

Capital Bank of Jordan

Interim Condensed Consolidated Financial Statements

(Reviewed not audited)

31 March 2023



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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Capital Bank of Jordan (the "Bank") and its subsidiaries (together the "Group") as at 31 March 2023 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three months then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard (34) "interim financial reporting" as amended by the Central Bank of Jordan instructions. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

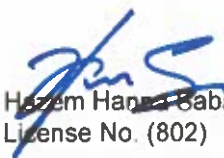
Scope of Review

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

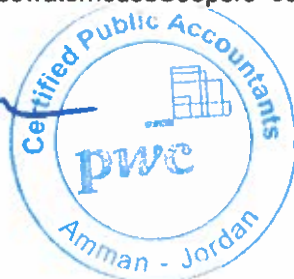
Conclusion

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

For and on behalf of PricewaterhouseCoopers "Jordan"


Hazem Hamed Bababa
License No. (802)

Amman, Jordan
27 April 2023



Capital Bank of Jordan
Interim Condensed Consolidated Statement of Financial Position
As at 31 March 2023 (Reviewed not audited)

	Note	31 March 2023	31 December 2022
		JD (Reviewed not audited)	JD (Audited)
Assets			
Cash and balances at central banks	5	1,200,663,933	780,556,681
Balances at banks and financial institutions	6	247,722,554	220,054,411
Financial assets at fair value through other comprehensive income	7	81,812,152	113,829,676
Direct credit facilities, at amortized cost	8	3,545,679,168	3,264,579,905
Financial assets at amortized cost	9	1,759,329,422	1,852,667,584
Financial assets pledged as collateral at amortized cost	10	244,392,530	258,287,955
Property and equipment, net		110,764,981	113,311,566
Intangible assets, net		61,099,153	58,375,636
Deferred tax assets		36,828,587	36,915,178
Other assets	11	226,795,822	244,676,307
Right-of-use leased assets		17,335,020	14,517,014
Total Assets		7,532,423,322	6,957,771,913
Liabilities And Equity			
Liabilities			
Banks and financial institutions' deposits		187,026,052	149,051,575
Customer's deposits	12	5,362,650,410	4,859,863,577
Margin accounts		422,124,327	409,734,448
Loans and borrowings	13	719,755,978	739,692,023
Income tax provision	14	7,527,466	4,341,637
Deferred tax liabilities		2,751,518	2,748,976
Sundry provisions	15	3,398,394	3,927,945
Expected credit losses provision against off-balance sheet items	23	8,639,339	8,236,731
Other liabilities	17	138,576,152	96,596,997
Leased liabilities		16,515,036	15,804,949
Subordinated loan	18	15,172,600	15,172,600
Total Liabilities		6,884,137,272	6,305,171,458
Equity			
Equity attributable to the Bank's shareholders			
paid in capital	1	263,037,121	263,037,121
Additional paid in capital		68,872,350	68,872,350
Perpetual Bond	16	70,900,000	70,900,000
Statutory reserve	27	62,375,552	62,375,552
Foreign currency translation adjustments		(4,191,153)	(16,540,837)
Fair value reserve		2,300,866	1,780,249
Retained earnings		120,868,385	166,923,467
Current period profits		23,025,838	-
Total net equity attributable to the Bank's shareholders		607,188,959	617,347,902
Non-controlling interest		41,097,091	35,252,553
Total Equity		648,286,050	652,600,455
Total Liabilities and Equity		7,532,423,322	6,957,771,913

The accompanying notes from 1 to 29 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 Period Ended 31 March 2023 (Reviewed not audited)

	Note	31 March 2023	31 March 2022
		JD (Reviewed not audited)	JD (Reviewed not audited)
Interest income		105,549,732	54,470,936
Less: Interest expense		(60,810,977)	(23,355,369)
Net interest income		44,738,755	31,115,567
Commission income		21,581,517	8,947,252
Less: Commission Expense		(3,630,661)	(2,353,939)
Net commission income		17,950,856	6,593,313
Gain from foreign currencies		2,546,535	1,485,307
Dividends income from financial assets at fair value through other comprehensive income	7	411,174	15,794
Gain from sale of financial assets at fair value through other comprehensive income - Debt instruments	7	220,984	2,127
Gain from sale of financial assets at amortized cost - Debt instruments		85,641	-
Other income		3,011,069	1,935,782
Gross profit		68,965,014	41,147,890
Employee's expenses		12,509,720	9,498,128
Depreciation and amortization		4,956,727	2,716,113
Other expenses		10,377,013	6,503,709
Gains (losses) on sale of seized property		99,086	(5,165)
Impairment and expected credit losses on financial assets	24	9,469,956	6,162,665
Impairment on seized assets		1,364,131	(53,059)
Sundry provisions	15	-	97,123
Total expenses		38,776,633	24,919,514
Result of acquisition	29	-	25,508,629
Expenses of acquisition	29	-	(763,952)
Income before tax		30,188,381	40,973,053
Less: Income tax expense	14	4,052,257	1,619,610
Income for the period		26,136,124	39,353,443
Attributable to:			
Bank's shareholders		23,025,838	37,816,957
Non - controlling interest		3,110,286	1,536,486
		26,136,124	39,353,443
		JD/Fils	JD/Fils
Basic and diluted earnings per share from profit for the period attributable to the bank's shareholders	19	0.088	0.189

The accompanying notes from 1 to 29 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 Months Period Ended 31 March 2023 (Reviewed not audited)

	31 March 2023	31 March 2022
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Income for the period	26,136,124	39,353,443
Add: Items that will be reclassified to profit or loss in subsequent periods after excluding the impact of tax:		
Exchange differences on translation of foreign operation	15,152,704	-
Change in the fair value of debt investments at fair value through other comprehensive income	207,095	(584,202)
Gains (losses) of selling debt instruments at fair value through other comprehensive income are transferred to the income statement	137,339	(2,127)
Change in the fair value of equity investments at fair value through other comprehensive income	70,606	(224,492)
Total other comprehensive income for the period, net of tax	15,567,744	(810,821)
Total comprehensive income for the period	41,703,868	38,542,622
Attributable to:		
Bank's shareholders	35,859,330	37,931,304
Non-controlling interest	5,844,538	611,318
	41,703,868	38,542,622

The accompanying notes from 1 to 29 are an integrated part of these interim condensed consolidated financial statements and should be read within conjunction and with the accompanying review reports.

Capital Bank Of Jordan

Interim Condensed Consolidated Statement of Cash Flows

For the Period Ended 31 March 2023 (Reviewed not audited)

	Note	31 March 2023	31 March 2022
		JD	JD
		(Reviewed not audited)	(Reviewed not audited)
<u>Operating Activities</u>			
Profit before income tax		30,188,381	41,812,675
<u>Adjustments for Non-Cash Items</u>			
Depreciation and amortization		4,956,727	2,716,113
expected credit loss on financial assets		9,469,956	6,162,665
Impairment on assets seized by the bank		1,364,131	(53,059)
Result of acquisition		-	(25,508,629)
Sundry provisions		-	97,123
Net accrued interest (received) paid		11,569,211	(9,486,509)
Effect of exchange rate changes on cash and cash equivalents		(2,546,535)	(1,154,360)
Cash flows from operating activities before changes in assets and liabilities		55,001,871	14,586,019
Changes in assets and liabilities :			
Restricted balances		(2,923,780)	(1,949,988)
Restricted balances at central banks		(34,207,491)	(2,113,277)
Direct credit facilities		(235,380,446)	(99,983,397)
Other assets		(3,045,230)	(2,467,895)
Deposits at banks and financial institutions maturing in more than three months		-	2,000,000
Customers' deposits		417,676,392	57,318,344
Margin accounts		2,758,429	35,456,053
Other liabilities		30,362,622	26,433,118
Net Cash flow from operating activities before paid income tax and provisions		230,242,367	29,278,977
Income tax paid		(866,428)	(3,580,094)
Paid sundry provisions		(936,521)	(259,749)
Net cash flow from operating activities		228,439,418	25,439,134
<u>Investing Activities</u>			
Purchase of financial assets at fair value through other comprehensive income		35,862,311	109,832,870
financial assets at amortized cost		127,059,211	(247,946,448)
Change in financial assets pledged as collateral		(13,895,425)	-
Purchase of property and equipment		(2,407,696)	(4,921,710)
Cash as a result of acquisition		-	281,668,748
Purchase of intangible assets		(3,661,859)	(5,892,338)
Net cash flow from investing activities		142,956,542	132,741,122
<u>Financing Activities</u>			
Repayment of loans and borrowings		(19,936,045)	(5,237,190)
Subordinated loan		-	(13,187,400)
Cash dividends		(39,340,868)	(28,354,211)
Peprpetual bond		(3,192,097)	70,329,026
Net Cash flow (Used in) From financing activities		(62,469,010)	23,550,225
Net decrease in cash and cash equivalents		308,926,950	180,890,859
Effect of exchange rate changes on National Bank of Iraq		66,038,016	-
Effect of exchange rate changes on cash and cash equivalents		2,546,535	1,154,360
Cash and cash equivalent at the beginning of the period		807,149,480	305,786,594
Cash and cash equivalent at the end of the period	20	1,184,660,981	487,831,813

The accompanying notes from 1 to 29 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 three Months Period Ended 31 March 2023 (Reviewed not audited)

	Issued and Paid in Capital	Additional paid in capital	Perputual Bonds	Statutory Reserves	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
31 March 2023											
Balance at 01 January 2023	263,037,121	68,872,350	70,900,000	62,375,552	(16,540,837)	1,780,249	166,923,467	-	617,347,902	35,252,553	652,600,455
Profit for the year	-	-	-	-	-	-	-	23,025,838	23,025,838	3,110,286	26,136,124
Foreign currency translation adjustments	-	-	-	-	12,349,684	(34,366)	-	-	12,315,318	2,837,386	15,152,704
Change in fair value of financial assets through other comprehensive income - Debit instruments	-	-	-	-	-	319,386	-	-	319,386	(112,291)	207,095
Realized gain from selling financial assets at fair value through other comprehensive income - Debit instruments	-	-	-	-	-	137,339	-	-	137,339	-	137,339
Change in fair value of financial assets through other comprehensive income - Equity instruments	-	-	-	-	-	61,449	-	-	61,449	9,157	70,606
Total comprehensive income for the period	-	-	-	-	12,349,684	483,808	-	23,025,838	35,859,330	5,844,538	41,703,868
Realized gain from selling financial assets at fair value through other comprehensive income - equity instruments	-	-	-	-	-	36,809	(36,809)	-	-	-	-
Issuance of perputual bonds and related expenses	-	-	-	-	-	-	(52,004)	-	(52,004)	-	(52,004)
Interest related to Perputual Bonds	-	-	-	-	-	-	(1,249,958)	-	(1,249,958)	-	(1,249,958)
Cash dividends (Note 28)	-	-	-	-	-	-	(44,716,311)	-	(44,716,311)	-	(44,716,311)
Balance at '31 March 2023	263,037,121	68,872,350	70,900,000	62,375,552	(4,191,153)	2,300,866	120,868,385	23,025,838	607,188,959	41,097,091	648,286,050
31 March 2022											
Balance at 01 January 2022	200,000,000	709,472	-	56,114,618	(16,540,837)	442,632	90,491,693	-	331,217,578	30,591,449	361,809,027
Profit for the year	-	-	-	-	-	-	-	37,816,957	37,816,957	1,536,486	39,353,443
Change in fair value of financial assets through Other Comprehensive Income - Debit instruments	-	-	-	-	-	(507,074)	-	-	(507,074)	(77,128)	(584,202)
Realized Gain from selling financial assets at fair value through other comprehensive income - Debit instruments	-	-	-	-	-	(2,127)	-	-	(2,127)	-	(2,127)
Change in fair value of financial assets through other comprehensive income - Equity instruments	-	-	-	-	-	(216,074)	-	-	(216,074)	(8,418)	(224,492)
Total comprehensive income for the period	-	-	-	-	-	(725,275)	-	37,816,957	37,091,682	1,450,940	38,542,622
Realized loss from selling financial assets at fair value through other comprehensive income - equity instruments	-	-	-	-	-	354,787	(354,787)	-	-	-	-
Perputual Bonds	-	-	70,900,000	-	-	-	(570,974)	-	70,329,026	-	70,329,026
Perpetual bond interest after excluding the effect of tax	-	-	-	-	-	-	(496,300)	-	(496,300)	-	(496,300)
Cash dividends (Note 28)	-	-	-	-	-	-	(30,000,000)	-	(30,000,000)	-	(30,000,000)
Balance at '31 March 2022	200,000,000	709,472	70,900,000	56,114,618	(16,540,837)	72,144	59,565,932	37,816,957	408,638,286	32,042,389	440,184,375

* Retained earnings include JD 36,828,587 which represents deferred tax assets as at 31 March 2023 against JD 36,915,178 as at 31 December 2022, according to the Central Bank of Jordan's regulations these balances are restricted.

* Retained earnings as at 31 March 2023 and 31 December 2022 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 31 March 2023 and 31 December 2022 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 31 March 2023 (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 thirty six branches located in Amman - Jordan and its subsidiaries Capital Investment and Brokerage Company in Jordan Ltd, National Bank of Iraq in Iraq, Capital Investment Fund Company in Bahrain, and Capital Bank Corporate Advisory (Dubai International Finance Center) Ltd ,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 63,037,121 JOD at a price of one dinars per share. The authorized, subscribed and paid up capital becomes 263,037,121 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 04/2023. held on 19 April 2023.

(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 september 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 2019, 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 2020. According to the Central Bank's Circular No. 16239/1/10 dated 21 November 2020, 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 2030. 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- Certain items are classified and presented in the interim condensed consolidated statement of financial position, the interim condensed consolidated income statement, and the interim condensed consolidated statement of cash flows and related disclosures, such as credit facilities, interest in suspense, expected credit losses, investments, fair value levels, sector classification and risk-related disclosures And others, and disclose them in accordance with the requirements of the Central Bank of Jordan and its general instructions and guidelines that may not include all the requirements of international financial reporting standards such as IFRS 7, 9 and 13.

e- The clarifications on the interim condensed consolidated financial statements of the group were presented in accordance with the instructions issued and the forms required by the Central Bank of Jordan.

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

- The condensed consolidated interim financial statements do not include all the information and explanations required for the annual financial statements prepared in accordance with the International Financial Reporting Standards, as amended in accordance with the instructions of the Central Bank of Jordan, and it must be read with the bank's annual report as of December 31, 2022, and the business results for the three Months ending March 31, 2023 are not necessarily indicative of the expected results for the year ending December 31, 2023.

(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 31 March 2023. The company provides Brokerage services. The company was established on 16 May 2005.

2- National Bank of Iraq (NBI); of which the Bank owns 61.85% of its paid-in-capital of IQD 250 billion equivalent to JD 121,404,110 as at 31 March 2023. The Bank provides banking services, National Bank of Iraq was acquired effective 1 January 2005 and their subsidiaries in Saudi Arabia branch and leasing company.

3- Capital Investment Fund Company Bahrain; of which the Bank owns 100% of its paid-in-capital of BHD 1,000 equivalent to JD 1,888 as at 31 March 2023. The purpose of the company is to manage mutual funds and it has not started its operations as of the date of preparing these consolidated interim condensed financial statements.

4- Capital Investments (DIFC) UAE; of which the bank owns 100% of its paid in capital of USD 250,000 (JD 177,250) as at 31 March 2023. The purpose of the company is to offer financial consulting services.

5- Capital leasing Company ; of which the bank owns 100% of its paid in capital of JOD 8,009,481 as at 31 March 2023. The company carries out financial leasing activities, and it is a company that the bank acquired from Societe Generale Bank of Jordan during the year 2022 when it acquired Societe Generale Bank of Jordan and its business during the year 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

New standards issued and applicable for the annual periods starting on or after 1 January 2023 which has been followed by the Company:

IFRS 17 Insurance Contracts

Effective date 1 January 2023

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

- discounted probability-weighted cash flows
- an explicit risk adjustment, and
- a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short-duration contracts, which are often written by non-life insurers. There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

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

Disclosure of Accounting Policies – Amendments to IAS 1

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 Estimates 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.

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

New standards issued and not yet applicable or early adopted by the Company for the periods starting on or after 1 January 2024:

Non-current liabilities with covenants
– Amendments to IAS 1

Amendments made to IAS 1 Presentation of Financial Statements in 2020 clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarified

what IAS 1 means when it refers to the 'settlement' of a liability. The amendments were due to be applied from 1 January 2022. However, the effective date was subsequently deferred to 1 January 2023 and then further to 1 January 2024. In October 2022, the IASB made further amendments to IAS 1 in response to concerns raised about these changes to the classification of liabilities as current or non-current. The new amendments clarify that covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current, even if the covenant is only tested for compliance after the reporting date. The amendments require disclosures if an entity classifies a liability as noncurrent and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability
- information about the covenants, and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or noncurrent.

Lease liability in sale and leaseback
– amendments to IFRS 16

In September 2022, the IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction. The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognizing any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

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 non-monetary 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.

In December 2015, the IASB decided to defer the application date of this amendment until such time.

(4) 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 preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the main sources of estimation uncertainty were the same judgments and sources applied in the Group's audited consolidated financial statements as at and for the year ended December 31, 2022.

(5) Cash and Balances with Central Banks

- Statutory cash reserve amounted to JD 211,515,941 as at 31 March 2023 against JD 216,950,795 as at 31 December 2022 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 31 March 2023 and 31 December 2022.

- The statutory reserves held at the Central Bank of Iraq amounting to JD 75,473,806 as at 31 March 2023 against 46,602,476 as at 31 December 2022 which is excluded from cash and cash equivalents for interim consolidated cash flow statement purposes.

-There are no expected credit losses on deposits at central banks as of 31 March 2023 and 31 December 2022 according to IFRS 9.

(6) Balances at banks and financial institutions

-Balances with banks and banking institutions that do not charge interest amounted to 247,799,441 JOD as on March 31, 2023, against 102,451,076 JOD as on December 31, 2022.

-The value of the restricted balances for withdrawal amounted to 8,353,638 JOD as of March 31, 2023 compared to an amount of 5,421,963 JOD as of December 31, 2022. 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 March 31, 2023 amounted to 76,887 JOD, against to an amount of 76,887 JOD as on December 31, 2022.

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

	31 March 2023	31 December 2022
	JD	JD
<u>Publicly listed assets</u>	(Reviewed not audited)	(Audited)
Bonds, Corporate debt securities	7,552,684	8,188,426
Other government bonds	3,046,477	33,671,964
Quoted shares	11,332,846	11,676,054
Total Financial assets at market value (listed)	21,932,007	53,536,444
<u>Unlisted assets</u>		
Treasury bonds	3,400,339	3,297,193
Unquoted shares	40,226,826	39,833,351
Investment funds	16,253,083	17,162,791
Total Unlisted Financial Assets at Market Value	59,880,248	60,293,335
Less: Expected credit loss	(103)	(103)
Total Financial Assets at Fair Value through Other Comprehensive Income	81,812,152	113,829,676
Analysis of bonds and bills:		
Fixed Rate	13,999,397	45,157,480
Total	13,999,397	45,157,480

- The cash dividends amounted to JD 411,174 and it reflects the shares that the bank owns in other companies as at 31 March 2023 against JD 15,794 as at 31 March 2022.

- Realized losses resulted from sales of financial assets at fair value through other comprehensive Income (equity Instruments) amounted to JD 36,809 as at 31 March 2023 against realized gains worth JD 354,787 as at 31 March 2022.

- Realized gains resulted from sales of financial assets at fair value through other comprehensive Income (debt Instruments) amounted to JD 220,984 as at 31 March 2023 against realized gains worth JD 2,127 as at 31 March 2022.

- 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) Direct Credit Facilities - Amortized cost

	31 March 2023	31 December 2022
	JD	JD
	(Reviewed not audited)	(Audited)
Retail customers		
Overdrafts	28,635,113	25,490,362
Loans and bills *	813,204,838	742,104,404
Credit cards	48,236,194	43,290,482
Real estate Mortgages	329,401,261	314,843,539
Corporate Lending		
Overdrafts	248,011,802	256,682,710
Loans and bills *	1,624,018,870	1,507,288,964
Small and medium enterprises “SMEs” facilities		
Overdrafts	88,515,493	74,835,339
Loans and bills *	305,657,220	300,162,608
Government and public sector lending	321,462,427	248,089,757
Total	3,807,143,218	3,512,788,165
Less: Suspended interest	54,704,262	53,111,461
Less: Expected Credit Loss / Impairment	206,759,788	195,096,799
Net direct credit facilities	3,545,679,168	3,264,579,905

- * Net of interest and commissions received in advance amounted to JD 98,242,380 as at 31 March 2023 against JD 78,249,231 as at 31 December 2022.
- Non-performing credit facilities amounted to JD 213,488,191 as at 31 March 2023 against JD 219,358,581 as at 31 December 2022 which represents 5.61 % of total direct credit facilities as at 31 March 2023 against 6.24% as at 31 December 2022.
 - Non-performing credit facilities, net of suspended interest, amounted to JD 158,783,929 as at 31 March 2023 against JD 166,247,119 as at 31 December 2022 which represents 4.23 % as at 31 March 2023 against 4.81 % as at 31 December 2022 of total direct credit facilities after excluding the suspended interest.
 - The credit facilities granted or guaranteed by the government as of 31 March 2023 amount JD 199,187,271 against JD 132,131,432 31 December 2022.
 - 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:-

Management considers the historical carrying amount (total of book value and expected credit losses) of direct credit facilities acquired for the purposes of credit risk management. The following disclosures include the total book value and expected credit losses of direct credit facilities with their respective stages as per the requirements of the Central Bank of Jordan.

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

31 March 2023 (Reviewed not audited)	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2023	2,919,697,192	319,424,450	273,666,523	3,512,788,165
Add: new balances during the period / Additions*	701,131,526	34,816,002	3,918,764	739,866,292
Settled Balances	(464,472,768)	(26,977,513)	(10,014,777)	(501,465,058)
Transfer to the first stage during the period - net	39,225,943	(38,236,316)	(989,627)	-
Transfer to second stage during the period - net	(54,047,583)	62,867,838	(8,820,255)	-
Transferred to the third stage during the period - net	(7,012,325)	(8,202,823)	15,215,148	-
Adjustments due to change in exchange rates	48,158,750	5,557,616	2,237,453	55,953,819
Total balance	3,182,680,735	349,249,254	275,213,229	3,807,143,218

31 December 2022 (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*	1,263,066,976	85,069,442	70,965,184	1,419,101,602
Settled Balances	(596,723,321)	(199,044,136)	(51,266,477)	(847,033,934)
Transfer to the first stage during the period - net	59,168,293	(55,299,521)	(3,868,772)	-
Transfer to second stage during the period - net	(106,944,715)	110,034,497	(3,089,782)	-
Transferred to the third stage during the period - net	(10,872,529)	(25,857,872)	36,730,401	-
Additions due to acquisition (note 29)	510,807,343	201,631,817	84,976,882	797,416,042
Written off balances	-	-	(43,750,693)	(43,750,693)
Total balance	2,919,697,192	319,424,450	273,666,523	3,512,788,165

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

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

31 March 2023 (Reviewed not audited)	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2023	35,817,494	24,074,406	135,204,899	195,096,799
Impairment loss of direct credit facilities during the period	11,055,370	14,432,503	11,940,847	37,428,720
Recoveries from impairment losses	(7,815,701)	(9,767,565)	(10,440,149)	(28,023,415)
Transfer to the first stage during the period - net	637,568	(637,159)	(409)	-
Transfer to second stage during the period - net	(8,614,204)	8,617,856	(3,652)	-
Transferred to the third stage during the period - net	(6,155,513)	(664,173)	6,819,686	-
Adjustments due to change in exchange rates	461,949	700,938	1,094,797	2,257,684
Total balance	25,386,963	36,756,806	144,616,019	206,759,788

31 December 2022 (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 year/ Additions	29,956,112	8,575,056	55,346,701	93,877,869
Recoveries from impairment losses	(8,705,621)	(12,734,552)	(43,275,555)	(64,715,728)
Transfer to the first stage during the period - net	742,335	(594,975)	(147,360)	-
Transfer to second stage during the period - net	(8,372,553)	8,403,026	(30,473)	-
Transferred to the third stage during the period - net	(371,151)	(5,181)	376,332	-
Additions due to acquisition (note 29)	10,851,335	12,341,472	38,416,249	61,609,056
Written off balances	-	-	(16,228,351)	(16,228,351)
Total balance	35,817,494	24,074,406	135,204,899	195,096,799

Provision for impairment losses:

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

31 March 2023 (Reviewed not audited)	Retail	Real estate	Corporate	SMEs	Public and Government Sector	Total
	JD	JD	JD	JD	JD	JD
Balance at 1 January 2023	32,762,312	11,252,416	112,344,421	38,737,650	-	195,096,799
Impairment loss of direct credit facilities during the year/ Additions	7,753,150	1,871,518	25,420,853	2,383,199	-	37,428,720
Recoveries from impairment losses	(2,879,233)	(2,467,102)	(20,500,520)	(2,176,560)	-	(28,023,415)
Transfer (from) to the first stage	(2,360,694)	(65,536)	(6,217,965)	(5,487,954)	-	(14,132,149)
Transfer (from) to second stage	480,938	65,536	4,985,362	1,784,688	-	7,316,524
Transfer (from) to third stage	1,879,755	-	1,232,604	3,703,266	-	6,815,625
Adjustments due to change in exchange rates	424,249	-	1,784,419	49,016	-	2,257,684
Total balance	38,060,477	10,656,832	119,049,174	38,993,305	-	206,759,788

31 December 2022 (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
Additions Impairment loss of direct credit facilities during the year	20,143,282	6,240,213	46,195,287	21,299,087	-	93,877,869
Recoveries from impairment losses	(6,824,039)	(8,084,293)	(43,804,001)	(5,636,468)	(366,927)	(64,715,728)
Transfer to the first stage	(136,269)	(80,252)	(7,341,743)	(443,105)	-	(8,001,369)
Transfer to second stage	305,538	80,252	6,970,910	446,170	-	7,802,870
Transfer to third stage	(169,269)	-	370,833	(3,065)	-	198,499
Additions due to acquisition (note 29)	8,656,936	5,170,913	39,865,387	7,548,893	366,927	61,609,056
Written off balances	(4,977,348)	(1,046,626)	(7,224,401)	(2,979,976)	-	(16,228,351)
Total balance	32,762,312	11,252,416	112,344,421	38,737,650	-	195,096,799

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

31 March 2023 (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 2023	2,835,891,331	99,802,063	109,960,835	49,180,478	3,094,834,707
Add: new balances during the year / Additions	701,131,526	34,816,002	3,918,764	-	739,866,292
Settled balances	(165,507,302)	(16,408,260)	(4,994,394)	(5,020,383)	(191,930,339)
Transfer to the first stage during the year	39,225,943	(38,236,316)	(989,627)	-	-
Transfer to second stage during the year	(54,047,583)	62,867,838	(8,820,255)	-	-
Transferred to the third stage during the year	(7,012,325)	(8,202,823)	15,215,148	-	-
Adjustments due to change in exchange rates	48,158,750	5,557,616	2,237,453	-	55,953,819
Total balance	3,397,840,340	140,196,120	116,527,924	44,160,095	3,698,724,479

31 December 2022 (Audited)

Balance as at 1 January 2022	1,741,763,286	136,261,198	112,467,789	21,108,055	2,011,600,328
Add: new balances during the year / Additions	1,175,299,729	85,467,241	62,738,369	5,987,335	1,329,492,674
Settled balances	(655,656,393)	(150,803,480)	(51,246,412)	(6,363,896)	(864,070,181)
Transfer to the first stage during the year	59,168,293	(55,299,521)	(3,868,772)	-	-
Transfer to second stage during the year	(106,944,715)	110,034,497	(3,089,782)	-	-
Transferred to the third stage during the year	(10,872,529)	(25,857,872)	36,730,401	-	-
Additions due to acquisition (note 29)	633,133,660	-	-	28,448,984	661,582,644
Written off balances	-	-	(43,770,758)	-	(43,770,758)
Total balance	2,835,891,331	99,802,063	109,960,835	49,180,478	3,094,834,707

The new facilities/additions within the third stage represent the outstanding interest recorded during the period/year.

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

31 March 2023 (Reviewed not audited)	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2023	26,228,231	9,120,507	65,578,663	100,927,402
Impairment loss of direct credit facilities during the period	10,022,639	13,650,699	11,940,847	35,614,185
Recoveries	(7,815,701)	(9,767,565)	(10,024,522)	(27,607,788)
Transfer to the first stage	637,568	(637,159)	(409)	-
Transfer to second stage	(8,614,204)	8,617,856	(3,652)	-
Transferred to the third stage	(6,155,513)	(664,173)	6,819,686	-
Adjustments due to change in exchange rates	461,949	700,938	1,094,797	2,257,684
Total balance	14,764,969	21,021,104	75,405,410	111,191,483

31 December 2022 (Audited)

Balance as at 1 January 2022	8,364,393	4,403,133	63,626,557	76,394,084
Impairment loss of direct credit facilities during the period	33,773,428	8,671,632	65,335,878	107,780,938
Recoveries	(7,852,204)	(11,982,414)	(43,253,929)	(63,088,547)
Transfer to the first stage	894,768	(601,540)	(293,228)	-
Transfer to second stage	(8,581,003)	8,634,877	(53,874)	-
Transferred to the third stage	(371,151)	(5,181)	376,332	-
Written off balances	-	-	(20,159,073)	(20,159,073)
Total balance	26,228,231	9,120,507	65,578,663	100,927,402

Interest in suspense

The movement of interest in suspense is as follow:

	Retail	Real estate	Corporate	SMEs	Total
	JD	JD	JD	JD	JD
31 March 2023 (Reviewed not audited)					
Balance at 1 January 2023	6,882,372	4,692,257	32,251,052	9,285,780	53,111,461
Suspended interest during the period	587,530	337,683	2,426,997	566,554	3,918,764
Interest transferred to income	(293,140)	(697,984)	(1,553,119)	(611,417)	(3,155,660)
Foreign exchange differences	119,669	1,116	704,948	3,964	829,697
Total balance	7,296,431	4,333,072	33,829,878	9,244,881	54,704,262
31 December 2022 (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 year	2,406,642	1,490,794	7,640,507	4,911,706	16,449,649
Interest transferred to income	(538,658)	(2,985,602)	(28,401,654)	(647,643)	(32,573,557)
Additions due to acquisition (note 29)	9,400,269	4,385,168	38,607,864	7,599,212	59,992,513
Amounts written off	(7,298,879)	(2,033,363)	(8,210,309)	(8,568,450)	(26,111,001)
Total balance	6,882,372	4,692,257	32,251,052	9,285,780	53,111,461

Direct Gross credit facilities portfolio is distributed as per the following

	Inside	Outside	31 March	31 December
	Jordan	Jordan	2023	2022
	JD	JD	JD	JD
	(Reviewed not audited)	(Reviewed not audited)	(Reviewed not audited)	(Audited)
Financial	60,843,699	-	60,843,699	77,094,110
Industrial	553,909,948	16,953,193	570,863,141	513,369,125
Commercial	511,411,447	161,768,433	673,179,880	609,179,615
Real estate and Construction	546,411,456	39,852,108	586,263,564	657,611,065
Tourism and hotels	123,663,272	-	123,663,272	73,845,630
Agriculture	44,256,465	19,414,049	63,670,514	66,700,254
Shares	129,879,031	-	129,879,031	133,883,408
Services utilities and public	254,860,600	21,583,375	276,443,975	247,799,413
	84,134,031	-	84,134,031	79,461,853
Transportation services (including air transportation)				
Government and public sector	321,462,427	-	321,462,427	248,089,757
Retail	532,463,923	338,671,736	871,135,659	770,518,670
Other	45,604,025	-	45,604,025	35,235,265
Total	3,208,900,324	598,242,894	3,807,143,218	3,512,788,165

(9) Financial Assets At Amortized Cost

	31 March 2023	31 December 2022
	JD (Reviewed not audited)	JD (Audited)
Treasury bills	348,497,353	375,244,469
Treasury bonds	1,165,698,611	1,213,912,350
Governmental debt securities and its guarantee	134,524,998	133,210,524
Bonds, Corporate debt securities	53,253,700	58,358,500
Other government bonds	59,461,885	74,048,866
Total financial assets	1,761,436,547	1,854,774,709
Less: expected credit losses	(2,107,125)	(2,107,125)
Total Financial assets at amortized cost	1,759,329,422	1,852,667,584
Analysis of bonds and bills:		
Fixed Rate	1,751,551,043	1,842,544,963
Floating rate	7,778,379	10,122,621
Total	1,759,329,422	1,852,667,584

Financial Assets At Amortized Cost

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

	31 March 2023				31 December 2022
	(Reviewed not audited)				Audited
	Stage One	Stage Two	Stage Three	Total	Total
JD					
Balance at 1 January 2023	35,004	-	2,072,121	2,107,125	1,707,230
New balances during the period	-	-	-	-	35,005
Recoveries	-	-	-	-	(1,235,110)
Additions due to acquisition (Note 29)	-	-	-	-	1,600,000
Total balance	35,004	-	2,072,121	2,107,125	2,107,125

-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

- Realized gains resulted from sales of financial assets at amortized cost (debt Instruments) amounted to JD 85,641 as at 31 March 2023 while there weren't any gains or losses as at 31 March 2022.

(10) Financial Assets Pledged as Collateral

	31 March 2023 (Reviewed not audited)		31 December 2022 (Audited)	
	JD		JD	
	Pledged financial assets	Associated financial liabilities (Note 12,13)	Pledged financial assets	Associated financial liabilities (Note 12,13)
Financial assets at amortized cost (Jordanian Government Bonds)	15,663,589	15,625,000	29,061,078	29,910,714
Financial assets at amortized cost (Jordanian Government Bonds)	228,728,941	172,500,000	229,226,877	172,500,000
Total	244,392,530	188,125,000	258,287,955	202,410,714

- These bonds were pledged as on March 31, 2023 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.

(11) Other Assets

This item consists of the following:

	31 March 2023	31 December 2022
	JD (Reviewed not audited)	JD (Audited)
Accrued interest and revenue	60,526,362	63,147,433
Prepaid expenses	16,550,148	13,933,301
Collaterals seized by the bank against matured debts - net*	88,977,437	89,049,541
Purchased banks acceptances at amortized cost- net**	35,967,244	53,057,674
Assets / derivatives unrealized gain (Note 25)	-	541,761
Refundable deposits	6,360,829	5,597,811
Others	18,413,802	19,348,786
Total	226,795,822	244,676,307

* 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.

** The value of the provision for credit losses on these accounts amounted to an amount of 158,899 JOD as on March 31, 2023 and an amount of 184,376 as on December 31, 2022, and the value of the provision reversed during the current period amounted to an amount of 25,477 JOD against a provision that was taken in the amount of 96,708 dinars as on December 31, 2022 .

(12) Customers' Deposits

This item consists of the following:

	31 March 2023	31 December 2022
	JD	JD
	(Reviewed not audited)	(Audited)
Current and demand deposits	1,659,174,627	1,083,155,072
Saving accounts	366,053,019	327,805,286
Time and notice deposits	3,320,494,618	3,430,758,217
Certificates of deposit	16,928,146	18,145,002
Total	5,362,650,410	4,859,863,577

- The deposits of government and general public sector inside Jordan amounted to JD 757,283,531 representing 14.12 % of the total deposits as at 31 March 2023 against JD 663,240,252 representing 13.65% as at 31 December 2022.
- Deposits from the Iraqi government and public sector amounted to 35,131,638 dinars, or 0.66% of total deposits, as of March 31, 2023, against 32,933,289 dinars, or 0.68%, as of December 31, 2022.
- Deposits without interest amounted to JD 1,386,893,107 , or 25.86% of total deposits as of March 31, 2023, compared to JD 826,198,176 , or 17% of total deposits as of December 31, 2022.
- Reserved deposits (restricted withdrawals) as at 31 March 2023 amounted to JD 7,502,567 and JD 9,133,388 as at 31 December 2022.
- Dormant deposits amounted to JD 24,763,303 as at 31 March 2023 against JD 16,015,154 as at 31 December 2022.
- Fixed deposits include an amount of 172,500,000 dinars as on March 31, 2023 representing financial liabilities against pledged financial assets that belong to the Social Security Corporation deposits resulting from the acquisition process.

(13) Loans and Borrowings

The details are as follows :

31 March 2023 (Reviewed not audited)	Amount	Number of Installments		Frequency of Instalments	Collaterals (note 10)	Interest rate	Re-financed Interest rate
		Total	Outstanding				
	JD	JD	JD		JD	%	
Amounts borrowed from central banks	284,905,359	29,717	20,267	Monthly , Semi annual , and upon maturity	15,663,589	0.00% - 5.64%	1.00% - 5.10%
Amounts borrowed from local banks and financial institutions	133,480,928	213	181	Monthly , Semi annual , and upon maturity	-	4.50% - 7.40%	4.00% - 14.65%
Amounts borrowed from foreign banks and financial institutions	301,369,691	109	26	Monthly , Semi annual , and upon maturity	-	1.00% - 2.79%	1.80% -14.50%
Total balance	719,755,978				15,663,589		
31 December 2022 (Audited)							
Amounts borrowed from central banks	293,849,723	31,160	20,736	Monthly , Semi annual , and upon maturity	29,061,078	0.00% - 5.64%	0.00% - 6.00%
Amounts borrowed from local banks and financial institutions	130,021,260	10	10	Monthly , Semi annual , and upon maturity	-	4.50% - 7.40%	4.00% - 12.40%
Amounts borrowed from foreign banks and financial institutions	315,821,040	106	89	Monthly , Semi annual , and upon maturity	-	1.00% - 2.79%	3.87% - 12.00%
Total balance	739,692,023				29,061,078		

- Borrowed money from Central Banks includes JD 284,905,359 that represents amounts borrowed to refinance the customers' loans in the medium term financing programs that have been re-borrowed. These loans mature during 2023 - 2038.
- The amounts borrowed from local institutions are all borrowed from the Jordan Mortgagee Refinance Company with a total amount of JD 115 Million. The loans mature during 2023 - 2028.
- Loans bearing fixed - interest rates amounted to JD 520,121,950 and loans bearing floating - interest rates amounted to JD 199,634,028 as at 31 March 2023 against JD 622,190,309 and JD 112,093,353 respectively as at 31 December 2022.
- A borrowing clause from central banks includes 15,625,000 dinars as of March 31, 2023, which represents financial liabilities against mortgaged financial assets, against 29,910,714 dinars as of December 31, 2022 (Note 9).
- Based on the most recent covenant assesment we are complying with all contingent rules and conditions with our financial institution leaders.

(14) Income Tax

The movement on income tax liability is as follows:

	31 March 2023	31 December 2022
	JD	JD
	(Reviewed not audited)	(Audited)
Balance at the beginning of the period/year	4,341,637	4,484,833
Income tax paid	(866,428)	(13,773,947)
Income tax charge for the year	4,052,257	11,580,045
Income tax on other comprehensive income	-	(3,578,806)
Income tax charge for previous years	-	231,136
Addition due to Acquisition (Note 29)	-	5,398,376
Balance at the end of the period/year	7,527,466	4,341,637

Income tax expense presented in interim condensed consolidated income statement:

	31 March 2023	31 March 2022
	JD	JD
	(Reviewed not audited)	(Reviewed not audited)
Current income tax charge for the year	4,052,257	1,678,554
Previous years income tax charges	-	-
Deferred tax assets for the year	-	(58,944)
	4,052,257	1,619,610

- 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 the financial leasing company's income tax until the end of 2019.

In the opinion of management and tax advisors, the withholding income tax provision is sufficient to meet the tax obligations as on March 31, 2023.

(15) Sundry Provisions

31 March 2023 (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	Foreign exchange differences	Balance at the end of the period/year
	JD	JD	JD	JD	JD		JD
Provision for lawsuits raised against the bank	328,332	-	(146,304)	-	-	-	182,028
Other provisions*	3,599,613	-	(790,218)	-	-	406,971	3,216,366
Total balance	3,927,945	-	(936,522)	-	-	406,971	3,398,394
31 December 2022 (Audited)							
Provision for lawsuits raised against the bank	114,796	100,000	-	-	-	-	214,796
Other provisions*	2,383,196	3,753,032	(2,536,615)	-	-	-	3,599,613
Addition due to Acquisition (Note 29)	-	680	-	112,856	-	-	113,536
Total balance	2,497,992	3,853,712	(2,536,615)	112,856	-	-	3,927,945

- * 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 350,401 was collected as of 31 March 2023 compared to JDs 193,283 as of 31 March 2022.

(16) 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. These bonds fall within AT1, as per Basel requirements.

The expenses related to issuing these bonds amounted to 52,004 dinars as of March 31, 2023 compared to 570,974 dinars as of March 31, 2022. They were recorded in retained earnings as a net direct expense after excluding the effect of tax.

The bank calculates interest on these bonds and records it as a direct expense on the net retained earnings after excluding the effect of tax, as they are considered (ATI) bonds. amounted to 1,249,958 dinars as of March 31, 2023 compared to 496,300 dinars as of March 31, 2022

(17) Other Liabilities

This item consists of the following:

	31 March 2023	31 December 2022
	JD	JD
	(Reviewed not audited)	(Audited)
Accrued interest expense	42,108,404	32,782,282
Accrued expenses	11,053,496	10,338,815
Certified cheques	13,698,697	5,069,067
Cheques payable	4,069,870	1,337,086
Board of directors' remuneration	22,084	69,167
Brokerage payables	29,003,016	24,194,690
Liabilities / derivatives unrealized loss (note 24)	116,395	-
Guarantees	453,716	453,716
Capital leasing Company contract commitment	13,997,727	10,026,555
Dividends Payable	11,783,062	2,203,755
Others	12,269,685	10,121,864
Total	138,576,152	96,596,997

(18) Subordinated Loans

	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		-	

- 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.
- 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.

(19) Earnings Per Share**Basic and diluted earnings per share**

The details are as follow:

Profit for the period attributable to Bank's shareholders
Weighted average number of shares during the period

Basic and diluted earnings per share from profit attributable to the bank's shareholders

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

For the 3 months ended 31 March	
2023	2022
(Reviewed not audited)	(Reviewed not audited)
23,025,838	37,816,957
263,037,121	200,000,000
JD / Fils	JD / Fils
0.088	0.189

(20) Cash and Cash Equivalents

The details are as follow:

Cash and balances with central banks maturing within 3 months
Balances at banks and financial institutions maturing within 3 months
Banks and financial institutions' deposits maturing within 3 months
Restricted cash balances

For the 3 months ended 31 March	
2023	2022
JD	JD
(Reviewed not audited)	(Reviewed not audited)
1,125,190,127	698,801,826
247,722,554	140,925,295
(179,898,062)	(343,625,497)
(8,353,638)	(8,269,811)
1,184,660,981	487,831,813

(21) Related Parties Transactions

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

	Ownership		Paid in capital	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
	%	%	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 %	8,009,481	8,009,481

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

	Related party				Total	
	BOD members	Executive management	Subsidiaries *	Major Shareholders	31 March 2023	31 December 2022
	JD	JD	JD	JD	JD (Reviewed not audited)	JD (Audited)
Statement of financial position items:						
Bank deposits with related parties	-	-	69,755,645	-	69,755,645	86,857,619
Bank deposits	361,334,299	2,207,543	9,816,125	8,087	373,366,054	162,086,461
Margin accounts	317,511	87,020	128,969,189	-	129,373,720	123,846,300
Direct credit facilities	51,486,945	3,727,123	452,506	3,302,415	58,968,989	65,985,147
Off-balance sheet items:						
Indirect credit facilities	753,292	1,000	80,841,609	-	81,595,901	70,560,577
Credit losses for the first stage	148,846	4,920	138,581	8,211	300,558	256,775

For the 3 months ended 31 March

					2023	2022
					(Reviewed not audited)	(Reviewed not audited)
					JD	JD
Statement of income items:						
Interest and commission income	1,172,406	50,961	1,770,744	262,984	3,257,095	1,521,784
Interest and commission expense	3,572,125	11,844	175,282	5	3,759,256	1,270,643

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

- Interest rates on credit facilities in Jordanian Dinar range between 2.00% - 11.75%.
- Interest rates on credit facilities in foreign currency range between 4.70% - 7.40%.
- Interest rates on deposits in Jordanian Dinar range between 3.50% - 6.50%.
- Interest rates on deposits in foreign currency between 3.00% - 4.00%.

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

	For the 3 months ended 31 March	
	2023	2022
	JD (Reviewed not audited)	JD (Reviewed not audited)
Benefits (Salaries, wages, and bonuses) of executive management for the Bank and it's subsidiaries	2,346,759	1,666,424
Total	2,346,759	1,666,424

(22) 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	31 March 2023
	JD	JD	JD	JD	JD	JD
						(Reviewed not audited)
Total revenue	29,190,437	49,543,252	71,344	51,293,779	3,307,840	133,406,652
Impairment and expected credit losses on financial assets	(4,278,332)	(5,126,973)	-	7,895	(72,546)	(9,469,956)
Segment results	757,362	11,059,728	71,344	44,591,590	3,015,033	59,495,057
Unallocated expenses						(29,306,676)
Profit before tax						30,188,381
Income tax						(4,052,257)
Net income for the period						26,136,124
Other information						
Segmental assets	1,070,139,430	2,475,539,738	-	3,533,920,585	452,823,569	7,532,423,322
Segmental liabilities	2,370,456,746	3,414,317,992	-	921,954,630	177,407,904	6,884,137,272
Capital expenditure						6,069,555
Depreciation and amortization						4,956,727
						Total
	Retail Banking	Corporate Banking	Corporate Finance	Treasury	Other	31 March 2022
	JD	JD	JD	JD	JD	JD
						(Reviewed not audited)
Total revenue	18,234,816	24,832,282	-	22,848,257	1,705,795	67,621,150
Impairment and expected credit losses on financial assets	(3,695,457)	(2,152,516)	-	-	(314,692)	(6,162,665)
Segment results	5,433,620	10,105,175	-	19,001,258	25,953,800	60,493,853
Additions due to acquisition	-	-	-	-	24,744,677	24,744,677
Unallocated expenses						(19,520,800)
Profit before tax						40,973,053
Income tax						(1,619,610)
Net income for the period						39,353,443
Other information						31 December 2022
						JD
						(audited)
Segmental assets	1,070,139,430	2,194,440,475	-	3,225,396,300	467,795,708	6,957,771,913
Segmental liabilities	2,283,702,844	2,985,895,181	-	903,916,198	131,657,235	6,305,171,458
						31 March 2022
						JD
						(Reviewed not audited)
Capital expenditure						10,814,048
Depreciation and amortization						2,716,113

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

	31 March 2023	31 December 2022
	JD	JD
	(Reviewed not audited)	(Audited)
Letters of credit	196,260,434	204,818,886
Confirmed Export Letters of credit	8,652,119	21,105,693
Acceptances	176,942,701	146,546,660
Letters of guarantee:-		
- Payments	112,543,069	110,242,243
- Performance	143,658,576	136,183,032
- Others	112,563,442	125,148,480
Foreign currency forward	168,107,100	140,238,613
Unutilized direct credit limits	528,662,993	409,978,051
Total	1,447,390,434	1,294,261,658
Less: expected credit loss	(8,639,339)	(8,236,731)
Net Credit Liabilities and commitments	1,438,751,095	1,286,024,927

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

	31 March 2023	31 December 2022
	JD	JD
	(Reviewed not audited)	(Audited)
Beginning Balance	8,236,731	4,889,017
Net movement on Impairment credit losses	98,023	611,271
Additions due to acquisition (note 29)	-	2,736,443
Foreign exchange differences	304,585	-
Net balance	8,639,339	8,236,731

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

31 March 2023 (Reviewed Not Audited)	Stage one	Stage two	Stage three	Total
	JD	JD	JD	JD
Balances at banks and financial institutions	-	-	(7,895)	(7,895)
Direct Facilities	(10,892,480)	11,981,462	8,316,323	9,405,305
Financial assets measured at amortized cost	-	-	(25,477)	(25,477)
Contingent Liabilities and Commitments	218,295	(114,083)	(6,189)	98,023
Total balance	(10,674,185)	11,867,379	8,276,762	9,469,956

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

(25) Fair Value of Financial Instruments

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

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

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

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

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

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

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

31 March 2023 (Reviewed not audited)	Level 1	Level 2	Total
	JD	JD	JD
Financial assets-			
Financial assets at fair value through other comprehensive income	21,931,904	59,880,248	81,812,152
Financial liabilities-			
Derivative instruments (Note 17)	-	116,395	116,395
31 December 2022 (Audited)			
Financial assets-			
Financial assets at fair value through other comprehensive income	53,536,341	60,293,335	113,829,676
Derivative instruments (Note 11)	-	541,761	541,761

(26) Lawsuits against the Bank

- The lawsuits raised against the Bank, as part of the ordinary course of business, amounted to JD 37,810,168 as at 31 March 2023 against 37,790,308 as at 31 December 2022. 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 182,028 was taken against them.
- The lawsuits raised against the National Bank of Iraq, as part of the ordinary course of business, amounted to JD 2,286,378 as at 31 March 2023 and JD 6,402,700 as at 31 December 2022. 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 31 March 2023 and 31 December 2022 amounted to JD 11,000 JD, 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.
- There are no lawsuits raised against Capital leasing Company as at 31 March 2023 and 31 December 2022.

(27) Legal Reserve

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

(28) Distributed Dividends

The Board of Directors approved in its meeting held on 22 March 2023 the distribution of cash dividends equivalent to 17% of the Bank's authorized and paid in capital equivalent to JD 44,716,311.

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.

(29) Acquisition of Societe genrale Branches in Jordan

"During the month of February of the 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 100% until March 31 2022.

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

	31 March 2022
<u>Assets</u>	<u>JDs</u>
Cash and balances with banks and central banks	435,289,747
Financial assets at fair value through other comprehensive income	4,297,517
Direct credit facilities at amortized cost	675,814,473
Other financial assets at amortized cost	492,520,460
Other Assets	77,275,128
Total Assets	<u>1,685,197,325</u>
<u>Liabilities and Equity</u>	
<u>Liabilities</u>	
Banks and financial institutions' deposits	20,322,666
Customer Deposits	1,255,916,142
Cash margins	83,116,925
Borrowed funds	131,652,753
Other liabilities	30,390,118
Total Liabilities	<u>1,521,398,604</u>
Net fair value of the business acquired at the date of acquisition	<u>163,798,721</u>
The purchase price paid for the acquisition	<u>138,290,092</u>
Result from the acquisition	<u>25,508,629</u>

- Cash and Cash equivalent from the acquired subsidiary is amounting to 7,694,285 as at March 31, 2022 .

- Acquisition related transaction costs of JOD 763,952 were expensed disclosed separately on the Interim Condensed Consolidated statement of income and the include the following:

Professional fees	306,589
Governmental Fees	453,546
other fees	3,817
Total	<u>763,952</u>