

Capital Bank of Jordan

Interim Condensed Consolidated Financial Statements

(Reviewed not audited)

30 September 2022



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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Capital Bank of Jordan (the "Bank") and its subsidiaries (together the "Group") as at 30 September 2022 and the related interim condensed consolidated statement of income and interim condensed consolidated statement comprehensive income for the three and nine months ended 30 September 2022, and the interim condensed consolidated statements of changes in equity and cash flows for the nine months then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (34) "interim financial reporting" as amended by the Central Bank of Jordan instructions. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.


Scope of Review

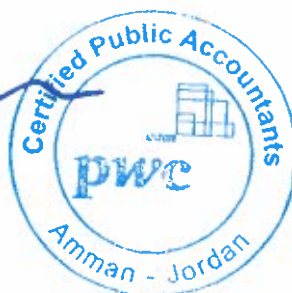
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the independent Auditor of the Entity". A review of Interim financial statements consists of making inquiries, primarily of persons responsible for the financial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

Conclusion

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

For and on behalf of PricewaterhouseCoopers "Jordan"


Hazem Sababa
License No. (802)
Amman, Jordan
30 October 2022



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

	Note	30 Septmber 2022	31 December 2021
		JD	JD
		(Reviewed not audited)	(Audited)
Assets			
Cash and balances at central banks	4	663,110,304	425,840,132
Balances at banks and financial institutions	5	115,606,122	312,546,731
Deposits at banks and financial institutions	6	6,108,043	-
Financial assets at fair value through other comprehensive income	7	93,488,814	195,500,838
Loans and Advances measured at fair value through statement of income	8	-	82,883,298
Direct credit facilities, at amortized cost	9	3,297,443,215	2,031,147,338
Financial assets at amortized cost	10	1,799,320,026	987,021,419
Financial assets pledged as collateral at amortized cost	11	260,880,964	-
Property and equipment, net		111,805,684	66,322,336
Intangible assets, net		46,482,309	30,502,672
Right-of-use leased assets		13,065,703	10,577,712
Affiliate company investments	12	20,963,078	
Deferred tax assets		31,797,545	19,350,284
Other assets	13	196,631,970	149,612,655
Total Assets		6,656,703,777	4,311,305,415
Liabilities And Equity			
Liabilities			
Banks and financial institutions' deposits		192,247,744	381,144,289
Customers' deposits	14	4,625,545,557	2,770,807,278
Margin accounts		396,185,726	233,663,764
Loans and borrowings	15	665,802,148	414,265,782
Income tax provision	17	6,662,200	4,484,833
Deferred tax liabilities		1,875,827	2,881,882
Sundry provisions	18	1,932,281	2,497,992
Expected credit losses provision against off-balance sheet items	25	9,240,476	4,889,017
Leased liabilities		14,219,040	11,863,620
Other liabilities	19	89,930,875	64,296,322
Subordinated loan	16	15,172,600	28,360,000
Total Liabilities		6,018,814,474	3,919,154,779
Equity			
Equity attributable to the Bank's shareholders			
paid in capital	1	263,037,121	200,000,000
Additional paid in capital	1	68,872,350	709,472
Perpetual Bond	20	70,900,000	-
Statutory reserve		56,114,618	56,114,618
Foreign currency translation adjustments		(16,540,837)	(16,540,837)
Fair value reserve		1,583	813,120
Retained earnings		86,856,747	121,913,754
Current period profits		75,767,964	-
Total net equity attributable to the Bank's shareholders		605,009,546	363,010,127
Non-controlling interest		32,879,757	29,140,509
Total Equity		637,889,303	392,150,636
Total Liabilities and Equity		6,656,703,777	4,311,305,415

The accompanying notes from 1 to 31 are an integrated part of these interim condensed consolidated financial statements and should be read within conjunction and with the accompanying review report.

Capital Bank of Jordan
Interim Condensed Consolidated Statement of Income
For the Three and nine Months Period Ended 30 September 2022 (Reviewed not audited)

	Note	For the 3 months ended		For the 9 months ended	
		30 September 2022	30 September 2021	30 September 2022	30 September 2021
		JD	JD	JD	JD
Interest income		85,835,500	48,634,459	216,654,444	130,508,179
Less: Interest expense		45,671,256	21,744,058	107,980,212	57,512,228
Net interest income		40,164,244	26,890,401	108,674,232	72,995,951
Commission income		10,006,700	6,898,767	31,559,402	21,716,829
Less: Commission Expense		3,191,633	1,857,456	8,263,579	3,929,689
Net commission income		6,815,067	5,041,311	23,295,823	17,787,140
Gain from foreign currencies		2,389,763	1,610,642	5,646,370	3,765,752
Dividends income from financial assets at fair value through other comprehensive income	7	69,388	176,311	248,625	291,395
(loss)Gain from sale of financial assets at fair value through other comprehensive income - Debt instruments	7	-	-	(1,542,624)	21,019
Other income		2,498,970	1,663,813	7,751,534	3,554,518
Gross profit		51,937,432	35,382,478	144,073,960	98,415,775
Employees' expenses		12,107,630	7,661,034	33,863,260	22,231,335
Depreciation and amortization		4,332,251	2,840,896	11,152,168	6,983,258
Other expenses		12,455,904	7,593,784	28,545,837	17,222,460
(Gains) losses on sale of seized property		37,128	39,762	(6,328)	373,535
(Revised from) Impairment and expected credit losses on financial assets	26	819,482	4,986,937	6,139,838	16,126,219
Impairment on seized assets		(226,595)	(19,113)	43,612	748,354
Sundry provisions		100,000	-	100,680	41,237
Total expenses		29,625,800	23,103,300	79,839,067	63,726,398
Result of acquisition	31	-	-	26,348,251	28,077,962
Expenses of acquisition	31	-	-	(763,952)	(2,701,444)
Income before tax		22,311,632	12,279,178	89,819,192	60,065,895
Less: Income tax expense	17	2,482,608	2,620,171	9,804,813	7,379,751
Income for the period		19,829,024	9,659,007	80,014,379	52,686,144
Attributable to:					
Bank's shareholders		18,590,934	7,970,318	75,767,964	71,849,051
Non - controlling interest		1,238,090	1,688,689	4,246,415	(19,162,907)
		19,829,024	9,659,007	80,014,379	52,686,144
		JD/Fils	JD/Fils	JD/Fils	JD/Fils
Basic and diluted earnings per share from profit for the period attributable to the bank's shareholders	21	0.084	0.040	0.343	0.359

The accompanying notes from 1 to 31 are an integrated part of these interim condensed consolidated financial statements and should be read within conjunction and with the accompanying review report.

Capital Bank of Jordan

Interim Condensed Consolidated Statement of Comprehensive Income

For the Three and nine Months Period Ended 30 September 2022 (Reviewed not audited)

	For the 3 months ended		For the 9 months ended	
	30 Septmber 2022	30 Septmber 2021	30 Septmber 2022	30 Septmber 2021
	JD	JD	JD	JD
Income for the period	19,829,024	9,659,007	80,014,379	52,686,144
Add: Items that will be reclassified to profit or loss in subsequent periods after excluding the impact of tax:				
Change in the fair value of debt investments at fair value through other comprehensive income	(1,044,488)	163,647	(2,455,674)	434,506
Losses of selling debt instruments at fair value through other comprehensive income are transferred to the income statement	-	-	1,542,624	-
Add: Other comprehensive income items that will not be reclassified to profit or loss in subsequent periods after excluding the impact of tax :				
Change in the fair value of equity investments at fair value through other comprehensive income	(220,180)	1,013,678	(1,067,279)	(1,288,019)
Total other comprehensive income for the period, net of tax	(1,264,668)	1,177,325	(1,980,329)	(853,513)
Total comprehensive income for the period	18,564,356	10,836,332	78,034,050	51,832,631
Attributable to:				
Bank's shareholders	17,498,682	6,299,490	74,294,802	70,602,542
Non-controlling interest	1,065,674	1,584,664	3,739,248	(18,769,911)
	18,564,356	7,884,154	78,034,050	51,832,631

Capital Bank Of Jordan
Interim Condensed Consolidated Statement of Cash Flows
For the Period Ended 30 September 2022 (Reviewed not audited)

	Note	30 September 2022	30 September 2021
<u>Operating Activities</u>		JD	JD
Profit before income tax		89,819,192	60,065,895
<u>Adjustments for Non-Cash Items</u>			
Depreciation and amortization		11,152,168	6,983,258
expected credit loss on financial assets	26	6,139,838	16,126,219
Impairment on assets seized by the bank		43,612	748,354
Result of acquisition	31	(26,348,251)	(28,077,962)
Sundry provisions		100,680	41,237
Net accrued interest (received) paid		(6,087,637)	789,515
Effect of exchange rate changes on cash and cash equivalents		(4,204,566)	(1,351,394)
Cash flows from operating activities before changes in assets and liabilities		70,615,036	55,325,122
Changes in assets and liabilities :			
Restricted balances		2,968,694	(213,110)
Restricted balances at central banks		13,938,255	(1,796,876)
Banks and financial institutions' deposits maturing in more than three months		(4,099,803)	-
Direct credit facilities		(508,782,518)	(369,282,545)
Other assets		(11,392,704)	(2,754,283)
Deposits at banks and financial institutions maturing in more than three months		3,182,367	-
Customers' deposits		598,822,128	421,721,234
Margin accounts		73,356,273	11,414,212
Other liabilities		5,549,824	4,309,650
Paid sundry provisions		(779,587)	(783,445)
Net cash flow from operating activities before income tax		243,377,965	117,939,959
Income tax paid		(7,825,330)	(8,892,079)
Net cash flow from operating activities		235,552,635	109,047,880
<u>Investing Activities</u>			
Purchase of financial assets at fair value through other comprehensive income		(27,297,316)	(108,981,275)
Sale of financial assets at fair value through other comprehensive income		132,784,525	1,790,386
Cash as a result of acquisition		281,668,748	78,106,643
Investments of allied company		(20,963,078)	-
Purchase of financial assets at amortized cost		(836,937,282)	(333,045,209)
Matured financial assets at amortized cost		256,359,025	152,356,579
Purchase of property and equipment		(17,496,348)	(4,731,788)
Purchase of intangible assets		(18,095,813)	(7,878,709)
Net cash flow (used in) investing activities		(249,977,539)	(222,383,373)
<u>Financing Activities</u>			
Increase in paid in capital		63,037,121	-
Additional paid in capital		68,162,878	-
Proceeds from loans and borrowings		205,276,085	161,641,975
Repayment of loans and borrowings		(85,392,472)	(91,986,877)
Subordinated loan repaid		(13,187,400)	-
Treasury stocks		-	5,109,406
Perpetual bond		70,900,000	-
expenses related to Issuance of perpetual bonds		(467,743)	-
Interest related to Perpetual Bonds		(3,019,158)	-
Capital increase fees		(908,481)	-
Cash dividends		(29,694,636)	(27,705,253)
Net cash flow used in financing activities		274,706,194	47,059,251
Net decrease in cash and cash equivalents		260,281,290	(66,276,242)
Effect of exchange rate changes on cash and cash equivalents		4,204,566	1,351,394
Cash and cash equivalent at the beginning of the period		305,786,594	263,032,649
Cash and cash equivalent at the end of the period	22	570,272,450	198,107,801

The accompanying notes from 1 to 31 are an integrated part of these interim condensed consolidated financial statements and should be read within conjunction and with the accompanying review report.

Capital Bank of Jordan

Interim Condensed Consolidated Statement of Changes in Owners Equity

For the nine Months Period Ended 30 September 2022 (Reviewed not audited)

	Issued and Paid in Capital	Additional paid in capital	Perputual Bonds	Statutory Reserves	Treasury Stocks	Foreign currency translation adjustments	Fair value reserve	Retained earnings*	Net Income for the period attributable to the Bank's shareholders	Equity attributable to the Bank's shareholders	Non-controlling interest	Total equity
	JD	JD		JD	JD	JD	JD	JD	JD	JD	JD	JD
30 September 2022												
Balance at 01 January 2021	200,000,000	709,472	-	56,114,618	-	(16,540,837)	813,120	121,913,754	-	363,010,127	29,140,509	392,150,636
Profit for the year	-	-	-	-	-	-	-	-	75,767,964	75,767,964	4,246,415	80,014,379
Change in fair value of financial assets through other comprehensive income	-	-	-	-	-	-	(1,473,162)	-	-	(1,473,162)	(507,167)	(1,980,329)
Total comprehensive income for the period	-	-	-	-	-	-	(1,473,162)	-	75,767,964	74,294,802	3,739,248	78,034,050
Realized loss from selling financial assets at fair value through other comprehensive income - equity instruments	-	-	-	-	-	-	661,625	(661,625)	-	-	-	-
Issuance of perputual bonds and related expenses	-	-	70,900,000	-	-	-	-	(467,743)	-	70,432,257	-	70,432,257
Interest related to Perputual Bonds	-	-	-	-	-	-	-	(3,019,158)	-	(3,019,158)	-	(3,019,158)
Capital increase fees	63,037,121	68,162,878	-	-	-	-	-	(908,481)	-	130,291,518	-	130,291,518
Cash dividends (Note 30)	-	-	-	-	-	-	-	(30,000,000)	-	(30,000,000)	-	(30,000,000)
Balance at '30 September 2022	263,037,121	68,872,350	70,900,000	56,114,618	-	(16,540,837)	1,583	86,856,747	75,767,964	605,009,546	32,879,757	637,889,303
30 September 2021												
Balance at 01 January 2021	200,000,000	709,472	-	44,186,425	(2,707,491)	(16,540,837)	3,619,029	78,096,479	-	307,363,077	48,324,233	355,687,310
Profit for the year	-	-	-	-	-	-	-	-	71,849,051	71,849,051	(19,162,907)	52,686,144
Change in fair value of financial assets through Other Comprehensive Income	-	-	-	-	-	-	(1,246,509)	-	-	(1,246,509)	392,996	(853,513)
Total comprehensive income for the period	-	-	-	-	-	-	(1,246,509)	-	71,849,051	70,602,542	(18,769,911)	51,832,631
Realized gain from selling financial assets at fair value through other comprehensive income - equity instruments	-	-	-	-	-	-	(454,779)	454,779	-	-	-	-
Sale treasury shares of subsidiaries	-	-	-	-	2,707,491	-	-	414,246	-	3,121,737	1,987,669	5,109,406
Cash dividends (Note 30)	-	-	-	-	-	-	-	(24,000,000)	-	(24,000,000)	(3,705,253)	(27,705,253)
Balance at '30 September 2021	200,000,000	709,472	-	44,186,425	-	(16,540,837)	1,917,741	54,965,504	71,849,051	357,087,356	27,836,738	384,924,094

* Retained earnings include JD 31,797,545 which represents deferred tax assets as at 30 september 2022 against JD 19,350,284 as at 31 December 2021, according to the Central Bank of Jordan's regulations these balances are restricted.

* Retained earnings as at 30 September 2022 and 31 December 2021 amounts to JD 958,330, this amount is related to the measurements and classifications as a result of the early adoption of IFRS 9. This amount is not available for distribution according to the Securities and Exchange Commission regulations until the amount becomes realized .

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

– The general banking risks reserve is a restricted reserve against the implementation of IFRS 9 regarding the Central Bank of Jordan that issued Circular No.10/1/1359 on 25 January 2018. The unutilized balance amounted to 8,840,593 as at 30 June 2022 and 31 December 2021 which is included in the retained earnings. This amount cannot be distributed to shareholders and / or used for other purposes except with the approval of the Central Bank of Jordan.

Capital Bank of Jordan
Notes to the Interim condensed Consolidated Financial Statements
As at 30 September 2022 (Reviewed not audited)

(1) General Information

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

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

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

During the month of June 2022, the Bank signed an agreement with the Saudi Investment Fund (a strategic partner), through which the Bank listed it as one of the Bank's shareholders by paying an amount of 131,200,000 JOD, which was distributed as an increase in the capital by issuing new shares at a value of 63,037.122 JOD at a price of one dinars per share. The authorized, subscribed and paid up capital becomes 263,037.122 JOD, and the difference as a premium is 68,162.878 JOD

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

The Interim Consolidated Financial Statements were authorized for issue by the Board of Directors in their meeting 11/2022 held on 27 October 2022.

(2) Accounting Policies

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

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

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

The main differences between the IFRSs as they must be applied and what has been approved by the Central Bank of Jordan are the following: ☐

a) Provisions for expected credit losses are formed in accordance with the instructions of the Central Bank of Jordan (No. 13/ 2018) "Application of the IFRS (9)" dated 6 June 2018 and in accordance with the instructions of the supervisory authorities in the countries in which the bank operates, whichever is stricter. The significant differences are as follows:

- Debt instruments issued or guaranteed by the Jordanian government are excluded, so that credit exposures are treated and guaranteed by the Jordanian government without credit losses.
- When calculating credit losses against credit exposures as per IFRS 9 instructions, the calculation results are compared with the Central Bank of Jordan instructions No. (47/2009) of 10 December 2009 for each stage separately and the stricter results are taken.☐

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

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

The credit facilities that have any of the following characteristics:

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

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

The credit facilities that have the following characteristics:

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

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

The credit facilities that have any of the following characteristics:

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

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

4) Non-Performing Credit Facilities

The credit facilities that have any of the following characteristics:

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

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

- 2) Overdraft facilities exceeding approved limits by (10%) or more for a period of (90) days or more.
- 3) Credit facilities which have matured and become invalid for a period of (90) days or more and have not been renewed.
- 4) Credit facilities extended to any obligor who went bankrupt, or to companies which were subjected to liquidation.
- 5) Credit facilities which have been restructured for three times within 12 months.
- 6) Overdrawn current and on demand accounts for a period of (90) days or more.
- 7) Guarantees claimed by the beneficiary and paid by the bank on behalf of the clients, where their values have not been debited to their accounts and are still unpaid for a period of (90) days or more.

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

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

c- Assets that have been reverted to the Bank appear in the consolidated statement of financial position within other assets at the amount of which they were reverted to the Bank or the fair value, whichever is less, and are reassessed on the date of the consolidated financial statements individually. Any impairment in their value is recorded as a loss in the consolidated statement of profit or loss and the increase is not recorded as revenue. The subsequent increase is taken to the consolidated statement of profit or loss to the extent that it does not exceed the value of the previously recorded impairment. As of the beginning of 2015, a gradual provision was made for real estate acquired for more than 4 years against debts according to the Circular of the Central Bank of Jordan No. 4076/1/15 dated 27 March 2014 and No. 2510/1/10 dated 14 February 2017. Noting that the Central Bank of Jordan issued Circular No. 13967/1/10 dated 25 October 2018, in which the Circular No. 16607/1/10 dated 17 December 2017 was approved for extension. The Central Bank of Jordan also confirmed postponing the calculation of the provision until the end of the year 2019. According to the Central Bank's Circular No. 16239/1/10 dated 21 November 2019, deduction of the required provisions against real estate acquired is made at the rate of (5%) of the total book values of these properties (regardless of the period of violation) as of the year 2021, so that the required percentage of 50% of these properties are reached by the end of the year. Based on the circular received from the Central Bank of Jordan No. 16234/3/10, it was decided to cancel the work of item (Second) of Circular No. (4076/1/10) dated March 27, 2014 related to a request for deduction of a provision against the expropriated real estate in violation of the provisions of the Banking Law No. (28) for the year 2000 and its amendments, and based on what was mentioned in the circular, it stipulates the necessity of maintaining the allocations for the expropriated properties in violation of the provisions of the Banking Law, and that only the allocated allocation is released against any of the violating properties that are disposed of.

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

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

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

- The condensed consolidated interim financial statements do not include all the information and explanations required for the annual financial statements prepared in accordance with the International Financial Reporting Standards, as amended in accordance with the instructions of the Central Bank of Jordan, and it must be read with the bank's annual report as of December 31, 2021, and the business results for the nine Months ending september 30, 2022 are not necessarily indicative of the expected results for the year ending December 31, 2022.

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

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

1- Capital Investment and Brokerage Company Limited; of which the Bank owns 100% of its paid-in-capital amounted to JD 10,000,000 as at 30 September 2022. The company provides Brokerage services. The company was established on 16 May 2005.

2- National Bank of Iraq (NBI); of which the Bank owns 61.85% of its paid-in-capital of IQD 250 billion equivalent to JD 121,404,110 as at 30 September 2022. The Bank provides banking services, National Bank of Iraq was acquired effective 1 January 2005.

3- Capital Investment Fund Company Bahrain; of which the Bank owns 100% of its paid-in-capital of BHD 1,000 equivalent to JD 1,888 as at 30 September 2022. The purpose of the company is to manage mutual funds and it has not started its operations as of the date of preparing these consolidated interim condensed financial statements.

4- Capital Investments (DIFC) UAE; of which the bank owns 100% of its paid in capital of USD 250,000 (JD 177,250) as at 30 September 2022. The purpose of the company is to offer financial consulting services. The company was registered and incorporated on 23 February 2015.

5-Capital leasing Company ; of which the bank owns 100% of its paid in capital of JOD 7,500,000as at 30 September 2022.

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

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

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

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

(3) Significant Accounting Policies

(3-1) Changes in accounting policies

The accounting policies are consistent with those adopted in preparation of the financial statements for the period ended 31 December 2021.

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

(a) New and amended standards adopted by the Company

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

New standards, amendments and interpretations

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

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

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

• **The following improvements were finalised in May 2020:**

- **IFRS 9 Financial Instruments** – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.

- **IFRS 16 Leases** – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

- **IFRS 1 First-time Adoption of International Financial Reporting Standards** – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

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

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

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

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

• **Classifications of Liabilities as current or Non-current Amendments to IAS 1:** The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

• **Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice**

The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

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

• **Definition of Accounting Estimates – Amendments to IAS 8:** The amendment to IAS 8 Accounting Policies, Changes in Accounting and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and

- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

•**Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28:** The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the nonmonetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively.

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

(3-2) Critical Accounting Estimates and Judgements, and Risk Management

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

In order to prepare these condensed consolidated interim financial statements, the significant judgments made by the management in applying the Group's accounting policies and the main sources of unconfirmed estimates were the same as those applied to the Group's audited consolidated financial statements as in and for the year ended December 31, 2021, with the continuing impact of COVID-19 outbreak, which required the administration to change some assumptions of expected loss model during 2021 as follows.

(4) Cash and Balances with Central Banks

- Statutory cash reserve amounted to JD 140,628,871 as at 30 September 2022 against JD 111,264,017 as at 31 December 2021 which are not eliminated for cash and cash equivalents in the consolidated statement of cash flows.

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

- The statutory reserves held at the Central Bank of Iraq amounting to JD 36,288,982 as at 30 Septmeber 2022 against 50,136,157 as at 31 December 2021 which is excluded from cash and cash equivalents for interim consolidated cash flow statement purposes.

-There are no expected credit losses on deposits at central banks as of 30 September 2022 and 31 December 2021 according to IFRS 9.

(5) Balances at banks and financial institutions

-Balances with banks and banking institutions that do not charge interest amounted to 49,143,917 JOD as on September 30, 2022,against 241,952,999 JOD as on December 31, 2021.

-The value of the restricted balances for withdrawal amounted to 3,351,129 JOD as of September 30, 2022 compared to an amount of 6,319,823 JOD as of December 31, 2021. It is excluded from cash and cash equivalents for the purposes of the consolidated statement of cash flows.

-The value of the expected credit losses calculated on balances with banks and banking institutions as of September 30, 2022 amounted to 111,203 JOD, against to an amount of 69,020 JOD as on December 31, 2021.

(6) Deposits at banks and financial institutions

	<u>30 September 2022</u>	<u>31 December 2021</u>
	JD	JD
Cash and balances at banks and financial institutions	(Reviewed not audited)	(Audited)
Short term deposits (less than 3 months)	6,179,211	-
Less: Expected credit losses	(71,168)	-
Total Balances at Banks & Financial Institutes	6,108,043	-

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

	30 September 2022	31 December 2021
	JD	JD
<u>Publicly listed assets</u>	(Reviewed not audited)	(Audited)
Governmental Treasury bonds	-	118,364,706
Bonds, Corporate debt securities	7,803,761	6,612,408
Other government bonds	32,881,303	34,725,690
Quoted shares	9,251,232	8,408,284
Total Financial assets at market value (listed)	49,936,296	168,111,088
<u>Unlisted assets</u>		
Treasury bonds	3,359,203	4,051,655
Governmental debt securities and its guarantee's	-	7,065,800
Unquoted shares	20,891,020	16,128,683
Investment funds	19,310,958	163,070
Total Unlisted Financial Assets at Market Value	43,561,181	27,409,208
Less: Expected credit loss	(8,663)	(19,458)
Total Financial Assets at Fair Value through Other Comprehensive Income	93,488,814	195,500,838
Analysis of bonds and bills:		
Fixed Rate	44,035,604	170,963,781
Total	44,035,604	170,963,781

- The cash dividends amounted to JD 248,625 and it reflects the shares that the bank owns in other companies as at 30 September 2022 against JD 291,395 as at 30 September 2021.

- Realized losses resulted from sales of financial assets at fair value through other comprehensive Income (equity Instruments) amounted to JD 661,625 as at 30 September 2022 against realized gains worth JD 454,779 as at 30 September 2021.

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

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

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

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

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

(9) **Direct Credit Facilities - Amortized cost**

	30 September 2022	31 December 2021
	JD	JD
	(Reviewed not audited)	(Audited)
Retail customers		
Overdrafts	23,035,417	12,700,164
Loans and bills *	722,048,379	527,671,246
Credit cards	35,750,904	14,320,677
Real estate Mortgages	308,121,233	209,579,908
Corporate Lending		
Overdrafts	237,228,458	115,830,740
Loans and bills *	1,620,435,250	949,933,362
Small and medium enterprises "SMEs" facilities		
Overdrafts	30,155,694	21,847,513
Loans and bills *	336,381,512	216,149,725
Government and public sector lending	250,114,485	119,021,813
Total	3,563,271,332	2,187,055,148
Less: Suspended interest	76,764,206	35,353,857
Less: Expected Credit Loss / Impairment	189,063,911	120,553,953
Net direct credit facilities	3,297,443,215	2,031,147,338

* Net of interest and commissions received in advance amounted to JD 4,095,077 as at 30 September 2022 against JD 1,436,856 as at 31 December 2021.

- Non-performing credit facilities amounted to JD 255,158,618 as at 30 September 2022 against JD 146,875,815 as at 31 December 2021 which represents 7.16 % of total direct credit facilities as at 30 September 2022 against 6.72% as at 31 December 2021.
- Non-performing credit facilities, net of suspended interest, amounted to JD 181,909,905 as at 30 September 2022 against JD 114,004,616 as at 31 December 2021 which represents 5.22 % as at September 2022 against 5.30 % as at 31 December 2021 of total direct credit facilities after excluding the suspended interest.
- The credit facilities granted or guaranteed by the government as of 30 September 2022 amount JD 180,519,805 against JD 48,718,754 31 December 2021.
- The provision for expected credit losses is not calculated on the governmental or guaranteed credit facilities of the Jordanian Government in accordance with the requirements of the Central Bank of Jordan related to the application of IFRS 9.

The cumulative movement of direct credit facilities during the period:-

The movement on total direct credit facilities at amortized cost is as follows, according to the presentation requirements of the Central Bank of Jordan:

30 September 2022 (Reviewed not audited)	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2022	1,801,195,145	202,890,223	182,969,780	2,187,055,148
Add: new balances during the period / Additions*	1,312,712,968	62,616,917	11,246,236	1,386,576,121
Recoveries from impairment losses	(601,590,191)	(182,783,344)	(3,027,591)	(787,401,126)
Transfer to the first stage during the period - net	41,007,655	(39,385,655)	(1,622,000)	-
Transfer to second stage during the period - net	(140,556,700)	146,598,692	(6,041,992)	-
Transferred to the third stage during the period - net	(9,800,117)	(24,550,883)	34,351,000	-
Additions due to acquisition (Note 31-B)	482,949,832	209,114,480	84,976,877	777,041,189
Total balance	2,885,918,592	374,500,430	302,852,310	3,563,271,332

31 December 2021 (Audited)	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2021	1,113,255,381	178,262,154	101,849,349	1,393,366,884
Add: new balances during the period / Additions*	818,277,227	53,988,756	10,109,326	882,375,309
Recoveries from impairment losses	(288,834,920)	(70,198,232)	(14,401,761)	(373,434,913)
Transfer to the first stage during the period - net	36,792,471	(35,303,178)	(1,489,293)	-
Transfer to second stage during the period - net	(39,998,435)	40,813,131	(814,696)	-
Transferred to the third stage during the period - net	(3,825,686)	(31,009,919)	34,835,605	-
Additions due to acquisition (Note 31-A)	165,529,107	66,629,025	70,501,991	302,660,123
Written off balances	-	(291,514)	(17,620,741)	(17,912,255)
Total balance	1,801,195,145	202,890,223	182,969,780	2,187,055,148

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

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

30 September 2022 (Reviewed not audited)	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2022	11,717,037	8,089,560	100,747,356	120,553,953
Impairment loss of direct credit facilities during the period	10,039,145	4,857,112	28,274,986	43,171,243
Recoveries from impairment losses	(7,126,098)	(14,520,169)	(18,641,118)	(40,287,385)
Transfer to the first stage during the period - net	438,334	(432,524)	(5,810)	-
Transfer to second stage during the period - net	(5,764,788)	5,771,802	(7,014)	-
Transferred to the third stage during the period - net	(1,365,018)	(26,046)	1,391,064	-
Additions due to acquisition (Note 31-B)	10,269,800	17,121,918	38,234,382	65,626,100
Total balance	18,208,412	20,861,653	149,993,846	189,063,911

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

Provision for impairment losses:

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

30 September 2022 (Reviewed not audited)	Retail	Real estate	Corporate	SMEs	Public and Government Sector	Total
	JD	JD	JD	JD	JD	JD
Balance at 1 January 2022	15,763,481	8,972,209	77,312,149	18,506,114	-	120,553,953
Impairment loss of direct credit facilities during the year	13,480,191	5,373,410	16,112,060	8,205,582	-	43,171,243
Recoveries from impairment losses	(4,118,085)	(3,720,084)	(30,814,519)	(1,461,132)	(173,565)	(40,287,385)
Transfer to the first stage	(1,367,846)	(60,343)	(5,086,514)	(176,769)	-	(6,691,472)
Transfer to second stage	375,543	60,343	4,716,524	160,823	-	5,313,233
Transfer to third stage	992,303	-	369,990	15,946	-	1,378,239
Additions due to acquisition (Note 31-B)	7,209,282	4,264,874	49,031,890	4,941,383	178,671	65,626,100
Total balance	32,334,869	14,890,409	111,641,580	30,191,947	5,106	189,063,911

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

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

30 September 2022 (Reviewed not audited)	Stage one	Stage two	Stage three	Purchased originated credit-impaired (POCI)	Total
	JD	JD	JD	JD	JD
Balance as at 1 January 2022	1,860,785,099	136,261,198	112,467,789	21,108,055	2,130,622,141
Add: new balances during the year / Additions	1,312,712,968	62,616,917	5,398,645	5,847,591	1,386,576,121
Settled balances	(632,099,761)	(152,273,774)	(3,027,591)	-	(787,401,126)
Transfer to the first stage during the year	41,007,655	(39,385,655)	(1,622,000)	-	-
Transfer to second stage during the year	(140,556,700)	146,598,692	(6,041,992)	-	-
Transferred to the third stage during the year	(9,800,117)	(24,550,883)	34,351,000	-	-
Additions due to acquisition (Note 31-B)	664,672,594	-	-	14,352,635	679,025,229
Total balance	3,096,721,738	129,266,495	141,525,851	41,308,281	3,408,822,365

31 December 2021 (Audited)

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

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

30 September 2022 (Reviewed not audited)	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2022	8,364,393	4,403,133	63,626,558	76,394,084
Impairment loss of direct credit facilities during the period	10,039,145	4,857,112	24,801,755	39,698,012
Recoveries	(4,685,095)	(4,765,292)	(18,641,118)	(28,091,505)
Transfer from the first stage	438,334	(432,524)	(5,810)	-
Transfer from second stage	(5,764,788)	5,771,802	(7,014)	-
Transferred from the third stage	(1,365,018)	(26,046)	1,391,064	-
Total balance	7,026,971	9,808,185	71,165,435	88,000,591

31 December 2021 (Audited)

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

Interest in suspense

The movement of interest in suspense is as follow:

	Retail	Real estate	Corporate	SMEs	Total
	JD	JD	JD	JD	JD
30 September 2022 (Reviewed not audited)					
Balance at 1 January 2022	2,912,998	3,835,260	22,614,644	5,990,955	35,353,857
Suspended interest during the period	1,964,571	826,506	6,169,355	2,285,804	11,246,236
Interest transferred to income	(402,021)	(501,166)	(1,133,470)	(189,090)	(2,225,747)
Additions during period of acquisition (Note 31-B)	9,389,554	5,001,528	10,369,423	7,629,355	32,389,860
Total balance	13,865,102	9,162,128	38,019,952	15,717,024	76,764,206
31 December 2021 (Audited)					
Balance at 1 January 2021	3,287,310	3,222,152	11,655,538	5,272,800	23,437,800
Suspended interest during the year	774,347	1,239,713	6,004,802	2,090,464	10,109,326
Interest transferred to income	(455,753)	(802,919)	(1,518,231)	(862,901)	(3,639,804)
Additions during period of acquisition (Note 31-A)	1,939,300	1,937,994	7,068,909	1,326,935	12,273,138
Amounts written off	(2,632,206)	(1,761,680)	(596,374)	(1,836,343)	(6,826,603)
Total balance	2,912,998	3,835,260	22,614,644	5,990,955	35,353,857

Direct Gross credit facilities portfolio is distributed as per the following

	Inside Jordan	Outside Jordan	30 September 2022	31 December 2021
	JD	JD	JD	JD
	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)	(Audited)
Financial	79,490,456	-	79,490,456	58,406,982
Industrial	546,468,014	43,176,282	589,644,296	279,971,144
Commercial	577,646,075	119,432,622	697,078,697	406,504,092
Real estate and Construction	595,382,291	32,355,748	627,738,039	412,910,994
Tourism and hotels	65,640,021	-	65,640,021	65,671,216
Agriculture	37,450,737	26,630,352	64,081,089	44,147,849
Shares	139,816,078	-	139,816,078	79,934,579
Services utilities and public	154,902,487	15,982,713	170,885,200	91,835,527
Transportation services (including air transportation)	84,142,804	-	84,142,804	72,261,686
Government and public sector	250,114,485	-	250,114,485	119,021,813
Retail	520,059,320	259,713,435	779,772,755	530,808,728
Other	14,867,412	-	14,867,412	25,580,538
Total	3,065,980,180	497,291,152	3,563,271,332	2,187,055,148

(10) **Financial Assets At Amortized Cost**

	30 September 2022	31 December 2021
	JD (Reviewed not audited)	JD (Audited)
Treasury bonds	480,933,805	168,405,903
Governmental debt securities	1,134,868,219	742,326,091
Governmental debt securities and its guarantee	108,613,732	44,442,157
Bonds, Corporate debt securities	21,925,502	8,890,500
Other government bonds	56,272,700	24,663,998
Total financial assets	1,802,613,958	988,728,649
Less: expected credit losses	(3,293,932)	(1,707,230)
Total Financial assets at amortized cost	1,799,320,026	987,021,419
Analysis of bonds and bills:		
Fixed Rate	1,792,123,458	979,838,149
Floating rate	7,196,568	7,183,270
Total	1,799,320,026	987,021,419

Financial Assets At Amortized Cost

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

	30 September 2022				31 December 2021
	30 June 2022 (Reviewed not audited)				Audited
	Stage One	Stage Two	Stage Three	Total	Total
	JD				
Balance at 1 January 2022	26,562	-	1,680,668	1,707,230	540,029
New balances during the period	-	-	-	-	1,174,422
Settled balances	(13,298)	-	-	(13,298)	-7,221
Additions due to acquisition (Note 36-B)	-	-	1,600,000	1,600,000	-
Total balance	13,264	-	3,280,668	3,293,932	1,707,230

-No provision for expected credit losses has been calculated for Jordanian government bonds in accordance with the instructions of the Central Bank of Jordan related to the application of International Standard No. 9

(11) Financial Assets Pledged as Collateral

	30 September 2022 (Reviewed not audited)		31 December 2021 (Audited)	
	JD		JD	
	Pledged financial assets	Associated financial liabilities (Note 14,15)	Pledged financial assets	Associated financial liabilities (Note 14,15)
Financial assets at amortized cost (Jordanian Government Bonds)	39,597,643	41,682,974	-	-
Financial assets at amortized cost (Jordanian Government Bonds)	221,283,321	173,150,000	-	-
Total	260,880,964	214,832,974	-	-

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

No provision for expected credit losses has been calculated on these pledged bonds in accordance with the instructions of the Central Bank of Jordan related to the application of International Standard No. (9), which excludes debt instruments issued and guaranteed by the government from calculating an allowance for expected credit losses.

(12) Investments in an affiliate company

The group, in partnership with a number of Jordanian banks, with the approval of the Central Bank of Jordan, and under the supervision of the Association of Banks, established the Professional Real Estate Investment Company, as the main purpose of establishing the company is to manage the assets reserved for banks in Jordan.

The group's contribution amounted to 20% of the company's capital, which amounted to 106 million JOD.

(13) Other Assets

This item consists of the following:

	30 September 2022	31 December 2021
	JD	JD
	(Reviewed not audited)	(Audited)
Accrued interest and revenue	38,417,116	33,537,922
Prepaid expenses	14,378,956	8,786,222
Collaterals seized by the bank against matured debts* - net	81,121,339	65,786,298
Purchased banks acceptances at amortized cost- net	34,628,951	26,050,501
Other assets seized **	2,187,593	2,447,869
Assets / derivatives unrealized gain	606,918	220,412
Refundable deposits	4,022,240	4,230,067
Others - net*	21,268,857	8,553,364
Total	196,631,970	149,612,655

* According to the regulations of the Central Bank of Jordan, the bank is required to dispose seized real estate in a maximum period of two years from the acquisition date. The Central Bank may approve of an extension up to two executive years at most. And in accordance with the circular of the Central Bank of Jordan No. 162344/3/10, it was decided to stop calculating a provision against real estate whose acquisition period exceeds four years.

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

*** The value of the provision for credit losses on these accounts amounted to an amount of 121,479 JOD as on September 30, 2022 and an amount of 87,668 as on December 31, 2021, and the value of the provision taken during the current period amounted to an amount of 36,773 JOD against a provision that was reversed in the amount of 2,962 dinars as on December 31, 2021 .

(14) Customers' Deposits

This item consists of the following:

	30 September 2022	31 December 2021
	JD	JD
	(Reviewed not audited)	(Audited)
Current and demand deposits	979,150,723	838,871,063
Saving accounts	346,671,044	197,383,542
Time and notice deposits	3,276,935,726	1,719,309,534
Certificates of deposit	22,788,064	15,243,139
Total	4,625,545,557	2,770,807,278

- The deposits of government and general public sector inside Jordan amounted to JD 676.856.692 representing 14.63 % of the total deposits as at 30 September 2022 against JD 120,370,733 representing 4.34% as at 31 December 2021.
- Deposits from the Iraqi government and public sector amounted to 20,421,863 dinars, or 0.44% of total deposits, as of September 30, 2022, against 14,326,498, or 0.52%, as of December 31, 2021.
- Deposits without interest amounted to JD 819,330,017 , or 17.71% of total deposits as of September 30, 2022, compared to JD 817,208,987, or 29.49% of total deposits as of December 31, 2021.
- Reserved deposits (restricted withdrawals) as at 30 September 2022 amounted to JD 2,047,377 and JD 5,751,775 as at 31 December 2021.
- Dormant deposits amounted to JD 11,273,056 as at 30 September 2022 against JD 8,414,661 as at 31 December 2021.
- Fixed deposits include an amount of 173,150,000 dinars as on September 30, 2022 representing financial liabilities against pledged financial assets that belong to the Social Security Corporation deposits resulting from the acquisition process.
- Customer deposits increased significantly during the period ended September 30, 2022, through the natural growth of the business as well as the impact of the merger and acquisition of Societe generale Bank jordan.

(15) Loans and Borrowings

The details are as follows :

30 September 2022 (Reviewed not audited)	Number of Installments			Frequency of Instalments	Collaterals	Interest rate	Re-financed Interest rate
	Amount	Total	Outstanding				
	JD	JD	JD		JD	%	
Amounts borrowed from central banks	299,723,847	25,333	16,228	Monthly, semi annual, and upon maturity	39,597,643	0.00% - 4.50%	1.00% - 6.00%
Amounts borrowed from local banks and financial institutions	86,051,377	234	202	One payment upon maturity	-	4.55% - 7.00%	4.50% - 11.52%
Amounts borrowed from foreign banks and financial institutions	280,026,924	93	81	semi annual, and upon maturity	-	2.79% - 9.51%	1.80% -13.00%
Total balance	665,802,148				39,597,643		

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

- Borrowed money from Central Banks includes JD 299,723,847 that represents amounts borrowed to refinance the customers' loans in the medium term financing programs that have been re-borrowed. These loans mature during 2022 - 2038.

- The amounts borrowed from local institutions are all borrowed from the Jordan Mortgagee Refinance Company with a total amount of JD 80 Million. The loans mature during 2022 - 2028.

- Loans bearing fixed - interest rates amounted to JD 656,857,707 and loans bearing floating - interest rates amounted to JD 8,944,441 as at 30 September 2022 against JD 410,970,782 and JD 3,295,000 respectively as at 31 December 2021.

- A borrowing clause from central banks includes 41,682,974 dinars as of September 30, 2022, which represents financial liabilities against mortgaged financial assets, while there are no financial liabilities as of December 31, 2021 (Note 11).[¶]

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

(16) Subordinated Loans**30 September 2022 -
Reviewed not audited**

	Amount	Frequency of instalments	Collaterals	Interest Rate
	JD		JD	%
Subordinated Loan	15,172,600	One payment maturing on 15 March 2026	-	7.00%
Total balance	15,172,600		-	

31 December 2021 - Audited

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

- On March 15, 2020, the Bank completed the issuance of \$40 million loan bonds, which fall within the second tranche according to the requirements of the Basel Standard. The bank exercised the right to purchase the previous issue of bonds, amounting to 25 million dollars, on March 1, 2020

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

(17) Income Tax

The movement on income tax liability is as follows:

	30 September 2022	31 December 2021
	JD	JD
	(Reviewed not audited)	(Audited)
Balance at the beginning of the period/year	4,484,833	4,887,737
Income tax paid	(13,399,109)	(7,282,792)
Income tax charge for the year	9,946,964	6,604,273
Income tax on other comprehensive income	-	(31,712)
Income tax charge for previous years	231,136	307,327
Addition due to Acquisition (Note 30-B)	5,398,376	-
Balance at the end of the period/year	6,662,200	4,484,833

Income tax expense presented in interim condensed consolidated income statement:

	30 September 2022	30 September 2021
	JD	JD
	(Reviewed not audited)	(Audited)
Current income tax charge for the year	8,930,653	7,216,944
Previous years income tax charges	231,136	361,354
Deferred tax assets for the year	1,316,574	(63,837)
Deferred tax liabilities for the year	(673,550)	(134,710)
	9,804,813	7,379,751

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

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

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

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

A final settlement was made with the Income Tax Department of the National Bank of Iraq until the end of 2021.

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

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

(18) Sundry Provisions

30 September 2022 (Reviewed not audited)	Balance at the beginning of the year	Provided during the period/year	Utilized during the period/year	Addition due to Acquisition	Transferred to income	Balance at the end of the period/year
	JD	JD	JD	JD	JD	JD
Provision for lawsuits raised against the bank	114,796	100,680	(340)	-	-	215,136
Other provisions*	2,383,196	-	(779,247)	-	-	1,603,949
Additions during the period due to acquisitions/provision (Note 31-B)	-	-	-	113,196	-	113,196
Total balance	2,497,992	100,680	(779,587)	113,196	-	1,932,281
31 December 2021 (Audited)						
Provision for lawsuits raised against the bank	102,700	61,700	(49,604)	-	-	114,796
Other provisions*	3,415,781	-	(1,013,087)	-	(19,498)	2,383,196
Total balance	3,518,481	61,700	(1,062,691)	-	(19,498)	2,497,992

* The bank has fully hedged against the differences resulting from the currency auctions as requested by the Central Bank of Iraq from the National Bank of Iraq during the year 2018, by which the National Bank of Iraq claimed these amounts from its customers according to the Central Bank of Iraq, in addition to the recourse of the judiciary to collect these amounts. A total amount of JDs 459,782 was collected as of 30 September 2022 compared to JDs 137,156 as of 30 September 2021.

(19) Other Liabilities

This item consists of the following:

	30 September 2022	31 December 2021
	JD	JD
	(Reviewed not audited)	(Audited)
Accrued interest expense	29,433,610	16,887,671
Accrued expenses	7,670,714	6,904,734
Certified cheques	10,626,075	7,278,415
Cheques payable	3,298,404	2,127,431
Board of directors' remuneration	53,595	68,334
Brokerage payables	25,496,644	21,526,344
Liabilities / derivatives unrealized gain	1,424,579	1,414,498
Guarantees	453,716	453,716
Others	11,473,538	7,635,179
Total	89,930,875	64,296,322

(20) Perputual Bonds

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

The value of the accrued interest on these bonds amounted to 3,019,158 as of September 30, 2022, which has been directly reduced from the carried profits, net of taxes. The bank paid these interests in August of the year 2022 to bondholders.

(21) Earnings Per Share

Basic and diluted earnings per share	For the 3 months ended 30 September		For the 9 months ended 30 September	
	2022	2021	2022	2021
The details are as follow:	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)
Profit for the period attributable to Bank's shareholders	18,590,934	7,970,318	75,767,964	71,849,051
Weighted average number of shares during the period	221,012,374	200,000,000	221,012,374	200,000,000
	JD / Fils	JD / Fils	JD / Fils	JD / Fils
Basic and diluted earnings per share from profit attributable to the bank's shareholders	0.084	0.040	0.343	0.359

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

(22) Cash and Cash Equivalents

The details are as follow:

	For the 9 months ended 30 September	
	2022	2021
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Cash and balances with central banks maturing within 3 months	626,821,322	304,567,362
Add: Balances at banks and financial institutions maturing within 3 months	115,606,122	243,754,301
Less: Banks and financial institutions' deposits maturing within 3 months	(168,803,865)	(343,894,190)
Less: Restricted cash balances	(3,351,129)	(6,319,672)
	570,272,450	198,107,801

(23) Related Parties Transactions

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

	Ownership		Paid in capital	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
	%	%	JD	JD
Capital Investment and Brokerage Company	100%	100%	10,000,000	10,000,000
National Bank of Iraq	61.85%	61.85%	86,739,856	86,739,856
Bahrain Investment Fund Company	100%	100%	1,888	1,888
Capital Investments (DIFC)	100%	100%	177,250	177,250
Capital leasing Company	100%	100%	7,500,000	-

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

	Related party				Total	
	BOD members	Executive management	Subsidiaries	Major Shareholders	30 September 2022	31 December 2021
	JD	JD	JD	JD	JD (Reviewed not audited)	JD (Audited)
Statement of financial position items:						
Bank deposits with related parties	-	-	70,588,574	-	70,588,574	40,867,382
Bank deposits	157,699,771	803,208	11,560,473	913,311	170,976,763	115,028,831
Margin accounts	84,518	815	115,880,885	-	115,966,218	113,895,229
Direct credit facilities	21,233,046	1,361,081	232	10,526,000	33,120,359	26,694,812
Off-balance sheet items:						
Indirect credit facilities	6,180,782	1,000	72,291,067	-	78,472,849	86,377,711
Credit losses for the first stage	425,607	246	121,965	41,499	589,317	541,180
					For the 9 months ended 30 September	
					2022	2021
					(Reviewed not audited)	(Reviewed not audited)
					JD	JD
Statement of income items:						
Interest and commission income	1,034,191	48,650	2,669,075	396,169	4,148,085	6,421,996
Interest and commission expense	3,878,196	19,505	37,686	1,198	3,936,585	3,467,268

- Interest rates on credit facilities in Jordanian Dinar range between 2.00% - 10.50%.
- Interest rates on credit facilities in foreign currency range between 4.70% - 5.50%.
- Interest rates on deposits in Jordanian Dinar range between 2.00% - 5.50%.
- Interest rates on deposits in foreign currency between 2.00% - 2.00%.

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

	For the 9 months ended 30 September	
	2022	2021
	JD (Reviewed not audited)	JD (Reviewed not audited)
Benefits (Salaries, wages, and bonuses) of executive management for the Bank and it's subsidiaries	3,792,471	2,455,922
Total	3,792,471	2,455,922

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

(24) Segment Information**Information about the bank's Activities:**

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

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

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

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

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

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

						Total
	Retail Banking	Corporate Banking	Corporate Finance	Treasury	Other	30 September 2022
	JD	JD	JD	JD	JD	JD
						(Reviewed not audited)
Total revenue	66,108,285	97,756,559	-	89,426,331	7,790,528	261,081,703
Impairment and expected credit losses on financial assets	(11,015,432)	6,033,578	-	(32,378)	(1,125,606)	(6,139,838)
Segment results	12,250,689	44,627,148	-	75,801,665	6,018,572	138,698,074
Unallocated expenses	-	-	-	-	-	(74,463,181)
Additions due to acquisition	-	-	-	-	25,584,299	25,584,299
Profit before tax						89,819,192
Income tax						(9,804,813)
Net income for the period						80,014,379
Other information						
Segmental assets	(153,135,806)	3,450,579,021	-	2,938,514,266	399,783,218	6,656,703,777
Segmental liabilities	2,223,529,105	2,798,202,178	-	873,222,492	123,860,699	6,018,814,474
Capital expenditure						35,592,161
Depreciation and amortization						11,152,168
						Total
	Retail Banking	Corporate Banking	Corporate Finance	Treasury	Other	30 September 2021
	JD	JD	JD	JD	JD	JD
						(Reviewed not audited)
Total revenue	34,093,061	70,844,056	13,545	52,248,712	2,658,318	159,857,692
Impairment and expected credit losses on financial assets	4,500,297	(20,458,044)	-	(1,153,834)	985,362	(16,126,219)
Segment results	16,208,232	19,473,220	13,545	43,318,197	3,276,362	82,289,556
Unallocated expenses	-	-	-	-	-	(47,600,179)
Additions due to acquisition	-	-	-	-	25,376,518	25,376,518
Profit before tax						60,065,895
Income tax						(7,379,751)
Net income for the period						52,686,144
Other information						
Segmental assets	733,030,371	1,381,000,265	-	1,920,909,120	276,365,659	4,311,305,415
Segmental liabilities	1,537,549,236	1,466,921,806	-	823,770,071	90,913,666	3,919,154,779
						30 September 2021
						JD
						(Reviewed not audited)
Capital expenditure						12,610,497
Depreciation and amortization						6,983,258

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

	30 September 2022	31 December 2021
	JD	JD
	(Reviewed not audited)	(Audited)
Letters of credit	183,150,217	138,291,603
Confirmed Export Letters of credit	16,345,271	14,832,594
Acceptances	157,242,826	91,726,111
Letters of guarantee:-		
- Payments	102,646,405	63,306,201
- Performance	118,263,224	109,081,557
- Others	114,480,464	80,968,841
Foreign currency forward*	444,804,727	296,545,718
Interest forward*	-	79,762,500
Unutilized direct credit limits	495,051,751	281,161,365
Total	1,631,984,885	1,155,676,490
Less: expected credit loss	(9,240,476)	(4,889,017)
Net Credit Liabilities and commitments	1,622,744,409	1,150,787,473

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

The movement in the provision for expected credit losses (shown according to the original rating of the acquiring bank) is as follows:

	30 September 2022	31 December 2021
	JD	JD
	(Reviewed not audited)	(Audited)
Beginning Balance	4,889,017	4,360,854
Net movement on Impairment credit losses	3,626,700	(1,687,006)
Additions due to acquisition (Note 31)	724,759	2,215,169
Net balance	9,240,476	4,889,017

(26) Expected credit losses [net (expense) recovered]:

30 September 2022 (Reviewed Not Audited)	Stage one	Stage two	Stage three	Total
	JD	JD	JD	JD
Balances at banks and financial institutions	42,252	(14,321)	(71)	27,860
Deposits at banks and financial institutions	71,158	(7,938)	-	63,220
Direct Facilities	(3,778,425)	(4,349,825)	11,012,108	2,883,858
Financial instruments at amortized cost	(13,298)	-	-	(13,298)
Debt instruments at fair value through other comprehensive income	(10,795)	-	-	(10,795)
Financial assets measured at amortized cost	36,773	(2,962)	-	33,811
Contingent Liabilities and Commitments	407,208	710,496	2,037,478	3,155,182
Total balance	(3,245,127)	(3,664,550)	13,049,515	6,139,838

30 September 2021 (Reviewed Not Audited)	Stage one	Stage two	Stage three	Total
	JD	JD	JD	JD
Balances at banks and financial institutions	(13)	-	(71)	(84)
Direct credit facilities - net	(1,312,985)	(2,312,969)	19,583,701	15,957,747
Financial assets at amortized cost	7,450	(31,377)	1,180,668	1,156,741
Debt instruments at fair value through other comprehensive income	(2,907)	-	-	(2,907)
Other Financial assets measured at amortized cost	(83,811)	(4,671)	-	(88,482)
Contingent Liabilities and Commitments	(886,856)	778,359	(788,299)	(896,796)
Total balance	(2,279,122)	(1,570,658)	19,975,999	16,126,219

(27) Fair Value of Financial Instruments

Financial instruments include cash balances, deposits at banks and the Central Bank of Jordan, direct credit facilities, other financial assets, customers' deposits, banks deposits and other financial liabilities.

There are no material differences between the fair value of financial instruments and their book value.

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques by which all inputs significantly effect the recorded fair value may be observed, either directly or indirectly from market information.

Level 3: Other techniques using inputs significantly effecting the recorded fair values; which are not based on observable market data.

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

30 September 2022 (Reviewed not audited)	Level 1	Level 2	Total
	JD	JD	JD
Financial assets-			
Financial assets at fair value through other comprehensive income	49,927,633	43,561,181	93,488,814
Derivative instruments (Note 13)	-	606,918	606,918
Financial liabilities-			
Derivative instruments (Note 19)	-	1,424,579	1,424,579
30 September 2021 (Reviewed not audited)			
Financial assets-			
Financial assets at fair value through other comprehensive income	170,999,076	26,218,614	197,217,690
Loans and advances measured at fair value	-	97,787,643	97,787,643
Derivative instruments	-	395,925	395,925
Financial liabilities-			
Derivative instruments	-	2,560,080	2,560,080

(28) Lawsuits against the Bank

- The lawsuits raised against the Bank, as part of the ordinary course of business, amounted to JD 15,224,224 as at 30 September 2022 against 14,803,484 as at 31 December 2021. According to the Bank's management and legal counselor, the Bank will not be liable in any of these cases, except for lawsuits noting a provision of JOD 214,796 was taken against them.
- The lawsuits raised against the societe generale Bank, as part of the ordinary course of business, amounted to JD 19,739,762 as at 30 September 2022 ,In the bank's assessment, the bank does not have any obligations in exchange for these cases - except for claims of 113,536 JD.
- The lawsuits raised against the National Bank of Iraq, as part of the ordinary course of business, amounted to JD 4,866,265 as at 30 September 2022 and JD 1,517,901 as at 31 December 2021. According to the National Bank of Iraq's management and legal counselor, NBI will not be liable in any of these cases.
- The lawsuits raised against Capital Investment and Brokerage Company Ltd/Jordan, as part of the ordinary course of business as at 30 September 2022 amounted to JD 11,000 JD. While no cases were filed as on December 31, 2021, and at the discretion of the management and the legal advisor of the National Bank of Iraq, the company does not have any obligations in return for these cases.

(29) Legal Reserve

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

(30) Distributed Dividends

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

The Board of Directors approved in its meeting held on 15 April 2022 the distribution of cash dividends equivalent to 12% of the Bank's authorized and paid in capital equivalent to JD 24,000,000.

(31) Acquisition of othe banks

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

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

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

	11 March 2021
<u>Assets</u>	<u>JDs</u>
Cash and balances with banks and central banks	119,888,013
Financial assets at fair value through other comprehensive income	2,210,437
Direct credit facilities at amortized cost	234,376,344
Other financial assets at amortized cost	155,198,402
Other Assets	36,794,379
Total Assets	548,467,575
<u>Liabilities and Equity</u>	
<u>Liabilities</u>	
Customer Deposits	387,880,077
Cash margins	68,115,448
Borrowed funds	6,991,062
Other liabilities	15,621,656
Total Liabilities	478,608,243
Net fair value of the business acquired at the date of acquisition	69,859,332
The purchase price paid for the acquisition	41,781,370
Result from the acquisition	28,077,962

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

A note on the acquisition

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

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

Study of the purchase price agreement

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

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

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

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

	Gross contractual amounts receivable	The contractual cash flows not expected to be collected
	JDs	JDs
Cash and balances with banks and central	119,888,026	-
Financial assets at fair value through other	2,210,437	-
Direct credit facilities at amortized cost	278,536,214	597,810
Other financial assets at amortized cost	155,198,402	-
Other Assets	36,794,379	-
Total Assets	592,627,458	597,810

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

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

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

The acquired bank contributed revenue of 12.9 million JD's for the period from the date of acquisition to December 31, 2021. If the acquisition had taken place on January 1, 2021, the group's revenue for the year ending December 31, 2021 would have an impact of 16.6 million Jordanian dinar.

Purchase consideration - Cash outflow

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

(31-b) Acquisition of Societe genrale Branches in Jordan

"During the month of February of the current year 2022, the group signed a non-binding and exclusive "Letter of Intent" agreement, to acquire the banking business of Societe Generale Bank branches in Jordan, and on March 28, the bank acquired Societe Generale Bank shares by 99.95% until March 31 2022.

□

The table below shows a summary of the net fair division of assets and liabilities acquired at the end of the business day on March 31, 2022:

	31 March 2022
<u>Assets</u>	JDs
Cash and balances with banks and central banks	435,181,687
Financial assets at fair value through other comprehensive income	4,297,517
Direct credit facilities at amortized cost	679,019,486
Other financial assets at amortized cost	492,588,015
Other Assets	74,882,060
Total Assets	1,685,968,765
<u>Liabilities and Equity</u>	
<u>Liabilities</u>	
Deposits at banks and financial institutions	20,322,666
Customer Deposits	1,255,916,151
Cash margins	89,165,689
Borrowed funds	131,652,754
Other liabilities	24,273,162
Total Liabilities	1,521,330,422
Net fair value of the business acquired at the date of acquisition	164,638,343
The purchase price paid for the acquisition	138,290,092
Result from the acquisition	26,348,251
<u>Study of the purchase price agreement</u>	

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

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