

Capital Bank of Jordan

Interim Condensed Consolidated Financial Statements

(Reviewed not audited)

31 March 2022



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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Capital Bank of Jordan (the "Bank") and its subsidiaries (together the "Group") as at 31 March 2021 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three months then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (34) "interim financial reporting" as amended by the Central Bank of Jordan instructions. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

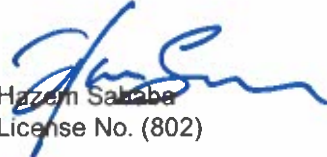
Scope of Review

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

Conclusion

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

For and on behalf of PricewaterhouseCoopers "Jordan"


Hazem Sakaba
License No. (802)

Amman, Jordan
28 April 2022



Capital Bank of Jordan
Interim Condensed Consolidated Statement of Financial Position
As of 31 March 2022 (Reviewed not audited)

	Note	31 March 2022	31 December 2021
		JD	JD
		(Reviewed not audited)	(Audited)
Assets			
Cash and balances with central banks	4	751,051,260	425,840,132
Balances at banks and financial institutions	5	140,925,295	312,546,731
Deposits at banks and financial institutions	6	2,008,243	-
Loans valued at fair value through the income statement	7	82,883,298	82,883,298
Financial assets at fair value through other comprehensive income	8	89,940,784	195,500,838
Direct credit facilities, net amortized cost	9	2,806,329,860	2,031,147,338
Financial assets at amortized cost	10	1,437,732,751	987,021,419
Pledged Financial Assets	11	289,823,131	-
Property, plant and equipment, net		102,933,652	66,322,336
Intangible assets, net		37,955,467	30,502,672
Deferred tax assets		34,516,024	19,350,284
Other assets	12	182,129,887	149,612,655
Right-of-use leased assets		14,785,203	10,577,712
Total Assets		5,973,014,855	4,311,305,415
Liabilities And Equity			
Liabilities			
Banks and financial institutions' deposits		363,948,163	381,144,289
Customers' deposits	13	4,084,041,773	2,770,807,278
Margin accounts		358,285,506	233,663,764
Loans and borrowings	14	540,681,345	414,265,782
Income tax provision	15	7,981,669	4,484,833
Deferred tax liabilities		2,407,494	2,881,882
Sundry provisions	16	2,448,562	2,497,992
Expected credit losses provision against off-balance sheet items	24	7,946,087	4,889,017
Other liabilities	18	103,176,394	64,296,322
Leased liabilities		15,469,993	11,863,620
Subordinated loan	19	15,172,600	28,360,000
Total Liabilities		5,501,559,586	3,919,154,779
Equity			
Equity attributable to the Bank's shareholders			
Issued and paid in capital	1	200,000,000	200,000,000
Additional paid in capital		709,472	709,472
Perpetual bonds	17	70,900,000	-
Statutory reserve	28	56,114,618	56,114,618
Foreign currency translation adjustments		(16,540,837)	(16,540,837)
Fair value reserve		442,632	813,120
Retained earnings		90,491,693	121,913,754
Current period profits		38,656,579	-
Total net equity attributable to the Bank's shareholders		440,774,157	363,010,127
Non-controlling interest		30,591,449	29,140,509
Total Equity		471,365,606	392,150,636
Total Liabilities and Equity		5,972,925,192	4,311,305,415

The accompanying notes from 1 to 31 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 Consolidated Statement of Income
For the Three Months Period Ended 31 March 2022 (Reviewed not audited)

	Notes	31 March 2022	31 March 2021
		JD (Reviewed not audited)	JD (Reviewed not audited)
Interest income		54,470,936	35,542,707
Less :Interest expense		(23,355,369)	(16,018,590)
Net interest income		31,115,567	19,524,117
Commission income		8,947,252	6,611,579
Less Commission expense		(2,353,939)	(870,809)
Net commission income		6,593,313	5,740,770
Gain from foreign currencies		1,485,307	163,955
Dividends income from financial assets at fair value through other comprehensive income	8	15,794	51,078
Gain from sale of financial assets at fair value through Other Comprehensive Income - Debt instruments	8	2,127	-
Other income		1,935,782	872,109
Gross profit		41,147,890	26,352,029
Employees' expenses		9,498,128	6,338,508
Depreciation and amortization		2,716,113	1,545,601
Other expenses		6,503,709	3,652,396
Gain / Loss on sale of seized property		(5,165)	309,078
Impairment and expected credit losses on financial assets	25	6,162,665	2,899,193
Impairment on (recovered from) seized assets, net		(53,059)	117,762
Sundry provisions		97,123	-
Total expenses		24,919,514	14,862,538
Impact as a result of acquisition	30	26,348,251	28,077,962
Acquisition expenses	30	(763,952)	(2,701,444)
Income before tax		41,812,675	36,866,009
Less: Income tax expense	15	1,619,610	2,137,757
Income for the period		40,193,065	34,728,252
Attributable to:			
Bank's shareholders		38,656,579	56,732,108
Non - controlling interest		1,536,486	(22,003,856)
		40,193,065	34,728,252
		JD/Fils	JD/Fils
Basic and diluted earnings per share	20	0.193	0.284

The accompanying notes from 1 to 31 are an integrated part of these interim condensed consolidated financial statements.

Capital Bank of Jordan**Interim Consolidated Statement of Comprehensive Income****For the Three Months Period Ended 31 March 2022 (Reviewed not audited)**

	31 March 2022	31 March 2021
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Income for the year	40,193,065	34,728,252
Add: items that may be reclassified to profit or loss in subsequent periods after excluding the impact of tax :		
Change in the fair value of financial assets at fair value through other comprehensive income - debt instruments	(584,202)	(1,309,030)
Income from selling debt instruments at fair value through other comprehensive income are transferred to the income statement	(2,127)	-
Change in the fair value of financial assets at fair value through other comprehensive income-equity instruments	(224,489)	203,710
Total other comprehensive income for the year net of tax	(810,818)	(1,105,320)
Total comprehensive income for the year	39,382,247	33,622,932
Attributable to:		
Bank's shareholders	37,931,304	55,366,065
Non-controlling interest	1,450,943	(21,743,133)
	39,382,247	33,622,932

The accompanying notes from 1 to 31 are an integrated part of these interim condensed consolidated financial statements.

Capital Bank Of Jordan

Interim Condensed Consolidated Statement of Cash Flows

For the Three Months Period Ended 31 March 2022 (Reviewed not audited)

	Note	31 March 2022	31 March 2021
Operating activities		JD	JD
Profit before income tax		41,812,675	31,944,047
Adjustments for Non-Cash Items			
Depreciation and amortization		2,716,113	1,545,601
Impairment and expected credit loss on financial assets		6,162,665	2,899,193
(Recovered by) Impairment on assets seized by the bank		(53,059)	117,762
Result of acquisition		(26,348,251)	(23,156,000)
Sundry provisions		97,123	-
Net accrued interest paid (received)		(9,486,509)	1,168,465
Effect of exchange rate changes on cash and cash equivalents		(1,154,360)	(407,794)
Cash flows from operating activities before changes in assets and liabilities		13,746,397	14,111,274
Changes in assets and liabilities -			
Restricted balances		(1,949,988)	(171)
Balances at central banks		(2,113,277)	165,837
Direct credit facilities		(99,983,397)	(154,815,685)
Other assets		(2,467,895)	(7,695,282)
Banks and financial institutions' deposits maturing in more than three months		2,000,000	-
Customers' deposits		57,318,344	78,081,685
Margin accounts		35,456,053	17,493,029
Other liabilities		26,433,118	10,113,263
Paid sundry provisions		(259,749)	(259,749)
Net cash flow from (used in) operating activities before income tax		28,179,606	(42,805,799)
Income tax paid		(3,580,094)	(2,341,330)
Net cash flow from (used in) operating activities		24,599,512	(45,147,129)
Investing Activities			
Purchase of financial assets at fair value through other comprehensive income		(8,817,220)	(24,110,842)
Sale of financial assets at fair value through other comprehensive income		118,650,090	928,873
Purchase of financial assets at amortized cost		(276,637,136)	(26,091,836)
Matured financial assets at amortized cost		28,690,688	-
Change in financial assets pledged as collateral		-	32,599,621
Purchase of property and equipment		(4,921,710)	(399,806)
cash acquired		281,668,748	78,697,172
Purchase of intangible assets		(5,892,338)	(1,866,052)
Net cash flow from investing activities		132,741,122	59,757,130
Financing Activities			
Proceeds from loans and borrowings		-	67,486,306
Repayment of loans and borrowings		(5,237,190)	(89,592,398)
Repayment of subordinated loan		(13,187,400)	-
Cash dividends		(28,354,211)	-
Perpetual Bond		70,329,026	-
Net cash flow from (used in) financing activities		23,550,225	(22,106,092)
Net decrease in cash and cash equivalents		180,890,859	(7,496,091)
Effect of exchange rate changes on cash and cash equivalents		1,154,360	407,794
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	21	487,831,813	255,944,352

Capital Bank of Jordan

Interim Condensed Consolidated Statement of Changes in Owners Equity

For the three Months Period Ended 31 March 2022 (Reviewed not audited)

	Issued and Paid in Capital	Additional paid in capital	Perpetual bond	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
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
31 March 2022												
Balance at 01 January 2022	200,000,000	709,472	-	56,114,618	-	(16,540,837)	813,120	121,913,754	-	363,010,127	29,140,509	392,150,636
Profit for the year	-	-	-	-	-	-	-	-	38,656,579	38,656,579	1,536,486	40,193,065
Change in fair value of financial assets through other comprehensive income	-	-	-	-	-	-	(507,074)	-	-	(507,074)	(77,128)	(584,202)
Income from selling debt instruments at fair value through other comprehensive income are transferred to the income statement	-	-	-	-	-	-	(2,127)	-	-	(2,127)	-	(2,127)
Gain on sale of financial assets at fair value through other comprehensive income - equity instruments	-	-	-	-	-	-	(216,074)	-	-	(216,074)	(8,418)	(224,492)
Total comprehensive income for the period	-	-	-	-	-	-	(725,275)	-	38,656,579	37,931,304	1,450,940	39,382,244
Transferred to retained earnings from losses on the sale of financial assets at fair value through other perpetual bond	-	-	70,900,000	-	-	-	354,787	(354,787)	-	-	-	-
Cash dividends (Note 29)	-	-	-	-	-	-	-	(1,067,274)	-	69,832,726	-	69,832,726
	-	-	-	-	-	-	-	(30,000,000)	-	(30,000,000)	-	(30,000,000)
Balance at 31 March 2022	200,000,000	709,472	70,900,000	56,114,618	-	(16,540,837)	442,632	90,491,693	38,656,579	440,774,157	30,591,449	471,365,606
31 March 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	-	-	-	-	-	-	-	-	56,732,108	56,732,108	(22,003,856)	34,728,252
Change in fair value of financial assets through other comprehensive income	-	-	-	-	-	-	(1,366,043)	-	-	(1,366,043)	260,723	(1,105,320)
Total comprehensive income for the period	-	-	-	-	-	-	(1,366,043)	-	56,732,108	55,366,065	(21,743,133)	33,622,932
Realized gain from selling financial assets at fair value through other comprehensive income - equity instruments	-	-	-	-	-	-	(312,933)	312,933	-	-	-	-
Balance at 31 March 2021	200,000,000	709,472	-	44,186,425	(2,707,491)	(16,540,837)	1,940,053	78,409,412	56,732,108	362,729,142	26,581,100	389,310,242

* Retained earnings include JD 34,516,024 which represents deferred tax assets as at 31 March 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 31 March 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 September 2021 and 31 December 2020 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.

Capital Bank of Jordan
Notes to the Interim condensed Consolidated Financial Statements
As of 31 March 2022 (Reviewed not audited)

(1) General Information

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

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

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

The Interim Consolidated Financial Statements were authorized for issue by the Board of Directors in their meeting 03/2022 held on 21 April 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 2017 was approved for extension. The Central Bank of Jordan also confirmed postponing the calculation of the provision until the end of the year 2019. According to the Central Bank's Circular No. 16239/1/10 dated 21 November 2019, deduction of the required provisions against real estate acquired is made at the rate of (5%) of the total book values of these properties (regardless of the period of violation) as of the year 2021, so that the required percentage of 50% of these properties are reached by the end of the year.

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 March 2022. The company provides Brokerage services. The company was established on 16 May 2005.

2- National Bank of Iraq (NBI); of which the Bank owns 61.85% of its paid-in-capital of IQD 250 billion equivalent to JD 121,404,110 as at 31 March 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 31 March 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 31 March 2022. The purpose of the company is to offer financial consulting services. The company was registered and incorporated on 23 February 2015. Capital Investments DIFC has also renewed its license for private practice , to be able to continue its activities of wealth management and client consultation.

5- Societe general Bank of Jordan; of which the Bank owns 99.09% of its paid-in-capital of 100,000,000 as at 31 March 2022. The Bank provides banking services, Societe general Bank of Jordan was acquired effective 28 March 2022.

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

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

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

(3) Significant Accounting Policies

(3-1) Changes in accounting policies

The accounting policies used in the preparation of the interim consolidated financial statements are consistent with those used in the preparation of the Bank's audited financial statements for the year ended 31 December 2021 except for the policies in relation to adoption of the new International Financial Reporting Standards (IFRSs) which became effective as of 1 January 2022.

(a) New standards issued and applicable for the annual periods starting on or after 1 January 2022 which has been followed by the group:

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

Property, Plant and Equipment: Proceeds before intended use Amendments to IAS 16

1 January 2022

The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

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

Reference to the Conceptual Framework Amendments to IFRS 3

1 January 2022

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.

Onerous Contracts Cost of Fulfilling a Contract Amendments to IAS 37

1 January 2022

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.

Annual Improvements to IFRS Standards 2018-2020

1 January 2022

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.

the following standards and interpretations had been issued but were not mandatory for annual reporting periods :

IFRS 17 Insurance Contracts

1 January 2023

IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows
 - an explicit risk adjustment, and
 - a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.
- The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.

An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.

There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.

The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

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

Classification of Liabilities as Current or Non-current Amendments to IAS 1

1 January 2023

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. 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.

****** Since issuing these amendments, the IASB issued an exposure draft proposing further changes and the deferral of the amendments until at least 1 January 2024.

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.

(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 2022 as follows:

Effect of COVID-19 on the Financial Statements

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

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

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

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

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

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

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 31, 2022, 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 March 31, 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 Group will continue to reassess its position and the associated impact on a regular basis, and as with any economic forecast, expectations and possibilities are subject to a high degree of uncertainty and thus actual results may differ significantly from those expected. Management expects greater clarity on the impact of Covid-19 on the outcome of the group's business and the size of expected credit losses and the impact on liquidity during 2021.

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

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

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

(4) Cash and Balances with Central Banks

- Statutory cash reserve amounted to JD 181,166,827 as at 31 March 2022 against JD 111,264,017 as at 31 December 2021.
- There are no due balances during the period exceeding three months as at 31 March 2022 and 31 December 2021.
- The statutory reserves held at the Central Bank of Iraq amounting to JD 52,249,434 as at 31 March 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 31 March 2022 and 31 December 2021 according to IFRS 9.

(5) Balances at banks and financial institutions

- Non-interest bearing balances at banks and financial institutions amounted to JD 109,856,797 as at 31 March 2022 against 241,952,999 JD as at 31 December 2021.
- Restricted balances amounted to JD 8,269,811 as at 31 March 2022 against JD 6,319,823 as at 31 December 2021.
- Expected credit losses on balances at banks and financial institutions amounted to JD 86,913 as at 31 March 2022 against JD 69,020 as at 31 December 2021.

(6) Deposits with banks and financial institutions

	31 March 2022	31 December 2021
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Deposits maturing within 6 months	2,008,243	-
Total	2,008,243	-

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

	31 March 2022	31 December 2021
	JD	JD
	(Reviewed not audited)	(Audited)
Loans and Advances	82,883,298	112,529,504
Recovered Facilities	-	(26,587,500)
Changes in Fair Value during the period	-	(3,058,706)
Balance as of period / year end	82,883,298	82,883,298

- The Group granted a loan of \$ 150,000,000, equivalent to JDs 106,350,000, with a fixed interest of 5.7% over a five-year repayment period and a one-year grace period. The loan's balance amounted \$ 116,901,690 equivalent to JD 82,883,298 on 31 March 2022 and 31 December 2021. The Group has decided to hedge the risk of changes in interest rates in the markets by entering into forward interest contracts with a correspondent bank on similar contractual terms. As a result of this hedging, the bank rated the loan at fair value through the income statement in line with the classification and measurement of the corresponding hedging instrument.

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

	31 March 2022	31 December 2021
	JD	JD
<u>Publicly listed assets</u>	(Reviewed not audited)	(Audited)
Governmental Treasury bonds	-	118,364,706
Bonds, Corporate debt securities	6,465,739	6,612,408
Other government bonds	42,907,955	34,725,690
Quoted shares	9,869,728	8,408,284
Total Financial assets at market value (listed)	59,243,422	168,111,088
<u>Unlisted assets</u>		
Treasury bonds	3,967,391	4,051,655
Governmental debt securities and its guarantee's	7,010,500	7,065,800
Unquoted shares	19,628,983	16,128,683
Investment Funds *	109,946	163,070
Total Unlisted Financial Assets at Market Value	30,716,820	27,409,208
Less: Expected credit loss	(19,458)	(19,458)
Total Financial Assets at Fair Value through Other Comprehensive Income	89,940,784	195,500,838
Analysis of bonds and bills:		
Fixed Rate	28,452,115	170,963,871
Total	28,452,115	170,963,871

- The cash dividends amounted to JD 15,794 and it reflects the shares that the bank owns in other companies as at 31 March 2022 against JD 51,078 as at 31 March 2021.

- Realized gains resulted from sales of financial assets at fair value through other comprehensive Income (equity Instruments) amounted to JD 2,127 as at 31 March 2022 ,No realized profits or losses were recorded during the period ended March 31, 2021, which was reclassified through the income statement.

- Realized losses resulted from sales of financial assets at fair value through other comprehensive Income (debt Instruments) amounted to JD 357,719 as at 31 March 2022 against realized Gains worth JD 312,933 as at 31 March 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.

(9) Direct Credit Facilities - Amortized cost

	31 March 2022	31 December 2021
	JD	JD
	(Reviewed not audited)	(Audited)
Retail customers		
Overdrafts	17,967,550	12,700,164
Loans and bills *	649,652,144	527,671,246
Credit cards	16,342,385	14,320,677
Real estate Mortgages	377,615,215	209,579,908
Corporate Lending		
Overdrafts	199,093,318	115,830,740
Loans and bills *	1,319,687,733	949,933,362
Small and medium enterprises "SMEs" facilities		
Overdrafts	34,207,934	21,847,513
Loans and bills *	282,809,842	216,149,725
Government and public sector lending	168,757,083	119,021,813
Total	3,066,133,204	2,187,055,148
Less: Suspended interest	69,802,929	35,353,857
Less: Expected Credit Loss / Impairment	190,000,415	120,553,953
Net direct credit facilities	2,806,329,860	2,031,147,338

* Net of interest and commissions received in advance amounted to JD 1,658,642 as at 31 March 2022 against JD 1,436,856 as at 31 December 2021.

- Non-performing credit facilities amounted to JD 244,089,114 as at 31 March 2022 against JD 146,875,815 as at 31 December 2021 which represents 7.96 % of total direct credit facilities as at 31 March 2022 against 6.72% as at 31 December 2021.
- Non-performing credit facilities, net of suspended interest, amounted to JD 174,286,185 as at 31 March 2022 against JD 114,004,616 as at 31 December 2021 which represents 5.82 % as at 31 March 2022 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 31 March 2022 amount JD 107,669,486 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:-

31 March 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*	245,259,933	37,017,084	2,811,389	285,088,406
Settled balances	(169,686,816)	(11,229,633)	(2,135,090)	(183,051,539)
Transfer (from) to the first stage during the period - net	28,463,732	(27,257,066)	(1,206,666)	-
Transfer (from) to second stage during the period - net	(71,494,079)	71,494,079	-	-
Transferred (from) to the third stage during the period - net	(1,021,234)	(10,099,121)	11,120,355	-
Additions due to acquisition (note 30)	482,949,832	209,114,480	84,976,877	777,041,189
Total balance as at 31 March 2022	2,315,666,513	471,930,046	278,536,645	3,066,133,204

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
Settled balances	(288,834,920)	(70,198,232)	(14,401,761)	(373,434,913)
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	165,529,107	66,629,025	70,501,991	302,660,123
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:-

31 March 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	7,904,952	3,114,192	11,561,859	22,581,003
Recoveries from impairment losses	(4,723,072)	(4,509,213)	(9,528,356)	(18,760,641)
Transfer (from) to the first stage during the period	397,049	(391,226)	(5,823)	-
Transfer (from) to second stage during the period	(1,909,312)	1,911,226	(1,914)	-
Transferred (from) to the third stage during the period	(246,918)	(55,964)	302,882	-
Additions due to acquisition (Note 30)	10,269,800	17,121,918	38,234,382	65,626,100
Net balance as at 31 March 2022	23,409,536	25,280,493	141,310,386	190,000,415

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	3,352,644	3,686,427	37,120,798	44,159,869
Written off balances	-	(291,514)	(10,794,137)	(11,085,651)
Net balance	11,717,037	8,089,560	100,747,356	120,553,953

Provision for impairment losses:

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

31 March 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	4,001,716	2,818,722	11,819,012	3,941,553	-	22,581,003
Recoveries from impairment losses	(1,592,365)	(1,532,617)	(14,227,940)	(1,407,719)	-	(18,760,641)
Transfer (from) to the first stage	(341,465)	60,053	(1,083,230)	(394,539)	-	(1,759,181)
Transfer (from) to second stage	206,791	(60,053)	920,922	396,376	-	1,464,036
Transferred from the third stage	134,675	-	162,308	(1,838)	-	295,145
Additions due to acquisition	7,209,282	4,264,874	49,031,890	4,941,383	178,671	65,626,100
Net balance	25,382,115	14,523,188	123,935,111	25,981,330	178,671	190,000,415

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	10,961,928	10,307,238	20,782,190	2,108,513	-	44,159,869
Written off balances	(5,898,319)	(1,773,248)	(1,315,084)	(2,099,000)	-	(11,085,651)
Net balance	15,763,481	8,972,209	77,312,149	18,506,114	-	120,553,953

Interest in suspense

The movement of interest in suspense is as follow:

	Retail	Real estate	Corporate	SMEs	Total
	JD	JD	JD	JD	JD
31 March 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	312,088	278,675	1,616,471	604,155	2,811,389
Interest transferred to income	(179,495)	(123,813)	(393,999)	(54,870)	(752,177)
Additions during period of acquisition (Note 30)	9,389,554	5,001,528	10,369,423	7,629,355	32,389,860
Balance at the end of the period	12,435,145	8,991,650	34,206,539	14,169,595	69,802,929
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 due to acquisition	1,939,300	1,937,994	7,068,909	1,326,935	12,273,138
Amounts written off	(2,632,206)	(1,761,680)	(596,374)	(1,836,343)	(6,826,603)
Balance at the end of the year	2,912,998	3,835,260	22,614,644	5,990,955	35,353,857

Direct credit facilities - Cumulative

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

Direct credit facilities at amortized cost - Cumulative

31 March 2022	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	245,259,933	37,017,084	2,811,389	216,670	285,305,076
Settled balances	(176,076,556)	(11,229,633)	(2,135,090)	-	189,441,279-
Transfer to the first stage during the year	28,463,732	(27,257,066)	(1,206,666)	-	-
Transfer to second stage during the year	(71,494,079)	71,494,079	-	-	-
Transferred to the third stage during the year	(1,021,234)	(10,099,121)	11,120,355	-	-
Changes until the end of 2021	6,945,341	-	-	(4,718,176)	2,227,165
Additions due to acquisition (Note 30)	664,672,594	-	-	46,742,495	711,415,089
Net balance	2,557,534,830	196,186,541	123,057,777	63,349,044	2,940,128,192

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

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

As of 31 March 2022	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	6,280,490	3,114,192	11,561,859	20,956,541
Recoveries	(4,723,072)	(1,770,246)	(8,132,606)	(14,625,923)
Transfer from the first stage	397,049	(391,226)	(5,823)	-
Transfer from second stage	(1,909,312)	1,911,226	(1,914)	-
Transferred from the third stage	(246,918)	(55,964)	302,882	-
Net balance	8,162,630	7,211,115	67,350,956	82,724,701

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

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

	Inside Jordan	Outside Jordan	31 March 2022	31 December 2021
	JD	JD	JD	JD
	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)	(Audited)
Financial	82,082,857	-	82,082,857	58,406,982
Industrial	364,770,434	39,043,206	403,813,640	279,971,144
Commercial	543,619,365	100,601,436	644,220,801	406,504,092
Real estate and Construction	583,926,039	23,801,567	607,727,606	412,910,994
Tourism and hotels	89,376,209	-	89,376,209	65,671,216
Agriculture	29,233,905	20,147,465	49,381,370	44,147,849
Shares	99,768,000	-	99,768,000	79,934,579
Services utilities and public	53,407,543	8,762,769	62,170,312	91,835,527
Transportation services (including air transportation)	88,314,706	-	88,314,706	72,261,686
Government and public sector	226,340,714	-	226,340,714	119,021,813
Retail	419,766,075	276,197,041	695,963,116	530,808,728
Other	16,973,873	-	16,973,873	25,580,538
Total	2,597,579,720	468,553,484	3,066,133,204	2,187,055,148

(10) Financial Assets At Amortized Cost

This item consists of the following:

	31 March 2022	31 December 2021
	JD	JD
	(Reviewed not audited)	(Audited)
Treasury bills	169,428,388	168,405,903
Treasury bonds	677,070,973	742,326,091
Governmental debt securities and its guarantee	556,220,757	44,442,157
Bonds, Corporate debt securities	11,290,500	8,890,500
Other government bonds	27,029,363	24,663,998
Total	1,441,039,981	988,728,649
Less: Expected credit losses	(3,307,230)	168,405,903
Net	1,437,732,751	1,157,134,552
Analysis of bonds and bills:		
Fixed Rate	1,429,749,481	979,838,149
Floating rate	7,983,270	7,183,270
Total	1,437,732,751	987,021,419

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

	31 March 2022				31 December 2021
	(Reviewed not audited)				(Audited)
	Stage One	Stage Two	Stage Three	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	26,562	-	1,680,668	1,707,230	540,029
Impairment loss of direct credit facilities during the year	-	-	-	-	1,174,422
Recoveries	-	-	-	-	(7,221)
Additions due to acquisition	-	-	1,600,000	1,600,000	-
Net balance	26,562	-	3,280,668	3,307,230	1,707,230

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

(11) Financial Assets Pledged as Collateral

	31 March 2022 (Reviewed not audited)		31 December 2021 (Audited)	
	JD		JD	
	Pledged financial assets (Note 15)	Associated financial liabilities	Pledged financial assets	Pledged financial liabilities
Financial assets at amortized cost (Jordanian Government Bonds)	231,656,212	179,540,039	-	-
Financial assets at amortized cost (Jordanian Government Bonds)	58,166,919	52,275,879	-	-
Total	289,823,131	231,815,918	-	-

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

- These bonds were mortgaged as of March 31, 2022 against the money borrowed from the Central Bank in a repurchase agreement and deposits belonging to the Social Security Corporation.

(12) Other Assets

This item consists of the following:

	31 March 2022	31 December 2021
	JD	JD
	(Reviewed not audited)	(Audited)
Accrued interest and revenue	35,387,618	33,537,922
Prepaid expenses	15,688,980	8,786,222
Collaterals seized by the bank against matured debts* - net	80,032,233	68,234,167
Purchased banks acceptances at amortized cost- net **	27,597,384	26,050,501
Export documents and bills purchased at amortized cost - net **	79,808	-
Assets / derivatives unrealized gain (Note 26)	-	220,412
Refundable deposits	7,107,392	4,230,067
Others - net*	16,236,472	8,553,364
Total	182,129,887	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.

** The value of the provision for credit losses on these accounts amounted to 97,661 dinars as of March 31, 2022 and the amount of 87,668 as on December 31, 2021, and the value of the provision taken during the current period amounted to 9,993 dinars against a recovery amount of 29,302 dinars as of 31 December 2021.

(13) Customers' Deposits

This item consists of the following:

	31 March 2022 (Reviewed not audited)	31 December 2021 (Audited)
	JD	JD
Current and demand deposits	937,841,706	838,871,063
Saving accounts	297,075,945	197,383,542
Time and notice deposits	2,828,113,763	1,719,309,534
Certificates of deposit	21,010,359	15,243,139
Total	4,084,041,773	2,770,807,278

- The deposits of government and general public sector inside Jordan amounted to JD 687,880,364 representing 16.90 % of the total deposits as at 31 March 2022 against JD 120,370,733 representing 4.34% as at 31 December 2021.
- Deposits from the Iraqi government and public sector amounted to 3,250,659 dinars, or 0.08% of total deposits, as of March 31, 2022, against 14,326,498, or 0.52%, as of December 31, 2021. █
- Deposits without interest amounted to JD 831,501,015, or 20.36% of total deposits as of March 31, 2022, compared to JD 817,208,987, or 29.49% of total deposits as of December 31, 2021. █
- Reserved deposits (restricted withdrawals) as at 31 March 2022 amounted to JD 3,914,002 and JD 5,751,775 as at 31 December 2021.
- Dormant deposits amounted to JD 11,962,642 as at 31 March 2022 against JD 8,414,661 as at 31 December 2021.
- Fixed deposits include an amount of 179,540.039 dinars as on March 31, 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 March 31, 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 :

31 March 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	305,526,494	12,704	12,176	Monthly, semi annual, and upon maturity	58,166,919	0% - 3.00%	1.00% - 5.00%
Amounts borrowed from local banks and financial institutions	100,839,163	6	6	One payment	-	4.30% - 7.00%	4.00% - 11.32%
Amounts borrowed from foreign banks and financial institutions	134,315,688	74	52	Monthly, semi annual, and upon maturity	-	1.45% - 2.28%	3.75% - 5.80%
Total	540,681,345				58,166,919		

31 December 2021 (Audited)	Amount	Number of Installments		Frequency of Instalments	Collaterals (note 11)	Interest rate	Re-financed Interest rate
		Total	Outstanding				
	JD	JD	JD		JD	%	
Amounts borrowed from central banks	207,545,080	12,704	12,176	Monthly, semi annual, and upon maturity	-	0.00% إلى 4.00%	3.75% إلى 4.75%
Amounts borrowed from local banks and financial institutions	60,000,000	6	6	One payment	-	4.30% إلى 7.00%	4.50% إلى 12.40%
Amounts borrowed from foreign banks and financial institutions	146,720,702	74	52	Monthly, semi annual, and upon maturity	-	1.00% إلى 2.79%	3.87% إلى 12.00%
Total	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 100 Million. The loans mature during 2022 - 2028.
- Loans bearing fixed - interest rates amounted to JD 537,580,169 and loans bearing floating - interest rates amounted to JD 3,101,176 as at 31 March 2022 against JD 410,970,782 and JD 3,295,000 respectively as at 31 December 2021.
- A borrowing clause from central banks includes 52,275,879 dinars as of March 31, 2022, which represents financial liabilities against mortgaged financial assets, while there are no financial liabilities as of December 31, 2021 (Note 11).^{١٢}
- Based on the most recent covenant assesment we are complying with all contingent rules and conditions with our financial institution leaders.

(15) Income Tax

The movement on income tax liability is as follows:

	31 March 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	(3,580,094)	(7,282,792)
Income tax charge for the year	1,678,554	6,604,273
Income tax on other comprehensive income	-	(31,712)
Income tax charge for previous years	-	307,327
Additions due to acquisition	5,398,376	-
Balance at the end of the period/year	7,981,669	4,484,833

Income tax expense presented in interim condensed consolidated income statement:

	31 March 2022	31 December 2021
	JD	JD
	(Reviewed not audited)	(Audited)
Current income tax charge for the year	1,678,554	2,812,040
Previous years income tax charges	-	13,834
Deferred tax assets for the year	(58,944)	(688,117)
	1,619,610	2,137,757

- Legal income tax rate on the Bank's revenues and brokerage firm is 34% and 24% respectively. In addition to 4% for national contribution tax.

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

- A final settlement has been made with the Income and Sales tax department regarding the Bank's tax in Jordan till the end of 2020.

- The Income and Sales Tax Department did not commence its review on the Bank's account for the year ended 2019 and 2020 until the date of these consolidated financial statements.

- The Bank has submitted its financial statements for the years ended till 2018, and the Income Tax Department has not reviewed these statements until the date of consolidated financial statements.

- A final settlement has been made with the Income and Sales Tax Department regarding the tax on Capital Investment and Brokerage company till the end of 2019.

- Capital Investment and Brokerage company have submitted the tax return till the year 2020. Final settlements are still pending as of the date of the consolidated financial statements.

- A final settlement has been made with the Income Tax Department regarding the tax on National Bank of Iraq till the end of 2016, and the Bank has settled the amounts due until the end of 2020.

- Sciete general bank of jordan has submitted the tax return till the year 2018. Final settlements are still pending as of the date of the consolidated financial statements.

- The management and tax consultants believe that the income tax provision recorded is sufficient to meet the tax obligations as at 31 March 2022.

(16) Sundry Provisions

31 March 2022 (Reviewed not audited)	Balance at the beginning of the year	Provided during the period/year	Utilized during the period/year *	Transferred to income	Balance at the end of the period/year
	JD	JD	JD		JD
Provision for lawsuits raised against the bank	114,796	-	-	-	114,796
Other provisions	2,383,196	97,123	(259,749)	-	2,220,570
Additions due to acquisition / Provision for lawsuits (Note 30)	-	-	113,196	-	113,196
Total	2,497,992	97,123	(146,553)	-	2,448,562
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	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 193,283 was collected as of 31 March 2022 compared to JDs 25,017 as of 31 March 2021.

(17) 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.

(18) Other Liabilities

This item consists of the following:

	31 March 2022	31 December 2021
	JD (Reviewed not audited)	JD (Audited)
Accrued interest expense	23,501,540	16,887,671
Accrued expenses	8,596,045	6,904,734
Certified cheques	23,034,247	7,278,415
Cheques payable	5,364,510	2,127,431
Board of directors' remuneration	197,663	68,334
Brokerage payables	22,738,771	21,526,344
Liabilities / derivatives unrealized gain (Note 26)	1,236,231	1,414,498
Guarantees	453,716	453,716
Others	18,053,671	7,635,179
Total	103,176,394	64,296,322

(19) Subordinated Loans**31 March 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	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	28,360,000		-	

- On March 15, 2020, the Bank completed the issuance of bonds of 40 million dollars, which fall into the second tranche according to the requirements of the Basel Standard.

- During the first quarter of 2022, a number of bonds were purchased by the bank after obtaining the approval of the regulatory authorities, As a result, the number of traded bonds was reduced to 214 bonds with a nominal value of 100,000 USD.

(20) Earnings Per Share

The details are as follow:

	For the 3 months ended 31 March	
	2022	2021
	(Reviewed not audited)	
	JD	JD
Profit for the period attributable to Bank's shareholders	38,656,579	56,732,108
Weighted average number of shares during the period	200,000,000	200,000,000
	JD / Fils	JD / Fils
Basic and diluted earnings per share	0.193	0.284

(21) Cash and Cash Equivalents

The details are as follow:

	For the 3 months ended 31 March	
	2022	2021
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Cash and balances with central banks maturing within 3 months	698,801,826	280,549,175
Balances at banks and financial institutions maturing within 3 months, net	140,925,295	145,401,667
Banks and financial institutions' deposits maturing within 3 months	(343,625,497)	(163,899,757)
Restricted cash balances	(8,269,811)	(6,106,733)
	487,831,813	255,944,352

(22) Related Parties Transactions

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

	Ownership		Paid in capital	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
	%	%	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 Genrale Bank	99.09 %	99.09 %	138,290,092	-

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

	Related party				Total	
	BOD members	Executive management	Subsidiaries	Major Shareholders	31 March 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	125,307,463	1,064,574	9,585,439	1,904,683	137,862,159	115,028,831
Margin accounts	58,135	1,320	112,919,041	-	112,978,496	113,895,229
Direct credit facilities	28,956,158	1,262,862	720	-	30,219,740	26,694,812
Off-balance sheet items:						
Indirect credit facilities	6,040,236	1,000	74,519,788	-	80,561,024	86,377,711
Expected credit losses stage 1	484,309	228	233,146	5,751	723,434	541,180

					For the 3 months ended 31 March	
					2022	2021
					(Reviewed not audited)	(Reviewed not audited)
					JD	JD
Statement of income items:						
Interest and commission income	505,911	15,765	935,155	64,952	1,521,784	2,039,939
Interest and commission expense	1,254,568	5,619	10,379	77	1,270,643	1,911,496

- Interest rates on credit facilities in Jordanian Dinar range between 2.00% - 9.95%.
- Interest rates on credit facilities in foreign currency range between 6.5% - 6.5%.
- Interest rates on deposits in Jordanian Dinar range between 3.125% -4.35%.
- Interest rates on deposits in foreign currency between 1.5% - 1.5%.

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

	For the 3 months ended 31 March	
	2022	2021
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Benefits (Salaries, wages, and bonuses) of executive management for the Bank and it's subsidiaries	1,666,424	1,047,308
Total	1,666,424	1,047,308

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

(23) Segment Information**Information about the bank's**

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

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

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

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

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

						Total
	Retail Banking	Corporate Banking	Corporate Finance	Treasury	Other	31 March 2022
	JD	JD	JD	JD	JD	JD
						(Reviewed not audited)
Total revenue	18,234,816	24,832,282	-	22,848,257	1,705,795	67,621,150
Net of acquisition Impact	-	-	-	-	25,584,298	25,584,298
Credit impairment losses on direct credit facilities	(3,695,457)	(2,152,516)	-	-	(314,692)	(6,162,665)
Segment results	5,433,620	10,105,175	-	19,001,258	26,793,422	61,333,475
Unallocated expenses						(19,520,800)
Profit before tax						41,812,675
Income tax						(1,619,610)
Net income for the period						40,193,065
Other information						
Segmental assets	1,000,245,196	1,888,967,962	-	2,711,481,464	372,230,570	5,972,925,192
Segmental liabilities	1,968,019,928	2,468,258,587	-	919,802,109	144,982,662	5,501,063,286
Capital expenditure						10,814,048
Depreciation and amortization						2,716,113
						Total
	Retail Banking	Corporate Banking	Corporate Finance	Treasury	Other	31 March 2021
	JD	JD	JD	JD	JD	JD
						(Reviewed not audited)
Total revenue	8,878,435	20,508,280	3,545	13,417,475	3,135,136	45,942,871
Net of acquisition Impact	-	-	-	-	25,376,518	25,376,518
Credit impairment losses on direct credit facilities	2,935,024	(5,685,278)	-	38,446	(187,385)	(2,899,193)
Segment results	5,361,148	5,912,668	3,545	11,929,167	28,324,270	51,530,798
Unallocated expenses						(14,664,789)
Profit before tax						36,866,009
Income tax						(2,137,757)
Net income for the period						34,728,252
Other information						31 December 2021
						JD
						(Audited)
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
						31 March 2021
						JD
						(Reviewed not audited)
Capital expenditure						2,265,858
Depreciation and amortization						1,545,601

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

	31 March 2022	31 December 2021
	JD	JD
	(Reviewed not audited)	(Audited)
Letters of credit	179,851,483	138,291,603
Confirmed Export Letters of credit	13,304,615	14,832,594
Acceptances	81,758,898	91,726,111
Letters of guarantee:-		
- Payments	96,208,228	63,306,201
- Performance	146,274,337	109,081,557
- Others	92,359,792	80,968,841
Foreign currency forward*	63,605,757	296,545,718
Interest rate forward contracts*	79,762,500	79,762,500
Unutilized direct credit limits	451,892,456	281,161,365
Total	1,205,018,066	1,155,676,490
Less: expected credit loss	(7,946,087)	(4,889,017)
Net Credit Liabilities and commitments	1,197,071,979	1,150,787,473

31 March 2022 (Reviewed not audited)	31 March 2022	31 December 2021
	JD	JD
	(Reviewed not audited)	(Audited)
Beginning Balance	4,889,017	4,360,854
Net movement on Impairment credit losses	2,332,311	(1,687,006)
Additions due to acquisition (Note 30)	724,759	2,215,169
Net balance	7,946,087	4,889,017

(25) Expected credit loss

31 March 2022 (Reviewed Not Audited)	Stage one	Stage two	Stage three	Total
	JD	JD	JD	JD
Direct credit facilities – net	1,422,699	69,015	2,328,648	3,820,362
Financial assets measured at amortized cost	7,748	2,245	-	9,993
Contingent Liabilities and Commitments	1,177	303,522	2,027,611	2,332,310
Total	1,431,624	374,782	4,356,259	6,162,665

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

(26) 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:

31 March 2022 (Reviewed not audited)	Level 1	Level 2	Total
	JD	JD	JD
Financial assets-			
Financial assets at fair value through other comprehensive income	59,223,964	30,716,820	89,940,784
Loans valued at fair value through the income statement	-	82,883,298	82,883,298
Financial liabilities-			
Derivative instruments (Note 17)	-	1,236,231	1,236,231
31 December 2021 (Audited)			
Financial assets-			
Financial assets at fair value through other comprehensive income	168,091,630	27,409,208	195,500,838
Loans valued at fair value through the income statement	-	82,883,298	82,883,298
Financial Assets - Pledged	-	220,412	220,412
Financial liabilities-			
Derivative instruments (Note 17)	-	1,414,498	1,414,498

(27) Lawsuits against the Bank

- The lawsuits raised against the Bank, as part of the ordinary course of business, amounted to JD 15,294,164 as at 31 March 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 15,502,466 as at 31 March 2022 ,In the bank's assessment, the bank does not have any obligations in exchange for these cases - except for claims of 113,196 JD.
- No lawsuits were raised against Capital Investment and Brokerage Company Ltd/Jordan, as part of the ordinary course of business as at 31 March 2022 and 31 December 2021.
- The lawsuits raised against the National Bank of Iraq, as part of the ordinary course of business, amounted to JD 1,527,754 as at 31 March 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.

(28) Statutory Reserve

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

(29) 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.

(30) Acquisition of societe generale bank Branches in Jordan

"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 99.09% 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
<u>Assets</u>	<u>JDs</u>
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	<u>1,685,968,765</u>
<u>Liabilities and Equity</u>	
<u>Liabilities</u>	
Deposits at banks and financial institutions	20,322,666
Customer Deposits	1,255,916,151
Cash margins	89,165,689
Borrowed funds	131,652,754
Other liabilities	24,273,162
Total Liabilities	<u>1,521,330,422</u>
Net fair value of the business acquired at the date of acquisition	<u>164,638,343</u>
The purchase price paid for the acquisition	<u>138,290,092</u>
Result from the acquisition	<u>26,348,251</u>

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.

(31) Comparative Figures:

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