Capital Bank of Jordan

Interim Condensed Consolidated Financial Statements

(Reviewed not audited)

30 June 2022

pwc

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 2022 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 2022, 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"

Certified Public Accountants
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31 July 2022

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Capital Bank of Jordan
Interim Condensed Consolidated Statement of Financial Position
As at 30 June 2022 (Reviewed not audited)

	Note	30 June 2022	31 December 2021
		JD	JD
		(Reviewed not audited)	(Audited)
Assets			
Cash and balances at central banks	4	602,950,746	425,840,132
Balances at banks and financial institutions	5	242,362,942	312,546,731
Deposits at banks and financial institutions	6	3,700,753	-
Financial assets at fair value through other comprehensive income	7	77,785,070	195,500,838
Loans and Advances measured at fair value through statement of income	8	-	82,883,298
Direct credit facilities, net	9	3,161,382,789	2,031,147,338
Financial assets at amortized cost	10	1,587,827,404	987,021,419
Financial assets pledged as collateral	11	286,448,147	-
Property and equipment, net		109,875,822	66,322,336
Intangible assets, net		41,367,992	30,502,672
Right-of-use leased assets		13,292,549	10,577,712
Deferred tax assets		30,854,220	19,350,284
Other assets	12	326,780,323	149,612,655
Total Assets		**6,484,628,757**	**4,311,305,415**
Liabilities And Equity			
Liabilities			
Banks and financial institutions' deposits		248,584,295	381,144,289
Customers' deposits	13	4,367,549,000	2,770,807,278
Margin accounts		422,726,950	233,663,764
Loans and borrowings	14	695,016,849	414,265,782
Income tax provision	16	4,365,218	4,484,833
Deferred tax liabilities		1,880,026	2,881,882
Sundry provisions	17	2,092,030	2,497,992
Expected credit losses provision against off-balance sheet items	30	9,577,337	4,889,017
Leased liabilities		14,407,228	11,863,620
Other liabilities	18	82,606,537	64,296,322
Subordinated loan	15	15,172,600	28,360,000
Total Liabilities		**5,863,978,070**	**3,919,154,779**
Equity			
Equity attributable to the Bank's shareholders			
Issued and paid in capital	1	200,000,000	200,000,000
Issued capital shares	1	131,200,000	-
Additional paid in capital		709,472	709,472
Perpetual Bond	19	70,900,000	-
Statutory reserve		56,114,618	56,114,618
Foreign currency translation adjustments		(16,540,837)	(16,540,837)
Fair value reserve	20	1,006,362	813,120
Retained earnings	21	88,269,959	121,913,754
Current period profits		57,177,030	-
Total net equity attributable to the Bank's shareholders		**588,836,604**	**363,010,127**
Non-controlling interest		**31,814,083**	**29,140,509**
Total Equity		**620,650,687**	**392,150,636**
Total Liabilities and Equity		**6,484,628,757**	**4,311,305,415**

The accompanying notes from 1 to 37 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 2022 (Reviewed not audited)

		For the 3 months ended		For the 6 months ended	
	Note	30 June 2022	30 June 2021	30 June 2022	30 June 2021
		JD	JD	JD	JD
Interest income	22	76,348,008	46,331,013	130,818,944	81,873,720
Less: Interest expense	23	38,953,587	19,749,580	62,308,956	35,768,170
Net interest income		**37,394,421**	**26,581,433**	**68,509,988**	**46,105,550**
Commission income		12,605,450	8,206,483	21,552,702	14,818,062
Less: Commission Expense		2,718,007	1,201,424	5,071,946	2,072,233
Net commission income		**9,887,443**	**7,005,059**	**16,480,756**	**12,745,829**
Gain from foreign currencies		1,771,300	1,991,155	3,256,607	2,155,110
Dividends income from financial assets at fair value through other comprehensive income	7	163,443	64,006	179,237	115,084
(loss)Gain from sale of financial assets at fair value through other comprehensive income - Debt instruments		(1,544,751)	21,019	(1,542,624)	21,019
Other income	24	3,316,782	1,018,596	5,252,564	1,890,705
Gross profit		**50,988,638**	**36,681,268**	**92,136,528**	**63,033,297**
Employees' expenses		12,257,502	8,231,793	21,755,630	14,570,301
Depreciation and amortization		4,103,804	2,596,761	6,819,917	4,142,362
Other expenses		9,586,224	5,976,280	16,089,933	9,628,676
(Gains) losses on sale of seized property		(38,291)	24,695	(43,456)	333,773
(Revised from) Impairment and expected credit losses on financial assets	31-4	(842,309)	8,240,089	5,320,356	11,139,282
Impairment on seized assets	12	323,266	649,705	270,207	767,467
(Revised from) Sundry provisions	17	(96,443)	41,237	680	41,237
Total expenses		**25,293,753**	**25,760,560**	**50,213,267**	**40,623,098**
Result of acquisition	36	-	-	26,348,251	28,077,962
Expenses of acquisition	36	-	-	(763,952)	(2,701,444)
Income before tax		25,694,885	10,920,708	67,507,560	47,786,717
Less: Income tax expense	16	5,702,595	2,621,823	7,322,205	4,759,580
Income for the period		**19,992,290**	**8,298,885**	**60,185,355**	**43,027,137**
Attributable to:					
Bank's shareholders		18,520,451	7,146,625	57,177,030	63,878,733
Non - controlling interest		1,471,839	1,152,260	3,008,325	(20,851,596)
		19,992,290	**8,298,885**	**60,185,355**	**43,027,137**
		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	25	**0.093**	**0.036**	**0.286**	**0.319**

The accompanying notes from 1 to 37 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 2022 (Reviewed not audited)

	For the 3 months ended		For the 6 months ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	JD	JD	JD	JD
Income for the period	19,992,290	8,298,885	60,185,355	43,027,137
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 debt investments at fair value through other comprehensive income	(826,984)	1,579,889	(1,411,186)	270,859
Add: Other comprehensive income items that will not be reclassified to profit or loss in subsequent periods after excluding the impact of tax :				
Losses of selling debt instruments at fair value through other comprehensive income are transferred to the income statement	1,544,750	-	1,542,623	-
Change in the fair value of equity investments at fair value through other comprehensive income	(622,609)	446,771	(847,098)	650,481
Total other comprehensive income for the period, net of tax	**95,157**	**2,026,660**	**(715,661)**	**921,340**
Total comprehensive income for the period	**20,087,447**	**10,325,545**	**59,469,694**	**43,948,477**
Attributable to:				
Bank's shareholders	18,864,816	8,936,987	56,796,120	64,303,052
Non-controlling interest	1,222,630	1,388,558	2,673,574	(20,354,575)
	20,087,446	**10,325,545**	**59,469,694**	**43,948,477**

The accompanying notes from 1 to 37 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 2022 (Reviewed not audited)

	Note	30 June 2022	30 June 2021
Operating Activities		JD	JD
Profit before income tax		67,507,560	47,786,717
Adjustments for Non-Cash Items			
Depreciation and amortization		6,819,917	4,142,362
Impairment and expected credit loss on financial assets		5,320,356	11,139,282
Impairment on assets seized by the bank		270,207	767,467
Result of acquisition		(26,848,251)	(28,077,962)
Sundry provisions		680	(41,237)
Net accrued interest paid (received)		(18,184,376)	(5,241,559)
Effect of exchange rate changes on cash and cash equivalents		(2,548,509)	(938,854)
Cash flows from operating activities before changes in assets and liabilities		**32,337,584**	**29,536,216**
Changes in assets and liabilities :			
Restricted balances		2,973,265	(171)
Balances at central banks		22,099,862	11,543,225
Banks and financial institutions' deposits		(1,692,513)	-
Direct credit facilities		(371,363,590)	(265,420,062)
Other assets		(6,724,107)	4,147,489
Banks and financial institutions' deposits maturing in more than three months		(4,918,430)	-
Customers' deposits		340,825,571	215,699,252
Margin accounts		99,897,497	6,746,326
Other liabilities		5,771,258	3,650,218
Paid sundry provisions		(519,838)	(483,845)
Net cash flow from operating activities before income tax		**118,686,559**	**5,418,648**
Income tax paid		(7,243,719)	(5,852,430)
Net cash flow from (used in) operating activities		**111,442,840**	**(433,782)**
Investing Activities			
Purchase of financial assets at fair value through other comprehensive income		-	(38,255,176)
Sale of financial assets at fair value through other comprehensive income		122,195,733	1,790,386
Cash as a result of acquisition		281,668,748	78,697,250
Purchase of financial assets at amortized cost		(394,652,820)	(264,830,678)
Matured financial assets at amortized cost		-	119,756,958
Change in financial assets pledged as collateral		-	32,599,621
Purchase of property and equipment		(13,567,354)	(5,176,033)
Purchase of intangible assets		(10,991,586)	(259,992)
Net cash flow (used in) investing activities		**(15,347,279)**	**(75,677,664)**
Financing Activities			
Proceeds from loans and borrowings		149,494,362	97,151,691
Repayment of loans and borrowings		(13,187,400)	(91,986,878)
Treasury stocks		-	5,109,406
Peprpetual bond		70,900,000	-
Capital increase fees		(3,069,643)	-
Cash dividends		(30,000,000)	(27,705,253)
Net cash flow used in financing activities		**174,137,319**	**(17,431,034)**
Net decrease in cash and cash equivalents		270,232,880	(93,542,479)
Effect of exchange rate changes on cash and cash equivalents		2,548,509	938,854
Cash and cash equivalent at the beginning of the period		305,786,594	263,032,649
Cash and cash equivalent at the end of the period	26	**578,567,983**	**170,429,024**

The accompanying notes from 1 to 37 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 2022 (Reviewed not audited)

	Issued and Paid in Capital	Issued capital shares	Additional paid in capital	Perpetual Bonds	Statutory Reserves	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
30 June 2022	JD		JD		JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at 01 January 2021	200,000,000	-	709,472	-	56,114,618	-	(16,540,837)	813,120	121,913,754	-	**363,010,127**	29,140,509	**392,150,636**
Profit for the year	-	-	-	-	-	-	-	-	-	57,177,030	**57,177,030**	3,008,325	**60,185,355**
Change in fair value of financial assets through other comprehensive income	-	-	-	-	-	-	-	(380,910)	-	-	**(380,910)**	(334,751)	**(715,661)**
Total comprehensive income for the period	**-**		**-**	**-**	**-**	**-**	**-**	**(380,910)**	**-**	**57,177,030**	**56,796,120**	**2,673,574**	**59,469,694**
Realized gain 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 35)	-	-	-	-	-	-	-	-	(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**	**57,177,030**	**588,836,604**	**31,814,083**	**620,650,687**
30 June 2021													
Balance at 01 January 2021	200,000,000	-	709,472	-	44,186,425	(2,707,491)	(16,540,837)	3,619,029	78,096,479	-	**307,363,077**	48,324,233	355,687,310
Profit for the year	-	-	-	-	-	-	-	-	-	63,878,733	**63,878,733**	(20,851,596)	43,027,137
Change in fair value of financial assets through Other Comprehensive Income - Equity Instruments	-	-	-	-	-	-	-	424,319	-	-	**424,319**	497,021	921,340
Total comprehensive income for the period	**-**	**-**	**-**		**-**	**-**	**-**	**424,319**	**-**	**63,878,733**	**64,303,052**	**(20,354,575)**	**43,948,477**
Realized gain from selling financial assets at fair value through other comprehensive income - equity instruments	-	-	-	-	-	-	-	(524,252)	524,252	-	-	-	-
Sale treasury shares of subsidiaries	-	-	-	-	-	2,707,491	-	-	414,246	-	**3,121,737**	1,987,669	5,109,406
Cash dividends (Note 35)	-	-	-	-	-	-	-	-	(24,000,000)	-	**(24,000,000)**	(3,705,253)	(27,705,253)
Balance at 30 June 2021	**200,000,000**	**-**	**709,472**	**-**	**44,186,425**	**-**	**(16,540,837)**	**3,519,096**	**55,034,977**	**63,878,733**	**374,787,866**	**26,252,074**	**377,039,940**

* Retained earnings include JD 30,854,220 which represents deferred tax assets as at 30 June 2022 against JD 19,350,284 as at 31 December 2021, according to the Central Bank of Jordan’s regulations these balances are restricted.

* Retained earnings as at 30 June 2022 and 31 December 2021 amounts to JD 958,330, this amount 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 2022 and 31 December 2021 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 registered and incorporated in Jordan on 30 August 1995 in accordance with the Companies Law No. 1 of (1989). Its registered office is in Amman.

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

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.

During the month of June 2022, the Bank signed an irrevocable agreement with the Saudi Investment Fund (Strategic Partner), through which the Bank allocated shares to increase the capital at a value of 131,200,000 dinars at a price of one dinars per share, which will be distributed as an increase in the capital of 63,037.122 dinars to become the capital The authorized amount is 263,037.122 dinars, and the difference is as a premium of 68,162.878 dinars, the amount has been deposit on 26 July 2022.

The shares of Jordan Capital Bank subscribed to, amounting to 263,037.122 dinars, of which 200,000,000 dinars were paid, are fully listed on the Amman Stock Exchange - Jordan

The Interim Consolidated Financial Statements were authorized for issue by the Board of Directors in their meeting 7/2022 held on 28 July 2022.

(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" endorsed by the instructions of the Central Bank of Jordan.

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 2018, in which the Circular No. 16607/1/10 dated 17 December 2017was approved for extension. The Central Bank of Jordan also confirmed postponing the calculation of the provision until the end of the year 2019. According to the Central Bank’s Circular No. 16239/1/10 dated 21 November 2019, deduction of the required provisions against real estate acquired is made at the rate of (5%) of the total book values of these properties (regardless of the period of violation) as of the year 2021, so that the required percentage of 50% of these properties are reached by the end of the year.

d- 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.

e- 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.

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 December 31, 2021, and the business results for the three Months ending March 30, 2022 are not necessarily indicative of the expected results for the year ending December 31, 2022.

(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 121,404,110 as at 30 June 2022. 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 30 June 2022. 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 2022. The purpose of the company is to offer financial consulting services. The company was registered and incorporated on 23 February 2015.

5-Societe Generale Bank of Jordan, of which the bank owns 99.95% of its paid-up capital of 100,000,000 Jordanian dinars, as on June 30, 2022, the bank carries out all commercial banking business. The bank acquired Societe Generale Bank on March 28, 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

The accounting policies are consistent with those adopted in preparation of the financial statements for the period ended 30 June 2022.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the Company

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2022:

New standards, amendments and interpretations

•**Amendments to IAS 16**: The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds receivedfrom selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

•**Amendments to IFRS 3**:Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

•**Amendments to IAS 37**: The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

•**The following improvements were finalised in May 2020:**
-**IFRS 9 Financial Instruments** – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
-**IFRS 16 Leases** – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
-**IFRS 1 First-time Adoption of International Financial Reporting Standards** – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

(b)New and revised IFRS issued but not yet effective and not early adopted

The Company has not yet applied the following new standards, amendments and interpretations that have been issued but are not yet effective:

IFRS 17 Insurance Contracts :IFRS 17 was issued in May 2017 as a replacement for IFRS 4 for Insurance. It requires an existing measurement model where estimates are re-measured at the end of each financial period.

•Classifications of Liabilities as current or Non-current Amendments to IAS 1: The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

•**Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice**
Statement 2: The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

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 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.

•**Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28**: 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 nonmonetary 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.

There are no other relevant applicable new standards and amendments to published standards or IFRIC interpretations that have been issued but are not effective for the first time for the Company's financial year beginning on 1 January 2022 that would be expected to have a material impact on the financial statements of the Company.

(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, 2021, with the continuing impact of COVID-19 outbreak, which required the administration to change some assumptions of expected loss model during 2021 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 2021, 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 2021, 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, 2021) and the guidelines issued by the International Accounting Standards Board on March 27, 2021 related to the classification of stages due to the existence of a substantial increase in credit risk (SICR).

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

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

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

Probability and likelihood

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

When preparing statements of expected credit losses as on March 30, 2021, the governmental measures supporting the mitigation of the impact of Covid-19 in some sectors were taken into consideration in addition to applying judgment and estimation in the progress classification of specific sectors and customers who have a good knowledge of their financial position and the extent of their vulnerability to The outbreak of the Covid-19 epidemic, which led to the classification of some of these customers within a more stringent stage, and the reason for this classification for these customers is due to the cessation of production, the decline in supply and demand, and the losses resulting from the disruption of the business of these companies as a result of the comprehensive ban and the suspension of foreign trade and export operations due to the closure of the border ports For the kingdom.

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

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

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

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

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

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

As of June 30, 2022, the group studied the macroeconomic impact of Covid-19 according to the information available at the time. As amendments were made to the classification of the stages of borrowers of specific sectors (companies and individuals) that were more exposed to the Covid-19 epidemic, such as the tourism sector, the restaurant sector, the transport sector, the car trade, car parts and some industrial sectors, which led to an increase in the expected credit losses for the period.

The Central Bank has extended the postponement of outstanding loan installments affected by the Corona pandemic until the end of 2021 and then to the end of June 2022, and the administration will continue to assess the impact of this pandemic and re-evaluate making some adjustments to the expected credit losses model.

Although it was difficult to determine the impact of covid-19 at the time, and to assess the significant increase in credit risk (SICR), the bank considered the potential impact based on the best available information as well as the economic support and relief measures provided by the Central Bank of Jordan.

The Bank realized that the impact was mainly on business operations (disruptions in supply operations and cash flows) for customers who mainly depend on export and/or import without diversifying their revenue sources, suppliers, customers and the region, as well as those with limited experience or weaknesses in management and performance In such circumstances; Changes in the operating environment, poor liquidity, and inventory management, in addition to categorizing them within the degrees of high risk and the presence of weakness in their financial position. Moreover, some economic sectors were directly affected, for example mainly; Transportation, tourism, hotels, restaurants, entertainment, commerce.

Accordingly, the retail sector has been affected by the loss of all or part of its periodic income which the bank considers a source of repayment.

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.

(4) Cash and Balances with Central Banks

	30 June 2022	31 December 2021
	JD	JD
	(Reviewed not audited)	(Audited)
Cash on hand	112,607,427	108,130,727
Cash and Balances at Central Banks	117,084,639	55,809,231
Time and notice deposit	157,000,000	100,500,000
Statutory cash reserve	216,258,680	161,400,174
Cash & Balances with Central Banks	**602,950,746**	**425,840,132**

- Statutory cash reserve amounted to JD 188,121,160 as at 30 June 2022 against JD 111,264,017 as at 31 December 2021 which are not eliminated for cash and cash equivalents in the consolidated statement of cash flows.

- There are no due balances during the period exceeding three months as at 30 June 2022 and 31 December 2021.

- The statutory reserves held at the Central Bank of Iraq amounting to JD 28,137,520 as at 30 June 2022 against 50,136,157 as at 31 December 2021 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 30 June 2022 and 31 December 2021 according to IFRS 9.

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

30 June 2022 (Reviewed not audited)

	Stage One	Stage Two	Stage Three	Total
Balance at 1 January 2022	425,840,132	-	-	425,840,132
Add: new balances during the period	151,209,809	-	-	151,209,809
Settled balances	(370,026,841)	-	-	(370,026,841)
Additions due to acquisition (Note 36-B)	395,927,646	-	-	395,927,646
Total balance	**602,950,746**	**-**	**-**	**602,950,746**

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

Disclosure of the company receiving the provision for expected credit losses, cash and balances with central banks:

30 June 2022 (Reviewed not audited)

	Stage One	Stage Two	Stage Three	Total
Balance at 1 January 2022	-	-	-	-
Add: new balances during the period	-	-	-	-
Settled balances	-	-	-	-
Total balance	**-**	**-**	**-**	**-**

31 December 2021 (Audited)	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2021	-	-	-	-
Add: new balances during the period	-	-	-	-
Settled balances	-	-	-	-
Total balance	**-**	**-**	**-**	**-**

(5) Balances at banks and financial institutions

	30 June 2022	31 December 2021
	JD	JD
Cash and balances at banks and financial institutions	(Reviewed not audited)	(Audited)
Current Account	182,866,135	225,917,549
Short term deposits (less than 3 months)	59,686,235	86,698,202
Total	**242,552,370**	**312,615,751**
Less: Expected credit losses	(189,428)	(69,020)
Total Balances at Banks & Financial Institutes	**242,362,942**	**312,546,731**

- Non-interest bearing balances at banks and financial institutions amounted to JD 182,866,136 as at 30 June 2022 against JD241,952,999 as at 31 December 2021.

- Restricted balances amounted to JD 3,346,558 as at 30 June 2022 against JD 6,319,823 as at 31 December 2021.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 2022(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 2022	312,529,147	17,584	69,020	-	312,615,751
Add: new balances during the year / Additions	8,054,982	13,792	6,707	-	8,075,481
Settled balances	(113,508,805)	(2,095)	(71)	-	(113,510,971)
Additions due to acquisition (Note 36-B)	35,357,778	-	-	-	35,357,778
Transfer to the first stage during the year	22,263,384	(22,263,384)	-	-	-
Total balance	**264,696,486**	**(22,234,103)**	**75,656**	**-**	**242,538,039**

31 December 2021 (Audited)	Stage one	Stage two	Stage three	Purchased originated credit-impaired (POCI)	Total
Balance as at 1 January 2021	142,516,324	20,806	69,091	-	142,606,221
Add: new balances during the year / Additions	187,320,800	-	-	-	187,320,800
Settled balances	(17,307,977)	(3,222)	(71)	-	(17,311,270)
Total balance	**312,529,147**	**17,584**	**69,020**	**-**	**312,615,751**

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

30 June 2022(Reviewed not audited)	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2022	-	-	69,020	69,020
Impairment loss of direct credit facilities during the period	120,477	-	-	120,477
Recoveries	-	(14,321)	(71)	(14,392)
Total balance	**120,477**	**(14,321)**	**68,949**	**175,105**

31 December 2021 (Audited)	Stage one	Stage Two	Stage Three	Total
Balance as at 1 January 2021	-	-	68,956	68,956
Impairment loss of direct credit facilities during the period	-	-	64	64
Recoveries	(13)	-	-	(13)
Total balance	**(13)**	**-**	**69,020**	**69,007**

Movements of balances with banks and financial institutions related to expected credit loss during the period :-

30 June 2022(Reviewed not 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 period	8,054,982	13,792	6,707	8,075,481
Settled balances	(113,508,805)	(2,095)	(71)	(113,510,971)
Additions due to acquisition (Note 36-B)	13,108,717	22,263,384	-	35,372,101
Transfer from the first stage during the period	22,263,384	(22,263,384)	-	-
Total balance	**242,447,425**	**29,281**	**75,656**	**242,552,362**

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

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

30 June 2022(Reviewed not audited)	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2022	-	-	69,020	69,020
Impairment Losses on deposits during the period	120,477	-	-	120,477
Returns from impairment loss on balances and paid deposits	-	(14,321)	(71)	(14,392)
Additions due to acquisition (Note 36-B)	2	14,321	-	14,323
Total balance	**120,479**	**-**	**68,949**	**189,428**

31 December 2021 (Audited)	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2021	-	-	68,956	68,956
Impairment Losses on deposits during the year	-	-	64	64
Returns from impairment loss on balances and paid deposits	(13)	-	-	(13)
Additions due to acquisition (Note 36-B)	13	-	-	13
Total balance	**-**	**-**	**69,020**	**69,020**

(6) Deposits at banks and financial institutions

The details of this item are as follows:	30 June 2022 (Reviewed not audited) Total	31 December 2021 (Audited) Total
	JD	JD
Deposits maturing More than 3 Months	3,802,059	-
Less: Expected credit loss	(101,306)	-
Total balance	**3,700,753**	-

Disclosure of movement on total deposits with banks and banking institutions:

30 June 2022 (Reviewed not audited)	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2022	-	-	-	-
Add: new balances during the period	1,793,817	-	-	1,793,817
Settled balances	-	(2,000,000)	-	(2,000,000)
Additions due to acquisition (Note 36-B)	2,008,242	2,000,000	-	4,008,242
Total balance	**3,802,059**	-	-	**3,802,059**

31 December 2021 (audited)	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2021	-	-	-	-
Add: new balances during the period	-	-	-	-
Settled balances	-	-	-	-
Total balance	-	-	-	-

Disclosure of the movement on the provision for expected credit losses for deposits with

30 June 2022 (Reviewed not audited)	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2022	-	-	-	-
Add: new balances during the period	93,358	-	-	93,358
Transfer from the first stage during the period	7,938	(7,938)		-
Additions due to acquisition (Note 36-B)	10	7,938		7,948
Total balance	**101,306**	-	-	**101,306**

31 December 2021 (audited)	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2021	-	-	-	-
Add: new balances during the period	-	-	-	-
Settled balances	-	-	-	-
Total balance	-	-	-	-

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

	30 June 2022	31 December 2021
	JD	JD
Publicly listed assets	**(Reviewed not audited)**	**(Audited)**
Governmental Treasury bonds	-	118,364,706
Bonds, Corporate debt securities	6,389,660	6,612,408
Other government bonds	33,376,963	34,725,690
Quoted shares	10,027,567	8,408,284
Total Financial assets at market value (listed)	**49,794,190**	**168,111,088**
Unlisted assets		
Treasury bonds	3,602,129	4,051,655
Governmental debt securities and its guarantee's	-	7,065,800
Unquoted shares	20,866,176	16,128,683
Investment funds	3,531,238	163,070
Total Unlisted Financial Assets at Market Value	**27,999,543**	**27,409,208**
Less: Expected credit loss	(8,663)	(19,458)
Total Financial Assets at Fair Value through Other Comprehensive Income	**77,785,070**	**195,500,838**
Analysis of bonds and bills:		
Fixed Rate	43,360,089	170,800,801
Total	**43,360,089**	**170,800,801**

- The cash dividends amounted to JD 179,237 and it reflects the shares that the bank owns in other companies as at 30 June 2022 against JD 115,084 as at 30 June 2021.

- Realized losses resulted from sales of financial assets at fair value through other comprehensive Income (equity Instruments) amounted to JD 574,152 as at 30 June 2022 against realized gains worth JD 524,252 as at 30 June 2021.

- Realized losses resulted from sales of financial assets at fair value through other comprehensive Income (debt Instruments) amounted to JD 1,542,624 as at 30 June 2022 against realized gains worth JD 21,019 as at 30 June 2021.

- 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 2022 (Reviewed not 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 period	4,045,556	-	-	4,045,556
Settled balances	(131,497,063)	-	-	(131,497,063)
Total balance	**43,368,752**	**-**	**-**	**43,368,752**

31 December 2021 (Audited)	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2021	69,322,025	-	-	69,322,025
Investments during the year	119,557,953	-	-	119,557,953
Settled balances	(25,328,519)	-	-	(25,328,519)
Transferred to pledged financial assets	7,268,800	-	-	7,268,800
Total balance	**170,820,259**	**-**	**-**	**170,820,259**

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

30 June 2022 (Reviewed not 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 through the period	2,452	-	-	2,452
Recoveries from impairment losses on investments	(13,247)	-	-	(13,247)
Total balance	**8,663**	**-**	**-**	**8,663**

31 December 2021 (Audited)	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2021	24,931	-	-	24,931
Impairment losses on investments through the year	19,458	-	-	19,458
Recoveries from impairment losses on investments	(24,931)	-	-	(24,931)
Total balance	**19,458**	**-**	**-**	**19,458**

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

	30 June 2022	31 December 2021
	JD	JD
	(Reviewed not audited)	(Audited)
Loans and Advances	82,883,298	112,529,504
Recovered Facilities	(13,293,750)	(26,587,500)
Changes in Fair Value during the period	-	(3,058,706)
reinstated at amortized cost	(69,589,548)	-
Balance as of period / year end	**-**	**82,883,298**

The group granted a loan of $150,000,000, equivalent to 106,350,000 dinars, with a fixed interest of 5.7%, over a repayment period of five years and a grace period of one year. The loan amount amounted to $116,901,690, equivalent to 82,883,298 dinars, as on June 30, 2022 and December 31 The first 2021. The group decided to hedge against the risk of changes in interest rates in the markets by entering into forward interest contracts with a correspondent bank with similar contractual terms. As a result of this hedge, the Bank designated the loan at fair value through the income statement in line with the classification and measurement of the corresponding hedging instrument.

During the month of June, the Bank canceled the forward interest contract against the above loan, and accordingly the loan was reclassified from the amortized cost portfolio.

(9) Direct Credit Facilities - Amortized cost

	30 June 2022	31 December 2021
	JD	JD
	(Reviewed not audited)	(Audited)
Retail customers		
Overdrafts	19,979,411	12,700,164
Loans and bills *	679,472,718	527,671,246
Credit cards	22,970,456	14,320,677
Real estate Mortgages	375,476,646	209,579,908
Corporate Lending		
Overdrafts	236,411,241	115,830,740
Loans and bills *	1,509,573,999	949,933,362
Small and medium enterprises “SMEs” facilities		
Overdrafts	31,503,095	21,847,513
Loans and bills *	296,381,482	216,149,725
Government and public sector lending	249,343,781	119,021,813
Total	**3,421,112,829**	**2,187,055,148**
Less: Suspended interest	71,930,985	35,353,857
Less: Expected Credit Loss / Impairment	187,799,055	120,553,953
Net direct credit facilities	**3,161,382,789**	**2,031,147,338**

* Net of interest and commissions received in advance amounted to JD 4,978,926 as at 30 June 2022 against JD 1,436,856 as at 31 December 2021.

- Non-performing credit facilities amounted to JD 251,345,022 as at 30 June 2022 against JD 146,875,815 as at 31 December 2021 which represents 7.35 % of total direct credit facilities as at 30 June 2022 against 6.72% as at 31 December 2021.

- Non-performing credit facilities, net of suspended interest, amounted to JD 179,414,037 as at 30 June 2022 against JD 114,004,616 as at 31 December 2021 which represents 5.36 % as at June 2021 against 5.30 % as at 31 December 2021 of total direct credit facilities after excluding the suspended interest.

- The credit facilities granted or guaranteed by the government as of 30 June 2022 amount JD 182,377,554 against JD 48,718,754 31 December 2021.

- 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 during the period:-

30 June 2022 (Reviewed not 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 period / Additions*	1,038,930,244	30,394,740	5,834,792	1,075,159,776
Recoveries from impairment losses	(427,511,548)	(183,464,146)	(7,167,590)	(618,143,284)
Transfer (from) to the first stage during the period - net	50,685,594	(49,593,241)	(1,092,353)	-
Transfer (from) to second stage during the period - net	(146,166,287)	150,540,426	(4,374,139)	-
Transferred (from) to the third stage during the period - net	(16,840,902)	(22,117,118)	38,958,020	-
Additions due to acquisition (Note 36-B)	482,949,832	209,114,480	84,976,877	777,041,189
Total balance	**2,783,242,078**	**337,765,364**	**300,105,387**	**3,421,112,829**

31 December 2021 (Audited)	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2021	1,113,255,381	178,262,154	101,849,349	1,393,366,884
Add: new balances during the period / Additions*	818,277,227	53,988,756	10,109,326	882,375,309
Recoveries from impairment losses	(288,834,920)	(70,198,232)	(37,010,043)	(396,043,195)
Transfer (from) to the first stage during the period - net	36,792,471	(35,303,178)	(1,489,293)	-
Transfer (from) to second stage during the period - net	(39,998,435)	40,813,131	(814,696)	-
Transferred (from) to the third stage during the period - net	(3,825,686)	(31,009,919)	34,835,605	-
Additions due to acquisition (Note 36-A)	165,529,107	66,629,025	93,110,273	325,268,405
Written off balances	-	(291,514)	(17,620,741)	(17,912,255)
Total balance	**1,801,195,145**	**202,890,223**	**182,969,780**	**2,187,055,148**

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

The cumulative movement of the provision for impairment losses of direct credit facilities according Stages during the period:-

30 June 2022 (Reviewed not 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 period	5,956,844	5,270,709	22,950,924	34,178,477
Recoveries from impairment losses	(6,805,701)	(11,298,991)	(14,454,781)	(32,559,473)
Transfer (from) to the first stage during the period - net	724,177	(720,115)	(4,062)	-
Transfer (from) to second stage during the period - net	(2,830,840)	2,830,840	-	-
Transferred (from) to the third stage during the period - net	(167,397)	(26,896)	194,293	-
Additions due to acquisition (Note 36-B)	10,269,798	17,121,918	38,234,382	65,626,098
Total balance	**18,863,918**	**21,267,025**	**147,668,112**	**187,799,055**

31 December 2021 (Audited)	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2021	5,868,144	9,803,637	51,298,352	66,970,133
Impairment loss of direct credit facilities during the year	8,883,472	3,721,418	39,889,560	52,494,450
Recoveries from impairment losses	(6,130,508)	(9,135,110)	(16,719,230)	(31,984,848)
Transfer (from) to the first stage during the year	378,392	(378,392)	-	-
Transfer (from) to second stage during the year	(635,107)	684,174	(49,067)	-
Transferred (from) to the third stage during the year	-	(1,080)	1,080	-
Additions due to acquisition (Note 36-A)	3,352,644	3,686,427	37,120,798	44,159,869
Written off balances	-	(291,514)	(10,794,137)	(11,085,651)
Total balance	**11,717,037**	**8,089,560**	**100,747,356**	**120,553,953**

Provision for impairment losses:

The movement of the provision for impairment losses of direct credit facilities during the period:-

30 June 2022 (Reviewed not 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	8,413,194	11,133,385	8,803,571	5,572,263	256,064	34,178,477
Recoveries from impairment losses	(3,308,440)	(5,179,940)	(21,855,878)	(2,215,215)	-	(32,559,473)
Transfer (from) to the first stage	(89,650)	(29,653)	(1,910,432)	(244,326)	-	(2,274,061)
Transfer (from) to second stage	144,982	29,653	1,664,361	244,834	-	2,083,830
Transfer (from) to third stage	(55,332)	-	246,071	(508)	-	190,231
Additions due to acquisition (Note 36-B)	7,209,282	4,264,872	49,031,890	4,941,383	178,671	65,626,098
Total balance	**28,077,517**	**19,190,526**	**113,291,732**	**26,804,545**	**434,735**	**187,799,055**

31 December 2021 (Audited)	**Retail**	**Real estate**	**Corporate**	**SMEs**	**Public and Government Sector**	**Total**
	JD	**JD**	**JD**	**JD**	**JD**	**JD**
Balance at 1 January 2021	6,841,990	7,385,219	40,561,725	12,181,199	-	66,970,133
Impairment loss of direct credit facilities during the year	8,286,341	2,195,524	31,901,493	10,111,092	-	52,494,450
Recoveries from impairment losses	(4,428,459)	(9,142,524)	(14,618,175)	(3,795,690)	-	(31,984,848)
Transfer (from) to the first stage	(32,058)	(238,243)	5,858	7,728	-	(256,715)
Transfer (from) to second stage	53,029	238,243	(6,938)	20,368	-	304,702
Transferred from the third stage	(20,971)	-	1,080	(28,096)	-	(47,987)
Additions due to acquisition (note 36-A)	10,961,928	10,307,238	20,782,190	2,108,513	-	44,159,869
Written off balances	(5,898,319)	(1,773,248)	(1,315,084)	(2,099,000)	-	(11,085,651)
Total balance	**15,763,481**	**8,972,209**	**77,312,149**	**18,506,114**	**-**	**120,553,953**

Direct credit facilities - Cummulitive

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

Direct credit facilities at amortized cost - Cumulative

30 June 2022 (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 2022	1,860,785,099	136,261,198	112,467,789	21,108,055	2,130,622,141
Add: new balances during the year / Additions	1,038,930,244	30,394,740	5,834,792	2,459,487	1,077,619,263
Settled balances	(479,416,534)	(183,464,146)	(7,167,590)	-	(670,048,270)
Transfer to the first stage during the year	50,685,594	(49,593,241)	(1,092,353)	-	-
Transfer to second stage during the year	(146,166,287)	150,540,426	(4,374,139)	-	-
Transferred to the third stage during the year	(16,840,902)	(22,117,118)	38,958,020	-	-
Changes until the end of 2021	69,453,401	-	-	(4,718,176)	64,735,225
Additions due to acquisition (Note 36-B)	664,672,596	-	-	14,352,635	679,025,231
Total balance	**3,042,103,211**	**62,021,859**	**144,626,519**	**33,202,001**	**3,281,953,590**

31 December 2021 (Audited)	Stage one	Stage two	Stage three	Purchased originated credit-impaired (POCI)	Total
Balance as at 1 January 2021	1,113,255,381	178,262,154	101,849,349	-	1,393,366,884
Add: new balances during the year / Additions	818,277,227	53,988,756	21,398,858	-	893,664,841
Settled balances	(288,834,920)	(70,198,232)	(25,691,293)	-	(384,724,445)
Transfer to the first stage during the year	36,792,471	(35,303,178)	(1,489,293)	-	-
Transfer to second stage during the year	(39,998,435)	40,813,131	(814,696)	-	-
Transferred to the third stage during the year	(3,825,686)	(31,009,919)	34,835,605	-	-
Additions due to acquisition (Note 36-A)	225,119,061	-	-	21,108,055	246,227,116
Written off balances	-	(291,514)	(17,620,741)	-	(17,912,255)
Total balance	**1,860,785,099**	**136,261,198**	**112,467,789**	**21,108,055**	**2,130,622,141**

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

30 June 2022 (Reviewed not audited)	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2022	8,364,393	4,403,133	63,626,558	76,394,084
Impairment loss of direct credit facilities during the period	5,956,844	5,270,709	18,294,132	29,521,685
Recoveries	(4,650,444)	(2,964,239)	(14,454,781)	(22,069,464)
Transfer from the first stage	724,177	(720,115)	(4,062)	-
Transfer from second stage	(2,830,840)	2,830,840	0	-
Transferred from the third stage	(167,397)	(26,896)	194,293	-
Total balance	**7,396,733**	**8,793,432**	**67,656,140**	**83,846,305**

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

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 2022 (Reviewed not 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 period	608,061	382,291	3,622,039	1,222,401	5,834,792
Interest transferred to income	(315,464)	(337,840)	(897,086)	(97,134)	(1,647,524)
Additions during period of acquisition (Note 36-B)	9,389,554	5,001,528	10,369,423	7,629,355	32,389,860
Total balance	**12,595,149**	**8,881,239**	**35,709,020**	**14,745,577**	**71,930,985**
31 December 2021 (Audited)					
Balance at 1 January 2021	3,287,310	3,222,152	11,655,538	5,272,800	23,437,800
Suspended interest during the year	774,347	1,239,713	6,004,802	2,090,464	10,109,326
Interest transferred to income	(455,753)	(802,919)	(1,518,231)	(862,901)	(3,639,804)
Additions during period of acquisition (Note 36-A)	1,939,300	1,937,994	7,068,909	1,326,935	12,273,138
Amounts written off	(2,632,206)	(1,761,680)	(596,374)	(1,836,343)	(6,826,603)
Total balance	**2,912,998**	**3,835,260**	**22,614,644**	**5,990,955**	**35,353,857**

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

	Inside Jordan	Outside Jordan	30 June 2022	31 December 2021
	JD	JD	JD	JD
	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)	(Audited)
Financial	83,681,500	-	83,681,500	58,406,982
Industrial	519,937,822	45,284,956	565,222,778	279,971,144
Commercial	521,608,817	114,566,599	636,175,416	406,504,092
Real estate and Construction	573,608,989	34,662,280	608,271,269	412,910,994
Tourism and hotels	75,454,013	-	75,454,013	65,671,216
Agriculture	36,320,597	22,749,613	59,070,210	44,147,849
Shares	116,111,160	-	116,111,160	79,934,579
Services utilities and public	159,429,124	13,911,277	173,340,401	91,835,527
Transportation services (including air transportation)	85,600,512	-	85,600,512	72,261,686
Government and public sector	249,343,781	-	249,343,781	119,021,813
Retail	488,425,498	258,051,922	746,477,420	530,808,728
Other	22,364,369	-	22,364,369	25,580,538
Total	**2,931,886,182**	**489,226,647**	**3,421,112,829**	**2,187,055,148**

(10) Financial Assets At Amortized Cost

	30 June 2022	31 December 2021
	JD	JD
	(Reviewed not audited)	(Audited)
Treasury bonds	312,107,024	168,405,903
Governmental debt securities	915,859,232	742,326,091
Governmental debt securities and its guarantee	308,074,564	44,442,157
Bonds, Corporate debt securities	11,290,500	8,890,500
Other government bonds	43,790,016	24,663,998
Total financial assets	**1,591,121,336**	**988,728,649**
Less: Impairment allowance and expected credit losses	(3,293,932)	(1,707,230)
Total Financial assets at amortized cost	**1,587,827,404**	**987,021,419**
Analysis of bonds and bills:		
Fixed Rate	1,579,830,836	979,838,149
Floating rate	7,996,568	7,183,270
Total	**1,587,827,404**	**987,021,419**

Financial Assets At Amortized Cost

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

30 June 2022 (Reviewed not 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 period	895,227,398	-	-	895,227,398
Settled balances	(210,751,447)	-	-	(210,751,447)
Transferred to Pledged Assets	(286,448,147)	-	-	(286,448,147)
Additions due to acquisition (Note 36-B)	201,964,884	-	2,400,000	204,364,884
Total balance	**1,583,021,337**	**-**	**8,100,000**	**1,591,121,337**

31 December 2021 (Audited)	**Stage One**	**Stage Two**	**Stage Three**	**Total**
	JD	**JD**	**JD**	**JD**
Balance at 1 January 2021	558,724,486	5,200,000	500,000	564,424,486
New balances during the year	365,560,996	-	-	365,560,996
Settled balances	(121,786,057)	-	-	(121,786,057)
Transferred to the second stage during the period	-	(5,200,000)	5,200,000	-
Additions due to acquisition (Note 36-A)	155,198,403	-	-	155,198,403
Transferred from Pledged Assets	25,330,821	-	-	25,330,821
Total balance	**983,028,649**	**-**	**5,700,000**	**988,728,649**

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

30 June 2022 (Reviewed not 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 throughout the period	-	-	-	-
Recoveries from impairment	(13,298)	-	-	(13,298)
Additions due to acquisition (Note 36-B)	-	-	1,600,000	1,600,000
Total balance	**13,264**	**-**	**3,280,668**	**3,293,932**

31 December 2021 (Audited)	**Stage One**	**Stage Two**	**Stage Three**	**Total**
	JD	**JD**	**JD**	**JD**
Balance at 1 January 2021	8,652	31,377	500,000	540,029
Impairment losses on investments throughout the year	25,131	-	1,149,291	1,174,422
Recoveries from impairment	(7,221)	-	-	(7,221)
Transferred from the third stage during the period	-	(31,377)	31,377	-
Total balance	**26,562**	**-**	**1,680,668**	**1,707,230**

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 2022 (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 2022	983,028,649	-	5,700,000	-	988,728,649
New investments during the period	895,227,398	-	-	-	895,227,398
Settled balances	(210,751,447)	-	-	-	210,751,447-
converted into pledged financial assets (note 11)	(286,448,147)	-	-	-	286,448,147-
Additions due to acquisition (Note 36-B)	201,964,884	-	-	800,000	202,764,884
Total balance	**1,583,021,337**	**-**	**5,700,000**	**800,000**	**1,589,521,337**
31 December 2021 (Audited)					
Balance as at 1 January 2021	558,724,486	5,200,000	500,000	-	564,424,486
Add: new balances during the year / Additions	365,560,996	-	-	-	365,560,996
Settled balances	(121,786,057)	-	-	-	(121,786,057)
Transferred to the third stage during the year	0	(5,200,000)	5,200,000	-	-
Additions due to acquisition (Note 36-A)	155,198,403	-	-	-	155,198,403
converted into pledged financial assets (note 11)	25,330,821.0	-	-	-	25,330,821
Total balance	**983,028,649**	**-**	**5,700,000**	**-**	**988,728,649**

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 2022 (Reviewed not audited)	**Stage one**	**Stage Two**	**Stage Three**	**Total**
	JD	**JD**	**JD**	**JD**
Balance as at 1 January 2022	26,562	-	1,680,668	1,707,230
Recoveries from impairment loss on outstanding	(13,298)	-	-	(13,298)
Total balance	**13,264**	**-**	**1,680,668**	**1,693,932**
31 December 2021 (Audited)				
Balance as at 1 January 2021	8,652	31,377	500,000	540,029
Impairment loss of direct credit facilities during the period	25,131	-	1,149,291	1,174,422
Recoveries	(7,221)	-	-	(7,221)
Transferred from the third stage	-	(31,377)	31,377	-
Written off balances				-
Total balance	**26,562**	**-**	**1,680,668**	**1,707,230**

(11) Financial Assets Pledged as Collateral

	30 June 2022 (Reviewed not audited) JD		31 December 2021 (Audited) JD	
	Pledged financial assets (Note 15)	Associated financial liabilities(Note 13,14)	Pledged financial assets	Associated financial liabilities(Note 13,14)
Financial assets at amortized cost (Jordanian Government Bonds)	54,791,935	54,843,131	-	-
Financial assets at amortized cost (Jordanian Government Bonds)	231,656,212	174,650,000	-	-
Total	**286,448,147**	**229,493,131**	**-**	**-**

- These bonds were pledged as on June 30, 2022 against the money borrowed from the Central Bank in a repurchase agreement and deposits belonging to the Social Security Corporation.

30 June 2022 (Reviewed not audited)	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2022	-	-	-	-
Settled balances	(29,574,974)	-	-	(29,574,974)
Transferred from financial assets at amortized cost (note	26,199,990	-	-	26,199,990
Additions due to acquisition (Note 36-B)	289,823,131	-	-	289,823,131
Total balance	**286,448,147**	**-**	**-**	**286,448,147**

31 December 2021 (Audited)	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2021	32,599,621	-	-	32,599,621
Transferred from financial assets at amortized cost (note	(25,330,821)	-	-	(25,330,821)
converted into financial assets at fair value through other comprehensive income (Note No. 7)	(7,268,800)	-	-	(7,268,800)
Total balance	**-**	**-**	**-**	**-**

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.

(12) Other Assets

This item consists of the following:

	30 June 2022 JD (Reviewed not audited)	31 December 2021 JD (Audited)
Accrued interest and revenue	45,561,914	33,537,922
Prepaid expenses	15,973,817	8,786,222
Collaterals seized by the bank against matured debts* - net	77,813,037	65,786,298
Purchased banks acceptances at amortized cost- net	31,997,851	26,050,501
Other assets seized **	2,198,817	2,447,869
Assets / derivatives unrealized gain	224,078	220,412
Refundable deposits	6,658,420	4,230,067
Receivables in return for Issued capital shares	131,200,000	-
Others - net*	15,152,389	8,553,364
Total	**326,780,323**	**149,612,655**

-

* 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. 10/1/4076 , a provision should be calculated for real estate seized for a period longer than four years.

** This item represents the value of the shares acquired in settlement of debts

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

	30 June 2022 (Reviewed not audited)		31 December 2021 (Audited)	
	seized assets	other seized assets	seized assets	other seized assets
Balance at the beginning of the period	65,786,298	2,447,869	59,040,733	-
Additions during the period / year	3,001,167	-	23,210,697	2,447,869
Additions during the period / year due to acquisition(s)	12,343,519	-	2,719,517	-
Retirements during the period / year	(3,047,740)	(249,052)	(19,252,065)	-
Impairment losses during the period / year	-	-	107,531	-
(Return from) Provision for real estate expropriated during the period/year	(270,207)	-	-40,115	-
Balance at the end of the period	77,813,037	2,198,817	65,786,298	2,447,869

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

30 June 2022 (Reviewed not 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 period	6,249,380	-	-	6,249,380
Settled balances	(163,194)	(70,274)	-	(233,468)
Transfer from the first stage during the period	23,974	(23,974)	-	-
Total balance	**32,154,080**	**-**	**-**	**32,154,080**

31 December 2021 (Audited)	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2021	34,421,014	148,595	-	34,569,609
New balances during the year	192,310	-	-	192,310
Settled balances	(8,569,404)	(54,347)	-	(8,623,751)
Total balance	**26,043,920**	**94,248**	**-**	**26,138,168**

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

30 June 2022 (Reviewed not audited)	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2022	84,704	2,964	-	87,668
Impairment loss of direct credit facilities during the period	70,919	-	-	70,919
Recoveries from impairment	(320)	(2,038)	-	(2,358)
Transfer from the first stage during the period	926	(926)		-
Total balance	**156,229**	**-**	**-**	**156,229**

31 December 2021 (Audited)	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2021	112,298	4,672	-	116,970
Add: new balances during the year	364	-	-	364
Settled balances	(27,958)	(1,708)	-	(29,666)
Total balance	**84,704**	**2,964**	**-**	**87,668**

(13) Customers' Deposits

This item consists of the following:

30 June 2022 (Reviewed not audited)	Retail	Corporate	SMEs	Government and public Sectors	Total
	JD	JD	JD	JD	JD
Current and demand deposits	275,191,487	496,266,128	136,946,387	78,599,563	987,003,565
Saving accounts	332,346,756	4,101,430	2,069,991	13,702	338,531,879
Time and notice deposits	1,497,560,196	736,504,193	144,900,257	637,958,884	3,016,923,530
Certificates of deposit	22,646,944	2,428,082	15,000	-	25,090,026
Total balance	**2,127,745,383**	**1,239,299,833**	**283,931,635**	**716,572,149**	**4,367,549,000**

31 December 2021 (Audited)	Retail	Corporate	SMEs	Government and public Sectors	Total
	JD	JD	JD	JD	JD
Current and demand deposits	258,460,635	455,541,790	100,313,719	24,554,919	838,871,063
Saving accounts	193,361,382	3,204,858	817,302	-	197,383,542
Time and notice deposits	1,070,484,079	465,759,604	72,923,539	110,142,312	1,719,309,534
Certificates of deposit	15,243,139	-	-	-	15,243,139
Total balance	**1,537,549,235**	**924,506,252**	**174,054,560**	**134,697,231**	**2,770,807,278**

- The deposits of government and general public sector inside Jordan amounted to JD 707,904,817 representing 16.21 % of the total deposits as at 30 June 2022 against JD 120,370,733 representing 4.34% as at 31 December 2021.
- Deposits from the Iraqi government and public sector amounted to 8,667,332 dinars, or 0.20% of total deposits, as of June 30, 2022, against 14,326,498, or 0.52%, as of December 31, 2021.
- The value of non-interest-bearing deposits amounted to 1,121,637.392 dinars, or 25.68% of the total deposits as on June 30, 2022, compared to the amount of 817,208,987 dinars, or 29.49% of the total deposits as on December 31, 2021.

- Deposits without interest amounted to JD 1,121,637,392, or 25.68% of total deposits as of June 30, 2022, compared to JD 817,208,987, or 29.49% of total deposits as of December 31, 2021.
- Reserved deposits (restricted withdrawals) as at 30 June 2022 amounted to JD 2,042,894 and JD 5,751,775 as at 31 December 2021.
- Dormant deposits amounted to JD 16,351,375 as at 30 June 2022 against JD 8,414,661 as at 31 December 2021.
- Fixed deposits include an amount of 174,650,000 dinars as on June 30, 2022 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 June 30, 2022, through the natural growth of the business as well as the impact of the merger and acquisition of Societe generale Bank jordan.

(14) Loans and Borrowings

The details are as follows :

30 June 2022 (Reviewed not audited)	Amount	Number of Installments		Frequency of Instalments	Collaterals	Interest rate	Re-financed Interest rate
		Total	Outstanding				
	JD	JD	JD		JD	%	
Amounts borrowed from central banks	309,740,301	23,876	15,935	Monthly, semi annual, and upon maturity	54,791,935	0.00% - 3.00%	1.40% - 5.10%
Amounts borrowed from local banks and financial institutions	95,587,661	7	7	One payment	-	4.40% - 7.00%	4.50% - 11.02%
Amounts borrowed from foreign banks and financial institutions	289,688,887	96	84	Monthly, semi annual, and upon maturity	-	1.45% - 9.51%	1.80% -10.00%
Total balance	**695,016,849**				**54,791,935**		

31 December 2021 (Audited)	Amount	Number of Installments		Frequency of Instalments	Collaterals	Interest rate	Re-financed Interest rate
		Total	Outstanding				
	JD	JD	JD		JD	%	
Amounts borrowed from central banks	207,545,080	21,034	15,896	Monthly, semi annual, and upon maturitv	-	0.00٪ - 4.00٪	3.75٪ - 4.75٪
Amounts borrowed from local banks and financial institutions	60,000,000	7	7	One payment	-	4.30٪ - 7.00٪	4.50٪ - 12.40٪
Amounts borrowed from foreign banks and financial institutions	146,720,702	75	66	Monthly, semi annual, and upon maturity	-	1.00٪ - 2.79٪	3.87٪ - 12.00٪
Total balance	**414,265,782**				**-**		

• Borrowed money from Central Banks includes JD 305,526,494 that represents amounts borrowed to refinance the customers' loans in the medium term financing programs that have been re-borrowed. These loans mature during 2022 - 2038.

• The amounts borrowed from local institutions are all borrowed from the Jordan Mortgagee Refinance Company with a total amount of JD 95 Million. The loans mature during 2022 - 2028.

• Loans bearing fixed - interest rates amounted to JD 691,915,673 and loans bearing floating - interest rates amounted to JD 3,101,176 as at 30 June 2022 against JD 410,970,782 and JD 3,295,000 respectively as at 31 December 2021.

•A borrowing clause from central banks includes 54.843.131 dinars as of June 30, 2022, which represents financial liabilities against mortgaged financial assets, while there are no financial liabilities as of December 31, 2021 (Note 11).

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

(15) Subordinated Loans

30 June 2022 - Reviewed not audited	Amount	Frequency of instalments	Collaterals	Interest Rate
	JD		JD	%
Subordinated Loan	15,172,600	One payment maturing on 15 March 2026	-	7.00%
Total balance	**15,172,600**		-	

31 December 2021 - Audited	Amount	Frequency of instalments	Collaterals	Interest Rate
	JD		JD	%
Subordinated Loan	28,360,000	One payment maturing on 15 March 2026	-	7.00%
Total balance	**28,360,000**		-	

- 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. The bank exercised the right to purchase the previous issue of bonds, amounting to 25 million dollars, on March 1, 2020
- 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.

(16) Income Tax

The movement on income tax liability is as follows:

	30 June 2022	31 December 2021
	JD	JD
	(Reviewed not audited)	(Audited)
Balance at the beginning of the period/year	4,484,833	4,887,737
Income tax paid	(12,760,480)	(7,282,792)
Income tax charge for the year	7,242,489	6,604,273
Income tax on other comprehensive income	-	(31,712)
Income tax charge for previous years	-	307,327
Addition due to Acquisition (Note 36-B)	5,398,376	-
Balance at the end of the period/year	**4,365,218**	**4,484,833**

Income tax expense presented in interim condensed consolidated income statement:

	30 June 2022	31 December 2021
	JD	JD
	(Reviewed not audited)	(Audited)
Current income tax charge for the year	6,106,194	5,181,326
Previous years income tax charges	-	305,055
Deferred tax assets for the year	1,889,561	(134,710)
Deferred tax liabilities for the year	(673,550)	(592,091)
	7,322,205	**4,759,580**

- 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 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 Al Mal 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 2021.

A final settlement has been made with the Income and Sales Tax Department regarding Societe Generale Bank of Jordan income tax until the end of 2018.

In the opinion of management and tax advisors, the withholding income tax provision is sufficient to meet the tax obligations as on June 30, 2022.

(17) Sundry Provisions

30 June 2022 (Reviewed not audited)	Balance at the beginning of the year	Provided during the period/year	Utilized during the period/year	Addition due to Acquisition	Transferred to income	Balance at the end of the period/year
	JD	JD	JD	JD	JD	JD
Provision for lawsuits raised against the bank	114,796	680	(340)	-	-	115,136
Other provisions*	2,383,196	-	(519,498)	-	-	1,863,698
Additions during the period due to acquisitions/provsion (Note 36-B)			-	113,196	-	113,196
Total balance	**2,497,992**	**680**	**(519,838)**	**113,196**	**-**	**2,092,030**
31 December 2021 (Audited)						
Provision for lawsuits raised against the bank	102,700	61,700	(49,604)	-	-	114,796
Other provisions*	3,415,781	-	(1,013,087)	-	(19,498)	2,383,196
Total balance	**3,518,481**	**61,700**	**(1,062,691)**	**-**	**(19,498)**	**2,497,992**

* 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 292,806 was collected as of 30 June 2022 compared to JDs 76,973 as of 30 June 2021.

(18) Other Liabilities

This item consists of the following:	30 June 2022 JD (Reviewed not audited)	31 December 2021 JD (Audited)
Accrued interest expense	24,481,669	16,887,671
Accrued expenses	3,520,797	6,904,734
Certified cheques	8,832,576	7,278,415
Cheques payable	3,692,509	2,127,431
Board of directors’ remuneration	37,345	68,334
Brokerage payables	24,608,631	21,526,344
Liabilities / derivatives unrealized gain	1,435,162	1,414,498
Guarantees	453,716	453,716
Others	15,544,132	7,635,179
Total	**82,606,537**	**64,296,322**

(19) Perpetual 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.

(20) Fair value reserve

The movement for this account is as follows:

	Financial assets at fair value through other comprehensive income JD
30 June 2022 (Reviewed not audited)	
Balance at the beginning of the year	813,120
Unrealized gains – financial assets at fair value though OCI	(333,244)
Realized (gain) of debt instruments at fair value through other comprehensive income transferred to income	1,542,623
Unrealized (loss) from equity instruments	(785,362)
Transferred to Retained earnings from the sale of financial assets through other comprehensive income - equity instruments	574,152
Deferred tax assets	(800,277)
Deferred tax liability	(4,650)
Balance at the end of the period	**1,006,362**

31 December 2021 (Reviewed and audited)	31 December 2021 JD (Audited)
Balance at the beginning of the year	3,619,029
Unrealized losses from debt instruments	(4,305,696)
Realized gain(loss) of debt instruments at fair value through other comprehensive income transferred to income	(21,019)
Unrealized gain from equity instruments	1,370,329
Realized gain on sale of equity instruments at fair value through other comprehensive income transferred to retained earnings	(517,889)
Deferred tax assets	1,003,689
Deferred tax liability	(335,323)
Balance at the end of the Year	**813,120**

(21) Retained Earnings

	30 June 2022
	JD
	(Reviewed not audited)
Balance at 1 January 2022	121,913,754
Realized gain from selling financial assets at fair value through other comprehensive income - equity instruments	(574,152)
Expenses for issuing permanent bonds	(445,126)
Interest related to Perputual Bonds	(873,681)
Expenses related to raising capital through Issued capital shares	(1,750,836)
Cash dividends (Note 35)	(30,000,000)
Balance at the end of the year	**88,269,959**

	31 December 2021
	JD
	(Audited)
Balance at 1 January 2020 (as previously stated)	78,096,479
Loss on sale of financial assets through other comprehensive income - equity instruments	517,889
Sale treasury shares of subsidiaries	414,246
Transferred to reserves	(11,928,193)
Distributed dividends	(24,000,000)
Profit at end of year	78,813,333
Balance at the end of the year	**121,913,754**

- Retained earnings include JD 30,854,220 which represents deferred tax assets as at 30 June 2022 against JD 19,350,284 as at 31 December 2021, according to the Central Bank of Jordan's regulations these balances are restricted.
- Retained earnings as at 30 June 2022 and 31 December 2021 amounts to JD 958,330, this amount 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 2022 and 31 December 2021 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.

(22) Interest Income

This item consists of the following:

	30 June 2022	30 June 2021
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Direct Credit Facilities:-		
Retail		
Overdrafts	839,817	787,989
Loans and bills	30,254,988	10,255,711
Credit cards	1,393,909	772,613
Real estate mortgages	7,556,819	5,755,046
Corporate		
Overdrafts	12,175,098	5,915,171
Loans and bills	28,843,768	25,127,531
Small and medium enterprises (SMEs)		
Overdrafts	808,417	661,307
Loans and bills	6,413,031	5,463,290
Government and public sectors	3,588,148	1,967,521
Balances at Jordan Central Bank	1,630,677	
Balances at banks and financial institutions	1,270,400	1,557,761
Loans and advances measured at fair value through statement of income	2,125,892	2,887,846
Pledged financial assets	728,771	490,882
Financial assets at amortized cost	31,296,475	17,749,641
Financial assets at fair value through other comprehensive income	1,892,734	2,481,411
Total	**130,818,944**	**81,873,720**

(23) Interest Expense

The details are as follow:

	30 June 2022	30 June 2021
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Banks and financial institutions deposits	3,244,997	1,973,310
Customers' deposits :		
Current accounts and deposits	2,039,471	1,636,974
Saving deposits	906,630	564,672
Time and notice deposits	46,882,152	24,220,314
Certificates of deposits	523,244	1,109,624
Interest on leased asset obligations	392,499	262,786
Cash Guarantees	1,969,204	921,174
Loans and borrowings	4,230,681	3,861,607
Deposits guarantee fees	2,120,078	1,217,709
Total	**62,308,956**	**35,768,170**

(24) Other Income

The details are as follow:

	30 June 2022 JD (Reviewed not audited)	30 June 2021 JD (Reviewed not audited)
Recovery from written - off debts	470,699	106,964
Loss on Revaluation of Loans at Fair Value	-	(310,188)
Income from Derivatives	31,613	31,030
Others	4,750,252	2,062,899
Total	**5,252,564**	**1,890,705**

(25) Earnings Per Share

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:	**2022**	**2021**	**2022**	**2021**
	(Reviewed not audited)	**(Reviewed not audited)**	**(Reviewed not audited)**	**(Reviewed not audited)**
Profit for the period attributable to Bank's shareholders	18,520,451	7,146,625	57,177,030	63,878,733
Weighted average number of shares during the period	200,000,000	200,000,000	200,000,000	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	**0.093**	**0.036**	**0.286**	**0.319**

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

(26) Cash and Cash Equivalents

The details are as follow:

	For the 6 months ended 30 June	
	2022	**2021**
	JD	**JD**
	(Reviewed not audited)	**(Reviewed not audited)**
Cash and balances with central banks maturing within 3 months	574,813,226	216,074,695
Add: Balances at banks and financial institutions maturing within 3 months	242,362,942	218,220,343
Less: Banks and financial institutions' deposits maturing within 3 months	(235,261,628)	(257,759,105)
Less: Restricted cash balances	(3,346,557)	(6,106,909)
	578,567,983	**170,429,024**

(27) Related Parties Transactions

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

	Ownership		**Paid in capital**	
	30 June 2022	**31 December 2020**	**30 June 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 Investments (DIFC)	100%	100%	177,250	177,250
Societe Generale Jordan Bank	99.95 ٪	0.00%	138,290,092	-

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

	Related party				Total	
	BOD members	**Executive management**	**Subsidiaries**	**Major Shareholders**	**30 June 2022**	**31 December 2021**
	JD	**JD**	**JD**	**JD**	**JD (Reviewed not audited)**	**JD (Audited)**
Statement of financial position items:						
Bank deposits with related parties	-	-	68,390,840	-	68,390,840	40,867,382
Bank deposits	127,234,648	1,033,694	11,826,398	2,313	140,097,053	115,028,831
Margin accounts	252,130	1,500	112,288,080	-	112,541,710	113,895,229
Direct credit facilities	31,118,979	1,267,151	845	8,899	32,395,874	26,694,812
Off-balance sheet items:						
Indirect credit facilities	5,956,691	1,000	68,659,766	-	74,617,457	86,377,711
Credit losses for the first stage	501,533	361	119,514	33	621,441	541,180
Credit losses for the second stage	239	-	-	-	239	-
					For the 6 months ended 30 June	
					2022	**2021**
					(Reviewed not audited)	**(Reviewed not audited)**
Statement of income items:					**JD**	**JD**
Interest and commission income	908,653	32,000	1,814,793	8	**2,755,454**	**4,789,284**
Interest and commission expense	2,527,281	12,938	621,899	-	**3,162,118**	**2,168,361**

- Interest rates on credit facilities in Jordanian Dinar range between 2.00% - 9.95%.
- Interest rates on credit facilities in foreign currency range between 6.50% - 6.50%.
- Interest rates on deposits in Jordanian Dinar range between 3.125% - 4.50%.
- Interest rates on deposits in foreign currency between 2.00% - 2.00%.

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

	For the 6 months ended 30 June	
	2022	**2021**
	JD (Reviewed not audited)	**JD (Reviewed not audited)**
Benefits (Salaries, wages, and bonuses) of executive management for the Bank and it's subsidiaries	2,791,656	2,962,735
Total	**2,791,656**	**2,962,735**

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

(28) Capital Management

The Bank maintains an appropriate paid in capital in order to meet its operational risk, and it regularly monitors its capital adequacy in accordance with BASEL to comply with the Central Bank of Jordan's regulations.

According to Central Bank of Jordan regulations (52/2010), the minimum paid in capital of Jordanian banks should be JD 100 million before the end of 2011 and the capital for the foreign banks in Jordan should not be less than half of the capital for the Jordanian banks in accordance to article (12) and article (8) from the Law and Banks number (28) for the year 2000 and its adjustments. In addition, the regulation requires a minimum leverage ratio of 4% 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%.

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 refers to the Bank's core capital, and consists of:

- Common Equity Tier 1 (CET1) which includes the following: (paid in capital, retained earnings, statutory and voluntary reserves, cumulative change in fair value, foreign currency translation adjustment, minority interest (recognizable under CET1)), it also includes the following deductions (year/period losses, goodwill and intangible assets, deferred tax assets, treasury stocks, shortage in required provisions, shortages in tier 2 capital, restricted balances, gross insignificant investments (<10%) and significant investments (>10%) in other banks, financial institutions, insurance companies and unconsolidated subsidiaries.

- Additional Tier 1 (AT1), Additional Tier 1 capital consists of the sum of the following elements:
(convertible bonds, preferred stocks, financial instruments issued by the bank and holds the characteristics of additional capital, minority interest (recognizable under AT1), it also includes the following deductions (gross insignificant investments (<10%) and significant investments (>10%) in other banks, financial institutions, insurance companies, and unconsolidated subsidiaries.

2- Tier 2 capital, which is the supplementary capital, consists of the following elements; subordinated debt, 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 2022	31 December 2021
	JD (Reviewed not audited)	JD (Audited)
Primary capital-		
Issued and paid in capital	200,000,000	200,000,000
Issued capital shares	131,200,000	-
Statutory reserves	56,114,618	56,114,618
Additional paid in capital	709,472	709,472
Retained Earnings	87,311,629	120,955,424
Income for the period	57,177,030	-
Accumulated changes at fair value	1,006,362	813,120
Foreign Currency translation reserve	(16,540,837)	(16,540,837)
Non-controlling interest	34,387,202	29,587,673
perpetual Bonds	70,900,000	-
Proposed dividends	(15,000,000)	(30,000,000)
Less-		
Intangible assets	41,367,992	30,502,672
Deferred tax assets	28,974,194	17,391,310
Investments in banks and other financial companies capital	56,948	86,851
Total Primary capital	**536,866,342**	**343,658,637**
Supplementary Capital		
Exposures included in stage one	24,639,502	16,356,209
Reserve for evaluation of financial assets	-	1,947,324
Minority rights to be recognized	2,093,270	22,688,000
Subordinated loans	9,103,560	22,688,000
Total Supplementary Capital	35,836,333	40,991,533
Net Supplementary Capital Tier 2	35,836,333	40,991,533
Total Regulatory Capital	**572,702,675**	**384,650,170**
Total Risk weighted assets	**3,621,168,161**	**2,384,560,903**
Capital adequacy (%)	**15.82%**	**14.87%**
Primary Capital (%)	**14.83%**	**13.15%**

(29) 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 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 credit facilities	(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					25,584,299	**25,584,299**
Profit before tax						**67,507,560**
Income tax						**(7,322,205)**
Net income for the period						**60,185,355**
Other information						
Segmental assets	1,029,154,800	2,132,227,989	-	2,801,075,063	522,170,905	**6,484,628,757**
Segmental liabilities	2,127,745,383	2,662,530,567	-	958,773,743	114,928,377	**5,863,978,070**
Capital expenditure						**24,558,940**
Depreciation and amortization						**6,819,917**

	Retail Banking	Corporate Banking	Corporate Finance	Treasury	Other	Total 30 June 2021
	JD	JD	JD	JD	JD	JD (Reviewed not audited)
Total revenue	20,828,087	46,506,507	13,545	31,763,407	4,463,598	**103,575,144**
Credit impairment losses on direct credit facilities	8,375,879	(18,346,606)	-	(1,153,834)	(14,721)	**(11,139,282)**
Segment results	15,120,495	8,711,298	13,545	26,564,030	4,186,091	**54,595,459**
Unallocated expenses						**(32,185,260)**
Additions due to acquisition					25,376,518	**25,376,518**
Profit before tax						**47,786,717**
Income tax						**(4,759,580)**
Net income for the period						**43,027,137**
Other information						
Segmental assets	733,030,371	1,381,000,265	-	1,920,909,120	276,365,659	**4,311,305,415**
Segmental liabilities	1,537,549,236	1,466,921,806	-	823,770,071	90,913,666	**3,919,154,779**

	30 June 2021
	JD (Reviewed not audited)
Capital expenditure	**5,436,025**
Depreciation and amortization	**4,142,362**

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

	30 June 2022	31 December 2021
	JD	JD
	(Reviewed not audited)	(Audited)
Letters of credit	156,117,082	138,291,603
Confirmed Export Letters of credit	20,078,938	14,832,594
Acceptances	151,789,871	91,726,111
Letters of guarantee:-		
- Payments	103,625,565	63,306,201
- Performance	148,573,147	109,081,557
- Others	85,758,903	80,968,841
Foreign currency forward*	107,822,091	296,545,718
Interest forward*	-	79,762,500
Unutilized direct credit limits	341,932,916	281,161,365
Total	1,115,698,513	1,155,676,490
Less: expected credit loss	(9,577,337)	(4,889,017)
Net Credit Liabilities and commitments	**1,106,121,176**	**1,150,787,473**

* 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 2022 (Reviewed not Audited)	**First stage**	**Second stage**	**Third stage**	**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 period	382,715,837	2,001,042	769,673	385,486,552
Settled balances	(342,347,531)	(2,827,537)	(134,586)	(345,309,654)
Transfer (from) to the first stage during the period	2,470,849	(2,394,849)	(76,000)	-
Transfer (from) to the second stage during the period	(694,130)	766,014	(71,884)	-
Transfer (from) to the third stage during the period	(46,449)	(696,974)	743,423	-
Additions due to acquisition (Note 30)	182,385,542	5,345,979	599,731	188,331,252
Total balance	**986,008,348**	**13,296,885**	**8,571,189**	**1,007,876,422**

31 December 2021 (Audited)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	JD	**JD**	**JD**	**JD**
Balance at 1 January 2021	415,763,941	13,604,120	5,303,916	434,671,977
Add: new balances during the year	511,392,420	4,051,940	340,492	515,784,852
Settled balances	(424,810,007)	(15,194,411)	(3,197,855)	(443,202,273)
Transfer (from) to the first stage during the year	414,414	(414,414)	-	-
Transfer (from) to the second stage during the year	(2,714,939)	2,724,939	(10,000)	-
Transfer (from) to the third stage during the year	(835,901)	(3,137,418)	3,973,319	-
Additions due to acquisition (Note 30)	262,314,302	9,468,454	330,960	272,113,716
Total balance	**761,524,230**	**11,103,210**	**6,740,832**	**779,368,272**

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

30 June 2022 (Reviewed not Audited)	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Balance at 1 January 2021	4,508,449	371,637	8,931	4,889,017
Impairment loss of indirect credit facilities during the period	2,951,660	1,364,316	2,148,978	6,464,954
recovered of Impairment loss for matured exposures	(2,466,876)	(442,644)	(97,993)	(3,007,513)
Transfer (from) to the first stage during the period	171,076	(171,076)	-	-
Transfer (from) to the second stage during the period	(14,244)	15,226	(982)	-
Transfer (from) to the third stage during the period	(72,436)	-	72,436	-
Additions due to acquisition (Note 30)	298,015	710,336	222,528	1,230,879
Total balance	**5,375,644**	**1,847,795**	**2,353,898**	**9,577,337**

31 December 2021 (Audited)	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Balance at 1 January 2021	3,486,815	401,227	472,812	4,360,854
impairment loss of indirect credit facilities during the period	3,391,748	121,021	-	3,512,769
Recovered of impairment loss for matured exposures	(4,139,532)	(264,694)	(795,549)	(5,199,775)
Transfer (from) to the first stage during the year	12,025	(12,025)	-	-
Transfer (from) to the second stage during the year	(118,302)	118,302	-	-
Additions due to acquisition (Note 30)	1,875,695	7,806	331,668	2,215,169
Total balance	**4,508,449**	**371,637**	**8,931**	**4,889,017**

(31) 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:

-The obligor is 90 days or more past due on any credit obligation.

- <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.

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.
- 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.
- Customer is classified under watchlist, restructured, rescheduled.
- Customer is classified as (E) with 30 - 89 days past dues on loan installments
- Customer is classified as (F) with 20 - 59 days past dues on loan installments

*** 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 60 days or more past due on loan installments

*** 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:

• Approving the IFRS 9 Framework, that has been recommended by RMC,

• Maintaining ECL allowances at an appropriate level and to oversee that CBJ has appropriate credit risk practices for assessment and measurement processes, including internal controls in place to consistently determine allowances in accordance with the stated policies and procedures, the applicable accounting framework and relevant supervisory guidance.

The BOD may delegate the responsibility of reviewing the detailed IFRS 9 related policies to the RMC.

- RISK MANAGEMENT COMMITTEE ("RMC")

The Risk Management Committee will be responsible for:

• Reviewing and recommending the IFRS 9 framework to the BoD,

• Reviewing the implementation of IFRS 9 and ensuring the appropriate steps for compliance,

• Reviewing and approving the periodic disclosures in accordance to the Standard.

• Recommending adjustments to the business models, framework, methodology and policies and procedures

- INTERNAL AUDIT DEPARTMENT ("IAD")

Internal Audit Department will be responsible for independently:

• Ensure the Bank's overall compliance with the Standard

• Reviewing the methodology and assumptions to ensure compliance

• Ensure appropriate levels of expected credit losses relative to the Bank's profile.

- INTERNAL RISK MANAGEMENT COMMITTEE ("IRMC")

The Internal Risk Management Committee will be responsible for:

• Overlooking and approving the periodic reporting's according to the standards.

• Making the necessary recommendations to the Risk Committee of the Board of Directors

• Recommending adjustments to the business models, framework, methodology and policies and procedures to the RMC.

- RISK MANAGEMENT DEPARTMENT ("RMD")

The 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:

• Creating the business models

• Classifying and measuring the financial assets

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

- CREDIT CONTROL DEPARTMENT

• Identifying the stages of each customer

• Review the calculation for each customer

• Updating customer information for IFRS 9 calculations

(31-1) 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 2022 (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	-	-	-	-	-	-	-	490,343,319	-	490,343,319
Balances at banks and financial institutions	242,362,942	-	-	-	-	-	-	-	-	242,362,942
Deposits at banks and financial institutions	3,700,753	-	-	-	-	-	-	-	-	3,700,753
Credit facilities	80,187,989	520,843,659	550,369,676	563,082,426	54,703,332	110,465,005	699,501,005	248,909,046	333,320,651	3,161,382,789
Bonds and treasury bills :										
Financial assets at fair value through statement of income	2,137,498	2,229,820	-	614,231	-	-	-	36,979,092	1,399,448	43,360,089
Financial assets at Amortized cost	3,177,237	-	-	400,000	-	-	-	1,579,830,837	4,419,330	1,587,827,404
Pledge financial assets	-	-	-	-	-	-	-	286,448,147	-	286,448,147
Other assets	33,317,225	3,079,904	2,461,830	4,765,752	212,588	2,715,281	4,255,206	18,017,471	8,734,509	77,559,766
Total Balance sheet	**364,883,644**	**526,153,383**	**552,831,506**	**568,862,409**	**54,915,920**	**113,180,286**	**703,756,211**	**2,660,527,912**	**347,873,938**	**5,892,985,209**
Off - balance sheet items										
Letter of guarantee	28,738,502	8,960,206	84,339,861	11,759,843	246,795	8,500	178,748,745	2,803,582	17,741,833	333,347,867
Letter of credit	23,945,695	3,473,754	73,839,593	1,715,878	14,935,961	-	53,572,906	335,609	2,216,679	174,036,075
Other Liabilities	123,740,291	72,392,479	109,445,316	20,013,913	14,754,808	4,343,509	106,681,083	3,356,804	36,186,940	490,915,143
Total Off-Balance sheet	**176,424,488**	**84,826,439**	**267,624,770**	**33,489,634**	**29,937,564**	**4,352,009**	**339,002,734**	**6,495,995**	**56,145,452**	**998,299,085**
Total	**541,308,132**	**610,979,822**	**820,456,276**	**602,352,043**	**84,853,484**	**117,532,295**	**1,042,758,945**	**2,667,023,907**	**404,019,390**	**6,891,284,294**
Total as in 31 December 2021 (audited)	**844,725,572**	**517,498,756**	**580,590,909**	**459,931,408**	**55,577,063**	**80,499,609**	**574,000,384**	**1,611,575,109**	**388,044,077**	**5,112,442,887**

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

30 June 2022 (Reviewed not audited)	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Financial	364,330,843	67,449	485,352	364,883,644
Industrial	462,542,777	56,436,115	7,174,491	526,153,383
Commercial	426,110,739	106,808,460	19,912,307	552,831,506
Real estate	462,752,281	78,197,277	27,912,851	568,862,409
Agriculture	34,698,386	20,189,816	27,718	54,915,920
Shares	110,131,929	2,013,956	1,034,401	113,180,286
Retail	659,934,830	28,786,296	15,035,085	703,756,211
Governmental and Public Sector	2,659,621,650	906,262	-	2,660,527,912
Other	304,796,351	26,372,179	16,705,408	347,873,938
Total balance	**5,484,919,786**	**319,777,810**	**88,287,613**	**5,892,985,209**
Total as at 31 December 2021 (audited)	**3,711,292,567**	**197,267,211**	**53,095,635**	**3,961,655,413**

(31-2) Credit Concentration based on geographic distribution is as follows:

a) Total distribution of exposures according to geographic region

30 June 2022(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	370,440,229	119,903,090	-	-	-	-	-	490,343,319
Balances at banks and financial institutions	58,155,470	32,514,355	69,943,839	8,170,822	624,499	72,606,138	347,819	242,362,942
Deposits at banks and financial institutions	1,651,306	-				2,049,447		3,700,753
Direct Credit Facilities at Amortized Cost	2,695,672,318	465,710,471	-	-	-	-	-	3,161,382,789
Bonds and treasury bills within:								
Financial assets at fair value through other comprehensive income	3,871,485	36,513,076	1,743,223	625,786	467,065	139,454	-	43,360,089
Financial assets at amortized cost	1,540,860,150	46,967,254	-	-	-	-	-	1,587,827,404
Pledged financial assets - debt instruments	286,448,147	-	-	-	-	-	-	286,448,147
Other assets	72,448,831	5,078,594	22,383	3,972	4,831	1,155	-	77,559,766
Total	**5,029,547,936**	**706,686,840**	**71,709,445**	**8,800,580**	**1,096,395**	**74,796,194**	**347,819**	**5,892,985,209**
Letter of guarantee	217,171,590	79,267,622	36,904,655	-	-	4,000	-	333,347,867
Letter of Credit	90,344,145	83,691,930	-	-	-	-	-	174,036,075
Other Liabilities	396,208,384	94,706,759	-	-	-	-	-	490,915,143
Total balance	**703,724,119**	**257,666,311**	**36,904,655**	**-**	**-**	**4,000**	**-**	**998,299,085**
Net Balance	**5,733,272,055**	**964,353,151**	**108,614,100**	**8,800,580**	**1,096,395**	**74,800,194**	**347,819**	**6,891,284,294**
Total as at 31 December 2021 (audited)	**4,009,726,569**	**863,527,396**	**97,040,245**	**2,388,111**	**1,703,857**	**137,782,840**	**273,869**	**5,112,442,887**

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

	30 June 2022			
	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Inside Jordan	4,668,217,086	275,936,441	85,394,409	5,029,547,936
Other Middle Eastern countries	659,963,757	43,829,879	2,893,204	706,686,840
Europe	71,709,445	-	-	71,709,445
Asia	8,789,090	11,490	-	8,800,580
Africa	1,096,395	-	-	1,096,395
America	74,796,194	-	-	74,796,194
Other Countries	347,819	-	-	347,819
Total balance	**5,484,919,786**	**319,777,810**	**88,287,613**	**5,892,985,209**
Total as at 31 December 2021 (audited)	**3,711,292,567**	**197,267,211**	**53,095,635**	**3,961,655,413**

(31-3) 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 2022 (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	29,281	-	6,707			**0%**
Direct Credit Facilities at amortized cost	316,498,339	147,709,586	152,437,275	33,595,230	181,304,816	**39%**
Bonds and treasury bills within:						
Financial assets at amortized cost	-	-	4,819,332	-	-	**0%**
Total balance	**316,527,620**	**147,709,586**	**157,263,314**	**33,595,230**	**181,304,816**	**38%**
Contingent Liabilities and Commitments	11,449,090	750,788	6,217,291	670,987	1,421,775	**8%**
Total balance	**11,449,090**	**750,788**	**6,217,291**	**670,987**	**1,421,775**	**8%**

31 December 2021 (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	17,584	-	-	-	-	**0%**
Credit Facilities	194,800,663	40,128,957	82,222,424	14,911,353	55,040,310	**20%**
Bonds and treasury bills within:						
Financial assets at amortized cost	-	-	4,019,332	5,168,623	5,168,623	**129%**
Other assets	91,284	-	-	-	-	**-**
Total balance	**194,909,531**	**40,128,957**	**86,241,756**	**20,079,976**	**60,208,933**	**21%**
Contingent Liabilities and Commitments	10,731,573	2,662,061	6,731,901	3,973,319	6,635,380	**38%**
Total balance	**10,731,573**	**2,662,061**	**6,731,901**	**3,973,319**	**6,635,380**	**38%**

b) Expected Credit Loss for the reclassified exposures

30 June 2022 (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
	JD	JD	JD	JD	JD	JD
Direct Credit Facilities at amortized cost	147,709,586	33,595,230	181,304,816	(2,830,840)	(5,362,790)	173,111,186
Total balance	**147,709,586**	**33,595,230**	**181,304,816**	**(2,830,840)**	**(5,362,790)**	**173,111,186**
Contingent Liabilities and Commitments	750,788	670,987	1,421,775	(15,226)	(72,436)	1,334,113
Total balance	**750,788**	**670,987**	**1,421,775**	**(15,226)**	**(72,436)**	**1,334,113**

31 December 2021 (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
	JD	JD	JD	JD	JD	JD
Direct Credit Facilities at amortized cost	40,128,957	14,911,353	55,040,310	(684,174)	(19,924,252)	34,431,884
Financial assets at fair value through income statement	-	5,168,623	5,168,623	-	(31,377)	5,137,246
Total balance	**40,128,957**	**20,079,976**	**60,208,933**	**(684,174)**	**(19,955,629)**	**39,569,130**
Contingent Liabilities and Commitments	2,662,061	3,973,319	6,635,380	(62,878)	-	6,572,502
Total balance	**2,662,061**	**3,973,319**	**6,635,380**	**(62,878)**	**-**	**6,572,502**

(31-4) Expected credit losses [net (expense) recovered]:

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 Facilities	(3,122,917)	(3,944,453)	8,686,374	1,619,004
Financial instruments at amortized cost	(13,298)	-	-	(13,298)
Debt instruments at fair value through other comprehensive income	(10,795)	-	-	(10,795)
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 June 2021 (Reviewed Not Audited)	Stage one	Stage two	Stage three	Total
	JD	JD	JD	JD
Balances at banks and financial institutions	(13)	-	(71)	(84)
Direct credit facilities - net	386,255	(2,916,068)	12,500,540	9,970,727
Financial assets at amortized cost	7,450	(31,377)	1,180,668	1,156,741
Debt instruments at fair value through other comprehensive income	(2,907)	-	-	(2,907)
Other Financial assets measured at amortized cost	(45,216)	(4,672)	-	(49,888)
Contingent Liabilities and Commitments	183,372	530,971	(649,650)	64,693
Total balance	**528,941**	**(2,421,146)**	**13,031,487**	**11,139,282**

(32) 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 2022 (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	49,785,570	27,999,500	-	77,785,070
Derivative instruments (Note 16)	-	224,078	-	224,078
Financial liabilities-				
Derivative instruments (Note 25)	-	1,435,162	-	1,435,162
31 December 2021 (Audited)				
Financial assets-				
Financial assets at fair value through other comprehensive income	102,465,027	25,684,494	-	128,149,521
Loans and advances measured at fair value	-	97,787,643	-	97,787,643
Derivative instruments	-	505,014	-	505,014
Financial liabilities-				
Derivative instruments (Note 25)	-	2,560,080	-	2,560,080

(33) Lawsuits against the Bank

- The lawsuits raised against the Bank, as part of the ordinary course of business, amounted to JD 15.170.323 as at 30 June 2022 against 14,803,484 as at 31 December 2021. 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 114,796 was taken against them.
- The lawsuits raised against the societe generale Bank, as part of the ordinary course of business, amounted to JD 19,729,662 as at 30 June 2022 ,In the bank's assessment, the bank does not have any obligations in exchange for these cases - except for claims of 113,536 JD.
- The lawsuits raised against the National Bank of Iraq, as part of the ordinary course of business, amounted to JD 884,456 as at 30 June 2022 and JD 1,517,901 as at 31 December 2021. 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 2022 amounted to JD 11,000 JD.While no cases were filed as on December 31, 2021, and at the discretion of the management and the legal advisor of the National Bank of Iraq, the company does not have any obligations in return for these cases.

(34) Legal Reserve

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

(35) Distributed Dividends

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.

(36) Acquisition of othe banks

(36-a) 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
Assets	**JDs**
Cash and balances with banks and central banks	119,888,013
Financial assets at fair value through other comprehensive income	2,210,437
Direct credit facilities at amortized cost	234,376,344
Other financial assets at amortized cost	155,198,402
Other Assets	36,794,379
Total Assets	**548,467,575**
Liabilities and Equity	
Liabilities	
Customer Deposits	387,880,077
Cash margins	68,115,448
Borrowed funds	6,991,062
Other liabilities	15,621,656
Total Liabilities	**478,608,243**
Net fair value of the business acquired at the date of acquisition	**69,859,332**
The purchase price paid for the acquisition	**41,781,370**
Result from the acquisition	**28,077,962**

- Cash and Cash equivalent from the acquired subsidiary is amounting to 6,397,815 as at March 11, 2021 .

A note on the acquisition

The management went ahead with this acquisition due to the important step in the expansion strategy of the group and its ambitious plans to enhance its competitive position. This step comes as part of a series of growth witnessed by the group in its budget over the past several years, and according to this acquisition deal, the branches of Capital Bank in Jordan will grow to 23 Branch and branch of the National Bank of Iraq to 18 branches.

And the fact that Bank Audi's desire to exit the Jordanian and Iraqi market is in line with the group's strategy to expand and enhance its competitive position, which positively affected the completion of the deal.

Study of the purchase price agreement

- A study of the distribution of the purchase price was carried out by an independent company, and the preliminary study was completed at the end of December 2021

- Management has went ahead with this acquisition due to the significant step in the group's expansion strategy and its ambitious plans to further reinforce its competitive position also this step comes within the growth that the group has witnessed in its budget over the past several years, and according to this acquisition deal, Capital Bank branches in Jordan will grow to 28 and those of the National Bank of Iraq to 18.

- Furthermore, the fact that Bank Audi's desire to exit the Jordanian and Iraqi market is in line with the group's strategy to expand and enhance its competitive position, which positively affected the completion of the deal.

- For each class of acquired receivables, the gross contractual amounts receivable and the best estimate of the contractual cash flows not expected to be collected are as follows

	Gross contractual amounts receivable	The contractual cash flows not expected
	JDs	**JDs**
Cash and balances with banks and central	119,888,026	-
Financial assets at fair value through other	2,210,437	-

Direct credit facilities at amortized cost	278,536,214	597,810
Other financial assets at amortized cost	155,198,402	-
Other Assets	36,794,379	-
Total Assets	**592,627,458**	**597,810**

- The fair value of acquired net direct credit facilities at amortized cost is 234,376,344 and the gross contractual amount for direct credit facilities at amortized cost is 278,536,214 , with a loss allowance of 44,159,870 recognised on acquisition.

- Acquisition related transaction costs of JOD 2,701,444 were expensed disclosed separately on the Interim Condensed Consolidated statement of income and the include the following:

Professional fees	1,274,581
Governmental Fees	69,128
other fees	1,357,735
Total	**2,701,444**

- The acquired bank contributed revenue of 9.2 million Jordanian dinars for the period from the date of acquisition until September 30,

Purchase consideration - Cash outflow	
Outflow of cash to acquire, net of cash	**41,781,370**
Cash Considraction	41,781,370
less - balance acquired	**119,888,013**
Cash and balances with banks and central	119,888,013
Net Outflow of cash - investing activities	**(78,106,643)**

(36-a) Acquisition of Bank Audi Branches in Jordan and Iraq

"During the month of February of the current 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 99.95% 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	435,181,687
Financial assets at fair value through other comprehensive income	4,297,517
Direct credit facilities at amortized cost	679,019,486
Other financial assets at amortized cost	492,588,015
Other Assets	74,882,060
Total Assets	**1,685,968,765**
Liabilities and Equity	
Liabilities	
Customer Deposits	20,322,666
Cash margins	1,255,916,151
Cash collatorals	89,165,689
Borrowed funds	131,652,754
Other liabilities	24,273,162
Total Liabilities	**1,521,330,422**
Net fair value of the business acquired at the date of acquisition	**164,638,343**
The purchase price paid for the acquisition	**138,290,092**
Result from the acquisition	**26,348,251**

Study of the purchase price agreement

A study of the distribution of the purchase price was carried out by an independent company, and the preliminary study was completed at the end of June 2021, which resulted in the following:

The results shown above are preliminary and will be updated upon completion of the study of the purchase price distribution for the acquisition, according to the 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.

(37) Comparative Figures:

Some of previous period's figures have been reclassified to confirm with 30 June 2022 presentation.