

Capital Bank of Jordan

Interim Condensed Consolidated Financial Statements

(Reviewed not audited)

31 March 2021

**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 31 March 2021 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three 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.

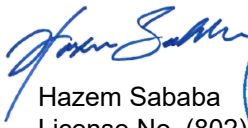
Scope of Review

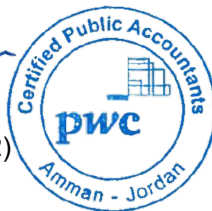
We conducted our review in accordance with the International Standard on Review Engagements (2410) "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not 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 Sababa
License No. (802)



Amman, Jordan
27 April 2021

Capital Bank of Jordan
Interim Consolidated Statement of Financial Position
As at 31 March 2021 (Reviewed not audited)

	Notes	31 March 2021	31 December 2020
		JD (Reviewed not audited)	JD (Audited)
Assets			
Cash and balances at central banks	4	311,576,069	295,853,517
Balances at banks and financial institutions	5	145,401,667	142,537,265
Loans and advances measured at fair value - through statement of income	6	112,529,504	112,529,504
Financial assets at fair value through other comprehensive income	7	112,322,556	89,577,134
Direct credit facilities at amortized cost	8	1,691,453,053	1,302,958,951
Financial assets at amortized cost	9	739,557,902	563,884,457
Financial assets pledged as collateral	10	-	32,599,621
Property and equipment, net		52,510,533	38,873,085
Intangible assets, net		23,719,286	21,705,921
Deferred tax assets		22,395,365	15,562,847
Other assets	11	145,239,011	128,779,976
Right-of-use leased assets		10,589,770	3,943,039
Total Assets		3,367,294,716	2,748,805,317
Liabilities And Equity			
Liabilities			
Banks and financial institutions' deposits		163,899,757	138,058,853
Customers' deposits	12	2,139,004,533	1,674,212,806
Margin accounts		237,331,859	151,723,382
Loans and borrowings	13	314,779,754	329,991,227
Income tax provision	14	5,358,445	4,887,737
Deferred tax liabilities		2,731,958	2,815,978
Sundry provisions	15	3,258,732	3,518,481
Expected credit losses provision against off balance sheet items	22	6,777,638	4,360,854
Other liabilities	16	70,917,485	51,204,957
Lease liabilities		10,486,275	3,983,732
Subordinated loans	17	28,360,000	28,360,000
Total Liabilities		2,982,906,436	2,393,118,007
Equity			
Equity attributable to the Bank's shareholders			
Issued and paid in capital	1	200,000,000	200,000,000
Additional paid in capital		709,472	709,472
Statutory reserve	26	44,186,425	44,186,425
Treasury Stocks		(2,707,491)	(2,707,491)
Foreign currency translation adjustments		(16,540,837)	(16,540,837)
Fair value reserve		1,940,053	3,619,029
Retained earnings		78,409,412	78,096,479
Current period profit		29,341,328	-
Total equity attributable to the Bank's shareholders		335,338,362	307,363,077
Non-controlling interest		49,049,918	48,324,233
Total Equity		384,388,280	355,687,310
Total Liabilities and Equity		3,367,294,716	2,748,805,317

The accompanying notes from 1 to 30 are an integrated part of these interim condensed consolidated financial statements.

Capital Bank of Jordan
Interim Consolidated Statement of Income
For the Three Months Period Ended 31 March 2021 (Reviewed not audited)

	Notes	31 March 2021	31 March 2020
		JD (Reviewed not audited)	JD (Reviewed not audited)
Interest income		35,542,707	29,544,275
Less :Interest expense		(16,018,590)	(15,695,290)
Net interest income		19,524,117	13,848,985
Commission income		6,611,579	5,765,212
Less Commission expense		(870,809)	(377,518)
Net commission income		5,740,770	5,387,694
Gain from foreign currencies		163,955	1,189,480
Dividends income from financial assets at fair value through other comprehensive income	7	51,078	16,353
Other income		872,109	1,124,715
Gross profit		26,352,029	21,567,227
Employees' expenses		6,338,508	5,959,899
Depreciation and amortization		1,545,601	1,425,518
Other expenses		3,652,396	3,424,619
Donations to fight Corona Virus Pandemic		-	1,178,739
Gain / Loss on sale of seized property		309,078	(310)
Impairment and expected credit losses on financial assets	23	2,899,193	1,917,724
Impairment on (recovered from) seized assets, net		117,762	-
Total expenses		14,862,538	13,906,189
Impact as a result of acquisition	28	23,156,000	-
Acquisition expenses	28	(2,701,444)	-
Income before tax		31,944,047	7,661,038
Less: Income tax expense	14	2,137,757	1,577,317
Income for the period		29,806,290	6,083,721
Attributable to:			
Bank's shareholders		29,341,328	5,020,839
Non - controlling interest		464,962	1,062,882
		29,806,290	6,083,721
		JD/Fils	JD/Fils
Basic and diluted earnings per share	18	0.147	0.025

The accompanying notes from 1 to 30 are an integrated part of these interim condensed consolidated financial statements.

Capital Bank of Jordan**Interim Consolidated Statement of Comprehensive Income****For the Three Months Period Ended 31 March 2021 (Reviewed not audited)**

	31 March 2021	31 March 2020
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Income for the year	29,806,290	6,083,721
Add: items that may be reclassified to profit or loss in subsequent periods after excluding the impact of tax :		
Change in the fair value of financial assets at fair value through other comprehensive income - debt instruments	(1,309,030)	(6,916,415)
Add: items that will not be reclassified to profit or loss in subsequent periods after excluding the impact of tax :		
Change in the fair value of financial assets at fair value through other comprehensive income-equity instruments	203,710	(671,227)
Total other comprehensive income for the year net of tax	(1,105,320)	(7,587,642)
Total comprehensive income for the year	28,700,970	(1,503,921)
Attributable to:		
Bank's shareholders	27,975,285	(432,151)
Non-controlling interest	725,685	(1,071,770)
	28,700,970	(1,503,921)

The accompanying notes from 1 to 30 are an integrated part of these interim condensed consolidated financial statements.

Capital Bank Of Jordan
Interim Consolidated Statement of Cash Flows
Interim Condensed Consolidated Financial Statements

	Note	31 March 2021	31 March 2020
		JD	JD
		Reviewed not audited	Reviewed not audited
<u>Operating Activities</u>			
Profit before income tax		31,944,047	7,661,038
Adjustments for Non-Cash Items			
Depreciation and amortization		1,545,601	1,425,518
Impairment and expected credit losses		2,899,193	1,917,724
Impairment on assets seized by the bank		117,762	-
Result of acquisition		(23,156,000)	-
Net accrued interest		1,168,465	3,462,383
Effect of exchange rate changes on cash and cash equivalents		(407,794)	816,504
Cash flows from operating activities before changes in assets and liabilities		14,111,274	15,283,167
Changes in assets and liabilities			
Restricted balances		(171)	(4,978,983)
Restricted alances at central banks		165,837	(568,743)
Financial assets at fair value through statement of income		-	3,054,812
Direct credit facilities at amortized cost		(154,815,685)	(16,661,541)
Other assets		(7,695,282)	(10,178,149)
Banks and financial institutions' deposits maturing in more than three months		-	404,130
Customers' deposits		78,081,685	33,277,678
Margin accounts		17,493,029	(20,614,949)
Other liabilities		10,113,263	3,154,027
Paid sundry provisions		(259,749)	(318,684)
Net cash flow from (used in) operating activities before income tax paid		(42,805,799)	1,852,765
Income tax paid		(2,341,330)	(2,821,722)
Net cash flow from (used in) operating activities		(45,147,129)	(968,957)
<u>Investing Activities</u>			
Purchase of financial assets at fair value through other comprehensive income		(24,110,842)	(16,859,700)
Sale of financial assets at fair value through other comprehensive income		928,873	2,925,498
Purchase of financial assets at amortized cost		(26,091,836)	(3,693,809)
Change in financial assets pledged as collateral		32,599,621	-
Purchase of property and equipment		(399,806)	(280,671)
Cash due to acquisition		78,697,172	-
Purchase of intangible assets		(1,866,052)	(780,731)
Net cash flow used in investing activities		59,757,130	(18,689,413)
<u>Financing Activities</u>			
Proceeds from loans and borrowings		67,486,306	180,227,667
Repayment of loans and borrowings		(89,592,398)	(73,004,864)
Net cash flow from financing activities		(22,106,092)	107,222,803
Net increase (decrease) in cash and cash equivalents		(7,496,091)	87,564,433
Effect of exchange rate changes on cash and cash equivalents		407,794	(816,504)
Cash and cash equivalents at the beginning of the period		263,032,649	164,728,916
Cash and cash equivalents at the end of the period	19	255,944,352	251,476,845

The accompanying notes from 1 to 30 are an integrated part of these interim condensed consolidated financial statements.

Capital Bank of Jordan
Interim Consolidated Statement of Changes in Equity
For the three Months Period Ended 31 March 2021 (Reviewed not audited)

	Issued and Paid in Capital	Additional paid in capital	Statutory	Treasury Stocks	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
<u>31 March 2021</u>	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year as it appeared in the past	200,000,000	709,472	44,186,425	(2,707,491)	(16,540,837)	3,619,029	78,096,479	-	307,363,077	48,324,233	355,687,310
Profit for the period	-	-	-	-	-	-	-	29,341,328	29,341,328	464,962	29,806,290
Change in fair value of financial assets through Other Comprehensive Income	-	-	-	-	-	(1,366,043)	-	-	(1,366,043)	260,723	(1,105,320)
Total comprehensive income for the period	-	-	-	-	-	(1,366,043)	-	29,341,328	27,975,285	725,685	28,700,970
Realized gain from selling financial assets at fair value through other comprehensive income - Equity instruments	-	-	-	-	-	(312,933)	312,933	-	-	-	-
Balance at 31 March 2021	200,000,000	709,472	44,186,425	(2,707,491)	(16,540,837)	1,940,053	78,409,412	29,341,328	335,338,362	49,049,918	384,388,280
<u>31 March 2020</u>											
Balance at the beginning of the year as it appeared in the past	200,000,000	709,472	41,201,491	-	(5,223,143)	1,636,797	55,404,849	-	293,729,466	53,749,580	347,479,046
Profit for the period	-	-	-	-	-	-	-	5,020,839	5,020,839	1,062,882	6,083,721
Change in fair value of financial assets through Other Comprehensive Income	-	-	-	-	-	(5,452,990)	-	-	(5,452,990)	(2,134,652)	(7,587,642)
Total comprehensive income for the period	-	-	-	-	-	(5,452,990)	-	5,020,839	(432,151)	(1,071,770)	(1,503,921)
Realized gain from selling financial assets at fair value through other comprehensive income - Equity instruments	-	-	-	-	-	583,629	(583,629)	-	-	-	-
Balance at 31 March 2021	200,000,000	709,472	41,201,491	41,201,491	(5,223,143)	(3,232,564)	54,821,220	5,020,839	293,297,315	52,677,810	345,975,125

* Retained earnings include JD 22,395,365 which represents deferred tax assets as at 31 March 2021 against JD 15.123.452 as at 31 December 2020, according to the Central Bank of Jordan's regulations these balances are restricted.

* Retained earnings include JD 962,559 as at 31 March 2021 against JD 962,559 as at 31 December 2020 , this amount represents unrealized gain as a result of early adoption of IFRS9 related to classification measurement. 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 earning and cannot be utilized without the approval of the Central Bank of Jordan.

_ The general banking risks reserve is a restricted reserve that cannot be utilized without prior approval of the Central Bank of Jordan. Regarding the implementation of IFRS 9 the Central Bank of Jordan issued Circular No.10/1/1359 on 25 January 2018 , allowing banks to transfer the balance of general banking risk reserve to retained earnings to reflect the impact of IFRS 9 on the opening balance of retained earnings as at 1 January 2018. Dividends may not be distributed as dividends to shareholders and may not be used for any other purpose except with the approval of the Central Bank of Jordan. The unutilized balance amounted to 8,840,593 as at 31 March 2021 and 31 December 2020 which is included in the retained earnings.

(1) General Information

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

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

The Bank has subsequently increased its capital during prior years from JD 20 million to reach JD 200 million. The increases in capital were effected through capitalizing its distributable reserves, retained earning and private placements to shareholders, in addition to the participation of International Finance Corporation (IFC) which became a strategic partner.

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

The Interim Consolidated Financial Statements were authorized for issue by the Board of Directors in their meeting 07/2021 held on 22 April 2021.

(2) Accounting Policies

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

The consolidated financial statements for the year ended 31 December 2020 for the Bank and its subsidiaries (together "the Group") were prepared in accordance with the standards issued by the International Accounting Standards Board and the interpretations issued by the International Financial Reporting Interpretations Committee affiliated to the International Accounting Standards Board, as amended by the Central Bank of Jordan.

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: ☐

- 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:

- a) 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.
- b) When calculating credit losses against credit exposures as per IFRS 9 instructions, the calculation results are compared with the Central Bank of Jordan instructions No. (47/2009) of 10 December 2009 for each stage separately and the stricter results are taken.☐

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

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

The credit facilities that have any of the following characteristics:

- 1) Granted to and Guaranteed by the Jordanian Government and to the governments of countries in which the Jordanian banks have foreign branches, provided that such facilities are held in the host country's currency.
- 2) 100% collateralized by cash margin (of the any-time outstanding amount).
- 3) 100% guaranteed by an acceptable bank guarantee

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

The credit facilities that have the following characteristics:

- 1) Strong financial positions and adequate cash flows.
- 2) Legally documented and well covered by acceptable collaterals.
- 3) Good alternative cash resources for repayment.
- 4) Active movement of the relative account and timely payment of principal and interest.
- 5) Competent management of the obligor.

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

The credit facilities that have any of the following characteristics:

- 1) The existence of past dues of principal and/or interest for a period exceeding (60) days but less than (90) days.
- 2) Overdraft exceeding the approved limit by (10%) or more for a period exceeding (60) days but less than (90) days.
- 3) Credit facilities which were previously classified as non-performing loans, and then reclassified as performing loans according to rescheduling.
- 4) Acceptable risk credit facilities which have been restructured twice within 12 months.
- 5) Credit facilities that are more than (60) days old and less than (90) days have passed since their expiry date and have not been renewed.

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

d) Non-Performing Credit Facilities

The credit facilities that have any of the following characteristics:

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

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 low provision is calculated on credit facilities according to the instructions of 47/2009 for this category of facilities according to the above rates and the amount of the facilities not covered by acceptable guarantees during the first year, while the provision is completed for the amount covered by 25% over a period of four years.

- Interest and commissions are suspended on non-performing credit facilities and facilities classified as third stage granted to clients in accordance with the instructions of the Central Bank of Jordan and in accordance with the instructions of the supervisory authorities in the countries in which the bank operates, whichever is stricter.

- Assets that have been reverted to the Bank appear in the consolidated statement of financial position within other assets at the amount of which they were reverted to the Bank or the fair value, whichever is less, and are reassessed on the date of the consolidated financial statements individually. Any impairment in their value is recorded as a loss in the consolidated statement of profit or loss and the increase is not recorded as revenue. The subsequent increase is taken to the consolidated statement of profit or loss to the extent that it does not exceed the value of the previously recorded impairment. As of the beginning of 2015, a gradual provision was made for real estate acquired for more than 4 years against debts according to the Circular of the Central Bank of Jordan No. 4076/1/15 dated 27 March 2014 and No. 2510/1/10 dated 14 February 2017. Noting that the Central Bank of Jordan issued Circular No. 13967/1/10 dated 25 October 2018, in which the Circular No. 16607/1/10 dated 17 December 2017 was approved for extension. The Central Bank of Jordan also confirmed postponing the calculation of the provision until the end of the year 2019. According to the Central Bank's Circular No. 16239/1/10 dated 21 November 2019, deduction of the required provisions against real estate acquired is made at the rate of (5%) of the total book values of these properties (regardless of the period of violation) as of the year 2021, so that the required percentage of 50% of these properties are reached by the end of the year.

- Additional provisions are calculated in the consolidated financial statements against some of the Bank's external investments in some neighboring countries, if any, according to the Central Bank of Jordan.

- The consolidated financial statements have been prepared in accordance with the historical cost principle, with the exception of financial assets at fair value through the consolidated income statement and financial assets at fair value through other comprehensive income that appear at fair value at the date of the consolidated financial statements, as well as financial assets and liabilities that have been hedged against the risks of change in their value at fair value.

- The 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 December 31, 2020, and the business results for the three Months ending March 31, 2021 are not necessarily indicative of the expected results for the year ending December 31, 2021.

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

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

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

1- Capital Investment and Brokerage Company Limited; of which the Bank owns 100% of its paid-in-capital amounted to JD 10,000,000 as at 31 December 2019. The company provides Brokerage services. The company was established on 16 May 2005.

2- National Bank of Iraq (NBI); of which the Bank owns 61.85% of its paid-in-capital of IQD 250 billion equivalent to JD 148,949,580 as at 31 December 2019. The Bank provides banking services, National Bank of Iraq was acquired effective 1 January 2005.

3- Capital Investment Fund Company Bahrain; of which the Bank owns 100% of its paid-in-capital of BHD 1,000 equivalent to JD 1,888 as at 31 December 2019. 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 31 December 2019. The purpose of the company is to offer financial consulting services. The company was registered and incorporated on 23 February 2015. Capital Investments DIFC has also renewed its license for private practice on xx December 2020, to be able to continue its activities of wealth management and client consultation.

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

The accounting policies used in the preparation of the interim consolidated financial statements are consistent with those used in the preparation of the Bank's audited financial statements for the year ended 31 December 2020 except for the policies in relation to adoption of the new International Financial Reporting Standards (IFRSs) which became effective as of 1 January 2020.

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

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

New Standard	Description	Effective Date
Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions	As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.	1 June 2020
Amendments to IFRS 17 and IFRS 4, 'Insurance contracts' deferral of IFRS 9	These amendments defer the date of application of IFRS 17 by 2 years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023.	1 January 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2	The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.	1 January 2021

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

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

Standard	Description	Effective Date
Amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.	1 January 2022
A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16	<ul style="list-style-type: none"> • Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. • Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. • Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. • Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'. 	1 January 2022
IFRS 17, 'Insurance contracts'	This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.	1 January 2023

Management doesn't believe that the above standards will have any impact on the interim condensed consolidated financial statements of the Group once adopted or become effective.

There are no any other new standards or interpretations published that should be adopted by the Group for the annual periods starting on or after 1 January 2021 and which could have a material impact on the Group's interim condensed consolidated financial statements.

(3-2) 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 order to prepare these condensed consolidated interim financial statements, the significant judgments made by the management in applying the Group's accounting policies and the main sources of unconfirmed estimates were the same as those applied to the Group's audited consolidated financial statements as in and for the year ended December 31, 2020, with the continuing impact of COVID-19 outbreak, which required the administration to change some assumptions of expected loss model during 2020 as follows:

Effect of COVID-19 on the Financial Statements

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

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

Determining if there has been a material increase in credit risk (SICR) for IFRS 9

The Group continues to evaluate various indicators that may indicate the possibility of non-payment to borrowers, taking into account the main cause of financial difficulty that the borrower faces, to determine whether the cause is temporary as a result of Covid-19 or for a longer period as a result of the borrower's financial situation.

Probability and likelihood

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

When preparing statements of expected credit losses as on December 31, 2020, the governmental measures supporting the mitigation of the impact of Covid-19 in some sectors were taken into consideration in addition to applying judgment and estimation in the progress classification of specific sectors and customers who have a good knowledge of their financial position and the extent of their vulnerability to The outbreak of the Covid-19 epidemic, which led to the classification of some of these customers within a more stringent stage, and the reason for this classification for these customers is due to the cessation of production, the decline in supply and demand, and the losses resulting from the disruption of the business of these companies as a result of the comprehensive ban and the suspension of foreign trade and export operations due to the closure of the border ports For the kingdom.

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

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

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

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

As of December 31, 2020, the group will study the macroeconomic impact of Covid-19 according to the information available at the time. As amendments were made to the classification of the stages of borrowers of specific sectors (companies and individuals) that were more exposed to the Covid-19 epidemic, such as the tourism sector, the restaurant sector, the transport sector, the car trade, car parts and some industrial sectors, which led to an increase in the expected credit losses for the period.

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

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

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

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

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

Reasonableness of Forward Looking Information and probability weights

Any changes made to ECL to estimate the overall impact of Covid-19 is subject to very high levels of uncertainty as limited forward-looking information is currently available on which to base those changes.

In making credit loss estimates for 31 March 2021, the Group has taken into consideration governmental initiatives that eased the impact of Covid-19 and assessed specific sectors and customers whom the Group has a good knowledge of their financial position and impact from the outbreak, this led to the reclassification of some customers to a more conservative stage due to production disruption and decrease in supply and demand, in addition to incurring losses from operation disruption for some companies as a result of the full curfew and the cease of outgoing business transactions and export due to the closure of the borders in Jordan.

The Group took into consideration the negative factors of Covid-19 which includes:

1. The effect on tourism
2. The effect on incoming transfer from Jordanian expatriates
3. The effect on external grants
4. The overall effect on the current account

On the other hand, positive factors were also taken into consideration, including:

1. Low oil prices
2. Initiatives by the Central Bank of Jordan and the Jordanian Loan Guarantee Corporation
3. Central Bank of Jordan instructions regarding postponing loan installments and interest
4. Government and the Social Security Corporation initiatives
5. Reducing interest rates
6. The Central Bank of Jordan strengthens the Bank's liquidity (including reducing the percentage of cash reserves)

The Group has applied industry specific account level adjustments for retail and corporate exposures with regards to specific industries whom are expected to be most impacted due to Covid-19 such as airlines, hospitality, retail and tourism, which led to the increase in the expected credit loss according to the best available information at that time.

The impact of such an uncertain economic environment is judgmental and the Group will continue to reassess its position and the related impact on a regular basis. As with any economic forecasts, the projections and likelihoods of the occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected and management expects more clarity on the impact of Covid-19 on the Group's results, the amount of expected credit losses and impact on liquidity by the end of the second quarter.

(4) Cash and Balances with Central Banks

- Statutory cash reserve amounted to JD 82,800,064 as at 31 March 2021 against JD 72,494,663 as at 31 December 2020.
- There are no balances due for more than three months, as of March 31, 2021 and December 31, 2020.
- The statutory reserves held at the Central Bank of Iraq amounting to JD 31,026,894 as at 31 March 2021 against 31,192,718 as at 31 December 2020 which is excluded from cash and cash equivalents for interim consolidated cash flow statement purposes.
- There are no expected credit losses on deposits at central banks as of 31 March 2021 and 31 December 2020 according to IFRS 9 as most of these balances are short term and held at international banks with high credit ratings.

(5) Balances at banks and financial institutions

- Non-interest bearing balances at banks and financial institutions amounted to JD 77,538,165 as at 31 March 2021 against JD 101,715,439 as at 31 December 2020.
- Restricted balances amounted to JD 6,106,733 as at 31 March 2021 against JD 1,179,012 as at 31 December 2020.
- There are no expected credit losses on deposits with banks and financial institutions as at 31 March 2021 and 31 December 2020 because the majority of these balances are short term and with high rating financial institution.

(6) Loans and advances measured at fair value - through statement of income

	<u>31 March 2021</u>	<u>31 December 2020</u>
	<u>JD</u>	<u>JD</u>
	(Reviewed not audited)	(Audited)
Loans and Advances	<u>112,529,504</u>	<u>112,529,504</u>
Total	<u>112,529,504</u>	<u>112,529,504</u>

- The Group granted a loan of \$ 150,000,000, equivalent to JDs 106,350,000, with a fixed interest of 5.7% over a five-year repayment period and a one-year grace period. The Group has decided to hedge the risk of changes in interest rates in the markets by entering into forward interest contracts with a correspondent bank on similar contractual terms. As a result of this hedging, the bank rated the loan at fair value through the income statement in line with the classification and measurement of the corresponding hedging instrument.

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

	31 March 2021	31 December 2020
	JD	JD
<u>Listed assets</u>	(Reviewed not audited)	(Audited)
Treasury bonds	37,237,877	24,709,428
Bonds, Corporate debt securities	6,712,950	6,753,528
Other government bonds	34,241,063	33,735,685
Quoted shares	8,829,273	7,658,901
Total	87,021,163	72,857,542
<u>Unlisted assets</u>		
Treasury bonds	4,129,304	4,123,384
Governmental debt securities and its guarantee's	7,225,400	-
Unquoted shares	13,970,809	12,621,139
Total	25,325,512	16,744,523
Less: Expected credit loss	(24,119)	(24,931)
Total Financial Assets at Fair Value through Other Comprehensive Income	112,322,556	89,577,134
Fixed Rate	98,375,867	69,297,094
Total	98,375,867	69,297,094

- The cash dividends amounted to JD 51,078 and it reflects the shares that the bank owns in other companies as at 31 March 2021 against JD 16,353 as at 31 March 2020.

- Realized gains resulted from sales of financial assets at fair value through other comprehensive Income amounted to JD 312,933 as at 31 March 2021 against realized losses worth JD 583,629 as at 31 March 2020.

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

(8) Direct Credit Facilities -at amortized cost

	31 March 2021	31 December 2020
	JD	JD
	(Reviewed not audited)	(Audited)
Retail customers		
Overdrafts	18,796,545	16,277,618
Loans and bills *	275,717,121	167,684,666
Credit cards	12,116,984	7,765,329
Realestate Mortgages	216,278,227	164,756,741
Corporate Lending		
Overdrafts	159,540,941	107,337,408
Loans and bills *	859,034,859	681,153,026
Small and medium enterprises "SMEs" facilities		
Overdrafts	20,913,587	15,829,866
Loans and bills *	191,419,328	172,538,499
Government and public sector lending	87,896,117	60,023,731
Total	1,841,713,709	1,393,366,884
Less: Suspended interest	36,808,262	23,437,800
Less: provisions to impairment in direct credit facilities and ECL	113,452,394	66,970,133
Net direct credit facilities	1,691,453,053	1,302,958,951

* These amounts represent balances after deducting interest and commissions received in advance amounted to JD 1,986,209 as at 31 March 2021 against JD 2,069,155 as at 31 December 2020.

- Non-performing credit facilities amounted to JD 162,158,698 as at 31 March 2021 against JD 91,985,772 as at 31 December 2020 which represents 8.80 % of total direct credit facilities as at 31 March 2021 against 6.60% as at 31 December 2020.
- Non-performing credit facilities, net of suspended interest, amounted to JD 125,350,436 as at 31 March 2021 against JD 69,409,296 as at December 2020 which represents 6.94 % as at 31 March 2021 against 5.07 % as at 31 December 2020 of total direct credit facilities after excluding the suspended interest.
- There are no credit facilities granted and guaranteed by the government as of March 31 2021 and as of December 31 2020.
- 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 as at 31 March 2021:

31 March 2021 (Reviewed not audited)	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at the beginning of the year	1,113,255,381	178,262,154	101,849,349	1,393,366,884
Add: new balances during the period / Additions	231,501,864	19,267,191	2,685,176	253,454,231
Settled balances	(79,269,517)	(13,517,024)	(8,156,588)	(100,943,129)
Transferred to the first stage during the year	12,232,222	(12,216,267)	(15,955)	-
Transferred to second stage during the year	(47,852,668)	49,093,405	(1,240,737)	-
Transferred to the third stage during the year	(1,824,759)	(31,744,840)	33,569,599	-
Additions due to acquisition (note 28)	193,742,097	39,813,211	59,001,844	292,557,152
Changes due to Adjustments	195,458	2,695,849	387,263	3,278,570
Net balance	1,421,980,078	231,653,679	188,079,951	1,841,713,708

The cumulative movement of direct credit facilities as at 31 December 2020:

31 December 2020 (Audited)	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at the beginning of the year	780,448,626	144,997,241	121,367,716	1,046,813,583
Add: new balances during the period / Additions	406,913,505	35,872,237	10,320,967	453,106,709
Settled balances	(148,958,439)	(37,355,990)	(16,193,355)	(202,507,784)
Transferred to the first stage during the year	26,115,384	(14,317,915)	(11,797,469)	-
Transferred to second stage during the year	(23,963,099)	28,713,495	(4,750,396)	-
Transferred to the third stage	(1,708,056)	(3,941,091)	5,649,147	-
Changes due to Adjustments	85,077,733	27,120,628	400,165	112,598,526
Written off balances	-	-	(1,979,682)	(1,979,682)
Adjustments due to change in exchange rates	(10,670,273)	(2,826,451)	(1,167,744)	(14,664,468)
Net balance	1,113,255,381	178,262,154	101,849,349	1,393,366,884

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

31 March 2021 (Reviewed not audited)	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at the beginning of the year	5,868,144	9,803,637	51,298,352	66,970,133
Impairment loss of direct credit facilities during the period	2,460,831	170,416	7,701,732	10,332,979
Recoveries	(2,685,061)	(4,278,648)	(854,956)	(7,818,665)
Transferred to the first stage	175,173	(175,173)	-	-
Transferred to second stage	(1,067,328)	1,067,891	(563)	-
Transferred to the third stage	(276,480)	(11,830)	288,310	-
Additions due to acquisition (note 28)	3,352,647	3,686,428	36,692,932	43,732,007
Changes due to Adjustments	444	144,928	90,568	235,940
Net balance	7,828,370	10,407,649	95,216,375	113,452,394

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

Interest in Suspense

The movement of interest in suspense is as follows:

31 March 2021 (Reviewed not audited)	Retail	Real estate	Corporate	SMEs	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	3,287,310	3,222,152	11,655,538	5,272,800	23,437,800
Add: Suspended interest during the year	469,532	598,312	1,279,096	338,236	2,685,176
Less: interest transferred to income	(221,347)	(394,804)	(828,863)	(142,838)	(1,587,852)
Additions due to acquisition (note 28)	1,939,300	1,937,994	7,068,909	1,326,935	12,273,138
Balance at the end of the period	5,474,795	5,363,654	19,174,680	6,795,133	36,808,262

31 December 2020 (Audited)	Retail	Real estate	Corporate	SMEs	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	3,000,973	2,305,645	9,256,316	3,372,535	17,935,469
Add: Suspended interest during the year	953,579	1,265,926	5,601,942	2,499,520	10,320,967
Less: interest transferred to income	(465,629)	(349,419)	(1,709,119)	(391,169)	(2,915,336)
Less: amounts written off	(30,358)	-	(527,202)	(206,741)	(764,301)
Foreign exchange differences	(171,255)	-	(966,399)	(1,345)	(1,138,999)
Balance at the end of the period	3,287,310	3,222,152	11,655,538	5,272,800	23,437,800

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

	Inside Jordan	Outside Jordan	31 March 2021	31 December 2020
	JD	JD	JD	JD
	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)	(Audited)
Financial	40,733,710	-	40,733,710	24,137,414
Industrial	167,019,742	18,233,638	185,253,380	156,683,495
Commercial	264,853,092	64,409,640	329,262,732	318,572,460
Real estate and Construction	413,063,758	69,942,300	483,006,058	322,145,135
Tourism and hotels	90,592,532	-	90,592,532	46,809,774
Agriculture	49,247,583	4,208,633	53,456,216	38,090,438
Shares	101,096,980	-	101,096,980	81,799,133
Public services and utilities	73,972,510	-	73,972,510	84,043,767
Transportation services (including air transportation)	72,874,853	-	72,874,853	52,831,926
Government and public sector	87,896,117	-	87,896,117	60,023,731
Retail	228,193,092	62,308,324	290,501,416	177,697,588
Other	21,427,792	11,639,413	33,067,205	30,532,023
Total	1,610,971,761	230,741,948	1,841,713,709	1,393,366,884

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

31 March 2021 (Reviewed not audited)	Retail	Real estate	Corporate	SMEs	Government and Public Sector	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	6,841,990	7,385,219	40,561,724	12,181,200	-	66,970,133
Impairment loss of direct credit facilities during the year	990,312	490,813	6,657,388	2,194,466	-	10,332,979
Recoveries	(1,985,285)	(2,443,937)	(2,630,152)	(759,291)	-	(7,818,665)
Transferred (from) to the first stage	(218,998)	(235,925)	(176,343)	(537,369)	-	(1,168,635)
Transferred (from) to second stage	191,733	235,925	176,343	276,887	-	880,888
Transferred from the third stage	27,265	-	-	260,482	-	287,747
Additions due to acquisition (Note 28)	10,961,930	10,307,239	20,354,324	2,108,514	-	43,732,007
Changes due to Adjustments	12,872	201	65,275	157,592	-	235,940
Net balance	16,821,819	15,739,535	65,008,559	15,882,481	-	113,452,394

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

(9) Financial Assets At Amortized Cost

This item consists of the following:

Financial assets at amortized cost with no market prices	31 March 2021	31 December 2020
	JD	JD
	(Reviewed not audited)	(Audited)
Treasury bills	79,719,747	77,199,293
Treasury bonds	457,109,577	447,477,050
Governmental debt securities and its guarantee	193,998,738	30,503,143
Bonds, Corporate debt securities	9,245,000	9,245,000
Total	740,073,062	564,424,486
Less: Expected credit losses	(515,160)	(540,029)
Net	739,557,902	563,884,457
Analysis of bonds and bills:		
Fixed Rate	730,817,949	552,321,485
Floating rate	8,739,953	11,562,972
Total	739,557,902	563,884,457

Movements of provision for expected credit loss of Financial Assets at Amortized Cost:

	31 March 2021				31 December 2020
	(Reviewed not audited)				(Audited)
	Stage One	Stage Two	Stage Three	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	8,652	31,377	500,000	540,029	549,967
Impairment loss of direct credit facilities during the year	10,112	-	-	10,112	31,377
Recoveries	(3,604)	(31,377)	-	(34,981)	(41,315)
Net balance as at 31 December 2020	15,160	-	500,000	515,160	540,029

The provision for expected credit losses is not calculated on treasury bonds in accordance with the requirements of the Central Bank of Jordan related to the application of IFRS 9.

(10) Financial Assets Pledged as Collateral

	31 March 2021 (Reviewed not audited)		31 December 2020 (Audited)	
	JD		JD	
	Pledged financial assets	Associated financial liabilities	Pledged financial assets	Pledged financial liabilities
Financial assets at amortized cost (Jordanian Government Bonds)	-	-	25,330,821	26,094,227
Financial assets at fair value through other comprehensive income (Bonds granted by the Jordanian government)	-	-	7,268,800	7,487,863
Total	-	-	32,599,621	33,582,090

- The provision for expected credit losses is not calculated for mortgaged Jordanian government bonds in accordance with the instructions of the Central Bank of Jordan related to the implementation of IFRS 9.

(10) Financial Assets Pledged as Collateral

	31 March 2021 (Reviewed not audited)		31 December 2020 (Audited)	
	JD		JD	
	Pledged financial assets	Associated financial liabilities	Pledged financial assets	Pledged financial liabilities
Financial assets at amortized cost (Jordanian Government Bonds)	-	-	25,330,821	26,094,227
Financial assets at fair value through other comprehensive income (Bonds granted by the Jordanian government)	-	-	7,268,800	7,487,863
Total	-	-	32,599,621	33,582,090

* The provision for expected credit losses is not calculated for mortgaged Jordanian government bonds in accordance with the instructions of the Central Bank of Jordan related to the implementation of IFRS 9.

(11) Other Assets

This item consists of the following:

	31 March 2021	31 December 2020
	JD	JD
	(Reviewed not audited)	(Audited)
Accrued interest and revenue	22,380,018	21,268,858
Prepaid expenses	6,403,530	2,504,395
Collaterals seized by the bank against matured debts* - net	60,063,911	59,040,733
Purchased banks acceptances at amortized cost - net	35,894,715	34,452,639
Assets / derivatives unrealized gain	2,107,332	610,863
Refundable deposits	6,276,807	3,535,961
Others - net	12,112,698	7,366,527
Total	145,239,011	128,779,976

* According to the regulations of the Central Bank of Jordan, the bank is required to dispose seized real estate in a maximum period of two years from the acquisition date. The Central Bank may approve an extension up to two executive years at most. According to the Central Bank circular No. 10/1/4076 , a provision should be calculated for real estate seized for a period longer than four years.

(12) Customer Deposits

	31 March 2021	31 December 2020
	JD	JD
	(Reviewed not audited)	(Audited)
Current and demand	645,594,343	516,361,742
Saving accounts	104,458,282	91,432,064
Time and notice deposits	1,331,572,666	984,213,185
Certificates of deposit	57,379,242	82,205,815
Total	2,139,004,533	1,674,212,806

- The deposits of government and general public sector inside Jordan amounted to JD 165,397,260 representing 7.73% of the total deposits as of 31 March 2021 against JD 148,872,910 representing 8.89% as of 31 December 2020.

- Non-interest bearing deposits amounted to JD 535,241,777 representing 25.02 % of total deposits as of 31 March 2021 against JD 426,458,931 representing 25.47 % of the total deposits as of 31 December 2020.

- The restricted deposits amounted to JD 7,405,690 as of 31 March 2021, against JD 13,645,671 as of 31 December 2020.

- Dormant deposits amounted to JD 12,505,074 as of 31 March 2021 against JD 6,390,038 as of 31 December 2020.

(13) Loans and Borrowings

The details are as follows :

31 March 2021 (Reviewed not audited)	Amount	Number of Installments		Frequency of Instalments	Collaterals	Interest rate	Re-lending Interest rate
		Total	Outstanding				
	JD	JD	JD		JD	%	
Amounts borrowed from central banks	180,266,431	11,507	10,223	Monthly and semi annual payment and payment at maturity	-	0.00% to 3.00%	0.00% to 5.00%
Amounts borrowed from local banks and financial institutions	60,000,000	7	7	One payment	-	4.30% to 7.00%	4.5% to 11.32%
Amounts borrowed from foreign banks and financial institutions	74,513,323	71	49	Monthly and semi annual payment and payment at maturity	-	1.45% to 2.75%	3.75% to 5.8%
Total	314,779,754				-		
31 December 2020 (Audited)							
Amounts borrowed from central banks	184,704,862	12,704	12,176	Monthly and semi annual payment and payment at maturity	32,599,621	0.00% to 3.00%	3.75% to 4.75%
Amounts borrowed from local banks and financial institutions	55,000,000	6	6	One payment	-	4.30% to 7.00%	4.5% to 12.40%
Amounts borrowed from foreign banks and financial institutions	90,286,365	74	52	Monthly and semi annual payment and payment at maturity	-	1.00% to 2.79%	3.87% to 12.00%
Total	329,991,227				32,599,621		

- Borrowed money from the Central Bank includes JD 180,266,431 that represents amounts borrowed to refinance the customers' loans in the medium term financing programs that have been re-borrowed. These loans mature during 20201-2039.
- The amounts borrowed from local institutions are all borrowed from the Jordan Mortgagee Refinance Company with a total amount of JD 60 Million. The loans mature during 2021 - 2023.
- Loans bearing fixed - interest rates amounted to JD 311,074,754 and loans bearing floating - interest rates amounted to JD 3,705,000 as at 31 March 2021 against JD 326,286,227 and JD 3,705,000 respectively as at 31 December 2020.

(14) Income Tax

a- The movement on income tax liability is as follows:

	31 March 2021	31 December 2020
	JD	JD
	(Reviewed not audited)	(Audited)
Balance at the beginning of the period/year	4,887,737	6,850,303
Income tax paid	(2,341,332)	(9,621,681)
Income tax charge for the year	2,812,040	7,713,455
Income tax charge for previous years	-	175,237
Foreign exchange translation differences	-	(229,577)
Balance at the end of the period/year	5,358,445	4,887,737

b- Income tax expense presented in interim condensed consolidated income statement:

	31 March 2021	31 December 2020
	JD	JD
	(Reviewed not audited)	(Audited)
Current income tax charge for the period	2,812,040	1,577,317
Previous years income tax charges	13,834	-
Deferred tax assets for the period	(688,117)	-
	2,137,757	1,577,317

- Legal income tax rate on the Bank's revenues and brokerage firm is 38% and 28% respectively.
- Legal income tax on the Bank's revenues in Iraq is 15%.
- A final settlement has been made with the income and sales tax department regarding the Bank's tax till the end of 2015.
- The Income and Sales Tax Department did not commence its review on the Bank's account for the year ended 2016 and 2017 until the date of these consolidated condensed financial statements.
- The bank has submitted its statements for the years 2018 and this has not been reviewed by the Income and Sales Tax Department until the date of these consolidated condensed financial statements.
- A final settlement has been made with the Income and Sales Tax Department regarding the tax on Capital Investment and Brokerage company till the end of 2015.
- The self-appreciation statement was submitted to Capital Investment and Financial Brokerage Company for the year 2016, 2017 and 2018 and no final settlement was reached until the date of issuance of these condensed consolidated financial statements.
- A final settlement was made with the Income Tax Department of the National Bank of Iraq until the end of 2016, and the amounts due from the tax were paid until 2018.
- The management believes that the income tax provision recorded is sufficient to meet tax obligations as at 31 March 2021.

(15) Sundry Provisions

31 March 2021 (Reviewed not audited)	Balance at the beginning of the period/year	Additions during period/year	Utilized during year/period	Transferred to income	Balance at the end of the period/year
	JD	JD	JD	JD	JD
Provision for lawsuits raised against the bank	102,700	-	-	-	102,700
Other provisions	3,415,781	-	(259,749)	-	3,156,032
Total	3,518,481	-	259,749	-	3,258,732

31 December 2020 (Audited)						
Provision for lawsuits raised against the bank	102,700	27,740	-	27,740	-	102,700
Other provisions	4,819,310	-	-	519,498	-	4,299,812
Foreign Currency translation differences	-	-		(884,031)	-	(884,031)
Total	4,922,010	27,740		(1,431,269)	-	3,518,481

The bank has 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. The amount of JD 25,017 was collected during the period as on March 31 2021 against JD 378,271 during the year ended March 31, 2021.

(16) Other liabilities

This item consists of the following:

	31 March 2021	31 December 2020
	JD (Reviewed not audited)	JD (Audited)
Accrued interest expense	13,109,869	10,830,244
Accrued expenses	3,263,799	3,453,483
Certified cheques	4,150,444	4,715,290
Cheques payable	3,560,027	1,309,806
Board of directors' remuneration	81,250	65,000
Brokerage payables	23,461,909	19,272,726
Liabilities / derivatives unrealized gain	3,698,004	3,698,004
Guarantees	659,326	659,326
Others	18,932,857	7,201,078
Total	70,917,485	51,204,957

(17) Subordinated Loans

31 March 2021 (Reviewed not audited)

	Amount	Frequency of instalments	Collaterals	Interest Rate
	JD			%
Subordinated Loan	28,360,000	One payment maturing on 15 March 2026	-	٪7.00.
Total	28,360,000		-	

31 December 2020 (Audited)

Subordinated Loan	28,360,000	One payment maturing on 15 March 2026	-	٪7.00.
Total	28,360,000		-	

- The Bank has finished the issuance of a bond of \$ 40 million on 15 March 2020. These are bonds that fall into the second tranche as per the requirements of the Basel Standard.
- The Bank has exercised the right to purchase the previous issue of bonds of USD 25 million on March 1, 2019.

(18) Basic and diluted earnings per share

The details are as follow:

	For the 3 months ended 31 March	
	2021	2020
	(Reviewed not audited)	
	JD	JD
Profit for the period attributable to Bank's shareholders	29,341,328	5,020,839
Weighted average number of shares during the period	200,000,000	200,000,000
Basic and diluted earnings per share	JD / Fils	JD / Fils
	0.147	0.025

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

(19) Cash and Cash Equivalents

The details are as follow:

	For the 3 months ended 31 March	
	2021	2020
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Cash and balances with central banks maturing within 3 months	280,549,175	266,746,557
Balances at banks and financial institutions maturing within 3 months, net	145,401,667	102,513,462
Banks and financial institutions' deposits maturing within 3 months	(163,899,757)	(111,631,976)
Restricted cash balances	(6,106,733)	(6,151,198)
	255,944,352	251,476,845

(20) Related Parties Transactions

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

	Ownership		Paid in capital	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
	%	%	JD	JD
Capital Investment and Brokerage Company	100 %	100 %	10,000,000	10,000,000
National Bank of Iraq	61.85%	61.85%	86,739,856	86,739,856
Bahrain Investment Fund Company	100 %	100 %	1,888	1,888
Capital Bank Corporate Advisory (DIFC) Limited	100 %	100 %	177,250	177,250

The bank has entered into transactions with subsidiaries, major shareholders, members of the board of directors and senior management within the bank's regular activities, using interest rates and commercial commissions.

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

	Related party				Total	
	BOD members	Executive management	Subsidiaries*	Major Shareholders	31 March 2021	31 December 2020
	JD	JD	JD	JD	JD (Reviewed not audited)	JD (Audited)
Statement of financial position items:						
Bank deposits	124,274,844	705,716	14,548,991	121,246	139,650,797	123,236,215
Margin accounts	184,308	14,819	85,872,568	300	86,071,995	70,469,885
Direct credit facilities	31,340,429	1,766,406	125	5,450,240	38,557,200	33,912,380
Direct credit facilities - watch list	2,133,624	-	-	-	2,133,624	4,263,872
Off-balance sheet items:						
Indirect credit facilities	8,904,431	1,000	54,923,687	300	63,829,418	78,256,133
					For the 3 months ended 31 March	
					2021	2020
					(Reviewed not audited)	(Reviewed not audited)
					JD	JD
Statement of income items:						
Interest and commission income	670,845	18,755	1,262,152	88,187	2,039,939	2,354,889
Interest and commission expense	1,881,010	2,098	28,346	42	1,911,496	1,359,675

* Transactions and balances with subsidiaries are cancelled upon preparing the bank's consolidated financial statements

- Interest rates on credit facilities in Jordanian Dinar range between 2.00% - 15.00%.
- Interest rates on credit facilities in foreign currency range between 3.75% -15.00%.
- Interest rates on deposits in Jordanian Dinar range between 1.00% - 4.50%.
- Interest rates on deposits in foreign currency between 0.50% - 1.50%.

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

	For the 3 months ended 31 March	
	2021	2020
	JD (Reviewed not audited)	JD (Reviewed not audited)
Benefits (Salaries, wages, and bonuses) of executive management for the Bank and its subsidiaries	1,047,308	991,018
Total	1,047,308	991,018

(21) Segment Information**1. Information about bank Activities:**

For management purposes the Bank is organized into four major segments that are measured according to the reports used by the main decision maker at the Bank:

Retail banking: Includes handling individual customers' deposits, credit facilities, credit card, and other services.

Corporate banking: Includes monitoring deposits, credit facilities, and other banking facilities provided to corporate customers.

Corporate finance: Principally arranging structured financing, and providing services relating to privatizations, IPOs, and mergers and acquisitions.

Treasury: Principally providing money market, trading and treasury services, as well as the management of the Bank's funding operations.

These segments are the basis on which the Bank reports its segment information:

						Total
	Retail Banking	Corporate Banking	Corporate Finance	Treasury	Other	31 March 2021
	JD	JD	JD	JD	JD	JD
						(Reviewed not audited)
Total revenue	8,878,435	20,508,280	3,545	13,417,475	23,589,692	66,397,427
(Provision) Impairment and expected credit losses ,net	2,935,024	(5,685,278)	-	38,446	(187,385)	(2,899,193)
Segment results	5,361,148	5,912,668	3,545	11,929,167	23,402,308	46,608,836
Unallocated expenses						(14,664,789)
Profit before tax						31,944,047
Income tax						(2,137,757)
Net income for the period						29,806,290
Other information						
Segmental assets	522,908,877	1,281,073,680	-	1,308,858,194	254,453,965	3,367,294,716
Segmental liabilities	1,231,619,553	1,144,716,841	-	507,039,511	99,530,533	2,982,906,438
Capital expenditure						2,265,858
Depreciation and amortization						1,545,601

						Total
	Retail Banking	Corporate Banking	Corporate Finance	Treasury	Other	31 March 2020
	JD	JD	JD	JD	JD	JD
						(Reviewed not audited)
Total revenue	6,657,993	17,836,868	-	12,067,342	1,077,832	37,640,035
Impairment losses on direct credit facilities	(661,466)	(931,599)	-	50,217	(374,876)	(1,917,724)
Segment results	(278,272)	8,240,072	-	10,984,747	702,956	19,649,503
Unallocated expenses						(11,988,465)
Profit before tax						7,661,038
Income tax						(1,577,317)
Net income for the period						6,083,721
Other information						
						31 December 2020
						JD
						(Audited)
Segmental assets	337,267,423	1,078,221,032	-	1,124,451,994	208,864,868	2,748,805,317
Segmental liabilities	942,340,720	883,595,468	-	496,410,080	70,771,739	2,393,118,007
Capital expenditure						1,061,402
Depreciation and amortization						1,425,518

(22) Contingent Liabilities and Commitments (Off balance sheet)

	31 March 2021	31 December 2020
	JD	JD
	(Reviewed not audited)	(Audited)
Letters of credit	101,112,652	65,796,460
Confirmed Export Letters of credit	7,669,490	23,157,779
Acceptances	54,541,805	71,392,889
Letters of guarantee :		
- Payments	82,976,597	40,456,761
- Performance	120,310,026	62,134,208
- Others	67,644,053	43,694,046
Foreign currency forward *	149,524,454	94,673,245
Forward Rate Agreements	106,350,000	106,350,000
Unutilized direct credit limits	242,741,796	128,039,834
Total	932,870,873	635,695,222
Less : expected credit losses	(6,777,638)	(4,360,854)
Net	926,093,235	631,334,368

* Foreign currency forward contracts were not subject to ECL .

(23) Expected credit loss (expenses) / recovery:

31 March 2021 (Reviewed not audited)	Stage one	Stage two	Stage three	Total
	JD	JD	JD	JD
Cash and balances with the Central Bank	(13)	-	(12,752)	(12,765)
Direct credit facilities	(1,392,421)	(3,082,416)	7,225,091	2,750,254
Financial assets at amortized cost	6,508	(31,377)	-	(24,869)
Debt instruments at fair value through other comprehensive income	(812)	-	-	(812)
Other Financial assets measured at amortized cost	9,428	(4,671)	-	4,757
Contingent Liabilities and Commitments	137,407	153,124	(107,903)	182,628
Total	(1,239,903)	(2,965,340)	7,104,436	2,899,193

31 March 2020 (Reviewed not audited)	Stage one	Stage two	Stage three	Total
	JD	JD	JD	JD
Deposits at banks and financial institutions	(255)	-	-	(255)
Direct credit facilities	(167,540)	67,769	1,692,836	1,593,065
Financial assets at amortized cost	(16,744)	-	-	(16,744)
Debt instruments at fair value through other comprehensive income	(5,893)	-	-	(5,893)
Other Financial assets measured at amortized cost	(6,500)	(615)	-	(7,115)
Contingent Liabilities and Commitments	18,551	(45,876)	381,991	354,666
Total	(178,381)	21,278	2,074,827	1,917,724

(24) 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:

	Level 1	Level 2	Level 3	Total
	JD	JD	JD	JD
31 March 2021 (Reviewed not audited)				
Financial assets-				
Financial assets at fair value through other comprehensive income	86,997,044	25,325,512	-	112,322,556
Derivative instruments (Note 11)	-	-	2,107,332	2,107,332
Loans and advances measured at fair value - through income statement	-	112,529,504	-	112,529,504
Financial liabilities-				
Derivative instruments (Note 16)	-	3,698,004	-	3,698,004
31 December 2020 (Audited)				
Financial assets-				
Financial assets at fair value through income statement	72,832,611	16,744,523	-	89,577,134
Loans and advances measured at fair value - through income statement	-	112,529,504	-	112,529,504
Derivative instruments (Note 11)	-	-	610,863	610,863
Pledged financial assets	-	7,268,800	-	7,268,800
Financial liabilities-				
Derivative instruments (Note 16)	-	3,698,004	-	3,698,004

(25) Lawsuits against the Bank

- The lawsuits raised against the Bank, as part of the ordinary course of business, amounted to JD 25,482,254 as at 31 March 2021 against 25,382,777 as at 31 December 2020. According to the Bank's management and legal counselor, the Bank will not be liable in any of these cases. except for a lawsuits , noting that a provision of JOD 102,700 was taken against them .
- The lawsuits raised against the National Bank of Iraq, as part of the ordinary course of business, amounted to JD 2,114,904 as at 31 March 2021 against 1,499,467 as at 31 December 2020 in the assessment of the administration and the legal advisor to the National Bank of Iraq, the bank does not have any obligations in exchange for these issues.
- No lawsuits were raised against Capital Investment and Brokerage Company Ltd/Jordan, as part of the ordinary course of business as at 31 March 2021 and 31 December 2020.

(26) Statutory Reserve

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

(27) Distributed Dividends

The ordinary general assembly of the bank, in its meeting held on April 15, 2021, approved the distribution of cash dividends to shareholders by 12% of the bank's subscribed and paid capital, equivalent to JDs 24,000,000.

(28) Acquisition of Bank Audi Branches in Jordan and Iraq

During September 2020, the Group signed a non-binding and exclusive "Letter of Intent" agreement to acquire the banking business of the Lebanese Bank Audi branches in Jordan and Iraq and purchase its assets and liabilities. At the end of December 2020, the bank signed an agreement to purchase and transfer the business, whereby all the necessary requirements and approvals were completed from the regulatory authorities to complete the acquisition as on March 11, 2021.

The table below shows a summary of the net fair division of assets and liabilities acquired at the end of the business day on March 11, 2021:

	11 March 2021
	JDs (Thousands)
<u>Assets</u>	
Cash and balances with banks and central banks	120,582
Financial assets at fair value through other comprehensive income	1,699
Direct credit facilities at amortized cost	236,416
Other financial assets at amortized cost	149,557
Other Assets	35,273
Total Assets	543,527
<u>Liabilities and Equity</u>	
<u>Liabilities</u>	
Customer Deposits	386,710
Cash margins	68,115
Borrowed funds	6,895
Other liabilities	16,862
Total Liabilities	478,582
Net fair value of the business acquired at the date of acquisition	64,945
The purchase price paid for the acquisition	41,788
Result from the acquisition	23,156

Study of the purchase price agreement

The results shown above are preliminary and will be updated upon completion of the study of the purchase price distribution for the acquisition, as in accordance with International Accounting Standard No. 3 "Business Combinations", the group has a period of up to 12 months from the date of the acquisition to complete the determination of the fair value and the completion of the study of the distribution of the purchase price.

Acquisition transaction expenses

During the period ended March 31, 2021, the Group incurred costs related to the acquisition of the banking business of the branches of the Lebanese Bank Audi in Jordan and Iraq, which included costs related to the merger and other related expenses for financial and legal consultants, in addition to expenses paid to employees working on the acquisition. These costs amounted to about 2,701,444 JDs.

(29) Comparative Figures:

Some of previous period's figures have been reclassified to confirm with 31 March 2021 presentation.

(30) Other Disclosures

Devaluation of the Iraqi Dinar

During December 2020, the Central Bank of Iraq reduced the exchange rate of the Iraqi dinar to the dollar to 1460 instead of 1190, which resulted in differences in the exchange rates shown in the condensed consolidated financial statements clarifications, as the differences in foreign currency translation apparent in equity during 2020 decreased by about 19 million JDs. No differences in exchange rates of the Iraqi dinar to the dollar appeared as of the period ended 31 March 2021.