

**ARAB BANKING CORPORATION (JORDAN)**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**AMMAN - JORDAN**

**CONSOLIDATED CONDENSED INTERIM**  
**FINANCIAL INFORMATION**  
**FOR THE SIX-MONTH PERIOD**  
**ENDED JUNE 30, 2022**  
**TOGETHER WITH THE REVIEW REPORT**

**ARAB BANKING CORPORATION (JORDAN)**  
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## Independent Auditor's Review Report

AM/ 003305

To the Chairman and Board of Directors Members  
Arab Banking Corporation  
(A Public Shareholding Limited Company)  
Amman - The Hashemite Kingdom of Jordan

### **Introduction**

We have reviewed the accompanying consolidated condensed statement of financial position of the Arab Banking Corporation (A Public Shareholding Limited Company) as of June 30, 2021, and the related consolidated condensed statements of income and other comprehensive income for the three-month and the six-month period ended June 30, 2022, and the condensed statement of changes in equity and cash flows for the six-months then ended and the summary of significant accounting policies and other explanatory information. Management is responsible for the preparation and fair presentation of these consolidated condensed interim financial information in accordance with International Accounting Standard number (34) related to "Interim Financial Reporting" as adopted by the Central Bank Jordan. Our responsibility is to express a conclusion on these consolidated condensed interim financial information based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagement 2410 "Review of consolidated condensed interim financial information performed by the Independent Auditor". A review of consolidated condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters in the Bank 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 consolidated condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard (34) related to "Interim Financial Reporting" as adopted by the Central Bank Jordan.

### **Other Matter Paragraph**

The accompanying consolidated condensed financial statements are a translation of the statutory consolidated condensed financial statements in the Arabic Language to which reference should be made.

Amman - The Hashemite Kingdom of Jordan  
June 26, 2022

  
Deloitte & Touche (M.E.) - Jordan

**Deloitte & Touche (M.E.)**

ديلويت أند توش (الشرق الأوسط)

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**ARAB BANKING CORPORATION (JORDAN)**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**AMMAN - JORDAN**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT**  
**OF FINANCIAL POSITION**

	Note	June 30, 2022 (Reviewed)	December 31, 2021 (Audited)
<b>Assets</b>		JD	JD
Cash and balances at the Central Bank of Jordan	5	48,146,039	55,272,058
Balances at banks and financial institutions	6	81,831,870	57,218,887
Deposits at banks and financial institutions	7	10,955,723	23,978,806
Direct credit facilities-net	11	727,712,695	693,329,197
Financial assets at fair value through other comprehensive income	8	141,490,610	135,633,909
Financial assets at amortized cost	9	139,308,530	139,314,408
Financial assets at amortized cost - Mortgaged	10	52,613,099	51,926,112
Property and equipment - net		32,458,719	32,969,697
Intangible assets - net		1,378,383	1,556,131
Right of use assets	12	3,337,620	2,826,245
Deferred tax assets	17/b	8,190,529	9,067,586
Other assets	13	22,030,006	26,938,190
<b>Total Assets</b>		<b>1,269,453,823</b>	<b>1,230,031,226</b>
<b>Liabilities And Shareholders' Equity</b>			
<b>Liabilities</b>			
Banks' and financial institutions' deposits		156,044,221	144,058,639
Customers' deposits	14	735,940,587	722,694,875
Margin accounts	15	52,200,116	52,762,184
Borrowed Funds	16	128,598,247	103,527,869
Sundry provisions		3,540,603	3,378,824
Income tax provision	17/a	1,754,068	7,256,848
Deferred tax liabilities	17/b	871,461	2,337,442
Lease liabilities	12	3,126,372	2,762,365
Other liabilities	18	26,041,373	22,897,585
<b>Total Liabilities</b>		<b>1,108,117,048</b>	<b>1,061,676,631</b>
<b>Owner's Equity</b>			
<b>Bank's Shareholders Equity</b>			
Issued and paid-in capital	19	110,000,000	110,000,000
Additional paid-in capital		66,943	66,943
Statutory reserve	20	29,892,408	29,892,408
Voluntary reserve	20	197,281	197,281
Fair value reserve	21	796,393	3,570,478
Retained earnings	22	18,027,485	24,627,485
Profit for the period		2,356,265	-
<b>Total Owners' Equity</b>		<b>161,336,775</b>	<b>168,354,595</b>
<b>Total Liabilities and Owners' Equity</b>		<b>1,269,453,823</b>	<b>1,230,031,226</b>

**THE ACCOMPANYING NOTES FROM (1) TO (37) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION.**

**ARAB BANKING CORPORATION (JORDAN)**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**AMMAN - JORDAN**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS**  
**(REVIEWED AND NOT AUDITED)**

	Note	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
		2022	2021	2022	2021
		(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
		JD	JD	JD	JD
Interest income	24	15,985,875	16,000,747	31,331,528	31,139,501
Interest expense	25	(7,426,998)	(6,441,453)	(14,251,724)	(12,840,564)
<b>Net Interest Income</b>		<b>8,558,877</b>	<b>9,559,294</b>	<b>17,079,804</b>	<b>18,298,937</b>
Net commission income		711,500	875,235	1,449,686	1,905,628
<b>Net Interest and Commission Income</b>		<b>9,270,377</b>	<b>10,434,529</b>	<b>18,529,490</b>	<b>20,204,565</b>
Gain from exchange of foreign currencies		218,160	257,598	438,195	462,842
Gain from financial assets at fair value through other comprehensive income	26	4,000	4,000	29,500	4,000
Other income - net		593,148	850,312	1,176,964	1,836,896
<b>Total Income</b>		<b>10,085,685</b>	<b>11,546,439</b>	<b>20,174,149</b>	<b>22,508,303</b>
<b>Expenses</b>					
Employee expenses		3,548,296	3,682,619	7,230,548	7,311,384
Depreciation and amortization		897,092	605,091	1,758,455	1,150,725
Other expenses		2,276,569	1,906,399	4,625,350	3,713,487
Provision for expected credit loss on financial assets	23	2,553,559	1,558,368	3,704,136	2,609,111
Sundry provisions		84,930	42,541	166,469	85,081
Provision for impairment of repossessed assets		-	25,166	-	50,331
<b>Total Expenses</b>		<b>9,360,446</b>	<b>7,820,184</b>	<b>17,484,958</b>	<b>14,920,119</b>
<b>Profit for the Period Before Tax</b>		<b>725,239</b>	<b>3,726,255</b>	<b>2,689,191</b>	<b>7,588,184</b>
Income tax expense		74,443	(1,358,067)	(332,926)	(2,442,163)
<b>Profit for the Period</b>		<b>799,682</b>	<b>2,368,188</b>	<b>2,356,265</b>	<b>5,146,021</b>
Basic and Diluted Earnings Per Share for the period attributable Bank's Shareholders	27	0.007	0.022	0.021	0.047

**THE ACCOMPANYING NOTES FROM (1) TO (37) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION.**

**ARAB BANKING CORPORATION (JORDAN)**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**  
**AMMAN – JORDAN**

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**(REVIEWED AND NOT AUDITED)**

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2022 (Reviewed)	2021 (Reviewed)	2022 (Reviewed)	2021 (Reviewed)
	JD	JD	JD	JD
<b>Profit for the period</b>	799,682	2,368,188	2,356,265	5,146,021
<u>Other comprehensive income items:</u>				
<u>Other comprehensive income items which may be reclassified to profit or loss in the subsequent period:</u>				
Net Change in valuation reserve of financial assets at fair value through comprehensive income after tax – Debt Instruments	(1,789,366)	(322,716)	(2,982,297)	(649,565)
Gain (loss) in fair value for derivatives	14,945	(24,177)	148,138	48,887
<u>Items not to be subsequently transferred to statement of profit or loss:</u>				
Net Change in valuation reserve of financial assets at fair value through comprehensive income after tax – Equity Instruments	59,858	159,227	60,074	161,411
<b>Total Comprehensive Income for the Period</b>	<b>(914,881)</b>	<b>2,180,522</b>	<b>(417,820)</b>	<b>4,706,754</b>

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**ARAB BANKING CORPORATION (JORDAN)**  
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**AMMAN – JORDAN**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**(REVIEWED AND NOT AUDITED)**

	Reserves					Retained Earnings	Profit for the Period	Total
	Issued and Paid in Capital	Additional Paid in Capital	Statutory Reserve	Voluntary Reserve	Fair Value Reserve - Net			
	JD	JD	JD	JD	JD	JD	JD	JD
<b>For the Six-Months Ended June 30, 2022 (Reviewed)</b>								
Balance - beginning of the period (Audited)	110,000,000	66,943	29,892,408	197,281	3,570,478	24,627,485	-	168,354,595
Cash dividends	-	-	-	-	-	(6,600,000)	-	(6,600,000)
Total comprehensive income for the period	-	-	-	-	(2,774,085)	-	2,356,265	(417,820)
<b>Balance - End of the Period (Reviewed)</b>	<b>110,000,000</b>	<b>66,943</b>	<b>29,892,408</b>	<b>197,281</b>	<b>796,393</b>	<b>18,027,485</b>	<b>2,356,265</b>	<b>161,336,775</b>
<b>For the Six-Months Ended June 30, 2021 (Reviewed)</b>								
Balance - beginning of the period (Audited)	110,000,000	66,943	28,379,747	197,281	4,705,107	16,527,230	-	159,876,308
Gains from the disposal of financial instruments through OCI	-	-	-	-	-	10,492	-	10,492
Total comprehensive income for the period	-	-	-	-	(439,267)	-	5,146,021	4,706,754
<b>Balance - End of the Period (Reviewed)</b>	<b>110,000,000</b>	<b>66,943</b>	<b>28,379,747</b>	<b>197,281</b>	<b>4,265,840</b>	<b>16,537,722</b>	<b>5,146,021</b>	<b>164,593,554</b>

- An amount of JD 8,190,529 is restricted against deferred tax assets as on June 30, 2022 (JD 9,067,586 as of December 31, 2021), which represents the accumulated change in fair value, including capitalization or distribution, except for what is actually realized, according to Jordan Securities Commission and Central Bank of Jordan instructions.

- Included in retained earnings is a restricted amount of JD 2,761 as on June 30, 2022 and December 31, 2021, which represents the effect of the early adoption of IFRS 9, excluding the amounts that have been realized through actual sales.

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**ARAB BANKING CORPORATION (JORDAN)**  
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**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**(REVIEWED NOT AUDITED)**

		For the Six Months Ended June 30,	
	Note	2022 (Reviewed)	2021 (Reviewed)
<b>Operating Activities:</b>			
Profit before income tax		JD 2,689,191	JD 7,588,184
Depreciation and amortization		1,758,455	1,150,725
Provision for expected credit loss on financial assets	23	3,704,136	2,609,111
Loss (gain) from disposal of property and equipment		586,932	(1,985)
Provision for the impairment of repossessed assets		-	50,331
Sundry provisions		166,469	85,081
Accrued interest		(2,289,871)	(1,374,087)
Effect of exchange rate fluctuations in cash and cash equivalents		47,207	(138,853)
<b>Net Income before Changes in Assets and Liabilities</b>		<b>6,662,519</b>	<b>9,968,507</b>
<b>Changes in Assets and Liabilities:</b>			
Decrease (increase) in deposits at banks and financial institutions maturing after three months		13,026,500	(17,046,465)
(Increase) in direct credit facilities		(38,017,793)	(43,842,134)
Decrease (increase) in other assets		6,049,287	(3,973,562)
Increase in customers' deposits		13,245,713	2,993,240
(Decrease) in cash margins		(562,067)	(1,528,614)
Increase (decrease) in other liabilities		3,865,968	(804,247)
<b>Net Cash Flows from (used in) Operating Activities before Income Tax</b>		<b>4,270,127</b>	<b>(54,233,275)</b>
Income tax paid	17/A	(4,724,384)	(2,998,051)
Sundry provisions paid		(4,689)	(337,457)
<b>Net Cash Flows (used in) Operating Activities</b>		<b>(458,946)</b>	<b>(57,568,783)</b>
<b>Investing Activities</b>			
(Purchase) of financial assets at amortized cost		(41,656,317)	(14,004,175)
Sale and maturity of financial assets at amortized cost and m		40,982,342	18,241,069
(Purchase) of property and equipment		(1,328,894)	(1,219,804)
(Purchase) of intangible assets		(59,309)	(136,208)
Proceeds from sale of property and equipment		68,789	4,783
(Purchase) of financial assets at fair value through other comprehensive income		(21,038,437)	(36,033,920)
Sale and maturity of financial assets at fair value through other comprehensive income		10,470,398	27,058,366
<b>Net Cash Flows (used in) Investing Activities</b>		<b>(12,561,428)</b>	<b>(6,089,889)</b>
<b>Financing Activities</b>			
Dividends paid to shareholders		(6,484,977)	(12,407)
Borrowed funds		25,070,379	29,465,336
<b>Net Cash Flows from Financing Activities</b>		<b>18,585,402</b>	<b>29,452,929</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>		<b>5,565,028</b>	<b>(34,205,743)</b>
Effect of exchange rate fluctuations on cash and cash equivalents		(47,207)	138,853
<b>Cash and cash equivalents - beginning of the year</b>		<b>(31,559,716)</b>	<b>(14,928,943)</b>
<b>Cash and Cash Equivalents - End of the Period</b>	28	<b>(26,041,895)</b>	<b>(48,995,833)</b>

**THE ACCOMPANYING NOTES FROM (1) TO (37) CONSTITUTE AN INTEGRAL PART OF  
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**ARAB BANKING CORPORATION (JORDAN)**  
**(A PUBLIC SHAREHOLDING LIMITED COMPANY)**

**AMMAN – JORDAN**

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**(REVIEWED NOT AUDITED)**

**1. Incorporation and Activities**

Arab Banking Corporation (Jordan) was established as a public shareholding company on January 21, 1990 in accordance with the Companies Law No (1) of 1989 with headquarter in Amman.

The Bank provides banking services through its head office in Amman and its 24 branches in Jordan and the subsidiary Company.

The Bank's shares are listed in Amman Stock Exchange.

The Bank and its subsidiary "the Group" financial statements are consolidated in the Arab Banking Corporation – Bahrain financial statements.

**2. Basis of Preparation**

The consolidated condensed interim financial information of the Bank were prepared as of June 30, 2022 in accordance with International Accounting Standard Number (34) (Consolidated Condensed Interim Financial Statements), as adopted by the Central Bank of Jordan.

The main differences between the IFRSs as they should be applied and what has been adopted by the Central Bank of Jordan are as follows:

- a. Provisions for expected credit losses are calculated in accordance with IFRS 9 and according to instructions of Central Bank of Jordan's, whichever is more conservative. The material differences are as follows:
  - Elimination of debt instruments issued or granted by the Jordanian government in addition to any other credit exposures with or guaranteed by the Jordanian Government, so that credit exposures with or guaranteed by the Jordanian Government are treated without credit losses.
  - When calculating credit losses against credit exposures, the calculated results according to IFRS 9 are compared with the instructions of the Central Bank of Jordan No. (2009/47) dated December 10, 2009 for each stage separately and the more severe results are adopted.
  - In special cases, the Central Bank of Jordan approves of special arrangements for the calculation and booking of provision for expected credit losses for customers' direct credit facilities over a certain period.
  - According to the instructions issued by the Central Bank of Jordan (No. 10/3/4375 and No. 10/3/14960 issued on March 15, 2020 and November 22, 2020, respectively), the bank may postpone due instalment payments or payments due from some customers without it being considered a restructuring and without it affecting the customer's credit rating.
- b. Interest and commissions on non-performing credit facilities granted to clients are suspended, in accordance with the instructions of the Central Bank of Jordan.

- c. Assets seized by the Bank are shown in the consolidated statement of financial position, among other assets, at their current value when seized by the Bank or at their fair value, whichever is lower. Furthermore, they are reassessed on the date of the consolidated financial statements separately, and any decrease in value is recorded in the consolidated statement of profit or loss while any increase in value is not recorded as revenue. In addition, any subsequent increase is taken to the statement of profit or loss to the extent of not exceeding the previously recorded value. As of the beginning of the year 2015, a gradual provision has been taken for real estate acquired in exchange for debts and whose acquisition has exceeded 4 years, according to the Central Bank of Jordan's Circular No 15/1/4076 dated March 27, 2014 and Circular No. 10/1/2510 dated February 14, 2017. In this respect, the Central Bank of Jordan has issued Circular No. 10/1/13967 dated October 25, 2018, approving the extension of Circular No. 10/1/16607 dated December 17, 2017, and confirming postponement of the calculation of the provision until the end of the year 2020. According to the Central Bank of Jordan's Circular No. 10/1/16239 dated November 21, 2020, deduction of the required provisions against the acquired real estate will continue at a rate of 5% of the total book value of these properties (regardless of the violation period) from the year of 2021 until the required percentage is reached 50% of these properties by the end of the year 2030.
- The reporting currency of the consolidated financial statements is the Jordanian Dinar, which is the functional currency of the Bank.
  - The condensed consolidated interim financial information do not include all notes and information presented in the annual financial statements which is prepared in accordance with the international accounting standards and should be read with the Bank's annual report for the year ended December 31, 2021. The results of the six months ended June 30, 2022 do not indicate the expected results for the year ended December 31, 2022. There was no appropriation of the profit of the six months ended June 30, 2022 which is usually performed at year end.

**- Significant Accounting Judgments and key Sources of Uncertainty Estimates:**

Preparation of the condensed interim consolidated financial information and implementation of the accounting policies require management to make judgments, estimates, and assumptions that affect the amounts of financial assets and financial liabilities and to disclose Contingent liabilities. Moreover, these estimates and judgments affect revenues, expenses, provisions, in general, expected credit losses, as well as changes in fair value that appear in the condensed consolidated interim statement of comprehensive income and within shareholders' equity. In particular, the Bank's management requires judgments to be made to estimate the amounts and timing of future cash flows. These estimates are necessarily based on multiple hypotheses and factors with varying degrees of estimation and uncertainty. Meanwhile, the actual results may differ from estimates due to the changes arising from the conditions and circumstances of those estimates in the future.

The critical judgements and estimates used in the preparation of these condensed consolidated interim financial information are consistent with those used in the preparation of the Bank's annual financial statements for the year ended December 31, 2021.

**3. Significant Accounting Policies**

The accounting policies used in the preparation of the condensed consolidated interim financial information for the period ended on June 30, 2022 are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2021. However, the Bank has adopted the following amendments and interpretations that apply for the first time in 2021 and have not materially affected the amounts and disclosures in the condensed consolidated interim financial information for the period and prior years, which may have an impact on the accounting treatment of future transactions and arrangements:

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

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or noncurrent is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

### **Amendments to IFRS 3 – Reference to the Conceptual Framework**

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

### **Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract**

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

### **Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use**

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

#### **IFRS Financial Enhancements 2018-2020**

##### **IFRS 1 First-time Adoption of International Financial Reporting Standards**

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16 (a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16 (a).

##### **IFRS 9 Financial Instruments**

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

##### **IAS 41 Agriculture**

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

### **Standards issued but not effective**

At the date of authorization of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

<b>New and revised IFRSs</b>	<b>Effective date</b>
<p><b>IFRS 17 Insurance Contracts (including the June 2020 amendments to IFRS 17)</b></p> <p>IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.</p> <p>IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.</p> <p>The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.</p> <p>In June 2020, the Board issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after January 1, 2023. At the same time, the Board issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after January 1, 2023.</p> <p>For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.</p> <p><b>Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</b></p> <p>The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.</p> <p>The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.</p>	<p>The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.</p> <p>The effective date is yet to be set. Earlier application is permitted.</p>

## **New and revised IFRSs**

## **Effective date**

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

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted.

The amendments clarify that the classification of liabilities as current or noncurrent is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

### **Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies**

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

January 1, 2023, with earlier application permitted and are applied prospectively.

The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

### **Amendments to IAS 8 – Definition of Accounting Estimates**

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

January 1, 2023, with earlier application permitted

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.

**New and revised IFRSs**

**Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

<u>Effective date</u>	
January 1, 2023, with earlier permitted	application

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the consolidated financial statements of the Group in the period of initial application.

#### **4. Basis of Consolidation financial statements**

- The condensed consolidated interim financial statements include the financial statements of the bank and its subsidiary company that is under its control. Control is achieved when the bank has the ability to control the financial and operating policies of the subsidiaries in order to obtain benefits from their activities. As for the in process transactions, they appear under other assets or other liabilities in the statement of financial position condensed consolidated interim financial.
- The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.
- When the Bank has less than the majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power.
- Transactions, balances, revenues and expenses are eliminated between the Bank and the subsidiary.
- The financial statements of the subsidiary are prepared for the same financial year, using the same accounting policies adopted by the Bank. If the accounting policies adopted by the company are different from those used by the Bank, the necessary adjustments to the financial statements of the subsidiary are made to comply with the accounting policies followed by the Bank.
- The results of the subsidiary are incorporated into the consolidated statement of income from the effective date of acquisition, which is the date on which actual control over the subsidiaries is assumed by the Bank. Moreover, the operating results of the disposed subsidiary are incorporated into the consolidated statement of income up to the effective date of disposal, which is the date on which the Bank loses control over its subsidiary.
- Non-controlling interests represent that part of the equity that is not owned by the Bank. Non-controlling interests are presented in the net assets of the subsidiary are presented separately in the Bank's statement of equity.

The Bank's subsidiary as of June 30, 2022 is as follows:

#### **- Arab Co-operation for Financial Investments (ABCI)**

Arab Co-operation for Financial Investments is wholly owned by the Bank. The Company's objective is to perform brokerage investments on behalf of its clients, in addition to providing financial consultation services on stock exchange investing. Its paid-up capital amounted to JD 15,600,000, total assets amounted to JD 47,632,656 and total liabilities amounted to JD 22,640,308 as at June 30, 2022. Its total revenue amounted to JD 1,768,983 and total expenses amounted to JD 1,188,619 for the six months ended June 30, 2022, before excluding any transactions, balances, revenue, and expenses between the Company and the Bank.

Control is achieved when the Bank:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect the investee's returns.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.



When the Bank has less than the majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of the other voting rights;
- Potential voting rights held by the Company, other vote holders, or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

When the Bank loses control of the subsidiary, the Bank performs the following:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the book value of any non-controlling interests.
- Derecognizes the accumulated transfer difference in Owners' Equity.
- Derecognizes the fair value to the next controlling party.
- Derecognizes the fair value of any investment retained.
- Derecognizes any gain or loss in the income statement.
- Reclassifies owners' equity already booked in other comprehensive income to the profit or loss statement, as appropriate.

## 5. Cash and Balances at Central Bank of Jordan

The details of this item is as follows

	June 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Cash on hand	7,108,385	5,854,467
Balances at central bank of Jordan:		
Current accounts and demand deposits	7,224,755	7,152,768
Statutory cash reserve	33,812,899	35,264,823
Term deposits	-	7,000,000
Total	48,146,039	55,272,1058

- The statutory cash reserve amounted to JD 33,812,899 as of June 30, 2022 (JD 32,502,711 as of December 31, 2021).
- There are no restricted balances except for the statutory cash reserve as of June 30, 2022 and December 31, 2021.
- Balances with the Central Bank of Jordan are classified as part of the first stage in accordance with the requirements of IFRS 9, and there are no transfers between the first, second and third stages or non-performing balances during the six months ended June 30, 2022.

The movement on the cash and balances at Central Bank of Jordan is as follows:

	Stage (1) Individual JD	Stage (2) Individual JD	Stage (3) JD	Total JD
Total balance at the beginning of period	49,417,591	-	-	49,417,591
Settled balances	(8,379,937)	-	-	(8,379,937)
Total balance at the end of period	41,037,654	-	-	41,037,654

## 6. Balances at Banks and Financial Institutions

The details of this item are as follows:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total
	June 30, 2022 (Reviewed)	December 31, 2021 (Audited)	June 30, 2022 (Reviewed)	December 31, 2021 (Audited)	
	JD	JD	JD	JD	JD
Current accounts and demand deposits	292,266	113,669	10,305,363	23,030,284	23,143,953
Deposits maturing within or less than 3 months	48,650,680	21,786,730	22,607,978	12,296,182	34,082,912
Total	48,942,946	21,900,399	32,913,341	35,326,466	57,226,865
Provision for Impairment	(23,095)	(5,984)	(1,322)	(1,994)	(7,978)
Net Balances at banks and financial institutions	48,919,851	21,894,415	32,912,019	35,324,472	57,218,887

The movement on the balances at banks and financial institutions is as follows:

	June 30, 2022 (Reviewed)			December 31, 2021 (Audited)
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Total Balance at the beginning of period/year	57,218,887	-	-	57,218,887
New balances during the period/year	46,865,199	-	-	46,865,199
Settled balances	(22,227,799)	-	-	(22,227,799)
Total Balance at the end of period/year	81,856,287	-	-	81,856,287
Less: Impairment loss	(24,417)	-	-	(24,417)
	81,831,870	-	-	81,831,870

- Non-interest-bearing balances at banks and financial institutions amounted to JD 6,449,659 as of June 30, 2022 (JD 5,955,544 as of December 31, 2021).

- There are no restricted balances as of June 30, 2022 and December 31, 2021.

- The movement on the expected credit loss provision for the balances at banks and financial institutions and as follows:

	June 30, 2022 (Reviewed)			December 31, 2021 (Audited)
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the period /Year	7,978	-	-	7,978
Impairment loss on new balances during the period/year	24,417	-	-	24,417
Recoveries from impairment loss on the balances.	(7,978)	-	-	(7,978)
Total balance at the end of period/year	24,417	-	-	24,417

- There are no transfers between stages (1, 2 and 3) or written off balances during the six months period ended June 30, 2022 and 2021.

## **7. Deposits at Banks and Financial Institutions**

The movement on deposits at banks and financial institutions is as follows:

	Local Banks and financial institutions		Foreign Banks and financial institutions		Total	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
	(Reviewed) JD	(Audited) JD	(Reviewed) JD	(Audited) JD	(Reviewed) JD	(Audited) JD
Deposits maturing during a period of:						
From 3 months to 6 months	-	-	10,956,150	15,952,500	10,956,150	15,952,500
From 6 months to 9 months	-	-	-	-	-	-
From 9 months to 12 months	-	-	-	8,030,150	-	8,030,150
Total Before Provisions	-	-	10,956,150	23,982,650	10,956,150	23,982,650
Provision for expected credit losses, bank deposits	-	-	(427)	(3,844)	(427)	(3,844)
Total	-	-	10,955,723	23,978,806	10,955,723	23,978,806

- There are no deposits maturing within a period longer than 6 months as of June 30, 2022 (JD 8,030,150 as of December 31, 2021).
- There are no restricted deposits as of June 30, 2022 and December 31, 2021.
- Deposits balances with banks and financial institutions amounted to JD 10,955,723 classified as part of the first stage as of June 30, 2022. There are also no transfers between the (first, second and third) stages or written off balances during the six months ended June 30, 2022.

The movement on deposits at banks and financial institutions is as follows:

	June 30, 2022 (Reviewed)			December 31, 2021 (Audited)
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Total balance at the beginning of period/year	23,982,650	-	-	23,982,650
New balances during the period/year	10,956,150	-	-	10,956,150
Settled balances	(23,982,650)	-	-	(23,982,650)
Total balance at the end of period/year	10,956,150	-	-	10,956,150
				23,982,650

The movement on provisions on the deposits at banks and financial institutions is as follows:

	June 30, 2022 (Reviewed)			December 31, 2021 (Audited)
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Total balance at the beginning of period/Year	3,844	-	-	3,844
New balances during the period/Year	427	-	-	427
Settled balances	(3,844)	-	-	(3,844)
Total balance at the end of period/Year	427	-	-	427
				3,844

## 8. Financial Assets at Fair Value Through Other Comprehensive Income

The details of these items are as follows:

	June 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Shares listed in active markets	1,249,736	1,133,643
shares not listed in active markets	2,775,062	2,450,379
Government and government guaranteed bonds	118,492,333	117,799,629
Jordan Treasury bills	15,510,510	7,018,458
Other financial bonds	3,463,872	7,234,630
	<u>141,491,513</u>	<u>135,636,739</u>
<u>Less:</u> Provision of expected credit loss	<u>(903)</u>	<u>(2,830)</u>
	<u>141,490,610</u>	<u>135,633,909</u>

- The movement on provision of the expected credit loss for the financial assets through other comprehensive income for the period is as follows:

	June 30, 2022 (Reviewed)				December 31, 2021 (Audited)
	Stage (1) individual	Stage (2) individual	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balance at the Beginning of the period	2,830	-	-	2,830	9,125
Impairment loss on new balances during the period	-	-	-	-	-
Recoveries from impairment loss on balances settled during the period	(1,927)	-	-	(1,927)	-
Impairment loss on new investments during the period	-	-	-	-	(6,295)
Balance at the end of the period	<u>903</u>	<u>-</u>	<u>-</u>	<u>903</u>	<u>2,830</u>

- The movement on the financial assets through other comprehensive income is as follows:

	June 30, 2022 (Reviewed)				December 31, 2021 (Audited)
	Stage (1) individual	Stage (2) individual	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the period/year	135,636,739	-	-	135,636,739	135,579,592
New investments during the period/year	21,038,436	-	-	21,038,436	39,036,351
Matured investments	(10,468,570)	-	-	(10,468,570)	(44,873,458)
Change in fair value	(4,715,092)	-	-	(4,715,092)	5,894,254
Total balances at the end of the period/year	<u>141,491,513</u>	<u>-</u>	<u>-</u>	<u>141,491,513</u>	<u>135,636,739</u>

- There were no transfers between stages (1, 2, and 3) or written-off balances during the six-month period ended June 30, 2022 and the year 2021.

## 9. Financial Assets at Amortized Cost

The details of this item are as follows:

	June 30, 2022 (Reviewed) JD	December 31, 2021 (Audited) JD
<b>Unquoted Financial Assets:</b>		
Jordan Treasury bills	11,676,337	-
Government and Government guaranteed financial bonds	112,633,277	124,322,625
Other financial bonds	15,000,000	15,000,000
	<u>139,309,614</u>	<u>139,322,625</u>
<u>Less: Expected credit loss provision</u>	<u>(1,084)</u>	<u>(8,217)</u>
<b>Total</b>	<u>139,308,530</u>	<u>139,314,408</u>

### Bonds and treasury bills analysis:

Fixed return	139,309,614	139,322,625
Variable return	-	-
<b>Total</b>	<u>139,309,614</u>	<u>139,322,625</u>

	June 30, 2022 (Reviewed) JD	December 31, 2021 (Audited) JD
<b>Bond Analysis IFRS 9:</b>		
Stage (1)	139,309,614	139,322,625
Stage (2)	-	-
Stage (3)	-	-
<b>Total</b>	<u>139,309,614</u>	<u>139,322,625</u>

The movement on the financial assets at amortized cost is as follow:

	June 30, 2022 (Reviewed)				December 31, 2021 (Audited)
	Stage (1) Individual JD	Stage (2) Individual JD	Stage (3) JD	Total JD	Total JD
Balance at the beginning of the period/year	139,322,625	-	-	139,322,625	126,863,616
New investments during the period/year	41,656,317	-	-	41,656,317	23,003,697
Matured investments	(41,669,328)	-	-	(41,669,328)	(10,544,688)
Total balance at the end of the period/year	<u>139,309,614</u>	<u>-</u>	<u>-</u>	<u>139,309,614</u>	<u>139,322,625</u>

The movement on the expected credit loss provision for financial assets at amortized cost is as follows:

	June 30, 2022 (Reviewed)				December 31, 2021 (Audited)
	Stage (1) Individual JD	Stage (2) Individual JD	Stage 3 JD	Total JD	Total JD
Balance at the beginning of the period/year	8,217	-	-	8,217	19,868
Credit losses on new investments during the period/year	-	-	-	-	-
Recovered amounts from losses on paid balances	(7,133)	-	-	(7,133)	(11,651)
Balance at the end of the period/year	<u>1,084</u>	<u>-</u>	<u>-</u>	<u>1,084</u>	<u>8,217</u>

#### **10. Financial Assets at Amortized Cost-Mortgaged**

The details of this item are as follows:

	June 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Government and Government guaranteed financial bonds	52,613,099	51,926,112
Total	52,613,099	51,926,112

- On April 4, 2021, the Bank sold three Jordanian treasury bonds with a nominal value of JD 31,000,000 to Arab Bank. The agreed-upon repurchase price of these bonds was JD 34,455,130. The proceeds, which amounted to JD 33,766,027, were recorded as borrowed funds at an interest rate of 3.97% per annum, as indicated in note (16). The Bank did not recognize this transaction as a sale transaction since the bank reserves the right to repurchase these bonds on April 4, 2024.
- On April 24, 2022, the Bank sold one Jordanian treasury bond with a nominal value of JD 7,965,000 to the Central Bank of Jordan. The agreed-upon repurchase price of the bond was JD 8,333,333. The proceeds, which amounted to JD 8,286,586, were recorded as borrowed funds at a rate of 2.25% per annum, as indicated in note (16). The Bank did not recognize this transaction as a sale transaction since the bank reserves the right to repurchase these bonds on July 24, 2022.
- On June 13, 2022, the Bank sold two Jordanian treasury bonds with a nominal value of JD 13,667,000 to the Central Bank of Jordan. The agreed-upon repurchase price of these bonds was JD 13,793,103. The proceeds, which amounted to JD 13,756,731, were recorded as borrowed funds at a rate of 2.75% per annum, as indicated in note (16). The Bank did not recognize this transaction as a sale transaction since the bank reserves the right to repurchase these bonds on July 18, 2022.

### **11. Direct Credit Facilities - Net**

The details of these items are as follows:

	June 30, 2022(Reviewed)	December 31, 2021(Audited)
	JD	JD
<b>Individual (Retail)</b>		
Overdrafts*	28,201,303	25,992,294
Loans and bills **	366,930,043	351,947,836
Credit cards	3,680,122	3,844,485
<b>Real Estate loans</b>	66,625,427	68,314,219
<b>Corporate</b>		
Overdrafts*	73,094,517	70,826,444
Loans and bills **	195,106,041	175,746,958
<b>Small and medium enterprises</b>		
Overdrafts*	5,078,257	5,271,851
Loans and bills **	19,034,787	20,723,245
<b>Government and public sector</b>	54,556,929	49,098,506
<b>Total</b>	<u>812,307,426</u>	<u>771,765,838</u>
<u>Less: Interest in suspense</u>	(19,874,318)	(17,340,134)
<u>Less: Expected credit loss</u>	(64,720,413)	(61,096,507)
<b>Direct credit facilities – net</b>	<u>727,712,695</u>	<u>693,329,197</u>

\* Net of interest and commission received in advance amounting to JD 9,232 as of June 30, 2022 (JD 13,480 as of December 31, 2021).

\*\* Net of interest and commissions received in advance amounting to JD 94,222 as of June 30, 2022 (JD 82,935 as of December 31, 2021).

- At June 30, 2022, non-performing credit facilities amounted to JD 81,845,099 (JD 66,258,023 as of December 31, 2021), which represents 10.075% as of June 30, 2022 (8.585% as of December 31, 2021) of gross facilities.
- At June 30, 2022, non-performing credit facilities net of suspended interest amounted to JD 61,970,781 (JD 48,917,889 as of December 31, 2021), which represents 7.820% as of June 30, 2022 (6.484% from the opening balance as of December 31, 2021).
- At June 30, 2022, the credit facilities granted to the Jordanian government with guarantee amounted to JD 54,556,929 (JD 49,0198,506 as of December 31, 2021), which represents 6.716% as of June 30, 2022 (6.362% as of December 31, 2021) of gross facilities.



The movement on direct credit facilities on collective basis as of the end of the period:

For the Six Months Ended June 30, 2022 (Reviewed)

	Stage (1)		Stage (2)		Total
	Individual	Collective	Individual	Collective	
	JD	JD	JD	JD	JD
Balance at the beginning of the period	223,435,496	407,238,514	52,415,207	22,418,598	771,765,838
New credit facilities during the period	52,683,718	89,980,990	16,586,126	715,371	162,562,215
Settled credit facilities	(28,802,877)	(71,587,872)	(17,543,957)	(1,290,046)	(121,644,476)
Transferred to Stage 1	-	3,703,103	-	(3,569,251)	-
Transferred to Stage 2	(384,215)	(7,160,434)	384,215	7,364,227	-
Transferred to Stage 3	-	(1,627,247)	(10,932,901)	(3,297,385)	-
Adjustments resulting from reclassifications between the three stages	114,620	(209,399)	399,641	(569,915)	(273,618)
Written-off credit facilities	-	-	-	-	(102,533)
Total balance at the end of the period	247,046,742	420,337,655	41,308,331	21,771,599	812,307,426

For the year Ended December 31, 2021 (Audited)

	Stage (1)		Stage (2)		Total
	Individual	Collective	Individual	Collective	
	JD	JD	JD	JD	JD
Balance at the beginning of the year	215,656,551	354,271,541	57,982,731	29,205,089	720,005,003
New credit facilities during the year	61,517,986	178,915,914	19,106,832	2,520,469	266,238,029
Settled credit facilities	(58,625,478)	(125,459,760)	(17,800,508)	(4,661,002)	(213,237,223)
Transferred to Stage (1)	8,016,996	7,919,275	(8,016,996)	(7,397,342)	-
Transferred to Stage (2)	(2,567,971)	(6,701,879)	2,567,971	6,901,770	-
Transferred to Stage (3)	-	(1,274,806)	(1,553,372)	(4,320,927)	-
Adjustments resulting from reclassifications between the three stages	(562,588)	(431,771)	133,130	170,541	(1,074,161)
Written-off credit facilities	-	-	-	-	(165,810)
Total balance at the end of the year	223,435,496	407,238,514	52,415,207	22,418,598	771,765,838

The movement on expected credit loss on collective basis as of the end of the period:

For the Six Months Ended June 30, 2022 (Reviewed)

	Stage (1)		Stage (2)		Total
	Individual	Collective	Individual	Collective	
	JD	JD	JD	JD	JD
Balance at the beginning of the period	1,728,672	2,218,724	10,143,371	1,657,326	61,096,507
New credit facilities during the period	1,428,940	464,244	2,837,838	32,298	6,098,135
Settled credit facilities	(517,895)	(562,987)	(2,127,083)	(197,810)	(4,873,176)
Transferred to Stage 1	-	14,129	-	(13,261)	-
Transferred to Stage 2	(6,024)	(396,825)	6,024	415,552	-
Transferred to Stage 3	-	(228,529)	(8,171,901)	(1,519,026)	-
Adjustments resulting from reclassifications between the three stages	4,348	589,356	1,259,293	775,504	2,409,338
Written-off credit facilities	-	-	-	-	(10,391)
Total balance at the end of the period	2,638,041	2,098,112	3,947,542	1,150,583	64,720,413

For the year ended December 31 2021 (Audited)

	Stage (1)		Stage (2)		Total
	Individual	Collective	Individual	Collective	
	JD	JD	JD	JD	JD
Balance at the beginning of the year	2,243,122	1,958,144	6,870,848	2,362,843	55,913,167
New credit facilities during the year	615,909	1,100,495	5,591,945	471,730	9,889,539
Settled credit facilities	(1,161,725)	(823,329)	(1,687,879)	(776,430)	(7,074,709)
Transferred to Stage 1	61,114	26,122	(61,114)	(22,379)	-
Transferred to Stage 2	(105,942)	(670,067)	105,942	690,344	-
Transferred to Stage 3	-	(885,753)	(1,322,762)	(2,013,980)	-
Adjustments resulting from reclassifications between the three stages	76,194	1,513,112	646,391	945,198	2,386,550
Written-off credit facilities	-	-	-	-	(18,040)
Total balance at the end of the year	1,728,672	2,218,724	10,143,371	1,657,326	61,096,507

The movement on expected credit loss according to the sectors on collective basis as of the end of the period:

	Individual	Mortgage Loan	Large Companies	Small and medium companies	Government and public sector	Gross
	JD	JD	JD	JD	JD	JD
For the Six Months Ended June 30, 2022 (Reviewed)						
Balance at the beginning of the year (Audited)	21,493,729	567,178	37,054,558	1,981,042	-	61,096,507
Impairment on new Credit facilities during the period	1,341,572	70,801	4,499,132	186,631	-	6,098,136
Settled credit facilities	(1,501,239)	(15,640)	(3,218,345)	(137,953)	-	(4,873,177)
Transferred to Stage 1	(564,657)	(19,737)	(2,444)	(3,580)	-	(590,418)
Transferred to Stage 2	(649,619)	8,804	(8,123,894)	(41,983)	-	(8,806,692)
Transferred to Stage 3	1,214,276	10,933	8,126,338	45,563	-	9,397,110
Impact on provision- as of the end of the period/year - resulting from reclassifications between the three stages during the period	1,102,396	19,132	1,251,949	35,861	-	2,409,338
Written off credit facilities	(10,391)	-	-	-	-	(10,391)
Total balance as of the end of the period (Reviewed)	22,426,067	641,471	39,587,294	2,065,581	-	64,720,413

	Individual	Mortgage Loan	Large Companies	Small and medium companies	Government and public sector	Gross
	JD	JD	JD	JD	JD	JD
For the year Ended December 31, 2021 (Audited)						
Adjusted beginning balance of the year (Audited)	20,260,675	724,144	32,824,783	2,103,565	-	55,913,167
Impairment on new Credit facilities during the year	2,155,396	59,846	7,398,414	275,882	-	9,889,538
Settled credit facilities	(2,653,241)	(191,191)	(3,749,659)	(480,617)	-	(7,074,708)
Transferred to Stage 1	(1,258,483)	(8,621)	(35,334)	(9,494)	-	(1,311,932)
Transferred to Stage 2	(810,279)	(44,985)	(1,194,795)	(83,139)	-	(2,133,198)
Transferred to Stage 3	2,068,762	53,606	1,230,129	82,212	-	2,386,550
Impact on provision- as of the end of the year - resulting from reclassifications between the three stages during the period	1,748,939	(25,621)	581,020	-	-	-
Written-off credit facilities	(18,040)	-	-	-	-	(18,040)
Total balance as of the end of the year (Audited)	21,493,729	567,178	37,054,558	1,981,042	-	61,096,507

- The amount of provisions no longer needed as a result of the settlement and payment of debts and which were converted to other debts is JD 1,219,523 as of June 30, 2022 (JD 2,684,260 as of December 31, 2021).

- Credit exposures according to IFRS 9 are as follows:

For the period ended June 30, 2022 (Reviewed)

	Stage (1)			Stage (2)			Stage (3)			Total		
	Gross JD	Expected credit losses JD	Interest in suspense JD	Gross JD	Expected credit losses JD	Interest in suspense JD	Gross JD	Expected credit losses JD	Interest in suspense JD	Gross JD	Expected credit losses JD	Interest in suspense JD
Individuals	358,222,389	(2,046,280)	-	10,117,941	(1,022,532)	-	30,471,139	(19,357,255)	(9,245,116)	398,811,469	(22,426,067)	(9,245,116)
Real estate	55,423,319	(43,421)	-	9,825,179	(81,299)	-	1,376,929	(516,751)	(430,129)	66,625,427	(641,471)	(430,129)
Large companies	183,555,108	(2,518,842)	-	37,800,478	(3,824,650)	-	46,844,972	(33,243,802)	(9,087,334)	268,200,558	(39,587,294)	(9,087,334)
Small to medium-sized enterprises	15,626,652	(127,610)	-	5,336,332	(169,644)	-	3,150,059	(1,768,327)	(1,111,739)	24,113,043	(2,065,581)	(1,111,739)
Government and public sector	54,556,929	-	-	-	-	-	-	-	-	54,556,929	-	-
Total	667,384,397	(4,736,153)	-	63,079,930	(5,098,125)	-	81,843,099	(54,886,135)	(19,874,318)	812,307,426	(64,720,413)	(19,874,318)

For the year ended December 31, 2021 (Audited)

	Stage (1)			Stage (2)			Stage (3)			Total		
	Gross JD	Expected credit losses JD	Interest in suspense JD	Gross JD	Expected credit losses JD	Interest in suspense JD	Gross JD	Expected credit losses JD	Interest in suspense JD	Gross JD	Expected credit losses JD	Interest in suspense JD
Individuals	342,524,406	(2,174,273)	-	11,162,745	(1,435,195)	-	28,097,464	(17,884,261)	(8,737,795)	381,784,615	(21,493,729)	(8,737,795)
Real estate	57,518,235	(34,175)	-	9,542,785	(66,680)	-	1,253,199	(466,323)	(386,792)	68,314,219	(567,178)	(386,792)
Large companies	164,219,747	(1,661,553)	-	48,536,746	(10,161,997)	-	33,816,909	(25,231,008)	(7,145,861)	246,573,402	(37,054,558)	(7,145,861)
Small to medium-sized enterprises	17,313,116	(77,395)	-	5,591,529	(136,825)	-	3,090,451	(1,766,822)	(1,069,686)	25,995,096	(1,981,042)	(1,069,686)
Government and public sector	49,098,506	-	-	-	-	-	-	-	-	49,098,506	-	-
Total	630,674,010	(3,947,396)	-	74,833,805	(11,800,697)	-	66,258,023	(45,348,414)	(17,340,134)	771,765,838	(61,096,507)	(17,340,134)

### Interest in Suspense:

The detailed movement on interest in suspense is as follows:

For the Six Months Ended on June 30, 2022 (Reviewed)	Companies				
	Individuals	Real Estate	Large Corporate Customers	SMEs	Total
	JD	JD	JD	JD	JD
Balance – beginning of the period	8,737,795	386,792	7,145,861	1,069,686	17,340,134
<u>Add:</u> Suspended interest during the period	772,528	43,337	1,948,531	54,362	2,818,758
<u>Less:</u> Interest in suspense reversed to income	(178,922)	-	(1,201)	(12,309)	(192,432)
Written-off suspended interest	(86,285)	-	(5,857)	-	(92,142)
Balance - End of the Period	<u>9,245,116</u>	<u>430,129</u>	<u>9,087,334</u>	<u>1,111,739</u>	<u>19,874,318</u>
For the Year Ended December 31, 2021 (Audited)	Individuals	Real Estate	Large Corporate Customers	SMEs	Total
	JD	JD	JD	JD	JD
Balance – beginning of the year	7,874,768	322,459	4,986,869	965,808	14,149,904
<u>Add:</u> Suspended interest during the year	1,519,969	64,333	2,626,285	133,503	4,344,090
<u>Less:</u> Interest in suspense reversed to income	(511,344)	-	(465,121)	(29,625)	(1,006,090)
Written-off suspended interest	(145,598)	-	(2,172)	-	(147,770)
Balance - End of the Year	<u>8,737,795</u>	<u>386,792</u>	<u>7,145,861</u>	<u>1,069,686</u>	<u>17,340,134</u>

## **12. Right of Use Assets / Lease Liability Contracts**

The details of these items are as follows:

### **1. Right of Use Assets:**

The bank leases many assets, including lands and buildings, and the average lease term is 8 years.

The following is the movement on the right- of-use assets during the year:

	For the period ended June 30, 2022 (Reviewed)	For the year ended December 31, 2021 (Audited)
	JD	JD
Balance Beginning of the period/year	2,826,245	2,844,640
Add: additions during the period/year	848,622	647,535
Less: cancellation of lease contracts for the period/year	(337,247)	(602,980)
Less: Amortization for the period/year	-	(62,951)
Balance - End of the Period/Year	<u>3,337,620</u>	<u>2,826,244</u>

	For the period ended June 30, 2022 (Reviewed)	2021 (Reviewed)
	JD	JD
<u>Amounts recorded on the consolidated statement of profit or loss</u>		
Amortization for the period	337,247	1,315,024
Interest for the period	84,110	79,161
Lease expense during the period	<u>421,357</u>	<u>1,394,185</u>

### **2. Lease Liability Contracts**

	For the period ended June 30, 2022 (Reviewed)	For the year ended December 31, 2021 (Audited)
	JD	JD
Balance at the beginning of the period/year	2,762,365	2,755,325
Add: additions during the period/year	848,622	647,536
Interest During the period/year	84,110	160,921
Less: Paid during the year	(568,725)	(782,632)
Less: cancellation of lease contracts for the period/year	-	(18,785)
Balance - End of the Period/Year	<u>3,126,372</u>	<u>2,762,365</u>

## **13. Other Assets**

The details of this item are as follows:

	June 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Revenue and interest under collection	7,825,496	5,825,423
Prepaid expenses	1,436,527	805,119
Assets seized by the Bank against due debts *	3,109,756	3,270,042
Assets / profits of unrealized financial derivatives	125,101	23,662
Other receivables/brokerage company	326,649	121,531
Land held for sale/brokerage company	1,696,734	1,696,734
Discounted letters of credit	745,686	8,795,719
Seized assets sold in installments	3,822,675	3,822,675
Other	2,941,382	2,577,285
Total	<u>22,030,006</u>	<u>26,938,190</u>

- \* The details of the movement on real estate properties seized by bank to realize outstanding due debt are as follows:

	June 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Balance at the beginning of the period/year	3,270,042	2,449,555
Additions	-	4,743,823
Disposals	(160,286)	(3,822,675)
Provision for seized assets for the year	-	(100,661)
Balance - End of the Year	<u>3,109,756</u>	<u>3,270,042</u>

- The regulations of Central Bank of Jordan require disposing of the assets seized by the Bank by a maximum period of two years from the date of acquisition. In exceptional cases, the Central Bank may extend this period to a maximum of two consecutive years.
- The provision for the seized real estate assets was JD 201,322 on June 30, 2022 (201,322 on December 31, 2021) for assets which have been in possession of the Bank for a duration longer than four years.

#### **14. Customers' Deposits**

This item consists of the following:

	Individual JD	Large Companies JD	Small and Medium Companies JD	Government and Public Sector JD	Total JD
<u>For the Six Months ended as of June 30, 2022 (Reviewed)</u>					
Current and demand deposits	51,635,117	22,320,884	11,097,320	783,686	85,837,007
Saving accounts	24,627,389	198,479	264,463	182,656	25,272,987
			15,956,389	99,380,821	624,830,593
Time and notice deposits	<u>307,649,073</u>	<u>201,844,310</u>			
Total	<u>383,911,579</u>	<u>224,363,673</u>	<u>27,318,172</u>	<u>100,347,163</u>	<u>735,940,587</u>

For the year ended as of December 31, 2021 (Audited)

Current and demand deposits	48,907,680	26,258,180	11,962,018	953,209	88,081,087
Saving accounts	24,487,154	314,040	521,866	221,335	25,544,395
Time and notice deposits	<u>309,099,497</u>	<u>195,000,941</u>	<u>16,925,138</u>	<u>88,043,817</u>	<u>609,069,393</u>
Total	<u>382,494,331</u>	<u>221,573,161</u>	<u>29,409,022</u>	<u>89,218,361</u>	<u>722,694,875</u>

- Jordan Government and public sector deposits amounted to JD 100,347,163 as of June 30, 2022 (JD 89,218,361 as of December 31, 2021) representing 13.635% (12.345% as of December 31, 2021) of total customers' deposits.
- Non-interest-bearing deposits amounted to JD 87,647,922 as of June 30, 2022 (JD 89,503,466 as of December 31, 2021) representing 11.910% (12.385% as of December 31, 2021) of total deposits.
- Restricted deposits amounted to JD 98,346,583 as of June 30, 2022 (JD 97,642,364 as of December 31, 2021) representing 13.363% (13.511% as of December 31, 2021) of total deposits.
- Dormant accounts amounted to JD 18,837,126 as of June 30, 2022 (JD 33,268,206 as of December 31, 2021).

#### **15. Margin Accounts**

This item consists of the following:

	June 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Margins on direct credit	43,830,419	43,393,626
Margins on indirect credit	5,236,049	6,086,745
Other margins	<u>3,133,648</u>	<u>3,281,813</u>
Total	<u>52,200,116</u>	<u>52,762,184</u>

## 16. Borrowed Funds

This item consists of the following:

	Amount	Number of Payments		Instalments maturity	collaterals	Interest rate
		Total no. of Payments	Outstanding payments			
<b>June 30, 2022 (Reviewed)</b>						
	JD					
Borrowing from Arab Bank*	33,766,028	1	1	36 Months	Mortgage bonds of central bank	3.97%
Borrowing from Central Bank of Jordan**	405,706	30	14	Semi Annual	-	2.500%
Borrowing from Central Bank of Jordan***	606,402	24	24	Semi Annual	-	3.000%
Borrowing from the European Investment Bank	21,270,000	11	11	Semi Annual	-	2.672%
Jordanian Real Estate Mortgage Refinance Company ****	127,207	236	19	Monthly	-	6.850%
Jordanian Real Estate Mortgage Refinance Company	15,000,000	1	1	24 Months	Mortgage deeds loan Portfolio	4.25%
Jordanian Real Estate Mortgage Refinance Company	10,000,000	1	1	7 Years	Mortgage deeds loan Portfolio	4.9%
Jordanian Real Estate Mortgage Refinance Company	7,000,000	1	1	24 Months	Mortgage deeds loan Portfolio	4.25%
Borrowing from Central Bank of Jordan*****	8,286,586	1	1	Quarterly	Mortgage bonds of central bank	2.250%
Borrowing from Central Bank of Jordan*****	13,756,731	1	1	Monthly	Mortgage bonds of central bank	2.750%
Borrowing from Central Bank of Jordan*****	1,071,753	72	55	Monthly	-	1.000%
Borrowing from Central Bank of Jordan*****	5,963,834	2124	1470	Monthly	-	0.000%
Arab Banking Corporation (Bahrain) *****	11,344,000	1	1	2 Weeks	-	2.250%
<b>Total</b>	<b>128,598,247</b>					
<b>December 31, 2021 (Audited)</b>						
Arab Bank loan *	33,766,027	1	1	36 Months	Mortgage bonds - The Central Bank of Jordan	3.970%
Central Bank of Jordan loan ***	499,986	30	14	semi annual	-	2.500%
Central Bank of Jordan loan ****	608,250	180	180	semi annual	-	3.000%
Central Bank of Jordan loan	509	30	1	Monthly	-	1.75%
Jordanian Real Estate Mortgage Re-fund Co. *****	254,145	236	12	Monthly	-	6.850%
Jordanian Real Estate Mortgage Re-fund Co.	15,007,836	1	1	24 Months	Mortgage deeds loan portfolio	4.250%
Jordanian Real Estate Mortgage Re-fund Co.	10,000,000	1	1	7 years	Mortgage deeds loan portfolio	4.900%
Jordanian Real Estate Mortgage Re-fund Co.	7,000,815			24 Months	Mortgage deeds loan portfolio	4.250%
Central Bank of Jordan loan *****	9,920,957	1	1	Quarterly	Mortgage bonds - The Central Bank of Jordan	2.000%
Central Bank of Jordan loan *****	11,374,925	1	1	Monthly	Mortgage bonds - The Central Bank of Jordan	2.000%
Central Bank of Jordan loan *****	727,004	48	48	Monthly	-	1.000%
Central Bank of Jordan loan *****	6,568,415	1776	1093	Monthly	-	0.000%
ABC (Bahrain) *****	7,799,000	1	1	2 weeks	-	1.000%
<b>Total</b>	<b>103,527,869</b>					

\* The funds borrowed from the Arab Bank of JOD 33,766,028 represents, a repurchase agreement of treasury bonds amounted to nominal value of 31,000,000 JD, that the bank holds the repurchase right of these bonds on April 4, 2024

\*\* The funds borrowed from the Central Bank amounted JD 405,706 as of June 30, 2022 that represent the loan agreement of the Arab Fund for Economic and Social Development to finance the sector of micro, small and medium enterprises (JD 499,986 as at December 31, 2021).

\*\*\* The funds borrowed from the Central Bank amounted JD 606,402 as of June 30, 2022 represent the loan agreement of the Arab Fund for Economic and Social Development to finance the sector of micro, small and medium enterprises (JD 608,250 as at December 31, 2022).

\*\*\*\* The borrowed fund as of June 30, 2022 amounted to JD 127,207 at an average interest rate 6.85% (JD 254,154 at an average interest rate of 6.85% as of December 31, 2021)

\*\*\*\*\* The money borrowed from the Central Bank of Jordan amounting to JD 13,756,731 represents a repurchase agreement of treasury bonds with a nominal value of JD 13,667,000 as the bank has the right to repurchase these bonds on July 18, 2022

\*\*\*\*\* The money borrowed from the Central Bank of Jordan amounting to JD 8,286,586 represents a repurchase agreement of treasury bonds with a nominal value of JD 7,965,000 as the bank has the right to repurchase these bonds on July 24, 2022.

\*\*\*\*\* The funds borrowed from the Jordanian Central Bank amounting to JD 5,963,834 are a loan agreement to support companies as a result of the Corona pandemic.

\*\*\*\*\* The funds borrowed from the Arab Banking Corporation (Bahrain) amounting to JD 11,344,000 represent the financing agreement of the subsidiary company (Arab Cooperation Company).



**17. Income Tax****a. Income Tax Provision**

The movement on the income tax provision is as follows:

	June 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Balance at the beginning of the period/ year	7,256,848	6,456,452
Income tax paid	(4,724,384)	(4,649,029)
Accrued income tax	(778,396)	5,408,462
Prior year's tax-refundable deposits	-	40,963
<b>Balance at the end of the period/ year</b>	<b>1,754,068</b>	<b>7,256,848</b>

Income tax expense appearing in the statement of profit or loss represents the following:

	For the Six Months Ended	
	2022 (Reviewed)	2021 (Reviewed)
	JD	JD
Current income tax liabilities for the period	(778,396)	2,399,584
Deferred tax assets for the period	(2,011,445)	(683,131)
Reversal of deferred tax assets	3,122,767	725,710
	<b>332,926</b>	<b>2,442,163</b>

**b. Deferred Tax Assets/Liabilities****1. Deferred Tax Assets**

The movement on deferred tax assets during the period is as follows:

	June 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Provision for impairment losses from prior years	3,383	3,383
loss on valuation of financial instruments available for sale	-	51,459
Difference in impairment provision	1,570,854	280,025
Reserves at fair value for financial assets – shares	74,820	63,294
Reserves at fair value for financial assets - bonds	306,837	32,639
Deferred tax assets resulting from adoption of IFRS (9)	5,060,897	7,093,294
Employee rewards provision	70,906	503,918
Others	1,102,832	1,039,574
<b>Total</b>	<b>8,190,529</b>	<b>9,067,586</b>

**2. Deferred Tax Liabilities**

	June 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Unrealized gain on financial assets resulting from adoption of IFRS (9)	1,692	1,692
Gains on financial assets at fair value through other comprehensive income	595,961	2,149,622
Fair value reserve of financial assets shares through other comprehensive income	234,473	186,128
Gains on valuation of financial instruments available for sale	39,335	-
<b>Balance - End of the Period/Year</b>	<b>871,461</b>	<b>2,337,442</b>

The movement on deferred tax assets/liabilities is as follows:

	For the Six Months Ended June 30, 2022 (Reviewed)		For the Year Ended December 31, 2021 (Audited)	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Balance - beginning of the period/year	9,067,586	2,337,442	9,226,618	3,076,163
Additions	2,290,124	88,137	1,391,304	98,063
Released	(3,167,181)	(1,554,118)	(1,550,336)	(836,784)
Balance - End of the period/year	<u>8,190,529</u>	<u>871,461</u>	<u>9,067,586</u>	<u>2,337,442</u>

The statutory income tax rate for banks in Jordan is 35% in addition to a national contribution of 3%. The statutory income tax rate for the subsidiary is 24% in addition to a national contribution of 4%.

A final settlement was made with the Income Tax Department of the Bank 2017 and 2018 where the statement was accepted, while the tax declaration for 2019 and 2020 and 2021 was submitted and no decision was issued final by the Income and Sales Tax Department.

A final Settlement was reached with the income tax department by the subsidiary for 2020 and the subsidiary's tax declaration was submitted for 2021. No final decision was issued by the Income Tax Department as of the date of these consolidated financial statements.

A provision for income tax has been calculated and recorded for the six months ended on June 30, 2022 for the Bank and its subsidiary. In the opinion of the management and the tax advisor, no obligations will arise that exceed the provision recorded in the condensed interim consolidated financial information.

#### **18. Other Liabilities**

The details for this item are as follows:

	June 30, 2022(Reviewed)	December 31, 2021(Audited)
	JD	JD
Interest payable	5,184,669	5,474,467
Revenue received in advanced	133,893	46,909
Accounts payable	10,365,086	7,466,748
Accrued and unpaid expenses	1,497,230	2,306,674
Unrealized losses on derivative financial liabilities	74,656	239,193
Certified cheques withdrawn by the bank	1,089,652	898,284
Provision for expected credit losses on off - balance sheet items	594,753	539,221
Incentives for the board of directors	46,494	89,243
Transfers held for payment	2,439,577	3,303,113
Deferred income	93,018	66,128
Other liabilities	<u>4,522,345</u>	<u>2,467,605</u>
Total	<u>26,041,373</u>	<u>22,897,585</u>

\* The movement on indirect facilities on a collective basis as of the end of the period was as follows:

	June 30, 2022 (Reviewed)						December 31, 2021 (Audited)
	Stage (1)		Stage (2)		Stage (3)	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period/Year	119,602,288	7,440,607	3,016,362	78,525	4,944,666	135,082,448	160,051,195
New exposure during the period	60,331,538	1,918,193	2,545,625	-	-	64,795,356	60,460,034
Matured exposure	(51,385,865)	(1,180,875)	(1,229,878)	(78,525)	-	(53,875,143)	(86,250,360)
Transferred to stage (1)	-	-	-	-	-	-	-
Transferred to stage (2)	-	(4,603)	-	4,603	-	-	-
Transferred to stage (3)	-	-	-	-	-	-	-
Adjustments that resulted from reclassification between the three stages	-	(2,487)	-	-	-	(2,487)	821,579
Balance at the ending of the period	128,547,961	8,170,835	4,332,109	4,603	4,944,666	146,000,174	135,082,448

The movement on the impairment loss on indirect facilities on a collective basis as of the end of the period was as follows:

	June 30, 2022 (Reviewed)						December 31, 2021 (Audited)
	Stage (1)		Stage (2)		Stage (3)	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the period/Year	376,328	26,738	134,422	1,733	-	539,221	903,995
Impairment loss on the new exposure during the year	376,164	8,228	11,590	-	-	395,982	196,220
Recoveries from impairment losses on matured exposure	(219,034)	(2,975)	(116,890)	(1,734)	-	(340,633)	(542,039)
Transferred to stage (1)	-	-	-	-	-	-	-
Transferred to stage (2)	-	(211)	-	211	-	-	-
Transferred to stage (3)	-	-	-	-	-	-	-
Adjustments that resulted from reclassification between the three stages	-	183	-	-	-	183	(18,995)
Balance at the ending of the period	533,458	31,963	29,122	210	-	594,753	539,221

## **19. Paid-up Capital**

The paid-up capital amounted to JD 110,000,000, divided into 110,000,000 shares at a par value of JD 1 per share as of June 30, 2022 (JD 110,000,000 as of June 30, 2021. December 31, 2021).

### **Dividends:**

The board of directors decided on February 24, 2022 to recommend to the general assembly the distribution of cash dividends with an amount of JD 6,600,000 of the paid-up capital.

## **20. Reserves:**

The details of the reserves as of June 30, 2022 and December 2021 are as follows:

### **a. Statutory Reserve**

The total amount in this balance represents what has been transferred from profits before taxes at a rate of 10% during the period as well as previous years according to the Bank's regulations. This amount is not distributable among shareholders.

### **b. Voluntary Reserve**

The total amount in this balance represents what has been transferred from profits before taxes at a rate of no more than 20% during the period as well as previous years. The voluntary reserve is used in situations specified by the board of directors and the general assembly and the general assembly has the authority to distribute all or part of this reserve as dividends to shareholders.

## **21. Fair Value Reserve – Net**

This item consists of the following:

	June 30, 2022(Reviewed)	December 31, 2021(Audited)
	JD	JD
Balance at the beginning of the year	3,570,478	4,705,107
Unrealized (losses)	(4,474,332)	(1,830,047)
Deferred tax liabilities	1,465,982	738,721
Deferred tax assets	234,265	(43,303)
Balance at the End of the Period/ Year	796,393	3,570,478

## **22. Retained Earnings**

This item consists of the following:

	June 30, 2022(Reviewed)	December 31, 2021(Audited)
	JD	JD
Balance at the beginning of the period/year	24,627,485	16,527,230
Total other Comprehensive Income	-	9,602,424
Transfers during the period / year	-	(1,512,661)
Gain from the disposal impairment of financial instruments (OCI)	-	10,492
Cash dividends	(6,600,000)	-
Balance at the End of the Period/ Year	18,027,485	24,627,485

An amount of JD 8,190,529 as of June 30, 2022 is restricted against deferred tax assets (JD 9,067,586 as of December 31, 2021), It also includes capitalization or distribution to the extent that it is realized, Indeed, this was previously based on the instructions of the Central Bank of Jordan and the Securities Commission.

Retained earnings includes an amount of JD 2,761 as of June 30, 2022, (JD 2,671 as of December 31, 2021) which represents the effect of early implementation of the IFRS no. (9). this amount may not be used except for the amounts actually realized from sale.

**23. Expected Credit Loss Provision on Financial Assets**

This item consists of the following:

	For the Six Months Ended June 30,	
	2022	2021
	(Reviewed)	(Reviewed)
	JD	JD
Deposits and balances at banks and financial institutions	13,022	(6,587)
Financial assets at fair value through other comprehensive income	(1,927)	(4,035)
Financial assets at amortized cost	(7,133)	(5,837)
Direct credit facilities	3,634,297	2,802,115
Discounted letters of credit	2,297	(375)
Interests and revenue receivable	8,051	(15,797)
Off-balance-sheet items	55,529	(160,373)
<b>Total</b>	<b>3,704,136</b>	<b>2,609,111</b>

**24. Interest Income**

This item consists of the following:

	For the Six Months Ended June 30,	
	2022	2021
	(Reviewed)	(Reviewed)
	JD	JD
<b>Direct credit facilities</b>		
<b>Consumers (Retail)</b>		
Overdrafts	32,780	76,687
Loans and bills	12,449,912	11,235,181
Credit cards	313,289	303,600
<b>Real estate loans</b>	1,939,704	2,097,890
<b>Large companies</b>		
Overdrafts	1,547,296	1,776,654
Loans and bills	4,293,234	4,987,797
<b>Small and medium-sized enterprises</b>		
Overdrafts	166,590	166,340
Loans and bills	457,966	490,459
<b>Government and public sector</b>	1,203,427	1,055,269
Balances at Central Banks	58,959	7,342
Balances at banks and financial institutions	259,923	175,787
Financial assets through statement of other comprehensive income	3,141,447	3,111,587
Financial assets at amortized cost	4,025,573	4,348,214
Interest income on margin financing for the subsidiary's customers	1,390,096	1,241,796
Interest income on interest rate swap contracts	51,332	64,898
<b>Total</b>	<b>31,331,528</b>	<b>31,139,501</b>

**25. Interest Expense**

This item consists of the following:

	For the Six Months Ended as of June 30,	
	2022	2021
	(Reviewed)	(Reviewed)
	JD	JD
Banks' and financial institutions' deposits	930,397	926,133
<b>Customers' deposits:</b>		
Current accounts and demand deposits	76,566	40,802
Saving accounts	8,912	9,540
Time and notice deposits	9,802,699	8,658,588
Margin accounts	737,804	672,946
Borrowed funds	1,730,633	1,647,071
Deposit guarantee fees	486,126	432,621
Interest on lease liability	84,110	79,161
Interest paid on interest rate swap contracts	394,477	373,702
	<u>14,251,724</u>	<u>12,840,564</u>

**26. Profit from Financial Assets at Fair Value Through Other Comprehensive Income**

The details for this item are as follows:

	For the Six Months Ended as of June 30,	
	2022	2021
	(Reviewed)	(Reviewed)
	JD	JD
Share dividends	29,500	4,000
Total	<u>29,500</u>	<u>4,000</u>

**27. Earnings Per Share for the Bank's Shareholders (Basic and Diluted)**

The details for this item are as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2022	2021	2022	2021
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
	JD	JD	JD	JD
Profit for the period	799,682	2,368,188	2,356,265	5,146,021
Weighted average number of shares	110,000,000	110,000,000	110,000,000	110,000,000
Basic and diluted earnings per share (JD/fils)	<u>0.007</u>	<u>0.022</u>	<u>0.021</u>	<u>0.047</u>

**28. Cash and Cash Equivalents**

The details for this item are as follows:

	For the Six Months Ended as of June 30,	
	2022	2022
	(Reviewed)	(Reviewed)
	JD	JD
Cash and balances with Central Bank of Jordan maturing within three months	48,146,039	47,114,600
Add: Balances at banks and financial institutions maturing within three months	81,856,287	70,676,031
Less: Banks' and financial institutions' deposits maturing within three months	(156,044,221)	(166,786,464)
Total	(26,041,895)	(48,995,833)

**29. Related Parties Transactions**

The accompanying consolidated condensed interim financial statements include the financial statements of the Bank and of the following subsidiary:

<u>Company name</u>	<u>Ownership</u> %	Paid-up capital	
		June 30, 2022	December 31, 2021
		(Reviewed)	(Audited)
		JD	JD
Arab Cooperation for Financial Investments Company Ltd	100	15,600,000	15,600,000

All balances and transactions between the Bank and the subsidiary have been eliminated.

The Group entered into transactions with the Parent, affiliate companies, directors, senior management, and their related subsidiaries in the ordinary course of business at commercial interest and commission rates. All loans and advances granted to related parties are performing loans and are free of any provisions for impairment.

The details for this item are as follows:

	Related party					Total	
	Parent and affiliated companies	Senior management	Bank's employees	Board of Directors	June 30, 2022 (Reviewed)	December 31, 2021 (Audited)	
	JD	JD	JD	JD	JD	JD	
<b>Consolidated Statements of Financial Position Items:</b>							
Direct credit facilities	-	1,933,355	11,056,511	7,469	12,997,335	12,580,146	
Balance at banks and financial institutions	9,783,301	-	-	-	9,783,301	11,687,324	
Banks and financial institutions deposits	36,429,671	-	-	-	36,429,671	41,449,877	
Customers' deposits	-	3,107,194	2,068,320	160,345	5,335,859	6,695,753	
Borrowed funds	11,344,000	-	-	-	11,344,000	7,799,000	
<b>Off-Consolidated consolidated statement of financial position items</b>							
Letters of guarantee	22,118,874	-	-	-	22,118,874	23,285,931	
Letters of credit	6,105,575	-	-	-	6,105,575	7,813,299	
Interest rate swap contracts	3,545,000	-	-	-	3,545,000	7,090,000	
Currency swap contracts	12,042,100	-	-	-	12,042,100	10,635,000	
					For the Six Months Ended as of June 30,		
					2022	2021	
					(Reviewed)	(Reviewed)	

**Consolidated Condensed Interim statements of Profit or Loss Items:**

Interest and commission income	198,032	15,928	123,325	-	JD	JD
Interest and commission expense	(165,238)	(53,136)	(28,895)	(2,141)	337,285	573,151
					(249,410)	(248,998)

- Interest rates on credit facilities range between 3% to 8.72% while interest rates on customers' deposits range between 0.01% to 4.5%.  
- In addition to what was disclosed in the above table, the total balance of credit facilities provided to related parties in the bank amounted to JD 4,976,612 and they numbered 122 clients against acceptable guarantees amounted to JD 3,094,063. The interest rates payable on credit facilities range from 2% to 14% Commission rates range from 0.5% to 1%.

Compensation of the benefits of the senior management is as follows:

For the Six Months Ended as of June 30,		
2022 (Reviewed)	2021 (Reviewed)	
JD	JD	
1,763,344	1,351,899	
Salaries and bonuses		



### 30. Segment Analysis

#### a. Information on Group business segment:

For management purposes, the Bank's operations have been classified into the following major operating segments, measured in accordance with the reports used by the chief executive officer and the main decision maker:

- Retail banking.
- Corporate banking.
- Treasury.

The following are the information of the bank's business segments:

	Retail	Corporate	Treasury	Other	Total	
					For the six months ended as of June 30,	
					2022 (Reviewed)	2021 (Reviewed)
	JD	JD	JD	JD	JD	JD
Total income	16,622,636	8,272,968	9,864,851	(334,582)	34,425,873	35,348,867
(Provision) for impairment loss on direct credit facilities	(1,044,079)	(2,640,089)	(19,969)	-	(3,704,137)	(2,609,111)
Results of the Sector	7,932,319	2,202,022	6,583,439	(414,236)	16,303,544	19,814,111
Unallocated segmental expenses					(13,614,353)	(12,225,927)
Profit for the period before tax					2,689,191	7,588,184
Income tax					(332,926)	(2,442,163)
Profit for the Period					2,356,265	5,146,021
Capital expenditures					(1,388,203)	(1,356,012)
Depreciation and amortization					(1,758,455)	(1,150,725)
					June 30 2022 (Reviewed)	December 31, 2021 (Audited))
					JD	JD
<b>Other information</b>						
Segmental assets	426,094,737	287,524,908	510,213,585	-	1,223,833,230	1,184,016,071
Unallocated segmental assets	-	-	-	45,620,593	45,620,593	46,015,155
Total Assets	426,094,737	287,524,908	510,213,585	45,620,593	1,269,453,823	1,230,031,226
Segmental liabilities	614,823,867	222,440,071	258,480,466	-	1,095,744,404	1,043,538,775
Unallocated segmental liabilities	-	-	-	12,372,644	12,372,644	18,137,856
Total Liabilities	614,823,867	222,440,071	258,480,466	12,372,644	1,108,117,048	1,061,676,631

#### b. Geographical distribution information

This disclosure represents the geographical distribution of the Bank business. The Bank operations are mainly concentrated within the local business.

The following shows the distribution of the Bank's operating income and capital expenditure by geographical segmentation:

	Inside Jordan		Outside Jordan		Total	
	June 30, 2022 (Reviewed)	June 30, 2021 (Reviewed)	June 30, 2022 (Reviewed)	June 30, 2021 (Reviewed)	June 30, 2022 (Reviewed)	June 30, 2021 (Reviewed)
	JD	JD	JD	JD	JD	JD
Total income	30,599,176	32,919,999	3,826,697	2,428,868	34,425,873	35,348,867
Capital expenditures	1,161,733	1,238,036	226,470	117,976	1,388,203	1,356,012
	Inside Jordan		Outside Jordan		Total	
	June 30, 2022 (Reviewed)	December 31, 2021 (Audited)	June 30, 2022 (Reviewed)	December 31, 2021 (Audited)	June 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD	JD	JD	JD	JD
Total assets	1,221,042,773	1,154,671,138	48,411,050	75,360,088	1,269,453,823	1,230,031,226

### 31. Capital Adequacy Ratio

The capital adequacy ratio is calculated in accordance with the instructions of the Central Bank of Jordan based on the decisions of Basel III. The following is the capital adequacy ratio compared to the previous period:

	June 30, 2022 (Reviewed) Thousands JD	December 31, 2021 (Audited) Thousands JD
<b>Common equity shareholder rights</b>		
Paid-up capital (paid)	110,000	110,000
Retained earnings less proposed dividends Plus profit for the period	20,381	18,025
Cumulative change in fair value of financial assets	796	3,570
Share premium	67	67
Statutory reserve	29,892	29,892
Voluntary reserve	197	197
<b>Total Capital of Common Shares</b>	<b>161,333</b>	<b>161,751</b>
<b>Regulatory amendments (deduction from capital)</b>		
Goodwill and intangible assets	(1,378)	(1,556)
Deferred tax assets	(8,191)	(9,068)
<b>Total Primary Capital</b>	<b>151,764</b>	<b>151,127</b>
<b>Additional Capital</b>		
<b>Total Capital (Tier1)</b>	<b>151,764</b>	<b>151,127</b>
<b>Tier 2</b>		
General ranking risk reserve/stage (1) IFRS 9	5,342	4,376
<b>Total Supplementary Capital</b>	<b>5,342</b>	<b>4,376</b>
<b>Total Regulatory Capital</b>	<b>157,106</b>	<b>155,503</b>
<b>Total Risk-Weighted Assets</b>	<b>826,600</b>	<b>797,281</b>
Capital adequacy ratio (%)	19.01%	19.50%
Primary Capital adequacy Ratio (%)	18.36%	18.96%

### Liquidity Coverage Ratio

	June 30, 2022 (Reviewed) Thousands JD
<b>Common equity shareholder rights</b>	
Total adjusted high-quality liquid assets	299,073
Net cash outflows for the subsequent 30 days	167,497
Liquid coverage ratio	178.6%

- The banking Group's average liquidity coverage ratio for the period from January 1, 2022 to June 30, 2022 equals 2.203% (an average of month-end LCR of January to June 2022) for all currencies.

## 32. Risk Management

### 1. Exposure distribution based on economic sectors:

#### a. Total exposure distribution based on financial instruments – net:

The bank is constantly developing its risk and credit management structure to ensure its effective management across all procedures as well as the efficiency of the risk and credit management process and the proper application of controls in all of the Bank's operations.

The Bank's risk management policies for the six-month period ended June 30, 2022 are the same as the policies followed in the year ended December 31, 2021, which were disclosed in the Bank's annual report as on December 31, 2021.

	Financial	Industrial	Trading	Real estates	Agriculture	shares	Individual	Government and public sector	Services	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cash and balances at Central Bank of Jordan	-	-	-	-	-	-	-	41,037,654	-	41,037,654
Balances at banks and financial institutions	81,831,870	-	-	-	-	-	-	81,831,870	-	81,831,870
Deposits at banks and financial institutions	10,955,723	-	-	-	-	-	-	10,955,723	-	10,955,723
Credit facilities	14,644,218	96,542,522	46,926,533	78,106,551	2,382,551	33,784,805	344,216,863	54,556,929	56,551,723	727,712,695
Bills and Bonds:										
Within Financial assets at amortized cost	14,998,917	-	-	-	-	-	-	124,309,613	-	139,308,530
Within Financial assets at fair value through other comprehensive Income	3,462,969	-	-	-	-	-	-	134,002,843	-	137,465,812
Mortgaged Financial assets	1,005,951	137,029	285,373	365,757	318	-	2,706,314	4,292,988	31,184	52,613,099
Other Assets	126,899,648	96,679,551	47,211,906	78,472,308	2,382,869	33,784,805	346,923,177	410,813,126	56,582,907	8,824,914
<b>Total for the current period</b>										1,199,750,297
Letter of guarantees	43,529,209	6,878,755	10,406,215	8,885,011	60,238	-	-	-	13,430,644	83,170,072
Letter of credit	347,219	26,966	10,194,175	112,777	-	-	-	-	-	10,681,137
Other Liabilities	9,550,542	8,271,180	12,327,044	2,808,850	183,313	1,495,872	6,647,390	-	10,270,016	51,554,212
<b>Total</b>	<b>180,326,618</b>	<b>111,856,452</b>	<b>80,139,340</b>	<b>90,258,946</b>	<b>2,626,420</b>	<b>35,280,682</b>	<b>353,570,567</b>	<b>410,813,126</b>	<b>80,283,567</b>	<b>1,345,155,718</b>

#### b. Exposure distribution based on classification stage according to the International Financial Reporting Standard No. (9):

	Stage (1)		Stage (2)		Stage (3)		Total
	Individual	Collective	Individual	Collective	Individual	Collective	JD
	JD	JD	JD	JD	JD	JD	JD
Financial	180,304,067	-	-	-	22,551	-	180,326,618
Industrial	92,135,274	-	16,722,235	-	2,998,943	-	111,856,452
Trading	58,344,517	-	21,331,007	-	463,816	-	80,139,340
Real estate	18,322,383	55,372,309	2,587,224	9,743,888	4,233,142	-	90,258,946
Agriculture	2,599,230	-	17,190	-	10,000	-	2,626,420
Shares	-	28,727,788	-	2,785,340	3,767,553	-	35,280,682
Individual	2,644,459	342,340,171	-	8,096,183	489,754	-	353,570,567
Government and public sector	410,813,126	-	-	-	-	-	410,813,126
Services	79,235,896	-	1,006,117	-	41,554	-	80,283,567
<b>Total</b>	<b>844,398,952</b>	<b>426,440,268</b>	<b>41,663,773</b>	<b>20,625,411</b>	<b>12,027,313</b>	<b>-</b>	<b>1,345,155,718</b>

**2. Exposure distribution based on geographical distribution:**  
**a. Total exposure distribution based on geographic region – Net:**

	Inside Jordan	Other Middle East countries	Europe	Asia	Africa	America	Other countries	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Cash and balances at Central Bank of Jordan	41,037,654	-	-	-	-	-	-	41,037,654
Balances at banks and financial institutions	48,919,851	18,510,249	5,685,895	1,936,905	236,769	6,542,201	-	81,831,870
Deposits at banks and financial institutions	-	10,955,723	-	-	-	-	-	10,955,723
Credit facilities	727,712,695	-	-	-	-	-	-	727,712,695
Bills and Bonds:								
Within Financial assets at fair value through of other comprehensive income	134,002,843	3,462,969	-	-	-	-	-	137,465,812
Within Financial assets at amortized cost	139,308,530	-	-	-	-	-	-	139,308,530
Financial Assets at amortized cost mortgaged	52,613,099	-	-	-	-	-	-	52,613,099
Other Assets	7,982,036	840,251	-	-	-	2,627	-	8,824,914
<b>Total for the current period (June 30, 2022)</b>	<b>1,151,576,708</b>	<b>33,769,192</b>	<b>5,685,895</b>	<b>1,936,905</b>	<b>236,769</b>	<b>6,544,828</b>	<b>-</b>	<b>1,199,750,297</b>
Letter of guarantees	40,019,985	6,504,710	17,904,631	-	460,963	6,715,211	11,564,372	83,170,872
Letter of credit	10,333,921	347,216	-	-	-	-	-	10,681,137
Other Liabilities	51,554,212	-	-	-	-	-	-	51,554,212
<b>Total</b>	<b>1,253,484,826</b>	<b>40,621,118</b>	<b>23,590,526</b>	<b>1,936,905</b>	<b>697,732</b>	<b>13,260,039</b>	<b>11,564,372</b>	<b>1,345,155,718</b>

**b. Exposure distribution based on classification steps according to the International Financial Reporting Standard No. (9):**

	Stage (1)		Stage (2)		Stage (3)		Total
	Individual	Collective	Individual	Collective	Individual	Collective	JD
Inside Jordan	JD	JD	JD	JD	JD	JD	JD
Other middle east countries	752,728,060	426,440,268	41,663,773	20,625,411	12,027,313	1,253,484,826	
Europe	40,621,118	-	-	-	-	40,621,118	
Asia	23,590,526	-	-	-	-	23,590,526	
Africa	1,936,905	-	-	-	-	1,936,905	
America	697,732	-	-	-	-	697,732	
Other countries	13,260,039	-	-	-	-	13,260,039	
<b>Total</b>	<b>844,398,952</b>	<b>426,440,268</b>	<b>41,663,773</b>	<b>20,625,411</b>	<b>12,027,313</b>	<b>1,345,155,718</b>	

**3. Credit exposure that have been reclassified:**

**a. Gross credit exposures that have been reclassified:**

Item	Stage (2)		Stage (3)		Percentage of exposure that have been reclassified
	Gross Exposure amount	Exposure that have been reclassified	Gross Exposure amount	Exposure that have been reclassified	
	JD	JD	JD	JD	%
Credit facilities	57,981,802	7,326,866	7,082,647	12,468,514	1.27%
Letter of guarantees	676,597	-	4,944,566	-	0%
Letter of credit	1,323,539	-	-	-	0%
Other Liabilities	2,325,455	4,396	-	4,396	0%
<b>Total</b>	<b>62,307,393</b>	<b>7,331,262</b>	<b>12,027,313</b>	<b>12,472,910</b>	<b>1.27%</b>

**b. Expected credit losses for the exposures that have been reclassified:**

	Exposures that have been reclassified			Expected credit loss due to reclassified exposures		
	Exposure reclassified from stage (2)		Total	Stage (2)		Total
	JD	Exposure reclassified from stage (3)		Individual	Collective	
	JD	JD	JD	JD	JD	JD
Credit facilities	7,326,866	5,141,648	12,468,514	6,024	415,552	8,171,901
Letter of guarantees	-	-	-	-	-	-
Letter of credit	-	-	-	-	-	-
Other Liabilities	4,396	-	4,396	-	211	-
<b>Total</b>	<b>7,331,262</b>	<b>5,141,648</b>	<b>12,472,910</b>	<b>6,024</b>	<b>415,762</b>	<b>8,171,901</b>
						<b>1,746,016</b>
						<b>10,339,493</b>
						<b>211</b>
						<b>10,339,704</b>

### **33. Contingent Liabilities and Commitments**

This item consists of the following:

	June 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	JD	JD
Letters of credit:		
Import LCs	67,787,432	36,358,176
Export LCs	2,622,279	12,670,288
Acceptances	6,410,315	8,006,166
Letters of guarantee:		
Payments	21,961,862	23,008,491
Performance	38,197,153	31,369,786
Other	23,360,361	25,756,518
Unutilized credit facilities	51,729,772	32,002,665
Futures contracts in Foreign Currency	56,430,335	47,976,524
Interest swap contracts	3,545,000	7,090,000
Total	<b><u>272,044,509</u></b>	<b><u>224,238,614</u></b>

### **34. Lawsuits Raised Against the Bank**

The lawsuits raised against the Bank amounted to JD 4,580,453 as of June 30, 2022 (JD 4,455,353 as of December 31, 2021). In the opinion of management and the legal advisors, no material liability will arise as a result of these lawsuits in excess of the amount already provisioned for, which amounted to JD 688,413 as of June 30, 2022 (JD 688,413 as of December 31, 2021).

### 35. Fair Value Hierarchy

#### a. Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis:

Some financial assets and liabilities of the Bank are evaluated at fair value at the end of each fiscal period. The following table shows the information about how to determine the fair value of these financial assets and liabilities (evaluation methods and inputs used).

Financial Assets	Fair Value		The Level of Fair Value	Evaluation Method and Inputs used	Significant Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
	June 30, 2022 (Reviewed)	December 31, 2021 (Audited)				
	JD					
<b>Financial Assets at Fair Value</b>						
Financial assets at fair value through other comprehensive income						
Bonds	134,002,843	124,818,087	Level 2	According to the latest financial information available	N/A	N/A
Quoted Shares in active markets	4,712,705	8,365,443	Level 1	Quoted prices in financial markets	N/A	N/A
Unquoted Shares in active markets	2,775,062	2,450,379	Level 2	According to the latest financial information available	N/A	N/A
Total	141,490,610	135,633,909				
Total Financial Assets at Fair Value	141,490,610	135,633,909				
Unrealized gains on financial assets	125,101	23,662	Level 2	According to the latest financial information available	N/A	N/A
<b>Financial Liabilities</b>						
Unrealized losses on financial derivatives	74,656	239,193	Level 2	According to the latest financial information available	N/A	N/A
Total liabilities at fair value	74,656	239,193				

There were no transfers between level 1 and level 2 during the period ended June 30, 2022 and December 31, 2021.

#### b. Fair value of financial assets and financial liabilities that are not measured at fair value on an ongoing basis:

These financial instruments include cash balances and deposits at banks and central banks, direct credit facilities, other financial assets, customer deposits, bank deposits, and other financial liabilities.

The fair value of financial instruments does not differ materially from their book value.

### **36. Impact of Covid-19**

The novel coronavirus "Covid-19" pandemic has spread across various geographies globally, causing disruption to business and economic activities. Covid-19 has brought about uncertainties in the global economic environment.

The Bank is closely monitoring the situation and has activated its business continuity planning and other risk management practices to manage the potential business disruption the Covid-19 outbreak may have on its operations and financial performance.

The Bank has performed an assessment of the Covid-19 pandemic, which has led to the following changes to the expected credit loss methodology, valuation estimates, and judgements for the year ended December 31, 2021, noting that there have been no changes to policies, estimates, or judgments during the period ended June 30, 2022:

#### **a. Expected credit losses**

In light of the developments related to the repercussions of the Corona pandemic "Covid-19", and the government measures recently taken in managing the repercussions of this pandemic, ending a large number of decisions and precautionary measures previously taken to confront this pandemic, and the return of economic and social life in the country (Jordan) through reopening all economic sectors, the Bank took into account the impact of these developments and reflected the updated economic forecasts according to the recently issued global releases and forecasts and the update of future macroeconomic factors when determining the severity and probability of economic scenarios for determining expected credit losses as on June 30, 2022 and reflecting the impact of these expectations on the results of the expected credit losses of the Bank.

Based on these developments, during the second quarter of the year 2022, the bank made adjustments to the Z-score model used, updated the economic factors data related to Jordan, and released an amount of JD 408.4 thousands, which had been previously allocated during 2021 and until the end of the first quarter of the year 2022 to face the repercussions resulting from the Corona pandemic and under the name "Macro-economic overlay", which is maintained as a provision at the level of the credit portfolio of corporate facilities for Stage 1. In order to avoid double counting, the release of this amount in light of the developments in the above-mentioned amendments was approved, in addition to the adoption of a new economic element within the approved economic elements used to determine the macroeconomic factors used in calculating the expected credit losses in accordance with IFRS (9). These updates were reflected in the results of the volume of credit losses at the level of facilities for corporate clients and have led to a significant increase in the volume of credit losses for the corporate portfolio by the end of June 30, 2022, around to JD 1.205 million.

#### **b. Valuation estimates and judgements**

The Bank has also considered the potential impact of the current economic volatility in determining the reported amounts of the Bank's financial and non-financial assets, which are considered to represent management's best assessment based on observable information.

### **37. Approval on Consolidated Interim Condensed Financial Information**

The consolidated interim condensed financial information was approved by the Bank's board of directors on July 18, 2022.