 1 January 2022	1,801,195,145	202,890,223	182,969,780	2,187,055,148
Add: new balances during the year / Additions*	1,263,066,976	85,069,442	70,965,184	1,419,101,602
Settled balances	(596,723,321)	(199,044,136)	(51,266,477)	(847,033,934)
Transferred to first stage	59,168,293	(55,299,521)	(3,868,772)	-
Transferred to second stage	(106,944,715)	110,034,497	(3,089,782)	-
Transferred to the third stage	(10,872,529)	(25,857,872)	36,730,401	-
Additions due to acquisition (Note 34)	510,807,343	201,631,817	84,976,882	797,416,042
Written off balances	-	-	(43,750,693)	(43,750,693)
Total balance	**2,919,697,192**	**319,424,450**	**273,666,523**	**3,512,788,165**

* New balances during the period from the third stage represent interest in suspense added during the period/year.

The cumulative movement of the provision for expected credit losses on direct credit facilities at amortized cost during the period in accordance to the Central Bank of Jordan special presentation requirements :-

30 June 2023 (Reviewed not audited)	**Stage One**	**Stage Two**	**Stage Three**	**Total**
	JD	**JD**	**JD**	**JD**
Balance at 1 January 2023	35,817,494	24,074,406	135,204,899	195,096,799
Impairment loss of direct credit facilities during the period	11,950,441	12,198,083	34,214,400	58,362,924
Recoveries from impairment losses	(9,877,392)	(11,049,127)	(12,935,520)	(33,862,039)
Transferred to first stage	220,926	(220,660)	(266)	-
Transferred to second stage	(4,495,622)	4,728,550	(232,928)	-
Transferred to the third stage	(10,088,630)	(3,598,549)	13,687,179	-
Written off balances	-	-	(6,394,088)	(6,394,088)
Adjustments due to change in exchange rates	442,151	701,487	1,102,649	2,246,287
Total balance	**23,969,368**	**26,834,190**	**164,646,325**	**215,449,883**

31 December 2022 (Audited)	**Stage One**	**Stage Two**	**Stage Three**	**Total**
	JD	**JD**	**JD**	**JD**
Balance at 1 January 2022	11,717,037	8,089,560	100,747,356	120,553,953
Impairment loss of direct credit facilities during the year	29,956,112	8,575,056	55,346,701	93,877,869
Recoveries from impairment losses	(8,705,621)	(12,734,552)	(43,275,555)	(64,715,728)
Transferred to first stage	742,335	(594,975)	(147,360)	-
Transferred to second stage	(8,372,553)	8,403,026	(30,473)	-
Transferred to the third stage	(371,151)	(5,181)	376,332	-
Additions due to acquisition (Note 34)	10,851,335	12,341,472	38,416,249	61,609,056
Written off balances	-	-	(16,228,351)	(16,228,351)
Total balance	**35,817,494**	**24,074,406**	**135,204,899**	**195,096,799**

Direct credit facilities - Cumulative

The cumulative movement of direct credit facilities at amortized cost during the period According to IFRS 9 related to the acquisition

Direct credit facilities at amortized cost - Cumulative

30 June 2023 (Reviewed not audited)	Stage one	Stage two	Stage three	Purchased originated credit-impaired (POCI)	Total
	JD	JD	JD	JD	JD
Balance as at 1 January 2023	2,834,787,320	99,802,063	99,625,691	45,237,410	3,079,452,485
Add: new balances during the year / Additions	1,055,200,521	60,422,165	45,141,296	16,728,051	1,177,492,033
Settled balances	(879,840,716)	(15,652,428)	(41,685,743)	-	(937,178,887)
Transferred to first stage	34,015,565	(33,145,540)	(870,025)	-	-
Transferred to second stage	(58,610,974)	67,571,362	(8,960,388)	-	-
Transferred to the third stage	(13,680,193)	(38,726,836)	52,407,029	-	-
Changes due to adjustments	(67,495,063)	-	-	(20,726,721)	(88,221,784)
Adjustments due to change in exchange rates	48,158,750	5,557,616	2,237,453	-	55,953,819
Written off balances	-	-	(11,530,513)	-	(11,530,513)
Total balance	**2,952,535,210**	**145,828,402**	**136,364,800**	**41,238,741**	**3,275,967,153**

31 December 2022 (Audited)	Stage one	Stage two	Stage three	Purchased originated credit-impaired (POCI)	Total
Balance as at 1 January 2022	1,741,763,286	136,261,198	102,132,645	31,443,199	2,011,600,328
Add: new balances during the year / Additions	1,175,299,729	85,467,241	62,738,369	5,987,335	1,329,492,674
Settled balances	(655,656,393)	(150,803,480)	(51,246,412)	(6,363,896)	(864,070,181)
Transferred to first stage	59,168,293	(55,299,521)	(3,868,772)	-	-
Transferred to second stage	(106,944,715)	110,034,497	(3,089,782)	-	-
Transferred to the third stage	(10,872,529)	(25,857,872)	36,730,401	-	-
Additions due to acquisition (Note 34)	632,029,649	-	-	14,170,773	646,200,422
Written off balances	-	-	(43,770,758)	-	(43,770,758)
Total balance	**2,834,787,320**	**99,802,063**	**99,625,691**	**45,237,410**	**3,079,452,485**

The movement of the provision forexpected credit losses on direct credit facilities at amortized cost according to IFRS 9 related to the acquisition

30 June 2023 (Reviewed not audited)	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2023	26,228,231	9,120,507	65,578,663	100,927,402
Impairment loss of direct credit facilities during the period / Additions	12,259,188	12,198,083	34,043,956	58,501,227
Impairment loss recoveries	(9,877,392)	(10,774,153)	(12,935,520)	(33,587,065)
Transferred to first stage	220,926	(220,660)	(266)	-
Transferred to second stage	(4,495,622)	4,728,550	(232,928)	-
Transferred to the third stage	(10,088,630)	(3,235,746)	13,324,376	-
Adjustments due to change in exchange rates	442,151	701,487	1,102,649	2,246,287
Written off balances	-	-	(6,394,088)	(6,394,088)
Total balance	**14,688,853**	**12,518,068**	**94,486,842**	**121,693,762**

31 December 2022 (Audited)	Stage one	Stage Two	Stage Three	Total
Balance as at 1 January 2022	8,364,393	4,403,133	63,626,557	76,394,084
Impairment loss of direct credit facilities during the year / Additions	33,773,428	8,671,632	65,335,878	107,780,938
Impairment loss recoveries	(7,852,204)	(11,982,414)	(43,253,929)	(63,088,547)
Transferred to first stage	894,768	(601,540)	(293,228)	-
Transferred to second stage	(8,581,003)	8,634,877	(53,874)	-
Transferred to the third stage	(371,151)	(5,181)	376,332	-
Written off balances	-	-	(20,159,073)	(20,159,073)
Total balance	**26,228,231**	**9,120,507**	**65,578,663**	**100,927,402**

Provision for impairment losses:

The movement of the provision for expected credit losses on direct credit facilities during the period per sector:-

30 June 2023 (Reviewed not audited)	**Retail**	**Real estate**	**Corporate**	**SMEs**	**Public and Government Sector**	**Total**
	JD	**JD**	**JD**	**JD**	**JD**	**JD**
Balance at 1 January 2023	32,762,312	11,252,416	112,344,421	38,737,650	-	195,096,799
Impairment loss of direct credit facilities during the period	12,018,278	4,210,406	31,475,565	10,658,675	-	58,362,924
Recoveries from impairment losses	(5,009,751)	(2,417,267)	(23,573,955)	(2,861,066)	-	(33,862,039)
Transfer (from) to the first stage - net	(1,903,329)	(102,990)	(4,131,220)	(8,225,786)	-	(14,363,325)
Transfer (from) to second stage - net	545,511	102,989	638,260	(377,421)	-	909,339
Transfer (from) to third stage - net	1,357,819	-	3,492,959	8,603,208	-	13,453,986
Written off balances	-	-	(6,394,088)	-	-	(6,394,088)
Adjustments due to change in exchange rates	424,252	-	1,773,049	48,986	-	2,246,287
Total balance	**40,195,092**	**13,045,554**	**115,624,991**	**46,584,246**	**-**	**215,449,883**

31 December 2022 (Audited)	**Retail**	**Real estate**	**Corporate**	**SMEs**	**Public and Government Sector**	**Total**
	JD	**JD**	**JD**	**JD**	**JD**	**JD**
Balance at 1 January 2022	15,763,481	8,972,209	77,312,149	18,506,114	-	120,553,953
Impairment loss of direct credit facilities during the year	20,143,282	6,240,213	46,195,287	21,299,087	-	93,877,869
Recoveries from impairment losses	(6,824,039)	(8,084,293)	(43,804,001)	(5,636,468)	(366,927)	(64,715,728)
Transfer (from) to the first stage - net	(136,269)	(80,252)	(7,341,743)	(443,105)	-	(8,001,369)
Transfer (from) to second stage - net	305,538	80,252	6,970,910	446,170	-	7,802,870
Transfer (from) to third stage - net	(169,269)	-	370,833	(3,065)	-	198,499
Additions due to acquisition (note 34)	8,656,936	5,170,913	39,865,387	7,548,893	366,927	61,609,056
Written off balances	(4,977,348)	(1,046,626)	(7,224,401)	(2,979,976)	-	(16,228,351)
Total balance	**32,762,312**	**11,252,416**	**112,344,421**	**38,737,650**	**-**	**195,096,799**

Interest in suspense

The movement of interest in suspense is as follow:

	Retail	Real estate	Corporate	SMEs	Total
	JD	JD	JD	JD	JD
30 June 2023 (Reviewed not audited)					
Balance at 1 January 2023	6,882,372	4,692,257	32,251,052	9,285,780	53,111,461
Suspended interest during the period	502,285	679,626	5,863,075	1,556,379	8,601,365
Interest transferred to income	(677,734)	(967,469)	(1,257,539)	(749,465)	(3,652,207)
Amounts written off	-	-	(5,136,426)	-	(5,136,426)
Adjustments due to change in exchange rates	119,669	1,116	704,949	3,964	829,698
Total balance	**6,826,592**	**4,405,530**	**32,425,111**	**10,096,658**	**53,753,891**
31 December 2022 (Audited)					
Balance at 1 January 2022	2,912,998	3,835,260	22,614,644	5,990,955	35,353,857
Suspended interest during the year	2,406,642	1,490,794	7,640,507	4,911,706	16,449,649
Interest transferred to income	(538,658)	(2,985,602)	(28,401,654)	(647,643)	(32,573,557)
Additions during period of acquisition (Note 34)	9,400,269	4,385,168	38,607,864	7,599,212	59,992,513
Amounts written off	(7,298,879)	(2,033,363)	(8,210,309)	(8,568,450)	(26,111,001)
Total balance	**6,882,372**	**4,692,257**	**32,251,052**	**9,285,780**	**53,111,461**

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

	Inside Jordan	Outside Jordan	30 June 2023	31 December 2022
	JD	JD	JD	JD
	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)	(Audited)
Financial	53,761,230	-	53,761,230	77,094,110
Industrial	531,601,646	30,825,198	562,426,844	513,369,125
Commercial	475,018,743	153,808,793	628,827,536	609,179,615
Real estate and Construction	614,703,284	46,451,832	661,155,116	657,611,065
Tourism and hotels	71,480,240	-	71,480,240	73,845,630
Agriculture	37,066,208	18,842,504	55,908,712	66,700,254
Shares	121,404,531	-	121,404,531	133,883,408
Services utilities and public	136,038,446	66,140,554	202,179,000	247,799,413
Transportation services (including air transportation)	84,257,705	-	84,257,705	79,461,853
Government and public sector	381,565,655	-	381,565,655	248,089,757
Retail	519,312,611	378,225,316	897,537,927	770,518,670
Other	81,133,702	-	81,133,702	35,235,265
Total	**3,107,344,001**	**694,294,197**	**3,801,638,198**	**3,512,788,165**

(8) Financial Assets At Amortized Cost

	30 June 2023	31 December 2022
	JD	JD
	(Reviewed not audited)	(Audited)
Treasury bonds	316,432,237	375,244,469
Governmental debt securities	1,157,484,788	1,213,912,350
Governmental debt securities and its guarantee	73,634,740	133,210,524
Bonds, Corporate debt securities	53,253,700	58,358,500
Other government bonds	85,713,465	74,048,866
Total financial assets	**1,686,518,930**	**1,854,774,709**
Less: Impairment allowance and expected credit losses	(2,119,293)	(2,107,125)
Total Financial assets at amortized cost	**1,684,399,637**	**1,852,667,584**
Analysis of bonds and bills:		
Fixed Rate	1,677,203,069	1,842,544,963
Floating rate	7,196,568	10,122,621
Total	**1,684,399,637**	**1,852,667,584**

- Realized loss from the sale of financial assets at amortized cost (debt instruments) amounted to JOD 14,407 as at 30 June 2023

Financial Assets At Amortized Cost

Movements of Financial Assets at Amortized Cost during the period :-

30 June 2023 (Reviewed not audited)	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2023	1,848,114,709	-	6,660,000	1,854,774,709
New balances during the period	390,228,412	-	-	390,228,412
Settled balances	(562,562,739)	-	-	(562,562,739)
Transferred to Pledged Assets (Note 9)	(24,982,530)	-	-	(24,982,530)
Transferred from Pledged Assets (Note 9)	29,061,078	-	-	29,061,078
Total balance	**1,679,858,930**	**-**	**6,660,000**	**1,686,518,930**

31 December 2022 (Audited)	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2022	983,028,649	-	5,700,000	988,728,649
New balances during the year	964,207,158	-	-	964,207,158
Settled balances	(271,957,349)	-	(1,440,000)	(273,397,349)
Additions due to acquisition (Note 34)	201,897,329	-	-	201,897,329
Transferred from Pledged Assets	(29,061,078)	-	2,400,000	(26,661,078)
Total balance	**1,848,114,709**	**-**	**6,660,000**	**1,854,774,709**

Movements of provision on of Financial Assets at Amortized Cost during the period:-

30 June 2023 (Reviewed not audited)	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2023	35,005	-	2,072,120	2,107,125
Impairment losses on investments during the period	12,168	-	-	12,168
Total balance	**47,173**	**-**	**2,072,120**	**2,119,293**

31 December 2022 (Audited)	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2022	26,562	-	1,680,668	1,707,230
Impairment losses on investments during the year	35,005	-	-	35,005
Recoveries from impairment	(26,562)	-	(1,208,548)	(1,235,110)
Additions due to acquisition (Note 34)	-	-	1,600,000	1,600,000
Total balance	**35,005**	**-**	**2,072,120**	**2,107,125**

Financial Assets At Amortized Cost

The movement of total financial assets at amortized cost in accordance with the requirements of the international standard related to the acquisition:

30 June 2023 (Reviewed not audited)	Stage one	Stage two	Stage three	Purchased originated credit-impaired (POCI)	Total
	JD	JD	JD	JD	JD
Fair value as at 1 January 2023	1,848,114,709	-	4,260,000	800,000	1,853,174,709
New investments during the period	390,228,412	-	-	-	390,228,412
Settled balances	(562,562,739)	-	-	-	(562,562,739)
Transferred to Pledged Assets (Note 9)	(24,982,530)	-	-	-	(24,982,530)
Transferred from Pledged Assets (Note 9)	29,061,078	-	-	-	29,061,078
Total balance	**1,679,858,930**	**-**	**4,260,000**	**800,000**	**1,684,918,930**
31 December 2022 (Audited)					
Balance as at 1 January 2022	983,028,649	-	5,700,000	-	988,728,649
New investments during the year	964,207,158	-	-	-	964,207,158
Settled balances	(271,957,349)	-	(1,440,000)	-	(273,397,349)
Additions due to acquisition (Note 34)	201,897,329	-	-	800,000	202,697,329
Transferred from Pledged Assets (Note 9)	(29,061,078)	-	-	-	(29,061,078)
Total balance	**1,848,114,709**	**-**	**4,260,000**	**800,000**	**1,853,174,709**

The movement in the allowance for expected credit losses for financial assets at amortized cost in accordance with the requirements of IFRS 9 related to the acquisition:

30 June 2023 (Reviewed not audited)	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2023	35,005	-	2,072,120	2,107,125
Impairment losses on investments during the period	12,168	-	-	12,168
Total balance	**47,173**	**-**	**2,072,120**	**2,119,293**
31 December 2022 (Audited)				
Balance as at 1 January 2022	26,562	-	1,680,668	1,707,230
Impairment loss of direct credit facilities during the year	35,005	-	-	35,005
Recoveries from impairment loss on outstanding investments	(26,562)	-	(1,208,548)	(1,235,110)
Additions due to acquisition (Note 34)	-	-	1,600,000	1,600,000
Total balance	**35,005**	-	**2,072,120**	**2,107,125**

(9) Pledged financial assets

	30 June 2023 (Reviewed not audited) JD		31 December 2022 (Audited) JD	
	Pledged financial assets	Associated financial liabilities (Note 11)	Pledged financial assets	Associated financial liabilities(Note 11)
Financial assets at amortized cost (Jordanian Government Bonds)	-	-	29,061,078	29,910,714
Financial assets at amortized cost (Jordanian Government Bonds)	228,359,311	172,500,000	229,226,877	172,500,000
Total	**228,359,311**	**172,500,000**	**258,287,955**	**202,410,714**

- These bonds were pledged as at 30 June 2023 against the deposits belonging to the Social Security Corporation.

The movement on the pledged financial assets is as follows:

30 June 2023 (Reviewed not audited)	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2023	258,287,955	-	-	258,287,955
Transferred from financial assets at amortized cost (note 8)	24,982,530	-	-	24,982,530
Settled balances	(25,850,096)	-	-	(25,850,096)
Transferred to financial assets at amortized cost (note 8)	(29,061,078)	-	-	(29,061,078)
Total balance	**228,359,311**	**-**	**-**	**228,359,311**

31 December 2022 (Audited)	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2022	-	-	-	-
Settled balances	(60,596,254)	-	-	(60,596,254)
Transferred from financial assets at amortized cost (note 8)	29,061,078	-	-	29,061,078
Additions due to acquisition (Note 34)	289,823,131	-	-	289,823,131
Total balance	**258,287,955**	**-**	**-**	**258,287,955**

No provision for expected credit losses has been calculated for the Jordanian government bonds, which are guaranteed by the Jordanian government that are pledged, according to the instructions of the Central Bank of Jordan related to the application of International Standard No. 9.

(10) Other Assets

This item consists of the following:

	30 June 2023 JD (Reviewed not audited)	31 December 2022 JD (Audited)
Accrued interest and revenue	64,594,051	63,147,433
Prepaid expenses	13,732,517	13,933,301
Collaterals seized by the bank against matured debts* - net	101,121,921	89,049,541
Purchased banks acceptances at amortized cost- net	24,189,851	53,057,674
Assets / derivatives unrealized gain	122,291	541,761
Refundable deposits	7,325,556	5,597,811
Others - net*	47,589,707	19,348,786
Total	**258,675,894**	**244,676,307**

\-

* 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 of an extension up to two executive years at most. According to the Central Bank circular No. 10/3/16234 , no more provision should be calculated for properties held for more than four years and restricted the use of previously booked provisions only upon the disposal of the seized assets.

* According to the regulations of the Central Bank of Iraq, the bank is required to book provisions against those seized assets.

The following is summary of the movement of assets seized by the bank:

	30 June 2023 (Reviewed not audited)		31 December 2022 (Audited)	
	Seized Properties	Other Seized Assets	Seized Properties	Other Seized Assets
Balance at the beginning of the period / year	89,049,541	-	68,234,167	-
Additions during the period / year	26,947,999	4,115,562	13,859,311	-
Additions during the period / year due to acquisition (Note 34)	-	-	13,338,693	-
Retirements during the period / year	(17,492,321)	-	(7,566,202)	-
Impairment losses recovered during the period / year	-	-	269,987	-
(Return from) Provision for real estate expropriated during the period/year	(2,728,261)	-	913,585	-
Translation adjustments	1,229,401	-	-	-
Balance at the end of the period / year	97,006,359	4,115,562	89,049,541	-

Movements of bank acceptances and export documents and bills purchased during the period:-

30 June 2023 (Reviewed not audited)	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2023	53,242,050	-	-	53,242,050
New balances during the period	18,726,204	-	-	18,726,204
Settled balances	(47,716,559)	-	-	(47,716,559)
Ending balance	**24,251,695**	**-**	**-**	**24,251,695**

31 December 2022 (Audited)	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2022	26,043,920	94,248	-	26,138,168
New balances during the year	53,242,050	-	-	53,242,050
Settled balances	(26,043,920)	(94,248)	-	(26,138,168)
Ending balance	**53,242,050**	**-**	**-**	**53,242,050**

Movements of provisions on bank acceptances and export documents and bills purchased during the period:-

30 June 2023 (Reviewed not audited)	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2023	184,376	-	-	184,376
Impairment losses on new investments during the period	43,840	-	-	43,840
Impairment loss recoveries	(166,372)	-	-	(166,372)
Total balance	**61,844**	**-**	**-**	**61,844**

31 December 2022 (Audited)	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2022	84,704	2,964	-	87,668
Impairment losses during the year	184,376	-	-	184,376
Impairment loss recoveries	(84,704)	(2,964)	-	(87,668)
Total balance	**184,376**	**-**	**-**	**184,376**

(11) Customers' Deposits

This item consists of the following:

30 June 2023 (Reviewed not audited)	Retail	Corporate	SMEs	Government and public Sectors	Total
	JD	JD	JD	JD	JD
Current and demand deposits	318,870,957	1,154,711,480	149,255,421	211,113,527	1,833,951,385
Saving accounts	389,274,053	3,380,455	218,032	-	392,872,540
Time and notice deposits	1,708,616,283	802,003,641	92,213,621	611,729,945	3,214,563,490
Certificates of deposit	9,554,374	2,401,399	-	-	11,955,773
Total balance	**2,426,315,667**	**1,962,496,975**	**241,687,074**	**822,843,472**	**5,453,343,188**

31 December 2022 (Audited)	Retail	Corporate	SMEs	Government and public Sectors	Total
	JD	JD	JD	JD	JD
Current and demand deposits	298,181,441	563,324,038	135,152,290	86,497,303	1,083,155,072
Saving accounts	324,576,137	3,103,193	125,956	-	327,805,286
Time and notice deposits	1,647,383,026	1,069,035,976	104,662,977	609,676,238	3,430,758,217
Certificates of deposit	13,562,240	4,582,762	-	-	18,145,002
Total balance	**2,283,702,844**	**1,640,045,969**	**239,941,223**	**696,173,541**	**4,859,863,577**

- The deposits of government and general public sector inside Jordan amounted to JD 783,191,660 representing 14.36% of the total deposits as at 30 June 2023 against JD 663,240,252 representing 13.65 % as at 31 December 2022.
- Deposits from the Iraqi government and public sector amounted to JD 39,651,812 , or 0.73% of total deposits, as of 30 June 2023, against JD 32,933,289, or 0.68% of total deposits, as of 31 December 2022.
- The value of non-interest-bearing deposits amounted to JD 1,625,085,400 , or 29.80% of the total deposits as at 30 June 2023, compared to the amount of JD 826,198,176 , or 17% of the total deposits as at 31 December 2022
- Reserved deposits (restricted withdrawals) as at 30 June 2023 amounted to JD 14,893,961 and JD 9,133,388 as at 31 December 2022.
- Dormant deposits amounted to JD 13,314,700 as at 30 June 2023 against JD 16,015,154 as at 31 December 2022.
- Fixed deposits include an amount of JD 172,500,000 as at 30 June 2023 representing financial liabilities against pledged financial assets that belong to the Social Security Corporation deposits resulting from the acquisition process.
- Customer deposits increased significantly during the period ended 30 June 2023, through the natural growth of the business.

(12) Loans and Borrowings

The details are as follows :

30 June 2023 (Reviewed not audited)	Amount	Number of Installments Total	Number of Installments Outstanding	Frequency of Instalments	Collaterals	Interest rate	Re-financed Interest rate
	JD	JD	JD		JD	%	
Amounts borrowed from central banks	271,973,786	35,252	23,101	Monthly, semi annual, and upon maturity	-	0.00% - 5.69%	0.00% - 4.75%
Amounts borrowed from local banks and financial institutions	132,102,394	11	10	One payment upon maturity	-	4.50% - 7.00%	4.00% - 15.55%
Amounts borrowed from foreign banks and financial institutions	186,312,404	100	77	Semi annual, and upon maturity	-	1.45% - 7.64%	1.80% -12.50%
Total balance	**590,388,584**				**-**		

31 December 2022 (Audited)	Amount	Number of Installments Total	Number of Installments Outstanding	Frequency of Instalments	Collaterals	Interest rate	Re-financed Interest rate
	JD	JD	JD		JD	%	
Amounts borrowed from central banks	293,849,723	26,909	17,150	Monthly, semi annual, and upon maturity	29,061,078	0.00٪ - 5.64٪	0.00٪ - 6.00٪
Amounts borrowed from local banks and financial institutions	130,021,260	10	10	Monthly, semi annual, and upon maturity	-	4.50٪ - 7.40٪	4.00٪ - 12.91٪
Amounts borrowed from foreign banks and financial institutions	315,821,040	97	80	Monthly, semi annual, and upon maturity	-	1.45٪ - 12.21٪	4.5٪ - 14.50٪
Total balance	**739,692,023**				**29,061,078**		

• Borrowed money from Central Banks includes JD 271,973,786 that represents amounts borrowed to refinance the customers' loans in the medium term financing programs that have been re-borrowed. These loans mature during 2023 - 2039.

• The amounts borrowed from local institutions are all borrowed from the Jordan Mortgagee Refinance Company with a total amount of JD 105 Million. The loans mature during 2023 - 2028.

• Loans bearing fixed - interest rates amounted to JD 523,314,909 and loans bearing floating - interest rates amounted to JD 67,073,675 as at 30 June 2023 against JD 622,190,309 and JD 112,093,353 respectively as at 31 December 2022.

• Based on the most recent covenant assesment we are complying with all contingent rules and conditions with our financial institution leaders.

(13) Subordinated Loans

30 June 2023 - (Reviewed not audited)	Amount	Frequency of instalments	Collaterals	Interest Rate
	JD		JD	%
Subordinated Loan	15,172,600	One payment upon maturity (15 March 2026)	-	7.00%
Total balance	**15,172,600**		**-**	

31 December 2022 - (Audited)	Amount	Frequency of instalments	Collaterals	Interest Rate
	JD		JD	%
Subordinated Loan	15,172,600	One payment upon maturity (15 March 2026)	-	7.00%
Total balance	**15,172,600**		**-**	

- On March 15, 2020, the Bank completed the issuance of $40 million loan bonds, which fall within the second tranche according to the requirements of the Basel Standard.
- During the first quarter of 2022, a number of bonds were purchased by the bank after obtaining the approval of the regulatory authorities, so that the number of traded bonds was reduced to 214 bonds with a nominal value of $100,000.

(14) Income Tax

The movement on income tax liability is as follows:

	30 June 2023	31 December 2022
	JD	JD
	(Reviewed not audited)	(Audited)
Balance at the beginning of the period/year	4,341,637	4,484,833
Income tax paid	(9,851,753)	(13,773,947)
Income tax charge for the period / year	15,677,207	11,580,045
Income tax on other comprehensive income	(942,970)	(3,578,806)
Income tax charge for previous years	-	231,136
Addition due to Acquisition (Note 34)	-	5,398,376
Foreign Currency translation adjustment	366,539	-
Balance at the end of the period/year	**9,590,660**	**4,341,637**

Income tax expense presented in interim condensed consolidated income statement:

	30 June 2023	30 June 2022
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Current income tax charge for the period	15,677,207	6,106,194
Previous years income tax charges	-	-
Deferred tax assets for the period	(1,264,008)	1,889,561
Deferred tax liabilities for the period	-	(673,550)
	14,413,199	**7,322,205**

Legal income tax rate on the Bank's revenues and brokerage firm is 38% and 28% respectively.

Legal income tax on the Bank's profit in Iraq is 15%.

A final settlement has been made with the Income and Sales Tax Department regarding the income tax of Jordan Capital Bank - Jordan Branches until the end of 2020.

A final settlement has been made with the Income Tax Department regarding the income tax of Capital Investment and Financial Brokerage Company until the end of 2020.

A final settlement was made with the Income Tax Department of the National Bank of Iraq until the end of 2022.

A final settlement has been made with the Income and Sales Tax Department regarding Capital leasing Company income tax until the end of 2019.

In the opinion of management and tax advisors, the withholding income tax provision is sufficient to meet the tax obligations as at 30 June 2023

(15) Sundry Provisions

The details are as follows:

30 June 2023 (Reviewed not audited)	Balance at the beginning of the period/year	Provided during the period/year	Utilized during the period/year	Addition due to Acquisition	Translation adjustments	Balance at the end of the period/year
	JD	JD	JD	JD	JD	JD
Provision for lawsuits raised against the bank	328,332	-	(148,804)	-	-	179,528
Other provisions*	3,599,613	33,742	(1,580,491)	-	406,971	2,459,835
Total balance	**3,927,945**	**33,742**	**(1,729,295)**	**-**	**406,971**	**2,639,363**
31 December 2022 (Audited)						
Provision for lawsuits raised against the bank	114,796	100,000	-	-	-	214,796
Other provisions*	2,383,196	3,753,032	(2,536,615)	-	-	3,599,613
Addition due to Acquisition (Note 34)	-	680	-	112,856	-	113,536
Total balance	**2,497,992**	**3,853,712**	**(2,536,615)**	**112,856**	**-**	**3,927,945**

* The bank has fully hedged against the differences resulting from the currency auctions as requested by the Central Bank of Iraq from the 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. A total amount of JDs 545,603 was collected as of 30 June 2023 compared to JDs 292,806 as of 30 June 2022.

(16) Other Liabilities

This item consists of the following:

	30-Jun-23	31-Dec-22
	JD	JD
	(Reviewed not audited)	(Audited)
Accrued interest expense	49,587,957	32,782,282
Accrued expenses	6,296,288	10,338,815
Certified cheques	5,544,054	7,272,822
Cheques payable	5,261,725	1,337,086
Board of directors' remuneration	32,500	69,167
Brokerage payables	18,743,871	24,194,690
Guarantees	453,716	453,716
Capital leasing Company contracts commitment	13,206,263	10,026,555
Others	19,739,246	10,121,864
Total	**118,865,619**	**96,596,997**

(17) Perputual Bonds

On February 24, 2022, the Bank issued tier 1 non convertible and secured bonds at 7% interest rate, total value of issuance was 100 $ million , where the nominal value of each bond was 1000 dollars, for a total number of 100,000 bonds . These bonds were listed on the Nasdaq Dubai Stock Exchange. These bonds fall within AT1, as per Basel requirements.

Interest expense (net of tax) on these bonds is recorded directly to the retained earnings as they are considered (ATI) bonds. Interest expense on these bonds amounted to JD 2,495,286 for the period ended 30 June 2023 compared to 1,750,836 for the period ended 30 June 2022.

(18) Fair value reserve

The movement for this account is as follows:

	Financial assets at fair value through other comprehensive income
	JD
30 June 2023 (Reviewed not audited)	
Balance at the beginning of the period	1,780,249
Unrealized losses from debt instruments	560,506
Realized gain from the sale of debt instruments at fair value through other comprehensive income transferred to income	(27,527)
Unrealized gain from equity instruments	(541,529)
Realized loss from the sale of equity instruments at fair value through other comprehensive income transferred to retained earnings	352,060
Deferred tax assets	97,201
Deferred tax liability	16,761
Currency Translation adjustments	(30,168)
Balance at the end of the period	**2,207,553**

	31-Dec-22
31 December 2022 (Audited)	JD
Balance at the beginning of the year	813,120
Unrealized gain from debt instruments	(1,097,506)
Realized gain from the sale of debt instruments at fair value through other comprehensive income transferred to income	1,920,738
Unrealized gain from equity instruments	675,266
Realized loss from the sale of equity instruments at fair value through other comprehensive income transferred to retained earnings	690,688
Deferred tax assets	(697,429)
Deferred tax liability	(524,628)
Balance at the end of the Year	**1,780,249**

(19) Retained Earnings

	30 June 2023
	JD
	(Reviewed not audited)
Balance at 1 January 2023	166,923,467
Realized loss from selling equity instruments at fair value through other comprehensive income transferred to retained earnings	(352,060)
Perputual Bonds interest	(2,942,535)
Expenses related to a subsidiary's capital increase	(60,272)
Cash dividends (Note 33)	(44,716,311)
Balance at the end of the period	**118,852,289**

	31 December 2022
	JD
	(Audited)
Balance at 1 January 2022	121,913,754
Profit for the year	86,820,143
Realized loss from selling equity instruments at fair value through other comprehensive income transferred to retained earnings	(690,688)
Expenses for issuing Perpetual Bonds	(201,592)
Perputual Bonds interest	(2,508,233)
Capital Increase	(2,148,983)
Transferred to reserves	(6,260,934)
Cash dividends (Note 33)	(30,000,000)
Balance at the end of the year	**166,923,467**

- Retained earnings include JD 39,480,338 which represents deferred tax assets as at 30 June 2023 against JD 36,915,178 as at 31 December 2022, according to the Central Bank of Jordan’s regulations these balances are restricted.

- Retained earnings as at 30 June 2023 and 31 December 2022 includes an amount of JD 958,330 which is related to the measurements and classifications as a result of the early adoption of IFRS 9. This amount is not available for distribution according to the Securities and Exchange Commission regulations until the amount becomes realized .

- An amount equals to the negative balance of fair value reserve is restricted within retained earnings and cannot be utilized.

- The general banking risks reserve is a restricted reserve against the implementation of IFRS 9 regarding the Central Bank of Jordan that issued Circular No.10/1/1359 on 25 January 2018. The unutilized balance amounted to 8,840,593 as at 30 June 2023 and 31 December 2022 which is included in the retained earnings. This amount cannot be distributed to shareholders and / or used for other purposes except with the approval of the Central Bank of Jordan.

(20) Interest Income

This item consists of the following:

	30 June 2023	30 June 2022
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Direct Credit Facilities:-		
Retail		
Overdrafts	1,455,203	839,817
Loans and bills	39,226,229	30,254,988
Credit cards	1,949,670	1,393,909
Real estate mortgages	11,260,620	7,556,819
Corporate		
Overdrafts	12,714,524	12,175,098
Loans and bills	49,297,508	28,843,768
Small and medium enterprises (SMEs)		
Overdrafts	2,171,179	808,417
Loans and bills	12,394,386	6,413,031
Government and public sectors	9,629,142	3,588,148
Balances at Central Bank of Jordan	3,265,171	1,630,677
Balances at banks and financial institutions	7,515,799	1,270,400
Loans and advances measured at fair value through statement of income	-	2,125,892
Pledged financial assets	6,480,468	728,771
Financial assets at amortized cost	51,489,324	31,296,475
Financial assets at fair value through other comprehensive income - debt instruments	389,039	1,892,734
Total	**209,238,262**	**130,818,944**

(21) Interest Expense

The details are as follow:

	30 June 2023	30 June 2022
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Banks and financial institutions deposits	5,719,844	3,244,997
Customers' deposits :		
Current accounts and deposits	3,844,027	2,039,471
Saving deposits	1,290,780	906,630
Time and notice deposits	91,311,762	46,882,152
Certificates of deposits	398,166	523,244
Interest on leased asset obligations	514,335	392,499
Margin accounts	4,572,747	1,969,204
Loans and borrowings	13,905,497	4,230,681
Deposits guarantee fees	2,077,039	2,120,078
Total	**123,634,197**	**62,308,956**

(22) Other Income

The details are as follow:

	30 June 2023	30 June 2022
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Recovery from written - off debts	4,892,646	470,699
Income from Derivatives	3,573	31,613
Commissions from subsidiaries	2,553,174	2,373,260
Others	2,517,106	2,376,993
Total	**9,966,499**	**5,252,564**

(23) Basic and diluted earnings per share from profit attributable to the Bank's shareholders

Basic and diluted earnings per share	For the 3 months ended 30 June		For the 6 months ended 30 June	
The details are as follow:	**2023**	**2022**	**2023**	**2022**
	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)
Profit for the period attributable to Bank's shareholders	18,417,073	18,520,451	41,442,911	56,337,408
Weighted average number of shares during the period	263,037,121	200,000,000	263,037,121	200,000,000
	JD / Fils	JD / Fils	JD / Fils	JD / Fils
Basic and diluted earnings per share from profit attributable to the bank's shareholders	**0.070**	**0.093**	**0.158**	**0.282**

- The basic earning per share is equivalent to the diluted earning per share, since the bank did not issue any convertible financial instruments.

(24) Cash and Cash Equivalents

The details are as follow:	For the 6 months ended 30 June	
	2023	**2022**
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Cash and balances with central banks maturing within 3 months	1,020,016,669	573,973,605
Add: Balances at banks and financial institutions maturing within 3 months, net	251,080,272	242,362,942
Less: Banks and financial institutions' deposits maturing within 3 months	(204,396,828)	(235,261,628)
Less: Restricted cash balances	(13,337,404)	(3,346,558)
	1,053,362,709	**577,728,361**

(25) Related Parties Transactions

The interim condensed consolidated financial statements of the Bank include the following subsidiaries:

	Ownership		Paid in capital	
	30 June 2023	**31 December 2022**	**30 June 2023**	**31 December 2022**
	%	%	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 Investments (DIFC)	100%	100%	177,250	177,250
Capital leasing Company	100%	100%	8,009,481	8,009,481

- The following related parties transactions took place during the period/year:

	Related party				Total	
	BOD members	Executive management	Subsidiaries*	Major Shareholders	30 June 2023	31 December 2022
	JD	JD	JD	JD	JD (Reviewed not audited)	JD (Audited)
Statement of financial position items:						
Bank deposits with related parties	-	-	88,228,742	-	88,228,742	86,857,619
Bank balances and deposits	5,782,695	1,777,886	3,780,454	347,780,040	359,121,075	162,086,461
Margin accounts	89,842	88,289	111,324,118	-	111,502,249	123,846,300
Direct credit facilities	52,658,448	3,968,177	428,119	5,497,001	62,551,745	65,985,147
Off-balance sheet items:						
Indirect credit facilities	514,056	1,000	84,881,760	-	85,396,816	70,560,577
Credit losses for the first stage	125,143	4,685	50,662	11,373	191,863	256,775
					For the 6 months ended 30 June	
					2023	**2022**
					(Reviewed not audited)	**(Reviewed not audited)**
Statement of income items:					**JD**	**JD**
Interest and commission income	2,392,813	97,661	2,879,573	399,969	**5,770,016**	**2,755,454**
Interest and commission expense	93,465	16,933	939,030	8,687,347	**9,736,775**	**3,162,118**

*Transactions with related parties are eliminated at condensed consolidated financial statements.

- Interest rates on credit facilities in Jordanian Dinar range between 2.00% - 12.5%.
- Interest rates on credit facilities in foreign currency range between 4.50% - 7.79%.
- Interest rates on deposits in Jordanian Dinar range between 3.5% - 6.80%.
- Interest rates on deposits in foreign currency between 4.00% - 5.25%.

Compensation of the key management personnel benefits for the bank and its subsidiaries as follows:

	For the 6 months ended 30 June	
	2023	**2022**
	JD (Reviewed not audited)	**JD (Reviewed not audited)**
Benefits (Salaries, wages, and bonuses) of executive management for the Group	4,222,786	2,791,656
Total	**4,222,786**	**2,791,656**

(26) 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 shareholders' equity ratio of 4% in accordance to the central bank's instruction no. (67/2016).

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%. In addition, the Bank was classified with the bank of "systemic importance locally" during 2022 in which it requires an additional reserve of (0.5%) to be added gradually over a period of 4 years. The Bank takes into account all ratios related to credit concentrations, which use regulatory capital as an indicator of those concentrations

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 this year and the previous year

Description of Regulatory Capital

Description of regulatory capital
According to CBJ regulations regarding Basel III, regulatory capital comprises of:

1- Tier 1 capital, which aims to the Continuity of the Bank:

- 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, stage 1 expected credit loss and minority interest, and deducts the following; insignificant investments (<10%) and significant investments (>10%) in other banks, financial institution, insurance companies and unconsolidated subsidiaries.

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:

	30 June 2023	31 December 2022
	JD (Reviewed not audited)	JD (Audited)
Primary capital-		
Issued and paid in capital	263,037,121	263,037,121
Additional paid in capital	68,872,350	68,872,350
Retained Earnings	117,893,959	79,145,003
Statutory reserves	62,375,552	62,375,552
Income for the period	41,442,911	86,820,134
Accumulated changes in fair value	(1,983,600)	(14,760,589)
Proposed dividends	-	(44,716,311)
Minority interest	43,292,503	34,067,857
Less-		
Goodwil and Intangible assets	62,435,687	58,375,636
Deferred tax assets	36,763,332	34,187,594
Investments in banks and other financial companies capital (except for banks, financial institutions, and insurance companies	58,409	57,388
Additional Tier 1 capital-		
Perpetual bonds	70,900,000	70,900,000
Total Primary capital	**566,573,368**	**513,120,501**
Supplementary Capital (Tier 2)		
Exposures included in stage one	24,823,650	22,874,577
Subordinated loans	6,069,040	9,103,560
Minority interest	2,879,658	2,409,426
Total Supplementary Capital (Tier 2)	**33,772,348**	**34,387,564**
Total Regulatory Capital	**600,345,716**	**547,508,064**
Total Risk weighted assets	**4,051,597,311**	**3,984,360,746**
Capital adequacy (%)	**14.82%**	**13.74%**
Primary Capital (%)	**13.98%**	**12.88%**

(27) Segment Information

Information about the bank's 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 30 June 2023
	JD	JD	JD	JD	JD	JD (Reviewed not audited)
Total revenue	58,419,060	98,839,539	99,704	116,325,588	10,673,036	**284,356,927**
Credit impairment losses on direct credit facilities	(9,465,357)	(15,037,447)	-	(39,201)	(187,047)	**(24,729,052)**
Segment results	(354,305)	15,710,083	99,704	99,779,559	9,971,654	**125,206,695**
Unallocated expenses						**(60,696,232)**
Profit before tax						**64,510,463**
Income tax						**(14,413,199)**
Net income for the period						**50,097,264**
Other information						
Segmental assets	1,200,136,864	2,332,297,560	-	3,508,322,780	491,003,757	**7,531,760,961**
Segmental liabilities	2,426,315,667	3,453,340,540	-	821,693,126	160,316,786	**6,861,666,118**
Capital expenditure						**7,858,594**
Depreciation and amortization						**10,573,916**

	Retail Banking	Corporate Banking	Corporate Finance	Treasury	Other	Total 30 June 2022
	JD	JD	JD	JD	JD	JD (Reviewed not audited)
Total revenue	42,919,270	58,651,618	-	52,645,815	6,064,680	**160,281,383**
Credit impairment losses on direct	(12,555,826)	7,256,236	-	(183,288)	162,522	**(5,320,356)**
Segment results	5,721,430	31,878,407	-	44,145,584	5,834,703	**87,580,124**
Unallocated expenses						**(45,656,863)**
Additions due to acquisition, net					24,744,677	**24,744,677**
Profit before tax						**66,667,938**
Income tax						**(7,322,205)**
Net income for the period						**59,345,733**
Other information						
Segmental assets	1,070,139,430	2,194,440,475	-	3,225,396,300	467,795,708	**6,957,771,913**
Segmental liabilities	2,283,702,844	2,985,895,181	-	903,916,198	131,657,235	**6,305,171,458**

	30 June 2022
	JD (Reviewed not audited)
Capital expenditure	**5,436,025**
Depreciation and amortization	**6,819,917**

(28) Contingent Liabilities and Commitments (Off-set balance sheet)

	30 June 2023 JD (Reviewed not audited)	31 December 2022 JD (Audited)
Letters of credit	263,113,581	204,818,886
Confirmed Export Letters of credit	10,068,919	21,105,693
Acceptances	156,790,659	146,546,660
Letters of guarantee:-		
- Payments	118,153,516	110,242,243
- Performance	153,442,228	136,183,032
- Others	114,878,977	125,148,480
Foreign currency forward*	92,274,566	140,238,613
Unutilized direct credit limits	594,415,350	409,978,051
Total	1,503,137,796	1,294,261,658
Less: expected credit loss	(8,860,753)	(8,236,731)
Net Credit Liabilities and commitments	**1,494,277,043**	**1,286,024,927**

* Foreign currency and interest forwards are not included in the expected credit loss calculation since it's held with foreign banks of high credit rating.

The cumulative movement of indirect credit facilities:

30 June 2023 (Reviewed not Audited)	Stage one	Stage two	Stage three	Total
	JD	JD	JD	JD
Balance at 1 January 2023	1,122,880,848	22,729,919	8,412,278	1,154,023,045
Add: new balances during the period	696,238,767	1,675,146	26,894	697,940,807
Settled balances	(447,788,137)	(7,913,141)	(456,783)	(456,158,061)
Transferred to the first stage	790,127	(721,863)	(68,264)	-
Transferred to the second stage	(8,519,602)	8,565,369	(45,767)	-
Transferred to the third stage	(827,130)	(716,744)	1,543,874	-
Currency Translation adjustments	14,956,464	78,105	22,870	15,057,439
Total balance	**1,377,731,337**	**23,696,791**	**9,435,102**	**1,410,863,230**

31 December 2022 (Audited)	Stage one	Stage two	Stage three	Total
	JD	JD	JD	JD
Balance at 1 January 2022	761,524,230	11,103,210	6,740,832	779,368,272
Add: new balances during the year	598,176,359	7,442,162	742,563	606,361,084
Settled balances	(414,851,501)	(5,538,796)	(295,512)	(420,685,809)
Transferred to the first stage	2,759,774	(2,688,774)	(71,000)	-
Transferred to the second stage	(7,728,945)	7,782,945	(54,000)	-
Transferred to the third stage	(32,857)	(716,807)	749,664	-
Additions due to acquisition (Note 34)	183,033,788	5,345,979	599,731	188,979,498
Total balance	**1,122,880,848**	**22,729,919**	**8,412,278**	**1,154,023,045**

The cumulative movement of the provision for impairment losses of indirect credit facilities:

30 June 2023 (Reviewed not Audited)	Stage one	Stage two	Stage three	Total
	JD	JD	JD	JD
Balance at 1 January 2023	5,472,657	720,350	2,043,724	8,236,731
Impairment loss of indirect credit facilities during the year	3,453,547	76,466	40,768	3,570,781
Impairment loss recoveries	(2,958,339)	(260,790)	(32,216)	(3,251,345)
Transferred to the first stage	83,415	(77,285)	(6,130)	-
Transferred to the second stage	(211,269)	211,269	-	-
Transferred to the third stage	(746)	(6,689)	7,435	-
Currency Translation adjustments	281,018	21,594	1,974	304,586
Total balance	**6,120,283**	**684,915**	**2,055,555**	**8,860,753**

31 December 2022 (Audited)	Stage one	Stage two	Stage three	Total
	JD	JD	JD	JD
Balance at 1 January 2022	4,508,449	371,637	8,931	4,889,017
Impairment loss of indirect credit facilities during the year	4,415,094	463,135	1,864,472	6,742,701
Impairment loss recoveries	(4,537,336)	(1,594,094)	-	(6,131,430)
Transferred to the first stage	115,940	(115,940)	-	-
Transferred to the second stage	(141,645)	141,645	-	-
Transferred to the third stage	(8,310)	-	8,310	-
Additions due to acquisition (Note 34)	1,120,465	1,453,967	162,011	2,736,443
Total balance	**5,472,657**	**720,350**	**2,043,724**	**8,236,731**

(29) Credit risks

1- Credit risk measurement

The estimation of credit exposure for risk management purposes 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 Bank measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

2- Probability of default (PD):

PD estimates are estimates at a certain date (point in time, PIT), which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. The Bank uses statistical models based on internally compiled data comprising both quantitative and qualitative factors as well as available macroeconomic indicators, while taking into consideration historical and forward looking information to derive the PD for counterparties. If a counterparty or exposure migrates between rating 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.

3- Loss given default (LGD):

LGD is the amount of likely loss if there is a default. After taking into account the recovery rate, the time to recover and the cost of recovery from collaterals against the granted loan, and using available historical data, 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%

4- Exposure at default (EAD):

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortization. The EAD of a financial asset is its gross carrying amount. It is not necessarily the outstanding balance, but also takes into consideration any expected future utilization. The treatment of the EAD differs, depending on the type of exposure as explained above and in accordance to the use of the default probability.

5- Significant increase in credit risk

To assess whether a significant increase in credit risk has occurred for an exposure, the Bank compares:

- The remaining lifetime probability of default (PD) as at the reporting date; with
- The remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure.

For the above assessment, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Bank's historical experience and credit assessment; and including forward-looking information.

6- Credit Risk Rating

A Credit Rating system and its generated rating output is considered to be the main component when estimating expected credit loss. It involves analyzing financial, non-financial and economic factors associated with the customer.

Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade.

7- Generating the term structure of PDs

Credit risk grades are a primary input into the determination of the term structure of PDs for exposures. The Bank collects performance and default information about its credit risk exposures analyzed by type of product and borrower as well as by credit risk grading. Information acquired from external credit reference agencies is also used.

The Bank uses statistical models to analyze the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors as well as in-depth analysis of the impact of certain other factors (e.g. forbearance experience) on the risk of default. For most exposures, key macro-economic indicators include: GDP, inflation rates and interest rates. Based on advice from the Bank Market Risk Committee and consideration of a variety of external actual and forecast information, the Bank formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios (see discussion below on incorporation of forward-looking information).The Bank then uses these forecasts to adjust its estimates of PDs.

8-Definition of default

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:

- <u>Quantitative criteria</u>

The borrower is more than 90 days past due on its contractual payments.

- <u>Qualitative criteria:</u>

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 amortized cost and FVOCI. Assets migrate through the following three stages based on the change in credit quality since initial recognition:

1) 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 recognized.

2) **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 recognized.

3) 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 recognized and interest revenue is calculated by applying the effective interest rate to the amortized cost (net of provision) rather than the gross carrying amount.

9- 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.
- More than 30 days past due on loan installments which is the maximum allowable duration during 2023.

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

- More than 30 days past due on loan installments which is the maximum allowable duration during 2023.
- 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

- More than 30 days past due on loan installments which is the maximum allowable duration during 2023.
- Customer is classified under watchlist, restructured, rescheduled.
- Customer credit risk grade E or F associated with arrears for more than 20 days.

*** 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 or more past due on loan installments
- 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 or more past due on loan installments
- Customer is classified as (F) with 90 days or more past due on loan installments
- The exposure is classified as non-performing loan.

*** 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

10- Incorporation of forward-looking information

The Bank incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on advice from the Bank Market Risk Committee and consideration of a variety of external actual and forecast information, the Bank formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios (upside and downside).

The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables (i.e.: GDP, inflation rates and interest rates) and credit risk and credit losses.
Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 5 years.

11- 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:

Approval of the document for implementing the standard, along with the assigned tasks and responsibilities.
Approval of policies, assumptions, and models used for applying the standard.
Approval of any amendments that may affect the business model, group strategy, measurement and evaluation methodologies for the credit process, credit rating systems, pricing mechanisms, and guarantees for credit products or assets falling under the standard.
Ensuring that the bank manages credit risks within appropriate best practices, including effective control systems within the credit process, ensuring a clear determination of required hedges/provisions based on the bank's applied business model.

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 Head of Risk Management and his/her respective personnel in the RMD will be responsible for:

• Coordinate between the different departments and units to manage the implementation of IFRS 9.

• Developing the framework and methodology to be implemented by the Bank and calculate the expected credit loss

• Assist in identifying the Standard's requirement and providing them based on the gap analysis

• Creating the expected credit loss models in compliance with the standard.

• Evaluate the impact of the ECL on the capital adequacy ratio.

- FINANCE DEPARTMENT ("FD")

will be responsible for:

• Developing business models, policies, and procedures for classification and measurement of financial instruments in line with the standard.

• Classifying and measuring the financial assets

• Reflecting the IFRS 9 impact on the Bank's financials.

- CREDIT CONTROL DEPARTMENT

Classifying and reviewing stages for each account and calculating the expected credit losses accordingly.
Updating customer data to correspond with stage classification and calculating expected credit losses.
Issuing necessary reports on the results.

(29-1) Concentration in credit exposures based on economic sectors is as follows:

a) Total distribution of exposures according to financial instruments subject to impairment losses

30 June 2023 (Reviewed not audited)	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	-	-	-	-	-	-	-	1,020,879,702	-	1,020,879,702
Balances at banks and financial institutions	251,080,272	-	-	-	-	-	-	-	-	251,080,272
Deposits at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Credit facilities at amortized cost	50,418,793	531,122,214	534,824,387	580,448,569	47,635,608	115,678,543	680,791,057	381,565,655	609,949,599	3,532,434,424
Bonds and treasury bills :										
Financial assets at fair value through OCI	23,929,913	246,076	-	36,037,747	-	257,456	-	6,881,722	8,863,619	76,216,533
Financial assets at Amortized cost	123,905,267	-	-	-	-	-	-	1,555,107,795	5,386,575	1,684,399,637
Pledge financial assets	-	-	-	-	-	-	-	228,359,311	-	228,359,311
Other assets	23,575,535	5,293,066	7,162,032	7,374,382	291,011	1,302,738	5,672,284	27,376,282	10,736,572	88,783,902
Total Balance sheet	**472,909,780**	**536,661,356**	**541,986,419**	**623,860,698**	**47,926,619**	**117,238,737**	**686,463,341**	**3,220,170,467**	**634,936,365**	**6,882,153,781**
Off - balance sheet items										
Letter of guarantee	132,619,833	30,086,339	48,444,527	89,672,248	1,084,303	1,050,780	51,128,227	6,707,625	25,680,839	386,474,721
Letter of credit	57,629,046	49,689,544	121,019,529	10,380,442	104,875	-	13,979,194	-	20,379,870	273,182,500
Other Liabilities	82,636,764	136,864,073	164,760,630	37,264,597	27,292,283	3,415,485	84,620,615	41,194,566	173,156,996	751,206,009
Total Off-Balance sheet	**272,885,643**	**216,639,956**	**334,224,686**	**137,317,287**	**28,481,461**	**4,466,265**	**149,728,036**	**47,902,191**	**219,217,705**	**1,410,863,230**
Total	**745,795,423**	**753,301,312**	**876,211,105**	**761,177,985**	**76,408,080**	**121,705,002**	**836,191,377**	**3,268,072,658**	**854,154,070**	**8,293,017,011**
Total as in 31 December 2022 (audited)	**725,372,289**	**585,130,650**	**819,481,515**	**732,026,611**	**84,765,970**	**139,230,836**	**904,943,312**	**3,056,162,859**	**599,322,519**	**7,646,436,561**

b) Total distribution of exposures according to financial instruments subject to impairment losses

30 June 2023 (Reviewed not audited)	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Financial	465,620,544	58,442	7,230,793	472,909,779
Industrial	459,099,605	60,271,228	17,290,523	536,661,356
Commercial	414,755,013	106,954,310	20,277,096	541,986,419
Real estate	541,731,730	50,049,525	32,079,443	623,860,698
Agriculture	34,927,350	3,660,814	9,338,455	47,926,619
Shares	108,172,743	2,124,890	6,941,104	117,238,737
Retail	623,505,500	46,988,269	15,969,572	686,463,341
Governmental and Public Sector	3,220,170,467	-	-	3,220,170,467
Other	580,158,768	37,870,175	16,907,422	634,936,365
Total balance	**6,448,141,720**	**307,977,653**	**126,034,408**	**6,882,153,781**
Total as at 31 December 2022 (audited)	**5,966,484,206**	**300,221,404**	**93,706,029**	**6,360,411,639**

(29-2) Credit Concentration based on geographic distribution is as follows:

a) Total distribution of exposures according to geographic region

30 June 2023(Reviewed not audited)	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	252,910,356	767,969,346	-	-	-	-	-	1,020,879,702
Balances at banks and financial institutions	25,564	9,092,206	161,468,082	1,388,089	7,568	79,098,763	-	251,080,272
Deposits at banks and financial institutions	-	-	-	-	-	-		-
Direct Credit Facilities at Amortized Cost	2,866,085,048	666,349,376	-	-	-	-	-	3,532,434,424
Bonds and treasury bills within:								
Financial assets at fair value through other comprehensive income	48,160,446	8,042,065	16,279,633	807,037	453,985	2,473,368	-	76,216,534
Financial assets at amortized cost	1,592,092,472	92,307,166	-	-	-	-	-	1,684,399,638
Pledged financial assets - debt instruments	228,359,311	-	-	-	-	-	-	228,359,311
Other assets	66,687,239	22,072,945	-	6,214	4,834	12,670	-	88,783,902
Total	**5,054,320,436**	**1,565,833,104**	**177,747,715**	**2,201,340**	**466,387**	**81,584,801**	**-**	**6,882,153,783**
Letter of guarantee	257,134,514	105,923,003	22,855,622	353,205	-	208,377	-	386,474,721
Letter of Credit	107,219,745	165,962,755	-	-	-	-	-	273,182,500
Other Liabilities	665,397,790	82,512,489	2,948,717	15,703	-	331,310	-	751,206,009
Total balance	**1,029,752,049**	**354,398,247**	**25,804,339**	**368,908**	**-**	**539,687**	**-**	**1,410,863,230**
Net Balance	**6,084,072,485**	**1,920,231,351**	**203,552,054**	**2,570,248**	**466,387**	**82,124,488**	**-**	**8,293,017,013**
Total as at 31 December 2022 (audited)	**6,381,341,121**	**1,171,356,086**	**63,502,707**	**7,856,647**	**1,743,146**	**20,050,803**	**586,051**	**7,646,436,561**

b) Distribution of exposures according to geographic region on stages according to IFRS 9

	30 June 2023 (Reviewed not audited)			
	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Inside Jordan	4,696,235,991	252,916,768	105,167,677	5,054,320,436
Other Middle Eastern countries	1,489,916,980	55,049,394	20,866,729	1,565,833,104
Europe	177,747,715	-	-	177,747,715
Asia	2,189,850	11,490	-	2,201,340
Africa	466,387	-	-	466,387
America	81,584,801	-	-	81,584,801
Other Countries	-	-	-	-
Total balance	**6,448,141,724**	**307,977,653**	**126,034,407**	**6,882,153,783**
Total as at 31 December 2022 (audited)	**5,966,484,206**	**300,221,404**	**93,706,029**	**6,360,411,639**

(29-3) Total credit exposures that have been reclassified

The disclosures below are prepared in two phases: the first phase is for total credit exposures and the second phase is for the expected credit losses:

a) Total credit exposures that have been reclassified

30 June 2023 (Reviewed not audited)	Stage Two		Stage Three			
	Total Exposure	reclassified exposure	Total Exposure	Total reclassified exposures	Total reclassified exposures	Percentage of reclassified exposures
	JD	JD	JD	JD	JD	
Balances and deposits at banks and financial institutions	1,935,711	-	-	-	-	**0%**
Direct Credit Facilities at amortized cost	304,947,169	47,972,677	162,482,407	33,627,659	81,600,336	**17%**
Bonds and treasury bills within:						
Financial assets at amortized cost	-	-	4,587,880	-	-	**0%**
Total balance	**306,882,880**	**47,972,677**	**167,070,287**	**33,627,659**	**81,600,336**	**17%**
Contingent Liabilities and Commitments	23,011,876	8,354,100	7,379,547	1,536,439	9,890,539	**33%**
Total balance	**23,011,876**	**8,354,100**	**7,379,547**	**1,536,439**	**9,890,539**	**33%**

31 December 2022 (Audited)	Stage Two		Stage Three			
	Total Exposure	reclassified exposure	Total Exposure	Total reclassified exposures	Total reclassified exposures	Percentage of reclassified exposures
	JD	JD	JD	JD	JD	
Balances at banks and financial institutions	1,928,895	-	-	-	-	**0%**
Credit Facilities	295,350,044	101,631,471	138,461,624	36,354,069	137,985,540	**32%**
Bonds and treasury bills within:						
Financial assets at amortized cost	-	-	4,587,880	-	-	**0%**
Total balance	**297,278,939**	**101,631,471**	**143,049,504**	**36,354,069**	**137,985,540**	**31%**
Letter of guarantee	13,527,845	7,494,190	6,117,373	738,766	8,232,956	**42%**
Letter of credit	1,487,159	-	-	-	-	**0%**
Issued acceptances	40,565	144,892	-	-	144,892	**357%**
Unutilied direct credit limits	6,953,996	18,458	251,182	-	18,458	**0%**
Total balance	**22,009,565**	**7,657,540**	**6,368,555**	**738,766**	**8,396,306**	**30%**

b) **Expected Credit Loss for the reclassified exposures**

30 June 2023 (Reviewed not audited)	Exposures that have been classified			Expected Credit Loss for the reclassified exposures		
	Exposures that were reclassified from stage two	Exposures that were reclassified from stage three	Total reclassified exposures	Stage Two	Stage Three	Total
Assets	JD	JD	JD	JD	JD	JD
Direct Credit Facilities at amortized cost	47,972,677	33,627,659	81,600,336	(4,728,550)	(13,687,179)	63,184,607
Total balance	**47,972,677**	**33,627,659**	**81,600,336**	**(4,728,550)**	**(13,687,179)**	**63,184,607**
Contingent Liabilities and Commitments	8,354,100	1,536,439	9,890,539	(211,269)	(7,435)	9,671,835
Total balance	**8,354,100**	**1,536,439**	**9,890,539**	**(211,269)**	**(7,435)**	**9,671,835**

31 December 2022 (Audited)	Exposures that have been classified			Expected Credit Loss for the reclassified exposures		
	Exposures that were reclassified from stage two	Exposures that were reclassified from stage three	Total reclassified exposures	Stage Two	Stage Three	Total
Assets	JD	JD	JD	JD	JD	JD
Direct Credit Facilities at amortized cost	101,631,471	36,354,069	137,985,540	(8,575,056)	(38,416,249)	90,994,235
Total balance	**101,631,471**	**36,354,069**	**137,985,540**	**(8,575,056)**	**(38,416,249)**	**90,994,235**
Contingent Liabilities and Commitments	7,512,648	738,766	8,251,414	(120,260)	(6,203)	8,124,951
Total balance	**7,512,648**	**738,766**	**8,251,414**	**(120,260)**	**(6,203)**	**8,124,951**

(29-4) Expected credit losses [net (expense) recovered]:

30 June 2023 (Reviewed Not Audited)	Stage one	Stage two	Stage three	Total
	JD	JD	JD	JD
Balances at banks and financial institutions	-	17,034	-	17,034
Direct Facilities	(12,290,277)	2,058,297	34,732,865	24,500,885
Financial instruments at amortized cost	12,168	-	-	12,168
Debt instruments at fair value through other comprehensive income	2,061	-	-	2,061
Financial assets measured at amortized cost	(122,532)	-	-	(122,532)
Contingent Liabilities and Commitments	366,607	(57,029)	9,858	319,436
Total balance	**(12,031,973)**	**2,018,302**	**34,742,723**	**24,729,052**

30 June 2022 (Reviewed Not Audited)	Stage one	Stage two	Stage three	Total
	JD	JD	JD	JD
Balances at banks and financial institutions	120,477	(14,321)	(71)	106,085
Deposits at banks and financial institutions	93,358	-	-	93,358
Direct credit facilities - net	(3,122,917)	(3,944,453)	8,686,374	1,619,004
Financial assets at amortized cost	(13,298)	-	-	(13,298)
Debt instruments at fair value through other comprehensive income	(10,795)	-	-	(10,795)
Other Financial assets measured at amortized cost	71,525	(2,964)	-	68,561
Contingent Liabilities and Commitments	569,180	765,822	2,122,439	3,457,441
Total balance	**(2,292,470)**	**(3,195,916)**	**10,808,742**	**5,320,356**

(30) 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.
The following table shows the breakdown of the financial instruments at fair value and according to the above hierarchy:

30 June 2023 (Reviewed not audited)	Level 1	Level 2	Level 3	Total
	JD	JD	JD	JD
Financial assets-				
Financial assets at fair value through other comprehensive income	16,419,420	59,797,113	-	76,216,533
Derivative instruments (Note 10)	-	122,291	-	122,291
Financial liabilities-				
Derivative instruments (Note 16)	-	-	-	-
30 June 2022 (Reviewed not audited)				
Financial assets-				
Financial assets at fair value through other comprehensive income	49,785,570	27,999,500	-	77,785,070
Derivative instruments	-	224,078	-	224,078
Financial liabilities-				
Derivative instruments	-	1,435,162	-	1,435,162

There was no movement between levels for the period ended 30 June 2023 and year ended 31 December 2022

(31) Lawsuits against the Bank

- The lawsuits raised against the Bank, as part of the ordinary course of business, amounted to JD 70,392,877 as at 30 June 2023 against 37,790,308 as at 31 December 2022. According to the Bank's management and legal counselor, the Bank will not be liable in any of these cases, except for lawsuits noting a provision of JOD 179,528 was taken against them.
- The lawsuits raised against the National Bank of Iraq, as part of the ordinary course of business, amounted to JD 6,489,929 as at 30 June 2023 and JD 6,402,700 as at 31 December 2022. According to the National Bank of Iraq's management and legal counselor, NBI will not be liable in any of these cases.
- The lawsuits raised against Capital Investment and Brokerage Company Ltd/Jordan, as part of the ordinary course of business as at 30 June 2023 amounted to JD 531,000 and JD 11,000 as at 31 December 2022, and at the discretion of the management and the legal advisor of the Capital Investment and Brokerage Company, the company does not have any obligations in return for these cases.
- There are no lawsuits raised against Capital Leasing Company as of 30 June 2023 and 31 December 2022.

(32) Legal Reserve

The bank has not booked Statutory Reserve during the period since the enclosed statements are interim consolidated financial statements.

(33) Distributed Dividends

The Board of Directors approved in its meeting held on 22 March 2023 the distribution of cash dividends equivalent to 17% of the Bank's authorized and paid in capital equivalent to JD 44,716,311.

The Board of Directors approved in its meeting held on 24 March 2022 the distribution of cash dividends equivalent to 15% of the Bank's authorized and paid in capital equivalent to JD 30,000,000.

(34) Acquisition of Societe genrale Branches in Jordan

"During the month of February of the year 2022, the group signed a non-binding and exclusive “Letter of Intent” agreement, to acquire the banking business of Societe Generale Bank branches in Jordan, and on March 28, the bank acquired Societe Generale Bank shares by 100% until March 31 2022.

- 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 31, 2022:

	31 March 2022
Assets	**JDs**
Cash and balances with banks and central banks	435,289,747
Financial assets at fair value through other comprehensive income	4,297,517
Direct credit facilities at amortized cost	675,814,473
Other financial assets at amortized cost	492,520,460
Other Assets	77,275,128
Total Assets	**1,685,197,325**
Liabilities and Equity	
Liabilities	
Banks and financial institutions’ deposits	20,322,666
Customer Deposits	1,255,916,142
Cash margins	83,116,925
Borrowed funds	131,652,753
Other liabilities	30,390,118
Total Liabilities	**1,521,398,604**
Net fair value of the business acquired at the date of acquisition	**163,798,721**
The purchase price paid for the acquisition	**138,290,092**
Result from the acquisition	**25,508,629**

- Cash and Cash equivalent from the acquired subsidiary is amounting to 7,694,285 as at March 31, 2022 .

- Acquisition related transaction costs of JOD 763,952 were expensed disclosed separately on the Interim Condensed Consolidated

Professional fees	306,589
Governmental Fees	453,546
Other fees	3,817
Total	**763,952**

- The purchase price allocation (PPA) was completed during the month of December 2022, which resulted in the adjustment of some assets and liabilities, the effect of which was a reduction of the transaction’s profit by an amount of 839,622, and accordingly, the comparable numbers for this transaction were restated.

(35) Comparative Figures:

Some of previous period's figures have been reclassified to confirm with 31 December 2022 presentation.