JORDAN KUWAIT BANK
(PUBLIC SHAREHOLDING COMPANY LIMITED)

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

Jordan Kuwait Bank
(Public Shareholding Company Limited)
31 December 2023

Table Of Contents

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF JORDAN KUWAIT BANK - PUBLIC SHAREHOLDING COMPANY
AMMAN- THE HASHEMITE KINGDOM OF JORDAN

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Jordan Kuwait Bank (the "Bank") and its subsidiaries (together the "Group") as at 31 December 2023, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as amended by the Central Bank of Jordan instructions.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of income for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Overview

Key Audit Matter	• Measurement of Expected Credit Losses • Assets Seized by the Bank Against Debts

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We have designed the scope of the audit to perform sufficient procedures that enable us to express an opinion on the consolidated financial statements as a whole, taking into account the Groups structure, accounting processes, controls and business segments.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Measurement of Expected Credit Losses	
The Group applies the Expected Credit Loss model (ECL) on all its financial instruments measured at amortised cost, debt instruments measured at fair value through other comprehensive income and financial guarantee contracts including financing commitments in accordance with IFRS Accounting Standards (IFRS 9) "financial instruments" as amended by the Central Bank of Jordan instructions. The Group exercises significant judgement and makes a number of assumptions in developing its ECL models, which includes probability of default computation separately for retail and corporate portfolios, determining loss given default and exposure at default for both funded and unfunded exposures, forward looking adjustments and staging criteria.	We performed the following audit procedures on the computation of the ECL included in the Group's consolidated financial statements for the year ended 31 December 2023: ➢ We assessed and tested the design and operating effectiveness of the controls over the calculation of the excepted credit losses model. ➢ We tested the completeness and accuracy of the data used in the calculation of ECL. ➢ For a sample of exposures, we checked the appropriateness of the Group's application of the staging criteria.

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Key audit matter (continued)

Key audit matter	How our audit addressed the key audit matter
For defaulted exposures, the Group exercises judgements to estimate the expected future cash flows related to individual exposures, including the value of collateral. The Group's impairment policy under IFRS 9 as amended by the Central Bank of Jordan Instructions is presented in Note (2,3) to the consolidated financial statements and regarding the differences between IFRS 9 as applicable and what has been applied in accordance with the instructions of the Central Bank of Jordan and information on the accounting policies applied when calculating expected credit losses. Measurement of ECL is considered as a key audit matter as the Group applies significant judgments and makes a number of assumptions in the staging criteria applied to the financial instruments as well as in developing ECL models for calculating its impairment provisions.	➢ We involved our internal specialists to assess the following areas: • Conceptual framework used for developing the Group's impairment policy in the context of its compliance with the requirements of IFRS 9 as amended by the Central Bank of Jordan instructions. • ECL modelling methodology and calculations used to compute the probability of default (PD), loss given default (LGD), and exposure at default (EAD) for the Group's classes of financial instruments. • Reasonableness of the assumptions made in developing the modelling framework including assumptions used for estimating forward looking scenarios and significant increase in credit risk. • Recalculation of the expected credit losses for a sample of the impaired financial assets at each stage. ➢ In addition, for the Stage 3 corporate portfolio, the appropriateness of provisioning assumptions were independently assessed for a sample of exposures selected on the basis of risk and the significance of individual exposures. An independent view was formed on the levels of provisions recognised, based on the detailed loan and counterparty information available in the credit file. For the Stage 3 retail portfolio, assumptions were independently assessed for each product category and an independent view was formed on the levels of provisions recognised at each category level. ➢ We recalculated the provision for non-performing loans in accordance with the Central Bank of Jordan Instructions Number (47/2009). ➢ We compared the expected credit loss calculated in accordance with IFRS 9 as amended by the Central Bank of Jordan Instructions with the provision for expected credit losses calculated in accordance with the instructions of the Central Bank of Jordan No. (47/2009) and ensured that the Group has recorded whichever is higher. ➢ We assessed the consolidated financial statement disclosures to ensure compliance with IFRS 7 and IFRS 9 as amended by the Central Bank of Jordan Instructions. We have also ensured completeness and accuracy of the disclosures by verifying the information to accounting records.

Key audit matter (continued)

Key audit matter	How our audit addressed the key audit matter
Seized Assets by the Bank against Debts	
Assets seized by the bank are measured at acquisition value or fair value, whichever is lower. As of the consolidated statement of financial position date, these assets are revalued individually at fair value based on approved bases and methods according to the requirements of the IFRS Accounting Standards as amended by the Central Bank of Jordan instructions. Any related Impairment in their value is recorded based on recent real estate evaluations and approved by certified real estate appraisers. Due to the importance of these estimates and assumptions adopted in estimating the fair value, they are considered as significant risks that could cause a material misstatement in the consolidated financial statements that may arise from the inaccuracy of the estimates used to determine the fair value and any impairment losses As disclosed in Note (13) to the consolidated financial statements, the seized assets held by the Bank against debts amounted to JD 102,838,425 as of 31 December 2023.	We have performed the following procedures to assess the reasonableness of the management's estimates of the fair value and any impairment: ➢ Evaluated management's methodology in estimating the fair value of seized assets against debts. ➢ Reviewed reports of independent real estate appraisers assigned by the management to value those assets. ➢ Evaluate the independence and competence of the appraisers assigned by the bank's management. ➢ Comparing the actual selling prices with the carrying book value of the properties as of 31 December 2023. ➢ We recalculated the impairment value on the assets which represents the difference between the fair value and book value and for each asset separately. Assessed the adequacy of assets seized by the bank against debts disclosure Note (13).

Other information

Management is responsible for the other information. The other information comprises all the other information included in the Group's annual report (but does not include the consolidated financial statements and our auditor's report therein), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as amended by the Central Bank of Jordan instructions, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's consolidated financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The Bank maintains proper accounting records in accordance with IFRS Accounting Standards as amended by the Central Bank of Jordan, which are in agreement with the accompanying consolidated financial statements. We recommend the General assembly of shareholders to approve these consolidated financial statements

For and on behalf of PricewaterhouseCoopers "Jordan"

Hazem Hanna Sababa
License No. (802)

Certified Public Accountants
pwc
Amman - Jordan

Amman - Jordan
28 February 2024

JORDAN KUWAIT BANK
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	2023	2022
		JD	JD
Assets			
Cash and balances with Central Banks	4	1,072,306,647	480,714,381
Balances at banks and financial institutions	5	540,276,278	123,435,953
Financial assets at fair value through profit or loss	6	24,760,478	20,958,094
Financial assets at fair value through other comprehensive income	7	116,223,622	94,984,592
Direct credit facilities at amortised cost, net	8	2,006,746,300	1,922,640,437
Financial assets at amortised cost	9	1,122,883,189	617,988,602
Property and equipment, net	10	80,450,626	36,013,560
Intangible assets, net	11	11,907,278	7,239,008
Deferred tax assets	21	58,716,359	56,299,061
Other assets	13	174,624,209	176,141,620
Right of use assets	12	12,559,364	10,524,060
Assets held for sale	48	22,947,701	-
Total Assets		5,244,402,051	3,546,939,368
Liabilities and shareholders' equity			
Liabilities			
Bank and financial institutions deposits	14	69,620,351	107,184,993
Customers' deposits	15	3,707,096,482	2,418,672,958
Cash margins	16	139,974,833	117,926,572
Borrowed funds	17	363,157,170	296,598,068
Sundry provisions	18	20,297,592	14,454,973
Bonds	19	-	11,000,000
Green bonds	20	35,450,000	-
Income tax provision	21	32,640,476	18,784,419
Deferred tax liabilities	21	3,497,873	7,460,503
Lease liabilities	12	12,791,946	10,733,682
Other liabilities	22	114,258,915	66,567,972
Liabilities directly related to assets held for sale	48	18,105,050	-
Total liabilities		4,516,890,688	3,069,384,140
Equity			
Bank's shareholders' equity			
Authorized and paid-in capital	23	150,000,000	150,000,000
Perpetual bonds	24	89,010,000	-
Statutory reserve	25	106,382,863	99,983,479
Voluntary reserve	25	110,944,584	122,944,584
Financial assets at fair value revaluation reserve – net	26	20,004,022	6,887,913
Actuarial gain from remeasurement of defined post-employment benefits		653,467	1,050,169
Foreign currency translation reserve		(4,079,865)	-
Equity directly related with assets held for sale	48	(1,481,196)	-
Retained earnings	27	143,309,616	94,967,563
Total equity – bank's shareholders		614,743,491	475,833,708
Non-controlling interest	2	112,767,872	1,721,520
Total Equity		727,511,363	477,555,228
Total Liabilities and Equity		5,244,402,051	3,546,939,368

The accompanying notes from 1 to 49 form an integral part of these consolidated financial statements

JORDAN KUWAIT BANK
(A PUBLIC LIMITED SHAREHOLDING COMPANY)
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023	2022
		JD	JD
Interest income	29	253,022,628	166,177,421
Less: Interest expense	30	(119,782,760)	(65,059,540)
Net Interest Income		133,239,868	101,117,881
Net commission income	31	87,087,145	10,251,876
Net Interest and Commission Income		220,327,013	111,369,757
Gain from foreign currencies	32	31,604,453	3,714,769
Gain from sale of subsidiaries	47	4,778,733	-
Gain from financial assets at fair value through profit and loss	6	3,218,682	5,004,674
Gain from sale of debt instruments at fair value through other comprehensive income	7	-	24,581
Cash dividends from financial assets at fair value through other comprehensive income	7	2,486,319	1,665,642
(Loss) from sale of financial assets at amortised cost – debt instruments	9	-	(24,772)
Other income	33	18,995,459	17,789,164
Gross Income		281,410,659	139,543,815
Employees expenses	34	48,714,124	33,319,751
Depreciation and amortization	10,11	6,823,512	4,793,384
Expected credit losses - direct credit facilities	8	37,745,343	29,474,218
Expected credit losses - indirect credit facilities	46	3,580,797	4,103,241
Expected credit losses – balances at banks and financial institutions	5	3,633,506	(2,095,550)
Expected credit losses - central bank balances	4	18,926,243	-
Expected credit losses - investments	7,9	659,090	1,512,332
Other provisions	18	4,603,216	2,388,444
Other expenses	35	50,565,786	39,161,681
Total Expenses		175,251,617	112,657,501
Result of acquisition	47	15,492,283	458,225
Income for the period before income tax		121,651,325	27,344,539
Income tax for the year	21	31,614,643	(8,610,164)
Income for the year		90,036,682	18,734,375
Attributable to			
Bank's shareholders		59,108,014	18,682,115
Non-controlling interest		30,928,668	52,260
Earnings per share for the year - basic and diluted		JD/Fils	JD/Fils
Bank's shareholders	36	0.394	0.125

The accompanying notes from 1 to 49 form an integral part of these consolidated financial statements

	2023	2022
	JD	JD
Profit for the year	90,036,682	18,734,375
Other comprehensive income items		
Items that may be reclassified to profit or loss in subsequent after tax:		
Net change in the valuation reserve of financial assets at fair value through comprehensive income after tax- debt instruments	7,321,115	(3,081,994)
Items that will not be reclassified to profit or loss statement in subsequent periods after tax:		
Net change in the valuation reserve of financial assets at fair value through comprehensive income after tax - equity instruments	5,794,994	2,805,445
(Loss) actuarial gain from remeasurement of defined post-employment benefits	(396,702)	491,248
Foreign exchange translation reserve	(7,291,432)	-
Total comprehensive income for the year	95,464,657	18,949,074
Attributable to:		
Bank's shareholders	67,747,556	18,937,360
Non-controlling interests	27,717,101	11,714

				Reserves									
	Note	Authorized and paid-in capital	Perpetual bonds	Statutory	Voluntary	Financial assets – valuation reserve	Actuarial gain from re-measurement of defined post-employment benefits	Foreign currency translation differences	Equity directly related to assets held for sale	Retained earnings	Total equity – bank's shareholders	Non-controlling interest	Total equity
		JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
For the year ended as at 31 December 2023													
Balance at the beginning of the year		150,000,000	-	99,983,479	122,944,584	6,887,913	1,050,169	-	-	94,967,563	475,833,708	1,721,520	477,555,228
Profit for the period		-	-	-	-	-	-	-	-	59,108,014	59,108,014	30,928,668	90,036,682
Net change in the fair value of financial assets through comprehensive income after tax		-	-	-	-	13,116,109	-	-	-	-	13,116,109	-	13,116,109
Foreign currency translation differences		-	-	-	-	-	-	(4,079,865)	-	-	(4,079,865)	(3,211,567)	(7,291,432)
Actuarial loss from re-measurement of defined post-employment benefits		-	-	-	-	-	(396,702)	-	-	-	(396,702)	-	(396,702)
Total comprehensive income		-	-	-	-	13,116,109	(396,702)	(4,079,865)	-	59,108,014	67,747,556	27,717,101	95,464,657
Non-controlling interest resulted from acquisition		-	-	-	-	-	-	-	-	-	-	88,054,613	88,054,613
Equity directly related to assets held for sale		-	-	-	-	-	-	-	(1,481,196)	-	(1,481,196)	-	(1,481,196)
Perpetual bonds issuance		-	89,010,000	-	-	-	-	-	-	-	89,010,000	-	89,010,000
Interest on perpetual bonds	23	-	-	-	-	-	-	-	-	(4,366,577)	(4,366,577)	-	(4,366,577)
Transfer to reserves	24	-	-	6,399,384	-	-	-	-	-	(6,399,384)	-	-	-
Cash dividends distribution - note 28	28	-	-	-	(12,000,000)	-	-	-	-	-	(12,000,000)	(4,725,362)	(16,725,362)
Balance as at 31 December 2023		150,000,000	89,010,000	106,382,863	110,944,584	20,004,022	653,467	(4,079,865)	(1,481,196)	143,309,616	614,743,491	112,767,872	727,511,363

The accompanying notes from 1 to 49 form an integral part of these consolidated financial statements

				Reserves									
	Note	Authorized and paid-in capital	Perpetual bonds	Statutory	Voluntary	Financial assets – valuation reserve	Actuarial gain from re-measurement of defined post-employment benefits	Foreign currency translation differences	Equity directly related to assets held for sale	Retained earnings	Total equity – bank's shareholders	Non-controlling interest	Total equity
		JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
For the year ended on 31 December 2022													
Balance at the beginning of the year		150,000,000	-	97,254,251	133,444,584	7,044,559	558,921	-	-	79,094,033	467,396,348	277,710	467,674,058
Profit for the period		-	-	-	-	-	-	-	-	18,682,115	18,682,115	52,260	18,734,375
Net change in the fair value of financial assets through comprehensive income		-	-	-	-	(236,003)	-	-	-	-	(236,003)	(40,546)	(276,549)
Actuarial gain from re-measurement of defined post-employment benefits		-	-	-	-	-	491,248	-	-	-	491,248	-	491,248
Total comprehensive income		-	-	-	-	(236,003)	491,248	-	-	18,682,115	18,937,360	11,714	18,949,074
(Loss) from sale of financial assets at fair value through other comprehensive income		-	-	-	-	79,357	-	-	-	(79,357)	-	-	-
Change in non-controlling interests due to increase in subsidiary's capital		-	-	-	-	-	-	-	-	-	-	1,432,096	1,432,096
Transfer to reserves	25			2,729,228	-	-	-	-	-	(2,729,228)	-	-	
Cash dividends distribution - note 28	28	-	-	-	(10,500,000)	-	-	-	-	-	(10,500,000)	-	(10,500,000)
Balance as at 31 December 2022		150,000,000	-	99,983,479	122,944,584	6,887,913	1,050,169	-	-	94,967,563	475,833,708	1,721,520	477,555,228

* Retained earnings include a restricted amount against deferred tax assets of JD 58,716,359 as at 31 December 2023 (2022: JD 56,299,061) in accordance with the instructions of the Central Bank of Jordan.

* Retained earnings include an amount of JD 188,212 as at 31 December 2023 and as at 31 December 2022, Such amount is restricted and cannot be utilized according to Jordan Securities Commission regulations, it resulted from the early adoption of IFRS 9 during the year 2011. This amount is related to the net revaluation of financial assets at fair value through profit and loss after what has been realized through the sales transactions.

- In accordance with the instructions of the Central Bank of Jordan No. 13/2018, the accumulated balance of the general banking risk reserve amounting to JD 14,288,875 as at 1 January 2018 was transferred to the retained earnings to offset the impact of IFRS 9. Surplus amount - if any - after the offset is restricted.

- Use of fair value reserve is restricted and requires prior approval from the Central Bank of Jordan.

The accompanying notes from 1 to 49 form an integral part of these consolidated financial statements

	Note	2023	2022
		JD	JD
Cash flows from operating activities:			
Income for the period before income tax		121,651,325	27,344,539
Adjustments:			
Depreciations and amortisations	10,11	6,823,512	4,793,384
Provision for expected credit losses on direct credit facilities	8	37,745,343	29,474,218
Provision for expected credit losses on in indirect credit facilities	46	3,580,797	4,103,241
(Reversal from) expected credit losses on deposits at banks and financial institutions	5	3,633,506	(2,095,550)
(Reversal from) expected credit losses on deposits at central banks	4	18,926,243	-
Provision for expected credit losses on investments	7,9	659,090	1,512,332
Net interest income	29,30	(23,073,340)	(19,481,026)
Provision for end of service benefits	18	3,799,994	1,788,444
Provision for lawsuits against the bank	18	1,293,111	600,000
Provision for expected credit losses - debtors	35	-	82,720
Additional Provision – equity instruments	34	700,000	3,500,000
Additional Provision - Deferred instalments	34	-	935,000
Loss on sale of seized assets	34	478,945	1,015,788
(Gain) loss on sale of property and equipment	33	1,621,690	1,935
(Gain) loss on sale of equity instruments through profit and loss	6	(570,243)	(56,751)
Loss on sale of debt instruments at amortised cost	9	-	24,772
(Gain) loss of sale of financial assets at fair value through other comprehensive income - debt instruments	7	-	(24,581)
(Gain) on sale of associate entities	48	(4,778,733)	-
Provision for seized assets	34	955,919	4,625,923
Amortisation of right of use assets	12	3,720,522	2,924,193
Effect of exchange rate fluctuations on cash and cash equivalents		(2,801,947)	22,076
Cash flows from operating activities before change in assets and liabilities		174,365,734	61,090,657
Changes in assets and liabilities:			
(Increase) decrease in deposits at banks and financial institutions	4,5,6	(212,345,511)	2,334,736
(Increase) in financial assets at fair value through profit and loss	6	(3,352,171)	(16,767,795)
(Increase) in direct credit facilities	8	(121,851,206)	(264,827,843)
Loan with right to repurchase at fair value		-	10,000,000
Decrease in other assets	13	50,258,844	33,110,542
(Increase) decrease in deposits at banks and financial institutions more than 3 months	14	12,000,000	(37,614,010)
Increase in customers deposits	15	1,288,423,524	481,373,488
Increase in cash margins	16	22,048,261	24,847,364
Increase in other liabilities	22	13,329,530	(9,798,182)
Increase in liabilities directly related to financial assets held for sale	48	18,105,050	-
Net cash flows generated from operating activities before income tax paid and other provisions paid		1,240,982,055	283,748,957
Provision over paid end of service indemnity	18	(1,374,366)	(970,697)
Provision on lawsuits paid	18	(33,713)	(4,888)
Income tax paid	21	(20,214,364)	(10,799,674)
Net cash flows generated from operating activities		1,219,359,612	271,973,698

	Note	2023	2022
		JD	JD
Cash flows from investing activities:			
Equity directly related financial assets held for sale	48	1,481,196	-
(Increase) in financial assets at amortized cost	9	(505,553,677)	(124,956,401)
(Increase) in financial assets at fair value through other comprehensive income	7	(11,803,931)	(18,724,707)
(Increase) in assets held for sale	6	(22,947,701)	-
(Increase) in property, equipment and intangible assets	10,11	(57,550,538)	(8,531,987)
Net cash flows (used in) investing activities		(596,374,651)	(152,213,095)
Cash flows from financing Activities:			
Lease liabilities paid	12	(3,697,562)	(2,400,505)
Increase in borrowed funds	17	66,559,102	57,482,432
Increase in green bonds	20	35,450,000	-
(Paid) loan bonds	19	(11,000,000)	-
Issuance of perpetual bonds	24	89,010,000	-
Interest paid on perpetual bonds		(4,366,577)	-
Foreign currency translation differences		(4,079,865)	-
Increase in noncontrolling interest	2	80,117,684	2,823,646
Cash dividends distributed		(11,859,085)	(10,452,645)
Net cash flows from generated from financing activities		236,133,697	47,452,928
Net Increase in cash and cash equivalents		859,118,658	167,213,531
Effect of exchange rate fluctuations on cash and cash equivalents		2,801,947	(22,076)
Cash and cash equivalent - beginning of the period		494,660,535	327,469,080
Cash and cash equivalent - end of the Period	37	1,356,581,140	494,660,535

The accompanying notes from 1 to 49 form an integral part of these consolidated financial statements and shall be read with them.

(1) General information

Jordan Kuwait Bank was established as a Jordanian public limited shareholding company under the registration number (108) on October 25, 1976 in accordance with the Jordanian Companies Law No. (13) for the year 1964. The Head Office of the Bank is located Amman – Al Abdali, Omaya Bin Abdshams Street. Tel. (+962 (6) 5629400), P.O. Box (9776), Amman – (11191) Jordan. The Bank current Paid up Capital amounted to JD 150 million distributed on 150 million shares, with a par value of JD 1 per share.

The Bank provides all banking and financial activities related to its activities through its head office and (65) branches inside the Kingdom and (1) foreign branch. The Bank owns a group of subsidiaries, for banking services, finance leasing, and brokerage services. During 2023, the bank completed the acquisition of 53.44% of Bank of Baghdad share capital in Iraq.

Jordan Kuwait Bank is a Public Shareholding Company limited and is listed in Amman Stock Exchange.

Jordan Kuwait Bank is 50.927% owned at by Al Rawabi United Holding Company and the financial statements of the Bank are consolidated within the consolidated financial statements of the ultimate parent Company Kuwait Projects Holding Company (KIPCO).

The financial statements were approved by the Bank's Board of Directors at its meeting No. (2/2024) held on 12 February 2024 and are subject to the approval of General Assembly of Shareholders and the Central Bank of Jordan.

(2) Material Accounting Policies

The material accounting policies adopted by the Bank in the preparation of these consolidated financial statements are set out below.

2.1 Basis of preparation

The consolidated financial statements of the Bank and its subsidiaries (together the "Group") have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB), and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as amended by the Central Bank of Jordan.

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

1. Some items are classified and presented in the consolidated statement of financial position, consolidated statement of income and the consolidated statement of cash flows and the related disclosure, such as credit facilities, interest in suspense, expected credit losses, investments, fair value levels, segments classification and disclosures related to risks and others, are presented and disclosed in accordance with the requirements of the Central Bank of Jordan, its instructions and circulated guidance which might not include all the requirements of IFRS such as IFRS 7, 9 and 13.

2. 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:

a. 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.

b. When calculating credit losses against credit exposures, the calculation results are compared according to IFRS (9) under the instructions of the Central Bank of Jordan No. (2009/47) of 10 December 2009 for each stage separately and the stricter results are booked. The bank also records additional provisions when needed.

* According to the instructions of the Central Bank of Jordan No. (47/2009) issued on 10 December 2009 regarding the classification of credit facilities and the calculation of the impairment provisions, credit facilities were classified into the following categories:

a) Low risk credit facilities, which do not require any provisions:

These are credit facilities that have any of the following characteristics:

1) Facilities granted and guaranteed by the Jordanian government, as well as to the governments of countries in which Jordanian banks have branches, provided that these facilities are granted in the same currency of the host country.
2) Cash Guaranteed by (100%) of the outstanding balance at any time.
3) Facilities guaranteed with an acceptable bank guarantee at (100%).

b) Acceptable risk credit facilities, which do not require provision:

These are credit facilities that have any of the following characteristics:

1) Strong financial positions and adequate cash flows.
2) Contracted and covered with duly accepted guarantees.
3) Having good sources of repayment.
4) Active account movement and regular repayment of principal and interest
5) Efficient management of the client.

c) Credit facilities listed under the watch-list (requiring special attention) which impairment allowances for are calculated within a range of (1.5% - 15%):

These are credit facilities that have any of the following characteristics:

1) The existence of dues for a period of more than (60) days and less than (90) days for the principal of credit facilities and/or interest.
2) Exceeding the overdraft predetermined limit by (10%), and for a period of more than (60) days and less than (90) days.
3) Credit facilities that have previously been classified as non-performing credit facilities then reclassified from the list upon meeting the rescheduling criteria.
4) Acceptable-risk credit facilities that has been rescheduled twice in one year.
5) Credit facilities that have been expired for more than 60 days and less than (90) days and have not been renewed.

This is in addition to other conditions detailed in the instructions

d) Non-performing credit facilities:

The credit facilities that have any of the following characteristics:

1) They are past due, or the maturity of one of their instalments, or default payment of the principal amount and / or interest, or dormant current debit account for the following periods:

Classification	Number of past due days	The percentage of the provision for the first year
Sub-standard credit facilities	(90) – (179) days	25%
Doubtful credit facilities	(180) – (359) days	50%
Bad debt/loss credit facilities	(360) days and more	100%

2) Overdrafts that exceed the granting limit by (10%) and more, and for the duration of (90) days and more.
3) Credit facilities that have been expired for 90 days or more and have not been renewed.
4) Credit facilities granted to any customer declared bankrupt or to any company that has been deemed under liquidation.

5) Credit facilities that were restructured three times within a year.
6) Current and on-demand accounts overdrawn for (90) days or more.
7) The value of guarantees paid on behalf of the clients and were not credited to their accounts with past due of (90) days or more.

The expected credit losses provision against credit facilities is calculated in accordance with the 2009/47 instructions for this category of facilities according to the above ratios and the amount of unguaranteed credit facilities during the first year, while the allocation of the covered amount is completed at 25% and over four years.

3. Interest and commissions are suspended on non-performing credit facilities and facilities classified within the third stage 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.

4. Assets that have been seized by the Bank against debts are stated in the consolidated statement of financial position within other assets at the acquisition cost or the fair value, whichever is lesser, and are revaluated on the date of the consolidated financial statements individually. Any impairment in their value is recorded as a loss in the consolidated statement of income and any appreciation in value is not recorded as income. The subsequent increase is taken to the consolidated statement of income to the extent that it does not exceed the value of the previously recorded impairment.

The Central Bank of Jordan, pursuant to Circular No. 16239/1/10 dated 10 October 2022, cancelled the above circular, and all previous circulars, which stipulate the deduction of provisions against seized assets that violates the banking law, while maintaining the provisions balances against real estate and to be released upon the disposal of such assets.

5. Cash and balances with the Central Bank item include, the cash reserve requirement item, which represents restricted balances according to the Central Bank's instructions and in accordance with the instructions of the supervisory authorities in the countries in which the Bank operates, whichever is stricter.

The consolidated financial statements have been prepared under the historical cost except for some financial instruments, which are measured at fair value at the end of each period, as shown in the accounting policies below.

The consolidated financial statements are presented in Jordanian Dinars and is the Group's functional currency.

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in (note 3).

2.2 Changes in accounting policies and disclosures

The accounting policies used in the preparation of these consolidated financial statements are consistent with those followed in the preparation of the last consolidated financial statements for the Group for the year ended 31 December 2022, except for the adoption of new standards and amendments to the existing standards as mentioned below.

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

- **IFRS 17 "Insurance Contracts" - 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 eligible groups of insurance contracts, which are often written by non-life insurers.

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.

- **Disclosure of Accounting Policies – Amendments to IAS:**

The IASB amended IAS 1 Presentation of Financial Statements to require entities to disclose their material rather than their significant accounting policies.

The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) 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, effective on 1 January 2023:

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, 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 the opening balance of 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.

OECD Pillar Two Rules, effective on 31 January 2023:–

In December 2021, the Organisation for Economic Co-operation and Development (OECD) released the Pillar Two model rules (the Global AntiBase Erosion Proposal, or ‘GloBE’) to reform international corporate taxation. Large multinational enterprises within the scope of the rules are required to calculate their GloBE effective tax rate for each jurisdiction where they operate. They will be liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate.

In May 2023, the IASB made narrow-scope amendments to IAS 12 which provide a temporary relief from the requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two model rules, including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments also require affected companies to disclose:

- the fact that they have applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes
- their current tax expense (if any) related to the Pillar Two income taxes, and
- during the period between the legislation being enacted or substantially enacted and the legislation becoming effective, known or reasonably estimable information that would help users of financial statements to understand an entity’s exposure to Pillar Two income taxes arising from that legislation. If this information is not known or reasonably estimable, entities are instead required to disclose a statement to that effect and information about their progress in assessing the exposure.

** The amendments must be applied immediately, subject to any local endorsement process, and retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. However, the disclosures about the known or reasonably estimable exposure to Pillar Two income taxes are only required for annual reporting periods beginning on or after 1 January 2023 and do not need to be made in interim financial reports for interim periods ending on or before 31 December 2023.

The implementation of the above standards did not have a material impact on the consolidated financial statements

(b) New standards, amendments and interpretations that have been issued but are not yet effective, standards are effective starting from 1 January 2024:

The Group did not apply the following new standards, amendments and interpretations which have been issued but are not yet effective.

Non-current liabilities with commitments - amendments to IAS 1

The amendments made to IAS 1 “Presentation of Financial Statements” in 2020 indicated that the liabilities should be classified as 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 waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the ‘settlement’ of a liability. The amendments were to be applied starting from 1 January 2022 which were postponed to 1 January 2023 and then to 1 January 2024.

In October 2022, the IASB made further amendments to IAS 1 in response to concerns raised about these changes in the classification of liabilities as current or non-current.

The new amendments clarify that loan arrangement covenants will not affect the classification of liabilities as current or non-current at the reporting date if the company must only comply with the covenants after the reporting date. However, if a company must comply with the covenant either before or at the reporting date, this will affect the classification as current or non-current, even if covenant compliance is only tested after the reporting date.

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.

The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. Disclosures include:

The carrying value of the liability, information about the covenants, and facts and circumstances, if any, that indicate that the company 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 non-current.

Lease Liability in a 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 recognising 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.

Supplier finance arrangements – Amendments to IAS 7 and IFRS 7:

The IASB has issued new disclosure requirements about supplier financing arrangements ('SFAs'), after feedback to an IFRS Interpretations Committee agenda decision highlighted that the information required by IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments:

Disclosures falls short of meeting user information needs. The objective of the new disclosures is to provide information about SFAs that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk. The new disclosures include information about the following:

The terms and conditions of SFAs.

1. The carrying amounts of financial liabilities that are part of SFAs and the line items in which those liabilities are presented.

2. The carrying amount of the financial liabilities in (b) for which suppliers have already received payment from the finance providers.

3. The range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements.

4. Non-cash changes in the carrying amounts of financial liabilities in (b).

5. Access to SFA facilities and concentration of liquidity risk with finance providers.

The IASB has provided transitional relief by not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances. Further, the required disclosures are only applicable for annual periods during the first year of application. Therefore, the earliest that the new disclosures will have to be provided is in annual financial reports for December 2024 year-ends, unless an entity has a financial year of less than 12 months.

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.

** In December 2015, the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.

The management is still in the process of evaluating the impact of these new amendments on the Group's consolidated financial statements, and it believes that there will be no significant impact on the consolidated financial statements when they are implemented.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current year starting 1 January 2023 or future reporting periods and on foreseeable future transactions.

2.3 Basis of consolidation of the financial statements

The consolidated financial statements include the financial statements of the Bank and the companies under its control (its subsidiaries), and control is achieved when the Bank:

- Has the ability to control the investee;
- Is exposed to variable returns, or has the right to variable returns, resulting from its association with the investee;
- Has the ability to use its power to influence the returns of the investee.

The Bank will re-estimate whether it controls the investees or not if the facts and circumstances indicate that there are changes on one or more of the control points referred to above.

In the event that the Bank's voting rights fall below the majority of voting rights in any of the investees, it will have the power to control when voting rights are sufficient to give the Bank the ability to unilaterally direct the related subsidiary activities. The bank takes into account all facts and circumstances when estimating whether the Bank has voting rights in the investee that are sufficient to give it the ability to control or not. These facts and circumstances include:

- The volume of voting rights the Bank has in relation to the number and distribution of other voting rights;
- Potential voting rights held by the Bank and any other voting rights holders or parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances indicating that the bank has, or does not have, a current responsibility to direct the relevant activities at the time the required decisions are taken, including how to vote in meetings of previous general assembly's meetings.

The subsidiary is consolidated when the Bank controls the subsidiary and is deconsolidated when the Bank loses control of the subsidiary. Specifically, the results of operations of subsidiaries acquired or excluded during the year are included in the consolidated statement of profit or loss from the date on which control is achieved until the date the control of the subsidiary is lost.

Profits and losses and each item of the comprehensive income are distributed to the owners in the entity and the non-controlling interest, the comprehensive income for the subsidiaries belonging to the owners in the entity and the non-controlling share is distributed even if this distribution will lead to a deficit in the balance of the non-controlling interest.

Adjustments are made to the financial statements of the subsidiaries, when required, to align their accounting policies with those used by the Bank.

Non-controlling interests in the subsidiaries are determined separately from the Bank's equity in these entities. The non-controlling interests of the shareholders currently present in the equity granted to their owners with a proportionate share of the net assets upon liquidation may be measured initially at fair value or by the proportionate share of non-controlling interests in the fair value of the identifiable net purchase amount of assets. The measurement is selected on an acquisition basis. Other non-controlling interests are initially measured at fair value. After acquisition, the carrying value of non-controlling interests is the value of these interests upon initial recognition, in addition to the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributable to the non-controlling interests even if that results in a deficit in the non-controlling interests balance.

Changes in the Bank's interest in subsidiaries that do not result in loss of control are accounted for as equity transactions. The present value of the Bank's and non-controlling interests are adjusted to reflect changes in their relative shares in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Bank.

When the Bank loses control of a subsidiary, the profit or loss resulting from the disposal is calculated in the statement of profit or loss, with the difference between (1) the total fair value of the consideration received and the fair value of any remaining shares and (2) the present value of the assets (including goodwill), less the liabilities of the subsidiary and any non-controlling interests

All amounts previously recognised in the other comprehensive income in relation to that subsidiary are accounted for as if the Bank had directly disposed of the assets or liabilities related to the subsidiary.

The fair value of the investment that is held in the previous subsidiary at the date of loss of control is considered to be the fair value upon initial recognition of subsequent accounting under IFRS (9) "Financial instruments" when the provisions of this standard apply, or the cost of initial recognition of investment in an associate or a joint venture.

The Bank has the following subsidiary as at 31 December 2023 and 2022:

31 December 2023:

Name of the Company	Paid in capital	Bank's ownership	Nature of operations	Location	Date of acquisition
	JD	%			
Ejara Finance Leasing Company	20,000,000	100	Finance leasing	Amman - Jordan	2011
United Financial Investments Company (held for sale)	10,000,000	78.4	Brokerage and investments	Amman - Jordan	In phases, starting from 2002
Bank of Baghdad	162,366,412	53.44	Commercial bank	Iraq	2023

31 December 2022:

Name of the Company	Paid in capital	Bank's ownership	Nature of operations	Location	Date of acquisition
	JD	%			
Ejara Finance Leasing Company	20,000,000	100	Finance leasing	Amman - Jordan	2011
United Financial Investments Company	10,000,000	78,3	Brokerage and investments	Amman - Jordan	In phases, starting from 2002

- During the third quarter of 2022 United Financial Investments Company increased its capital in an amount of JD 2 Million with a par value of JD 1 per share through private issuance to non-shareholders.

- Non-controlling rights amounted to JD 112,767,872 as at 31 December 2023, compared to an amount of JD 1,721,520 as at 31 December 2022, and their details are as follows:

	31 December	
	2023	2022
	JD	JD
United Financial Investments Company	-	1,721,520
Bank of Baghdad	112,727,872	-
	112,727,872	1,721,520

The result of operations of the subsidiaries are consolidated in the consolidated statement of income from the date of their ownership which is the date on which the control on the subsidiaries is actually transferred to the Bank. The results of disposed operations of subsidiaries are consolidated in the consolidated statement of income up to the disposal date, which is the date on which the Bank loses control over the subsidiaries.

United Financial Investments has the following subsidiaries:

Name of the Company	Paid in capital	Bank's ownership	Nature of operations	Location	Date of acquisition
	JD	%			
Specialized Managerial Company for Investment and Financial Consultation	530,000	100	Financial advisory	Amman - Jordan	2021
Al Mawared Brokerage	3,000,000	100	Brokerage	Amman - Jordan	2022
The Arab Financial Investments	4,800,000	100	Brokerage	Amman - Jordan	2022

2.4 Segment information

The business segment represents a group of assets and operations that jointly provide products or services subject to risks and returns that are different from those related to other business segments and that are measured according to the reports that are used by the executive managers and decision makers in the Bank.

A geographical segment is associated with the provision of products or services in a particular economic environment that is subject to risks and rewards different from those related to segments operating in other economic environments.

2.5 Financial instruments

Initial recognition of measurement:

Financial assets and financial liabilities are recognised in the consolidated statement of financial position of the Bank when the Bank becomes a party to the contractual provisions of the instrument and loans and advances to customers are recognised if they are credited to the customers' account.

Financial assets and liabilities are measured initially at fair value, and transaction costs that are directly attributable to the acquisition or issuance of financial assets and liabilities are added to the fair value of the financial assets or financial liabilities, or deducted therefrom, as necessary, upon initial recognition. Transaction costs that are directly related to the acquisition of financial assets or financial liabilities at fair value through the consolidated statement of income are recognised directly in the consolidated statement of income.

If the transaction price differs from fair value at initial recognition, the Bank will account for such difference as follows:

- When the fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, the difference is recognised in the consolidated profit or loss on initial recognition (i.e. profit or loss on the first day).
- In all other cases, the fair value is adjusted to align with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to the consolidated statement of income on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability, or upon the de-recognition of such instrument.

Initial recognition

All financial assets are recognised on the trade date where the purchase or sale of a financial asset is made under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and is initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value in the consolidated statement of income. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in the statement of income.

Subsequent measurement

All recognised financial assets that are within the scope of IFRS (9) are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- Financing instruments held in the business model that aims to collect contractual cash flows, and which have contractual cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, and are subsequently measured at amortised cost.

- Financing instruments held within the business model that aim to both collect contractual cash flows and sell debt instruments, which have contractual cash flows, are SPPI on the principal amount outstanding, and are subsequently measured at fair value through other comprehensive income.

- All other financing instruments (such as debt instruments managed on fair value basis, or held for sale), and equity investments are subsequently measured at fair value through the consolidated statement of income.

However, the Bank can take a non-cancellable option/ determination after initial recognition of the financial asset on an asset-by-asset basis, as follows:

- The Bank can take the non-cancellable option by including subsequent changes in the fair value of the investment in equity that is not held for trading or a possible replacement recognised by the buyer within the business combination to which the IFRS (9) applies, in other comprehensive income;

- The Bank can determine in a non-cancellable manner the financing instruments that meet the criteria of amortised cost or fair value through other comprehensive income as measured by the fair value through the consolidated statement of income if it eliminates or significantly reduces mismatches in accounting (referred to as the fair value option).

Debt instruments at amortised cost or at fair value through other comprehensive income:

The Bank assesses the classification and measurement a financial asset based on the contractual cash flow characteristics and the Bank's business model for managing the asset.

The contractual terms of the asset that is classified and measured at amortised cost or at FVOCI, should give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal outstanding.

For the purpose of the SPPI test, the principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending options and risks, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

The contractual cash flows represent SPPI, which are consistent with the basic financing arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic financing arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic financing arrangement irrespective of whether it is a loan in its legal form

Business model assessment:

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Bank determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Bank's business model does not depend on management's intentions for an individual instrument; therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Bank may adopt more than one business model for managing its financial instruments which reflect how the Bank manages its financial assets in order to generate cash flows. The Bank's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Bank takes into account all relevant information available when making the business model assessment. However, this assessment is not performed on the basis of scenarios that expected to Bank does not reasonably expect to occur, such as the so-called 'worst case' or 'stress case' scenarios. The Bank also takes into account all relevant evidence available such as:

- The policies and declared objectives of the portfolio and the application of those policies and whether the management strategy focuses on obtaining contractual revenue, maintaining a specific rate of profit, and matching the period of financial assets with the period of financial liabilities in which those assets are financed cash flows are realised through the sale of assets.
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the key management personnel;
- The risks that affect the performance of the business model (and financial assets held within that business model) and, in particular, the way in which those risks are managed.
- How managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- On initial recognition of the financial asset, the Bank determines whether the recently recognised financial assets are part of an existing business model or whether it reflects the beginning of a new business model. The Bank reassesses its business models in each reporting period to determine whether the business models have changed since the previous period.

When a debt instrument that is measured at fair value through other comprehensive income is derecognised, the cumulative gain/ loss previously recognised in other comprehensive income in equity is reclassified to the consolidated statement of income. On the other hand, as for equity investment measured at fair value through other comprehensive income, the cumulative gain/ loss previously recognised in other comprehensive income is not subsequently reclassified to the consolidated statement of income but is rather transferred directly within equity.

Debt instruments that are subsequently measured at amortised cost or at FVOCI are tested for impairment.

Financial assets

- Assessing whether contractual cash flows are solely payments of principal and interest (SPPI):

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether contractual cash flows are only SPPI, the Bank has considered the contractual terms of the instrument. This includes assessing whether the financial assets involve a contractual period that can change the timing or amount of contractual cash flows and therefore they do not meet the conditions of SPPI. In making this assessment, the Bank considers:

- Contingent events that change the amount or timing of cash flows.
- Prepaid features and the possibility to extend.
- Terms that limit the Bank's claim to cash flows from specified assets.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss

- Assets of contractual cash flows, and which are not (SPPI); or / and
- Assets held within the business model other than those held to collect contractual cash flows or held for collection and sale; or
- Assets designated at fair value through the consolidated statement of income using fair value option.

These assets are measured at fair value, and any gains/ losses arising from re-measurement are recognised in the consolidated statement of income.

Reclassification:

If the business model, under which the Bank holds financial assets, changes, the financial assets that were affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Bank’s financial assets. Changes in contractual cash flows are considered within the framework of the accounting policy for the amendment and exclusion of financial assets set out below.

Foreign exchange gains and losses

The carrying amount of financial assets recorded in foreign currency is determined and translated at the rates prevailing at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in the statement of income of profit or loss.

- For debt instruments measured at FVOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in the statement of profit or loss. Other exchange differences are recognised in OCI in the investment’s revaluation reserve.

- For financial assets measured at amortised cost through the statement of profit or loss that are not part of a designated hedging relationship, gains and losses of exchange differences are recognised in the statement of profit or loss; and

- For equity instruments measured at FVOCI, exchange differences are recognised in other comprehensive income within investments valuation reserve.

Fair value option

A financial instrument with a fair value can be measured reliably at fair value through the statement of profit or loss (fair value option) upon initial recognition, even if the financial instruments are not acquired or incurred primarily for the purpose of selling or repurchasing. The fair value option for financial assets can be used if it substantially eliminates or reduces the inconsistency of the measurement or recognition that would otherwise have arisen from the measurement of assets or liabilities, or the recognition of related profit and loss on a different basis (“accounting mismatch”). The fair value option for financial liabilities can be chosen in the following cases:

- If the choice leads to the cancellation or substantially reduces accounting mismatch.
- If the financial liabilities are part of a portfolio managed on a fair value basis, according to a documented risk or investment management strategy; or
- If there is a derivative that is included in the host financial or non-financial contract and the derivative is not closely related to the host contract.

These tools cannot be reclassified to fair value through the statement of profit or loss while they are held or issued. Financial assets designated at fair value through the statement of profit or loss are recorded at fair value with any unrealised gains or losses arising from changes in the fair value recognised in investment income.

2.6 Descriptive disclosures related to the application of the IFRS (9).

1. Definition of the Bank's implementation of default and the mechanism of addressing it:

The Bank defines the default and the mechanism of addressing it in accordance with the instructions of the Central Bank regarding the application of IFRS 9 No.13/2018 issued on 6/6/2018. The Central Bank's instructions No. (47/2009) dated 10/12/2009 (item II/ D) include a number of indicators on a default event which must also be complied with.

- Existence of dues equal to or greater than (90) days.
- Increase in risk ratings above -7.
- Credit exposure / debt instruments that have evidence that they have become defaulted (irregular) or are expected to be defaulted soon.
- The debtor is experiencing significant financial difficulties (very weak financial data).
- The existence of clear indications that the debtor is near bankruptcy.

Mechanism of addressing default:

The Bank will follow-up with the customer before their default, trying not to reach the stage of classification of the facilities granted to them. In case of classification, the specific provision will be made against the facilities in accordance with the instructions and standards. In addition, they will be followed-up by the Department of Follow-up & Collections before starting the legal procedures in case of failure to reach solutions or schedules according to the instructions of the Central Bank of Jordan and the supervisory authorities in the countries where the Bank operates.

2. A detailed explanation of the Bank's internal credit rating system and its working mechanism:

- Internal credit rating system for corporate customers:

The Bank has an automated internal credit rating system from Moody's supplier. The rating system includes all of the processes, controls, data collected, and the information system that support and asses the credit quality of the borrower. It is then translated to the degree of risk to customers and linked to the customer’s PD. This contributes to calculating the expected credit loss.

Moody's system that contains following model's to calculate customers credit rating:

- Large Enterprises Rating Model.
- SME Rating Model (with financial data).
- SME Rating Model (without financial data).
- Customer Rating Model for Project Financing.
- High net worth customers Rating Model.

The grades in the system range from 1 (Exceptional: a very high quality and low risk company) to 10 (Poor: a non-performing classified company) - 7 working grades and 3 non-performing grades.

There is a clear and specific Master scale. Each credit rating is calculated by Moody's, offset by the probability of default (PD). Financial and non-financial analysis of clients is made. Moody's Financial Analysis Structure consists of four main sections:

1. Operations:
2. Liquidity:
3. Capital structure:
4. Debt service.

An override can be used to classify the customer through an approval of the Facility Management Committee for the proposed ratings.

- Internal credit scoring system for individual customers:

Retail customers (individuals) are rated and given a rating grade based on their risk before their loans are approved. Such ratings are utilised to estimate the probability of default. This is done for housing loan products, auto finance and consumer loans.

3. The mechanism adopted to calculate expected credit losses (ECL) on financial instruments for each item:

The "loss realisation" test model is used using the ECL model, which requires the use of estimates and judgments to estimate the economic factors that have an effect on the impairment in accordance with the new model. This model has been applied and the impairment loss has been calculated in accordance with the following rules:

- 12-month impairment losses: The expected impairment of default is calculated within 12 months following the date of the financial statements.
- Impairment losses for the useful life of the instrument: The expected impairment on the life of the financial instrument is calculated until the maturity date of the consolidated financial statements.

The mechanism for calculating expected losses depends on the probability of default, which is calculated according to the credit risk, future economic factors and loss given default (LGD), which depends on the value of the existing collateral and the amount of the exposure at default (EAD).

In accordance with the requirements of IFRS 9, ECL measurement model is applied within the following framework (except as measured at fair value through statement of income):

- Loans and credit facilities (direct and indirect).
- Debt instruments carried at amortised cost.
- Debt instruments classified at fair value through other comprehensive income.
- Trade receivables.
- Credit exposures to banks and financial institutions [excluding current balances used to cover bank transactions such as remittances, guarantees and credits within a very short period of time (days)].

In respect of revolving facilities, ECL are calculated based on the behavioural maturity of three years.

4. Definition and mechanism for calculating and monitoring the probability of default (PD), exposure at default (EAD) and loss given default (LGD).

a. Probability of Default (PD):

This represents the risk arising from the borrower's inability or unwillingness to repay its debts in full or on time, which is normally anticipated by analysing the customer's ability to repay its debt in accordance with its financial statements. The probability of default of the customer generally relates to financial data such as insufficient cash flows to service debt, low operating income or margins, high leverage or low liquidity. Accounting is done as follows:

Corporate customers:

- PD is calculated by linking the credit ratings within the internal credit rating to the grade of default identified in the Master Scale and for each individual customer. The probability of default is converted from Through the Cycle (TTC) to Point In Time, after the credit rating has been calibrated and the probability of default to match the bank's default data.
- For defaulted loans (Stage 3), the probability of default is set at 100%.
- Accounts not rated internally are assumed to have a rating grade of 5 with the Bank and -5 with Ejara Company.
- The probability of default was calculated for the Jordanian government based on its external credit rating.

Retail customers:

Their PD is calculated based on Behavioural Scoring and based on logistic regression for each customer.

For debt instruments and money market, Moody's external credit rating was adopted. If the debt instrument of an unrated company is treated as unrated companies. As for the unrated banks, the credit rating of the country to which the bank belongs is adopted and adjusted to suit the financial solidity of the Bank.

b. Losses Given Default:

This represents the ratio of assets that are expected to be lost if the customer defaults. This ratio is defined at the level of the facility rather than at the customer level. It is affected by various factors such as the availability of collateral, type of guarantee, priority of payment, the duration and quality of the loan. The accounting is done as follows:

Corporate customers and debt instruments:

- An LGD accounting system is used based on a number of determinants, including the customer's credit rating, economic sector, type and value of collateral and coverage ratio. These are calculated based on historical information.
- Haircut rates have been made for guarantees greater than those specified by the instructions of the Central Bank of Jordan.
- Setting floor limits for LGD ranging from 0% to 10%.
- Defaulted facilities (Stage 3) - The proportion of LGD has been identified for the unsecured portion with guarantees of 100%.
- The ratio of LGD to the Jordanian government was set at 0%.

Retail customers:

A model was developed for the accounting (Logistic regression model) using the variables used in the accounting of the Probability of Default model.

c. Exposure at Default (EAD)

The amount at risk is defined as the amount of the indebtedness in which the Bank is exposed to the probability of default in the case of a customer default as following:

- The current balance of direct facilities and a CCF proportion of 100% for indirect facilities.
- In the case of limits, the value of the amount exposed to the default shall be divided into two parts: the utilised obligations and the unutilised obligations where the balance or ceiling is calculated, whichever is higher.
- For retail, credit is used to determine the value of the default amount using the facilities prepayment ratio of customers.

Determinants of the significant change in the credit risk on which the Bank relied in calculating expected credit losses.

Rating	Criteria
Stage 1:	This includes credit exposures / debt instruments that have not received a significant increase in their credit risk since the initial recognition of the exposure / instrument or have a low credit risk at the date of preparation of the financial statements. Credit risk is considered to be low if the following conditions are met: Low default risk. The debtor has a high ability in the short term to meet commitments. The Bank does not expect adverse changes in the economy in the long-term working environment adversely affecting the debtor's ability to meet its obligations (macroeconomic indicators and stress tests).
Stage 2:	Accounts with dues more than 30 days and less than 90 days. Accounts that were previously scheduled. Accounts that were structured twice in a year. Accounts rated by internal credit -7. In case of reducing the actual or expected internal credit rating of the borrower or the credit exposure / debt instrument according to the internal rating system applied by the Bank. Actual or expected significant decrease in the external credit rating of the credit exposure / debt instrument. Substantial negative changes in the performance and behaviour of the borrower such as late payment of instalments or unwillingness to respond to the Bank.
Stage 3:	This includes credit exposure / debt instruments that have evidence(s) that they have defaulted (irregular) or are expected to default soon. The debtor is experiencing significant financial difficulties (very weak financial data). Non-compliance with contractual conditions such as the existence of maturities equal to or greater than (90) days, and credit rating higher than -7. The existence of clear indications that the debtor is near bankruptcy. In addition to the above, the Central Bank Instructions No. (47/2009) dated 10/12/2009 (item II / D) includes a number of indicators demonstrating an event of default which must also be complied with.

- There are clear and specific criteria for ratings in the three stages (1, 2 and 3) and the transfer among them. According to the instructions of the Central Bank of Jordan, which state that in the event of an improvement in the quality of credit and the availability of sufficient and documented reasons making it possible to transfer credit exposures from Stage 3 to Stage to or from Stage 2 to Stage 1, the transfer should only take place after the improvement of the credit position of the exposure and the obligation to pay at least three monthly instalments, two quarterly instalments or semi-annual instalment on time, in addition to improving the credit rating of the customer to be higher than -7 in order to be transferred to Stage 1.

- The downgrade of credit rating / debt instrument by two grades on the ten-point rating system since the date of initial recognition is evidence of a significant credit risk decline.

5. Key economic indicators used by the Bank in calculating expected credit loss (ECL).

The Bank uses key economic indicators in calculating expected credit loss, as follows:

- Corporate: GDP growth indicators and the financial market index

- Retail: A larger number of variables has been used, the most important of which are consumer price index, GDP, interbank rate of interest, volume of consumption, expected inflation, unemployment rate, discount rate, deposit rate and other rates.

Governance of applying the requirements of IFRS 9, including the responsibilities of the Board of Directors and Executive Management to ensure compliance with the requirements of IFRS 9.

- The Board of Directors is responsible for establishing the Bank's acceptable risk profile and effective management of risk management.

- The Board of Directors is responsible and authorised to approve the expected credit losses in the Bank's financial statements.

- The Board of Directors of the Bank shall provide appropriate governance structure and procedures to ensure the proper application of IFRS 9 by defining the roles of the committees, departments and working units of the Bank, ensuring the integrity of the work among them and providing the appropriate infrastructure.

- The Board of Directors shall ensure that the Bank's management develops the necessary systems to provide adequate and accurate information and data in order to provide the Bank with the accurate ability to calculate and with the participation of all relevant business units in the Bank and under the supervision of the Board of Directors and its related committees.

- The Board of Directors shall ensure that the Bank's management implements high quality and reliable quality systems in terms of inputs, operating processes and results.

- The Board of Directors shall ensure that the Bank's control units, specifically risk department, internal audit department work to verify the validity and integrity of the methodologies and systems used in the application of IFRS 9 and to provide the necessary support to these supervisory units.

Board of Directors' Audit Committee:

- The Committee monitors compliance with the expected credit loss accounting framework in accordance with IFRS 9 and ensures that internal audit carried out its duties in this regard.

- The Committee recommends to the Board of Directors the adoption of expected credit loss figures as part of the quarterly financial statements.

Board Risk Committee:

- The Committee reviews and recommends the adoption of the credit risk assessment framework and assumptions.

- The Committee is responsible for the accounting of expected credit losses and is reviewed at the level of the Board of Directors with respect to the roles and models used for the accounting.

Management Committee for Provisions:

- It is responsible for any exceptions to the results of the outputs of the systems, the specific procedures and the documented models of the accounting process.
- It reviews the process of staging rules and sets the necessary recommendations.
- It views the accounting of the expected credit losses and recommends the adoption.

Risk management:

- The Risk Management Department undertakes the necessary work to verify the validity and integrity of the methodologies and systems used in the application of IFRS 9.
- It reviews the used models and assumptions used in the accounting and recommends any required modifications to the independent model validation.
- It evaluates the credit rating systems, determinants and results.
- It is responsible for the accounting of expected credit losses.
- It reviews the transition between different stages, compares them with staging rules and reviews these limits periodically.

Finance Department:

- Calculation of the expected credit losses (ECL)
- It analyses the various accounting results and reviews the accuracy and efficiency of the accounting process.
- It prepares detailed statements required by the Central Bank of Jordan.
- It participates with the departments concerned with reviewing the business model, through which the objectives and bases of acquisition and classification of financial instruments are determined, in order to ensure integration with other business requirements.
- Preparation of accounting entries on the main banking system.

Internal audit:

The Internal Audit Department undertakes the necessary work to verify the validity and integrity of the methodologies assumptions and systems used.

2.7 Impairment

The Bank recognises loss allowances for expected limit loss on the following financial instruments that are not measured at fair value through the statement of profit or loss:

- Balances and deposits with banks and banking institutions
- Direct credit facilities (loans and advances to customers)
- Financial assets at amortised cost (debt instruments securities)
- Financial assets at fair value through the statement of other comprehensive income.
- Exposures off-the statement of financial position that are subject to credit risk (issued financial guarantee contracts).

Impairment loss is not recognised in equity instruments.

With the exception of purchased or originated credit impaired (POCI) financial assets (which are considered separately below), ECL are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that can be realised within 12 months after the reporting date, referred to in Stage 1; or
- 12-month ECL, i.e. lifetime ECL that result from those possible default events over the age of the financial instrument, referred to in Stage 2 and Stage 3."

A loss allowance for lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECL are measured at an amount equal to the 12-month ECL.

ECL are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Bank under the contract and the cash flows that the Bank expects to receive, which arise from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

For the limits not utilised, the expected credit loss is the difference between the present value of the difference between the contractual cash flows due to the Bank if the borrower withdraws the financing and the cash flows that the Bank expects to receive if the financing is utilised; and

For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Bank expects to receive from the instrument holder, the customer or any other party.

The Bank measures ECL on an individual basis, or on the portfolio basis that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a portfolio basis.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- Significant financial difficulty faced by borrower or issuer.
- Breach of contract, for example, default or delay in payment.
- The Bank grants the borrower a waiver for economic or contractual reasons related to the borrower's financial difficulty.
- The disappearance of an active market for that financial asset because of financial difficulties.
- The purchase of a financial asset at a significant discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event, instead, the combined effect of several events may have caused financial assets to become credit impaired. The Bank assesses whether debt instruments that are financial assets measured at amortised cost or FVOCI are credit-impaired at each reporting date. To assess if corporate debt instruments are credit impaired, the Bank considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted, the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default includes possibility of a backstop if amounts are overdue for 90 days or more. However, cases where the asset's impairment is not recognised after (90) days of maturity, are supported by reasonable information.

Purchased or originated credit-impaired' (POCI) financial assets

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Bank recognises all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in the statement of profit or loss. A favourable change for such assets creates an impairment gain.

Definition of default

The definition of default is deemed critical to the determination of ECL. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECL and the identification of a significant increase in credit risk as shown below.

The Bank considers the following as an event of default:

- The borrower defaults for more than 90 days on any significant credit obligation to the Bank; or

The definition of default is appropriately tailored to reflect different characteristics of different types of assets. Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding.

When assessing if the borrower is unlikely to pay its credit obligation, the Bank takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants, which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment of another obligation to the same counterparty are key inputs in this analysis. The Bank uses a variety of sources of information to assess default which are either developed internally or obtained from external sources.

Significant increase in credit risk

The Bank monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Bank will measure the loss allowance based on lifetime rather than 12-month ECL.

The Bank will not consider that financial assets with 'low' credit risk at the reporting date did not have a significant increase in credit risk. As a result, the Bank monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Bank compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Bank considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Bank's historical experience and expert credit assessment including forward-looking information.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

For corporate financing, forward-looking information includes the future prospects of the industries in which the Bank's counterparties operate, that can be obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as taking into consideration various internal and external sources of actual and forecast economic information. For retail financing, forward looking lending information includes the same economic forecasts as corporate lending with additional forecasts of local economic indicators, particularly for regions with a concentration to certain industries, as well as internally generated information of customer payment behaviour.

The Bank allocates its counterparties to a relevant credit risk grade depending on their quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing

- The remaining lifetime PD at the date of reporting.
- The remaining lifetime PD at a point in time that was estimated based on facts and circumstances at the initial recognition of the exposure.

The PDs are considered forward-looking, and the Bank uses the same methodologies and data used to measure the expected credit loss provisions.

The qualitative factors that indicate significant increase in credit risk are reflected in PD models on a timely basis. However, the Bank still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending, there is particular focus on assets that are included on a 'watch list' given an exposure is on a watch list once there is a concern that the creditworthiness of the specific counterparty has deteriorated. For retail lending, the Bank considers the forbearance and payment holidays, credit scores and events such as unemployment, bankruptcy, divorce or death.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

Modification and de-recognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/ or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Bank renegotiates loans with customers who face financial difficulties to increase collection and reduce the risk of default. The terms of repayment of the loan are facilitated in cases where the borrower has made all reasonable efforts to pay under the original contractual terms, and an important risk of default or default has occurred and it is expected that the borrower will be able to fulfil the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants. The bank has a waiting policy that applies to corporate and individual lending.

When a financial asset is modified, the bank assesses whether this amendment leads to de-recognition. As per the Bank's policy, the modification leads to de-recognition when it causes a significant difference in the terms.

- Qualitative factors, such as the non-existence of contractual cash flows after modification as SPPI, change in currency or change in the counterparty, or extent of change in interest rate, maturity. If this does not clearly indicate a fundamental modification, then;
- Conducting a quantitative evaluation to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows in accordance with the revised terms, and deduct both amounts based on the original effective interest.

In the case where the financial asset is derecognised, the loss allowance for ECL is remeasured at the date of de-recognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on de-recognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated as credit- impaired.

This applies only in the case where fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Bank monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms

When the contractual terms of a financial asset are modified and the modification does not result in de-recognition, the Bank determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- The remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- The remaining PD at the reporting date based on the revised terms.

For financial assets modified as part of the Bank's forbearance policy, where modification did not result in de-recognition, the estimate of PD reflects the Bank's ability to collect the modified cash flows taking into account the Group's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition, the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to de-recognition, the Bank calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then, the Bank measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

The Bank derecognises a financial asset only when the contractual rights to the asset's cash flows expire, or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/ loss that had been recognised in OCI and accumulated in equity is recognised in the statement of profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/ loss previously recognised in OCI is not subsequently reclassified to the statement of profit or loss.

Write-off

Financial assets are written off when there is no reasonable expectation of recovery, such as the customer not participating in a payment plan with the Bank. The Bank classifies the funds or amounts due for write-off after exhausting all possible payment methods. However, if the financing or receivable is written off, the Bank continues the enforcement activity to try to recover the outstanding receivables, which are recognised in the consolidated statement of profit or loss upon recovery.

Loss allowances for ECL presented in the consolidated statement of financial position as follows

Loss allowances for ECL are presented in the consolidated statement of financial position as follows:

- For financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- For debt instruments measured at FVTOCI: no loss allowance is recognised in the consolidated statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investment's revaluation reserve.
- Loan commitments and financial guarantee contracts: as a provision.
- Where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component, the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.
- Financial liabilities and equity.

Issued Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Bank or a contract that will or may be settled in the Bank's own equity instruments and is a non-derivative contract for which the Bank is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Bank's own equity instruments.

2.8 Loans and advances

The "loans and advances" included in the statement of financial position comprise the following:

- Loans and advances measured at amortised cost; initially measured at fair value plus incremental direct transaction costs, and subsequently measured at amortised cost using the effective interest method.
- Loans and advances, which are measured at FVTPL or designated as at FVTPL; are measured at fair value with changes recognised immediately in profit or loss.
- Lease payables.
- Interest and commissions are suspended on non-performing credit facilities granted to clients in accordance with the instructions of the Central Bank of Jordan.
- Credit facilities and their suspended interest covered by provisions are transferred entirely off the consolidated statement of financial position, in accordance with the decisions of the Board of Directors in this regard.

When the Group purchases a financial asset and concludes an agreement simultaneously to resell the asset (or a substantially similar asset) at a fixed price at a later date (repurchase or borrowing shares), the consideration paid is calculated as a loan or advance, and the asset is not recognised in the Group's financial statements.

Equity instruments

Share capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Bank are recognised at the proceeds received, net of direct issue costs.

Treasury shares

Repurchase of the Bank's own equity instruments is recognised and deducted directly in equity. No gain/ loss is recognised in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the Bank's own equity instruments.

Financial liabilities

Financial liabilities are classified either as financial liabilities at fair value through the statement of profit or loss or other financial liabilities.

Financial liabilities at fair value through the statement of profit or loss

Financial liabilities are classified at fair value through the statement of profit or loss when financial liabilities (1) are held for trading or (2) are classified at fair value through the statement of profit or loss. A financial liability is classified as held for trading if:

- It is incurred principally for the purpose of repurchasing in the near term.
- Upon initial recognition it is part of a portfolio of identified financial instruments that the Bank manages and has a recent actual pattern of short-term profit-taking.
- It is a derivative that is not designated and effective as a hedging instrument.
- A financial liability other than a financial liability held for the purpose of trading or the potential consideration that a buyer may pay as part of a business combination at fair value is determined through the statement of profit or loss upon initial recognition if:
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Bank's documented risk management or investment strategy, and information about the grouping is provided internally on that basis;
- If the financial obligation forms part of a contract that contains one derivative or more. IFRS 9 allows a fully hybrid contract (composite) to be determined at fair value through the statement of profit or loss.

Financial liabilities at fair value through the statement of profit or loss are stated at fair value. Any gains or losses arising on remeasurement are recognised in the statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain/ loss recognised in the statement of profit or loss includes any interest paid on the financial liabilities and is incorporated in the item "net profit or loss from other financial instruments" at fair value through the statement of profit or loss.

However, in respect of non-derivative financial liabilities classified at fair value through the statement of profit or loss, the amount of the change in the fair value of the financial liabilities that resulted from changes in the credit risk of those liabilities is recognised in other comprehensive income, unless recognition of the effects of changes in the credit risk of liabilities in other comprehensive income would create or increase accounting mismatch in the consolidated statement of profit or loss. The remaining amount of changes in the fair value of the liability is recognised in the consolidated statement of profit or loss, and changes in the fair value attributable to the credit risk of financial liabilities recognised in other comprehensive income are not reclassified subsequently to the statement of profit or loss. Instead, it is transferred to retained earnings upon de-recognition of the financial liability.

With regard to liabilities for issued loans and financial guarantee contracts classified as fair value through the statement of profit or loss, all gains and losses are recognised in the consolidated statement of profit or loss.

When determining whether recognition of changes in the credit risk of liabilities in other comprehensive income will create or increase the accounting mismatch in the consolidated statement of profit or loss, the Bank assesses whether it expects to offset the effects of changes in the credit risk of the liabilities in the consolidated statement of profit or loss with a change in the fair value of another financial instrument that has been measured at fair value through the consolidated statement of profit or loss.

Other financial liabilities

The effective interest method is a method for calculating the amortised cost of a financial liability and allocating interest expenses over the relevant period. An effective interest rate is the rate that exactly discounts estimated future cash payments during the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount at initial recognition to obtain details on the effective interest rate.

Other financial liabilities, including deposits and loans, are initially measured at fair value, net of transaction costs. Other financial liabilities are then measured at amortised cost, using the effective interest method.

De-recognition of financial liabilities

The Bank derecognises financial liabilities when, and only when, the Bank’s obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in consolidated statement of profit or loss.

The exchange between the Bank and its existing lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Likely, the Bank treats the significant modification of the outstanding obligation conditions or part thereof as extinguishment of the original financial liabilities and the recognition of new liabilities. The terms are assumed to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

Derivative financial instruments

The Bank enters into a variety of derivative financial instruments, some of which are held for trading while others are maintained to manage exposure to interest rate risk, credit risk, and foreign exchange rate risk. Financial derivatives include foreign currency forward contracts, interest rate swaps, interest rate swaps across currencies and credit default swaps.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value at the date of each statement of financial position. The resulting profits/ losses are recognised in the statement of profit or loss immediately unless the derivative is identified and are effective as a hedging instrument, in which case the timing of recognition in the statement of profit or loss depends on the nature of the hedge relationship. The Bank identifies certain derivatives as either fair value hedges for recognised assets and liabilities, or for the company’s obligations (fair value hedges), potential forecasting hedges, foreign currency risk hedges for fixed obligations (cash flow hedges) or net investments in foreign operations (net investment hedges).

Derivatives with positive fair value are recognised as a financial asset, while derivatives with negative fair value are recognised as financial liabilities. Derivatives are presented as non-current assets or non-current liabilities if the residual maturity of the instrument is more than (12) months and is not expected to be realised or settled within (12) months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives

Derivatives embedded in financial liabilities or other non-financial asset host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through the statement of profit or loss.

An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months. Other embedded derivatives are presented as current assets or current liabilities.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss incurred because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Bank’s entity are initially measured at their fair value, and if they are not determined at fair value through the statement of profit or loss that does not result from the transfer of a financial asset, they are subsequently measured:

- The amount of the loss allowance determined in accordance with IFRS (9).

- The amount initially recognised, less, where appropriate, the amount of accumulated profit or loss recognised in accordance with the Bank's revenue collection policies, whichever is greater.

Financial guarantee contracts that are not designated at fair value through the statement of profit or loss are presented as provisions in the consolidated statement of financial position and remeasurement is presented in other income.

The Bank did not specify any financial guarantee contracts at fair value through the statement of profit or loss.

Commitments to provide a loan at an interest rate lower than the market price.

Commitments to provide a loan at an interest rate lower than the market price are measured initially at their fair value, and if they are not determined at fair value through the consolidated statement of profit or loss, they are subsequently measured:

- The amount of the loss allowance determined in accordance with IFRS (9).
- The amount initially recognised, less, where appropriate, the amount of accumulated profit or loss recognised in accordance with the Bank's revenue collection policies, whichever is greater.

Commitments to provide a loan at an interest rate lower than the market price, which are not designated at fair value through the consolidated statement of profit or loss are presented as provisions in the consolidated statement of financial position, and remeasurement is presented in other income.

The bank did not designate any commitments to provide a loan at an interest rate lower than the market price, which are designated at fair value through the consolidated statement of profit or loss.

Financial derivatives

Financial derivatives for trading

The fair value of derivatives of financial instruments held for trading purposes (such as foreign exchange forward contracts, future interest contracts, swaps contracts, foreign exchange rate options rights) is recognised in the consolidated statement of financial position and the fair value is determined according to the prevailing market rates, In the event that market rates are not available, the valuation method is mentioned. The amount of changes in the fair value is recorded in the consolidated statement of profit or loss.

Hedge accounting

The Bank identifies certain derivatives as hedging instruments with respect to foreign currency risk and interest rate risk in fair value hedges, cash flow hedges or net investment hedges in foreign operations, as appropriate. Foreign exchange risk hedges on the Bank’s commitments are also accounted for as cash flow hedges. The Bank does not apply fair value hedge accounting to hedges of interest rate risk portfolio. In addition, the Bank does not use the hedge accounting rules as per IAS (39), i.e. the Bank applies the hedge accounting rules as per IFRS (9).

- At the beginning of the hedge relationship, the Bank documents the relationship between the hedging instrument and the hedged item, as well as the risk management objectives and strategy for undertaking various hedging transactions. Furthermore, at the commencement of the hedging and on a continuous basis, the Bank documents whether the hedging instrument is effective in offsetting changes in the fair value or cash flows of the hedged item that can be attributed to the hedged risk, and for which all hedging relationships meet the following hedging effectiveness requirements: There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from this economic relationship; and
- The hedge ratio for the hedge relationship is the same as that results from the amount of the hedged item to which the Bank actually hedges and the amount of the hedging instrument that the Bank actually uses to hedge that amount of the hedged item.

The Bank rebalances the hedging relationship in order to comply with the requirements of the hedging rate when necessary. In such cases, the suspension may apply to only part of the hedging relationship. For example, the hedging ratio may be adjusted in such a way that part of the hedged item is not part of the hedging relationship, and therefore the hedge accounting is suspended only for the size of the hedging item that is no longer part of the hedging relationship. The Bank rebalances the hedging relationship in order to comply with the requirements of the hedging rate when necessary. In such cases, the suspension may apply to only part of the hedge relationship. For example, the hedging ratio may be adjusted in such a way that part of the hedged item is not part of the hedging relationship, and therefore the hedging accounting is suspended only for the size of the hedging item that is no longer part of the hedging relationship.

If the hedging relationship ceases to meet the hedging effectiveness requirements related to the hedging ratio but the risk management objective of this hedging relationship remains the same, the Group adjusts the hedging ratio for the hedging relationship (such as the hedging rebalance) so that the qualification criteria are combined again.

In some hedging relationships, the Bank only determines the true value of the options. In this case, a change in the fair value of the component of the time value of the option in the other comprehensive income is deferred, over the hedging period, to the extent that it relates to the hedged item and is reclassified from equity to the statement of profit or loss when the hedged item does not lead to recognition of non-financial items. The Bank's risk management policy does not include hedging items that lead to recognition of non-financial items, because the Bank's risks relate to financial items only.

The hedged items determined by the Bank are hedging items related to the time period, which means that the original time value of the option related to the hedged item of equity is amortised to the statement of profit or loss on a rational basis (for example, according to the straight-line method) over the period of hedging relationship.

In some hedging relationships, the Bank does not determine the forward component of a forward contract or the difference on a currency basis for the hedging instrument across the currencies. In this case, a similar treatment applies to the time value of the options. It is optional to treat the forward component of the forward contract and the difference on a currency basis, and the option is applied on a hedging basis separately, other than treating the time value of options that are mandatory. With regard to hedging relationships and forward derivatives or foreign currencies such as interest rate swaps across currencies, when the forward component or the difference on the currency basis is excluded from classification, the Bank generally recognises the excluded item in other comprehensive income.

Details of the fair values of the derivative instruments used for hedging purposes and movements in the hedging reserve are determined in equity.

Fair value hedges

The change in the fair value of the qualified hedging instrument is recognised in the consolidated statement of profit or loss except when the hedging instrument hedges the equity instrument designated at fair value through other comprehensive income, in which case it is recognised in other comprehensive income. The Bank has not specified fair value hedging relationships when the hedging instrument hedges the equity instrument designated at fair value through other comprehensive income.

The carrying amount of the hedged item that was not measured at fair value is adjusted for the change in the fair value, which can be attributed to the hedged risk and a corresponding recognition in the statement of profit or loss. For debt instruments that are measured at fair value through other comprehensive income, the carrying amount is not adjusted as it is at fair value, but the profit or loss portion of the fair value on the hedged item associated with the risk hedged is included in the statement of profit or loss instead of the other comprehensive income. When the hedged item has a fair value equity instrument determined through other comprehensive income, the hedging gains/ losses remain in the other comprehensive income to match the hedging instrument.

The Bank does not suspend hedging accounting except when the hedging relationship (or part of it) ceases to meet the qualifying criteria (after rebalancing, if any). This includes cases where the hedging instrument expires, is sold, terminated, or exercised, and exclusion is stated for the future effect. Amortisation is accounted for the fair value adjustment to the book value of the hedged items for which the effective interest method is used (i.e. tools we have measured at amortised cost or at fair value through other comprehensive income) that results from the hedged risk in the statement of profit or loss as of a date not later than the date of suspension of hedge accounting.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualified hedging instruments that are determined and qualify as cash flow hedges in the hedging reserve for cash flow is recognised, as a separate component, in other comprehensive income. This is limited to the cumulative change in the fair value of the hedged item from the start of the hedge less any amounts recycled to the statement of profit or loss.

Amounts previously recognised in other comprehensive income and the accumulation of shareholders' equity in the statement of profit or loss in the periods in which the hedging item affects profit or loss are reclassified in the same line of the hedged recognised item. If the Bank no longer expects the transaction to occur, then this amount is immediately reclassified to the statement of profit or loss.

The Bank does not suspend hedging accounting except when the hedging relationship (or part of it) ceases to meet the qualifying criteria (after rebalancing, if any). This includes cases where the hedging instrument expires, is sold, terminated, or exercised, or when the occurrence of a specific hedging transaction is not considered to be highly probable. Suspension is calculated with a future effect. Any gains/ losses recognised in other comprehensive income and accumulated in equity at that time remain in equity and recognised when the expected transaction is finally recorded in profit or loss. When the occurrence of a forecast transaction becomes unpredictable, the accumulated profits/ losses in shareholders' equity is reclassified and recognised directly in the statement of profit or loss.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gains/ losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income and accumulated in the reserve of foreign exchange.

The profits and losses resulting from the hedging instrument related to the effective portion of the hedging accumulated in the foreign currency translation reserve are reclassified into profits or losses in the same way as the foreign exchange differences of the foreign operation as described above.

Offsetting

Financial assets and liabilities are offset, and net amounts are reported in the consolidated statement of financial position, only when legally enforceable rights are established and when such amounts are settled on a net basis, and when assets and liabilities are settled simultaneously.

2.9 Accounts managed for the interest of clients

Accounts managed by the Bank on behalf of clients are not considered as assets of the Bank. Fees and commissions for managing these accounts are shown in the statement of profit or loss. A provision is made against the decrease in the value of the capital-guaranteed portfolios, which are managed for the interest of clients.

2.10 Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Bank takes into account, when pricing the asset or liability, if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value such as value as used in IAS (36). In addition, for the purposes of preparing financial reports, fair value measurements are categorised to level (1), (2) or (3) based on the clarity of the inputs in relation to the fair value measurements and the importance of the inputs in relation to the full fair value measurements, and they are defined as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs for the asset or liability that are not based on observable market data.

2.11 Assets seized by the Bank against debts

Assets seized by the Bank are recognised in the consolidated statement of financial position within the "other assets" item at the lower of the value seized by the Bank and the fair value, whichever is lesser and are revaluated at the consolidated financial statements date at fair value separately. Any impairment is recorded as a loss in the consolidated statement of profit or loss and any appreciation in value is not recognised as income. Subsequent increase is included in the consolidated statement of profit or loss to the extent that impairment value does not exceed the previously recorded value.

The Central Bank of Jordan, pursuant to Circular No. 16239/1/10 dated 10 October 2022, cancelled all previous circulars, which stipulate the deduction of provisions against seized assets that violates the banking law, while maintaining the provisions balances against real estate and to be released upon the disposal of such assets

2.12 Property and equipment

Property and equipment are stated at cost, less the accumulated depreciation and any impairment. Property and equipment (excluding lands) are depreciated when they are ready for use through straight-line method over their expected useful lives using the following annual percentages:

	%
Buildings	3
Equipment, devices and furniture	9-15
Transport	15
Computers	20
Building Improvements	20

The value of an item of property and equipment is written down to its recoverable amount if its net carrying amount is greater than its recoverable amount. Impairment is recognised in the consolidated statement of income.

The useful lives of property and equipment are reviewed at the end of each year, and if the expectations of the useful lives differ from the estimates made previously, then the change in the estimate for subsequent years is recognised as a change in the estimates.

The property and equipment are derecognised at the disposal or when there are no expected future benefits from their use or disposal.

2.13 Intangible assets

Intangible assets that are acquired through the merger are stated at fair value at the date of acquisition. The intangible assets that are obtained by a method other than the merger are stated at cost.

Intangible assets are classified on the basis of their estimated lifetime for a definite or indefinite period. Intangible assets that have a definite lifetime are amortised during this lifetime and are recognised in the consolidated statement of income. For intangible assets that have an indefinite lifetime, their impairment is reviewed at the date of the consolidated financial statements and any impairment is recognised in the consolidated statement of income.

Intangible assets resulting from the Bank's business are not capitalised and are recognised in the consolidated statement of income in the same period.

Any indications of impairment in the value of intangible assets statements the consolidated financial statements date are reviewed. Furthermore, the estimated useful life of those assets are reviewed, and any adjustment is made in the subsequent periods.

Computer systems and software are amortised over their estimated useful lives using the straight-line method, at a rate of 20-33% annually.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash balances that mature within three months. They include cash and balances with banks and financial institutions, less deposits with banks and banking institutions that mature within three months, as well as restricted balances.

2.15 Net non-current assets held for sale

Non-current assets are classified as held for sale if the recovery of restricted amounts will be mainly made through a sale rather than through continuing operations. The asset should be ready for sale in its current condition, and the sale order should be highly probable. In addition, the management should have a commitment to the sale plan, so that the sale is eligible to be recognised as a completed sale within one year from the date of this classification.

When the Bank is committed to a sale plan that includes the loss of control over a subsidiary, it must classify all its assets and liabilities as held for sale, when all the conditions referred to above are met.

Non-current assets classified as held for sale are measured at book value or fair value less costs to sell, whichever is lower. The results of that company's business are also shown in a separate line in the consolidated statement of income as net profit from discontinued operations.

2.16 Pledged financial assets

These are the financial assets pledged in favour of other parties, with the other party having the right to dispose of it (by selling or re-pledging). These assets continue to be evaluated according to the accounting policies used to evaluate each asset according to its original classification.

2.17 Foreign currencies

Exchange differences are recognised in the consolidated statement of profit or loss in the period in which they arise, except for:

Foreign currency exchange differences on transactions made in order to hedge foreign currency risk.

Foreign currency exchange differences on monetary items required to/ from a foreign operation that are not planned or unlikely to be settled in the near future (and therefore these differences are part of the net investment in the foreign operation), which is recognised initially in the calculation of other consolidated comprehensive income, and are reclassified from equity to the statement of profit or loss upon sale or partial disposal of net investment.

For the purpose of the presentation of the consolidated financial statements, assets and liabilities of foreign operations of the Bank are transferred according to the exchange rates prevailing at the date of the statement of financial position. Revenue is also transferred according to the average exchange rates for the period, unless exchange rates change significantly during that period, in which case exchange rates are used on the date of transactions. Emerging differences, if any, are recognised in the consolidated statement of comprehensive income and grouped into a separate component of equity.

2.18 Provision for employees' end of service indemnity

A provision is made to meet the statutory and contractual obligations of employees for the end of service or for the accumulated service period of employees at the date of the consolidated statement of financial position in accordance with the internal regulations of the Bank.

Annual compensations paid to employees who leave the service are paid from the provision. A provision for the Bank's obligations for employees' end of service is stated in the consolidated statement of income or comprehensive income in accordance with the provisions of IAS 19 relating to employees' benefits.

2.19 Provisions

Provisions are recognised when the Bank has obligations at the date of the consolidated statement of financial position arising from past events and obligations can be paid and measured reliably.

2.20 Income tax

Tax expenses represent amounts of tax payable and deferred tax.

Payable tax expenses are calculated based on taxable profits. Taxable profits are different from profits disclosed in the consolidated financial statements, as disclosed profits include revenue that is not subject to tax, expenses that are not recognizable in the financial year but in subsequent years or accumulated losses that are accepted in terms of tax, or items that are not taxable or recognisable for tax purposes.

Taxes are calculated as per the tax rates established by the laws, regulations and instructions applicable in the countries where the Bank operates.

Deferred tax is the tax expected to be paid or recovered as a result of temporary timing differences between the value of assets or liabilities in the consolidated financial statements and the value based on which taxable profit is calculated. Deferred tax is calculated using the liability method in the consolidated statement of financial position, and deferred tax is accounted for in accordance with tax rates expected to be applied to settle the tax liability or realise deferred tax assets.

Deferred tax assets and liabilities are reviewed at the date of the consolidated financial statements and written down when it is not probable to utilise tax assets partially or fully.

2.21 Net interest income

Interest income and expense for all financial instruments with the exception of those classified as held for trading or measured or those determined at fair value through the consolidated statement of profit or loss in "net interest income" as "interest income" and "interest expenses" are recognised in the consolidated statement of profit or loss using the effective interest method. Interest on financial instruments measured at fair value through the consolidated statement of profit or loss also included in the fair value movement during the period.

The effective interest rate (EIR) is the rate that discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The interest income/ interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses). For financial assets originated or purchased and are credit-impaired, the EIR reflects the ECL in determining the future cash flows expected to be received from the financial asset.

Interest income and expense in the Bank's consolidated statement of profit or loss also includes the effective portion of fair value changes for derivatives that are designated as hedging instruments in the cash flow hedges of interest rate risk. As for the fair value hedges of interest rate risk on interest expense and income, the effective portion of fair value changes for specific derivatives are also included, and fair value changes to the specific risks of the hedged item are also included in interest income and expense. Interest expenses also include the value of the interest against the lease obligations.

2.22 Net commission income

Commissions' net income and expense include fees other than those that are an integral part of EIR. The commissions included in this part of the Bank's consolidated statement of profit or loss also include commissions charged for the loan service, non-use commissions related to loan obligations when this is unlikely to result in a specific arrangement for lending and commissions of co-financing loans.
Commission's expenses with regard to services are accounted for upon receipt of services.

2.23 Net trading income

Net trading income includes all profit or loss from changes in the fair value of financial assets and financial liabilities held for trading. The Bank elected to present the movement of the full fair value of trading assets and liabilities within the trading income, including any relevant revenues, expenses and share dividends.

2.24 Net income of other financial instruments at fair value through the statement of profit or loss

Net income from financial instruments at fair value through the statement of profit or loss includes all gains and losses resulting from changes in the fair value of financial assets and financial liabilities at fair value through the statement of profit or loss, except for the assets held for trading. The Bank has elected to present the movement at the full fair value of the assets and liabilities at fair value through the statement of profit or loss in this line, including interest income, expenses and related stock dividends.

The movement in the fair value of derivatives held for economic hedging is presented where hedge accounting is not applied in "net income from other financial instruments at fair value through the statement of profit or loss". However, with respect to the designated and effective fair value hedge relationship, the gains and losses on the hedging instrument are presented on the same line item in the statement of profit or loss as a hedged item. With respect to certain and effective cash flows and hedge accounting relationships for net investment, the hedging instrument gains and losses, including any hedging ineffectiveness included in the statement of profit or loss, are included in the same item as a hedged item that affects the statement of profit or loss.

2.25 Dividends income

Dividends income is recognised when the right to receive payment is established, being the date preceding the dividends of listed shares, and usually the date on which the shareholders agree to dividends of unlisted shares.

Dividends distribution in the consolidated statement of profit or loss on the classification and measurement of the shares, i.e.:

- With regard to equity instruments held for trading, dividend income is included in the statement of profit or loss under the item of profit (loss) of financial assets at fair value through the statement of profit or loss.
- In the case of equity instruments classified as fair value through other comprehensive income, dividends are included in the statement of profit or loss as dividend from financial assets at fair value through other comprehensive income.
- For equity instruments not designated at FVTOCI and not held for trading, dividend income is included as net income from financial instruments at fair value through the statement of profit or loss.

2.26 Impairment of non-financial assets

- The carrying value of the Group's non-financial assets is reviewed at the end of each fiscal year except for the deferred tax assets, to determine whether there is an indication of impairment. In the event of an indication of impairment, the amount recoverable from these assets will be estimated.
- If the carrying amount of the assets exceeds the recoverable amount from those assets, the impairment loss is recorded in those assets.
- The recoverable amount is the higher of an asset’s fair value -less costs to sale - and the value in use.
- All impairment losses are taken to the consolidated statement of profit or loss and other comprehensive income.
- The impairment loss for goodwill is not reversed. For other assets, the impairment loss is reversed only if the carrying amount of the asset does not exceed the carrying amount that was determined after deduction of depreciation or amortisation if the impairment loss is not recognised.

2.27 Foreign currencies

Exchange differences are recognised in the consolidated statement of profit or loss in the period in which they arise, except for:

- Foreign currency exchange differences on transactions made in order to hedge foreign currency risk.

- Foreign currency exchange differences on monetary items required to/ from a foreign operation that are not planned or unlikely to be settled in the near future (and therefore these differences are part of the net investment in the foreign operation), which is recognised initially in the calculation of other consolidated comprehensive income, and are reclassified from equity to the statement of profit or loss upon sale or partial disposal of net investment.

For the purpose of the presentation of the consolidated financial statements, assets and liabilities of foreign operations of the Bank are transferred according to the exchange rates prevailing at the date of the statement of financial position. Revenue is also transferred according to the average exchange rates for the period, unless exchange rates change significantly during that period, in which case exchange rates are used on the date of transactions. Emerging differences, if any, are recognised in the consolidated statement of comprehensive income and grouped into a separate component of equity.

When excluding foreign operations (i.e. eliminating the Bank’s entire share in foreign operations, or that resulting from the loss of control of a subsidiary within foreign operations or partial disposal of its share in a joint arrangement or an associate of a foreign nature in which the held share becomes a financial asset), all foreign currency exchange differences accumulated in the separate item that represent the equity of that operation attributable to the owners of the bank, are reclassified to the consolidated statement of profit or loss.

In addition, with regard to partial disposal of a subsidiary that includes foreign operations and does not result in the Bank losing control of the subsidiary, its share of the accumulated exchange differences is reversed to net comprehensive income at a rate that is excluded and is not recognised in the consolidated statement of profit or loss. As for all other partial liquidations (such as partial liquidation of associates or joint ventures that do not result in the Bank losing significant influence or joint control), the share of accumulated exchange differences is reclassified to the consolidated statement of profit or loss.

2.28 Leases

The Bank has implemented IFRS (16) “Leases” that have replaced existing guidance on lease contracts, including IAS (17) “Leases” and IFRIC (4) “Determining whether an arrangement contains a lease”, SIC (15) “Operating lease -incentives” and SIC (27) “Evaluating the substance of transactions involving the legal form of a lease”.

The Bank as a lessee

On the date of signing the contract, or on the date of the revaluation of the contract that contains the lease elements, the Bank distributes the entire contract value to the contract components in a proportional manner consistent with the value. It is to be noted that the Bank has decided for leases that include land and building to treat the components of the contract as one item.

Short-term leases and leases for low-value assets:

The Bank chose not to recognise the right of use assets and lease obligations for short-term leases for items with a 12-month lease term or less and the low-value leases. The Bank recognises the lease payments associated with these contracts as operating expenses on a straight-line basis over the lease term.

The Bank as a lessor

- When the Bank is lessor, at the start of the lease, it determines whether each lease is a finance lease or an operating lease.

- To classify each lease, the Bank performs a comprehensive evaluation to demonstrate whether the lease largely transfers all risks and benefits associated with ownership of this asset. If this is the case, the lease is a finance lease; if not, it is an operating lease. As part of this assessment, the Bank takes into account certain indicators such as whether the lease is the greater part of the economic life of the asset.

The Bank applies the requirements of de-recognition and impairment in IFRS 9 for net investment in the lease. The Bank performs a periodic review of the expected non-guaranteed residual value that was used to calculate the total investment amount in the lease.

2.29 Earnings per share

Basic and diluted earnings per share are calculated for ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the company's shareholders by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by adjusting the profit or loss for the year, which is attributable to the company's shareholders and the weighted average of ordinary shares, so that it shows the effect on the share's profit on all the ordinary shares traded during the year and its return is likely to decrease.

2.30 Assets held for sale

It is measured by book value or fair value less the selling expenses, whichever is lower.
It is presented as a separate item with the related assets, liabilities and equity items.

(3) Use of estimates

The preparation of the consolidated financial statements and the application of accounting policies require the Bank's management to make estimates and judgements that affect the amounts of assets and liabilities and disclosure of contingent liabilities. These estimates and judgments affect the revenues, expenses, provisions and reserve of valuation of financial assets at fair value. In particular, it requires the Bank's management to issue critical judgements to estimate the amounts of future cash flows and their timing. The mentioned estimates are necessarily based on multiple assumptions and factors involving varying degrees of judgment and uncertainty and that actual results may differ from the estimates as a result of changes resulting from the conditions and circumstances of those estimates in the future. Judgements, estimates and assumptions are reviewed on an ongoing basis. The impact of change in estimates is recognised in the reporting period in which this change occurs if the revision affects only that period and the effect of the change in estimates is recognised in the reporting period in which this change occurs and in future reporting periods if the revision affects both current and future periods.

The Bank's management believes that the estimates included in the consolidated financial statements are reasonable and are detailed as follows:

- **Impairment of seized assets**

Impairment of seized assets is recognised based on most recent property valuation approved by accredited valuators for the purposes of calculating the impairment. The impairment provisions for seized assets is reviewed periodically.

- **Expected credit loss provisions**

The Bank's management is required to use significant judgments and estimates to estimate future cash flows amounts and timings and estimate the risks of a significant increase in credit risk for financial assets after initial recognition and future measurement information for expected credit losses. The most significant policies and estimates used by the Bank's management are detailed in Note (2-7).

- **Leases**

Determination of lease term: In determining the lease term, the management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The extension options (or periods after the termination options) are included only in the term of the lease if the lease is reasonably certain to be extended (or not terminated). The evaluation is reviewed in the event of a significant event or significant change in the circumstances that affect this evaluation and that are under the control of the lessee. Extension and termination of leases options: these are included in a number of leases. These conditions are used to increase operational flexibility in terms of contract management. Most of the extension and termination options held are renewable by both the Bank and the lessor.

Discounting of lease payments: Lease payments are discounted using the bank's incremental borrowing rate ("IBR"). Management applied judgements and estimates to determine the incremental borrowing rate at the start of the lease.

- **Useful lives of tangible assets and intangible assets**

Management reassessed the useful lives of tangible assets and intangible assets periodically for the purpose of calculating annual depreciation and amortisation based on the overall condition of those assets and estimates of expected useful lives in the future useful lives. Impairment loss is taken to the consolidated statement of profit or loss for the year.

- **Assets and liabilities that are stated at cost**

Management reviews, on a regular basis, the assets and liabilities that are stated at cost to estimate impairments, if any. Impairment losses are recognised in the consolidated statement of profit or loss for the year.

- **Income tax**

The financial year is charged with its own income tax expense in accordance with the laws and regulations, and accounting standards. Deferred tax assets and liabilities and required tax provision are accounted for.

- **Provision for legal cases**

A provision is made for any potential legal obligations based on the legal study prepared by the Bank’s legal advisor that identifies the potential risks that may occur in the future. Such study is reviewed periodically.

(4) Cash and balances with Central Banks

	2023	2022
	JD	JD
Cash at vault	285,082,880	61,570,899
Balances with central banks:		
Current and demand accounts	390,776,557	15,294,165
Term, notice deposits and certificate of deposits	108,000,000	313,301,421
Statutory cash reserve	316,388,152	90,547,896
Total balances with central banks	815,164,709	419,143,482
Less: expected credit loss from balances at foreign central banks*	27,940,942	-
Net balances with central banks	787,223,767	419,143,482
Total cash at vault and balances with central banks	1,072,306,647	480,714,381

- The value of the restricted reserves with the Central Bank of Iraq amounted to JD 188,997,501 as of 31 December 2023, and they were excluded from cash and cash equivalents for the purposes of the consolidated statement of cash flows.

- The balances of Bank of Baghdad at the Central Bank of Iraq branches in Sulaymaniyah and Erbil amounted to JD 9,762,637 and JD 14,740,069, respectively, as at 31 December 2023, and they have been excluded from cash and cash equivalents for the purposes of the consolidated statement of cash flows.

* These relate to the balances of a subsidiary with a foreign central bank, as there are no credit losses with respect to local balances.

- There are no expected credit losses as of 31 December 2023 in accordance with the requirements of the Central Bank of Jordan related to the application of International Standard No. (9) regarding local balances.

The following is the distribution of total balances with central banks according to the Bank's internal classification categories as at 31 December 2023 and 2022:

Credit rating categories based on the Bank's internal regulations

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
From (1) to (5)	-	-	-	-
From (6) to (7)	2,451,539	-	-	2,451,539
From (8) to (10)	-	-	-	-
Unrated	781,102,212	24,502,304	7,108,654	812,713,170
Total	783,553,751	24,502,304	7,108,654	815,164,709
31 December 2022				
From (1) to (5)	-	-	-	-
From (6) to (7)	3,669,301	-	-	3,669,301
From (8) to (10)	-	-	-	-
Unrated	415,474,181	-	-	415,474,181
Total	419,143,482	-	-	419,143,482

The following is the movement on balances with central banks during the years ended 31 December 2023 and 2022:

Description	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
Balance at the beginning of the year	419,143,482	-	-	419,143,482
New balances during the year	250,152,121	-	-	250,152,121
Balances paid during the year	(111,526,049)	(1,109)	(913,396)	(112,440,554)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Additions from acquisition	225,784,197	24,503,413	8,022,050	258,309,660
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	-	-
Balance at the end of the year	783,553,751	24,502,304	7,108,654	815,164,709

Description	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2022				
Balance at the beginning of the year	255,409,613	-	-	255,409,613
New balances during the year	163,733,869	-	-	163,733,869
Balances paid during the year	-	-	-	-
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	-	-
Balance at the end of the year	419,143,482	-	-	419,143,482

The following is the movement on balances with central banks during the years ended 31 December 2023 and 2022:

Description	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
Balance at the beginning of the year	-	-	-	-
Expected credit losses on new balances during the year	-	14,940,836	3,985,407	18,926,243
Recovered from expected credit losses on balances paid during the year	-	-	-	-
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Additions from acquisition		5,891,452	3,123,247	9,014,699
Write offs	-	-	-	-
Balance at the end of the year	-	20,832,288	7,108,654	27,940,942

Description	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2022				
Balance at the beginning of the year	-	-	-	-
Expected credit losses on new balances during the year	-	-	-	-
Recovered from expected credit losses on balances paid during the year	-	-	-	-
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	-	-
Balance at the end of the year	-	-	-	-

(5) Balances at banks and financial institutions

	Local banks and financial institutions		Foreign banks and financial institutions		Total	
	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD
Current and demand accounts	4,271	8,958	507,791,152	111,549,908	507,795,423	111,558,866
Deposits mature within 3 months or less	-	5,904,444	37,549,367	5,974,068	37,549,367	11,878,512
Total	4,271	5,913,402	545,340,519	117,523,976	545,344,790	123,437,378
Less: interest in suspense	-	-	-	-	-	-
Less: provision for expected credit losses for balances at banks and financial institutions	-	(765)	(5,068,512)	(660)	(5,068,512)	(1,425)
Net total balances of cash at banks and financial institutions	4,271	5,912,637	540,272,007	117,523,316	540,276,278	123,435,953

- Balances at banks and financial institutions, for which it receives no interest amounted to JD 428,470,213 as at 31 December 2023 compared to an amount of JD 24,857,683 as at 31 December 2022.

- Balances restricted for withdrawal amounted to JD 9,383,933 as at 31 December 2023 compared to an amount of JD 3,557,652 as at 31 December 2022.

The following is the distribution of deposits at banks and financial institutions according to the Bank's internal classification categories as at 31 December 2023 and 2022:

Credit rating categories based on the Bank's internal regulations

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
From (1) to (5)	165,160,952	-	-	165,160,952
From (6) to (7)	16,887,645	-	-	16,887,645
From (8) to (10)	-	-	-	-
Unrated	358,360,788	4,910,328	25,077	363,296,193
Total	540,409,385	4,910,328	25,077	545,344,790
31 December 2022				
From (1) to (5)	120,565,513	-	-	120,565,513
From (6) to (7)	597,290	-	-	597,290
From (8) to (10)	-	-	-	-
Unrated	2,274,575	-	-	2,274,575
Total	123,437,378	-	-	123,437,378

The following is the movement on deposits at banks and financial institutions during the year ended 31 December 2023 and 2022:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
Balance at the beginning of the year	123,437,378	-	-	123,437,378
New balances during the year	369,858,876	-	-	369,858,876
Paid during the year	(14,281,286)	(857,575)	(79,761)	(15,218,622)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Additions from acquisition	61,394,417	5,767,903	104,838	67,267,158
Write offs	-	-	-	-
Balance at the end of the year	540,409,385	4,910,328	25,077	545,344,790

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2022				
Balance at the beginning of the year	142,138,455	-	6,116,399	148,254,853
New balances during the year	19,330,408	-	-	19,330,408
Paid during the year	(38,031,484)	-	(1,999,686)	(40,031,170)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	(4,116,713)	(4,116,713)
Balance at the end of the year	123,437,378	-	-	123,437,378

The following is the disclosure of the provision for expected credit losses on deposits with banks and banking institutions during the year ended 31 December 2023 and 2022:

Description	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
Balance at the beginning of the year	1,425	-	-	1,425
New balances during the year	45,572	3,582,433	6,547	3,634,552
Balances paid during the year	(1,046)	-	-	(1,046)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
	87,153	1,327,896	18,532	1,433,581
Write offs	-	-	-	-
Balance at the end of the year	133,104	4,910,329	25,079	5,068,512

Description	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2022				
Balance at the beginning of the year	-	-	5,915,206	5,915,206
New balances during the year	1,425	-		1,425
Balances paid during the year	-	-	(2,096,975)	(2,096,975)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Write offs	-	-	(3,818,231)	(3,818,231)
Balance at the end of the year	1,425	-	-	1,425

(6) Financial assets at fair value through profit and loss

The details of this item are as follows:

	2023	2022
	JD	JD
Shares listed in an active market	21,299,672	20,958,094
Financial assets with available market prices:		
Financial bonds listed in an active market	3,460,806	-
Total financial assets through profit and loss	24,760,478	20,958,094

- Unrealized gains resulting from the valuation of shares at fair value through profit or loss amounted to JD 84,341 for the period ended 31 December 2023, against JD 4,340,158 during the year 2022, which was recorded within the consolidated income statement.

- Cash dividends distributed on the above investments amounted to JD 2,648,108 for the year ending 31 December 2023, compared to JD 55,056 for the year ending 31 December 2022.

- Dividends distributed from shares at fair value through profit or loss amounted to JD 450,213 for the period ended 31 December 2023, against JD 609,460 for the period ended 31 December 2022.

(7) Financial assets at fair value through other comprehensive income

	2023	2022
	JD	JD
Shares listed in an active market	27,928,802	22,156,014
Shared unlisted	55,884,750	50,250,068
Total shares	83,813,552	72,406,082
Bonds listed in active markets	32,410,070	22,578,510
Total bonds (debt instruments)	32,410,070	22,578,510
Total financial assets at fair value through other comprehensive income	116,223,622	94,984,592

Analysis of bills and bonds:

	2023	2022
Fixed rate	32,410,070	22,578,510
Total	32,410,070	22,578,510

- There are no profits or losses realized from the sale of shares at fair value through other comprehensive income during the year 2023, compared to losses amounting to JD 79,357 during the year 2022, which were recorded directly within the retained earnings in consolidated equity.

- No bonds were sold at fair value through other comprehensive income during the year 2023, compared to an amount of JD 24,581 for the year 2022, which was recorded directly in the consolidated income statement.

- Cash dividends on the above investments amounted to JD 2,486,319 for the year ended 31 December 2023 (2022: JD 1,665,642)

The following is a disclosure of the distribution of total debt instruments at fair value through other comprehensive income according to the Bank's internal classification categories as at 31 December 2023 and 2022:

Credit rating categories based on the bank's internal system

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
From (1) to (5)	8,640,668	-	-	8,640,668
From (6) to (7)	23,769,402	-	-	23,769,402
From (8) to (10)	-	-	-	-
Unrated	-	-	-	-
Total	32,410,070	-	-	32,410,070

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2022				
From (1) to (5)	1,270,681	-	-	1,270,681
From (6) to (7)	21,307,829	-	-	21,307,829
From (8) to (10)	-	-	-	-
Unrated	-	-	-	-
Total	22,578,510	-	-	22,578,510

The following is the disclosure of movement in the balance of debt instruments at fair value through other comprehensive income for the years ended 31 December 2023 and 2022:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
Fair value at beginning of the year	22,578,510	-	-	22,578,510
New debt instruments during the year	10,390,575	-	-	10,390,575
Paid debt instruments during the year	(559,015)	-	-	(559,015)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Written off debt instruments	-	-	-	-
Fair value at end of the year	32,410,070	-	-	32,410,070
31 December 2022				
Fair value at beginning of the year	28,969,287	-	691,275	29,660,562
New debt instruments during the year	3,749,125	-	-	3,749,125
Paid debt instruments during the year	(10,139,903)	-	-	(10,139,903)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	(691,275)	(691,275)
Written off debt instruments	-	-	-	-
Fair value at end of the year	22,578,510	-	-	22,578,510

* The amendments resulted from the reclassification of foreign government bonds from financial assets at fair value through the statement of other comprehensive income to financial assets at amortized cost as a result of their current inability to be traded due to the circumstances of the issuing government and its default.

The following is the disclosure of the movement in the provision for expected credit losses for debt instruments at fair value through other comprehensive income during the years ended 31 December 2023 and 2022:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
Balance at the beginning of the year	11,264	-	-	11,264
Expected credit losses on new debt instruments during the year	34,793	-	-	34,793
Recovered from expected credit losses on debt instruments paid during the year*	(1,092)	-	-	(1,092)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Provision for written off debt instruments	-	-	-	-
Balance at the end of the year	44,965	-	-	44,965

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2022				
Balance at the beginning of the year	195,094	-	412,876	607,970
Expected credit losses on new debt instruments during the year	1,092	-	-	1,092
Recovered from expected credit losses on debt instruments paid during the year*	(184,922)	-	-	(184,922)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	(412,876)	(412,876)
Provision for written off debt instruments	-	-	-	-
Balance at the end of the year	11,264	-	-	11,264

* The amount represents expected credit losses for bonds that have been reclassified into financial assets at amortized cost.

- The Bank has not calculated expected credit loss provisions on debt instruments issued by the Jordanian government in accordance with the Central Bank of Jordan's instructions regarding the application of IFRS (9).

(8) Direct credit facilities, net

	2023	2022
	JD	JD
Individuals (Retail):		
Overdrafts	165,525	129,642
Loans and promissory notes*	293,994,349	296,298,886
Credit cards	14,682,316	12,788,753
Real estate mortgage	225,459,851	263,006,274
Corporates:		
Large		
Overdrafts	134,310,075	119,972,299
Loans and promissory notes*	1,173,501,319	1,028,339,715
SMEs		
Overdrafts	24,201,352	36,548,126
Loans and promissory notes*	194,554,014	166,042,740
Government and public sector	175,786,439	181,960,741
Total	2,236,655,240	2,105,087,176
Expected credit loss provisions	195,406,591	152,369,385
Interest in suspense	34,502,349	30,077,354
Net direct credit facilities	2,006,746,300	1,922,640,437

* Net after deducting interest and commissions received in advance amounting to JD 730,704 as 31 December 2023 compared to JD 296,766 as at 31 December 2022.

- Credit facilities within the third stage amounted to JD 169,196,812 which is equivalent to 7.56% of total direct credit facilities as at 31 December 2023, compared to JD 137,657,367, which is equivalent to 6,54% of the total direct credit facilities as at 31 December 2022.

- Credit facilities within the third stage less suspended interest amounted to JD 135,958,344 which is equivalent to 6.17% of total direct credit facilities as at 31 December 2023 compared to JD 109,458,500 which is equivalent to 5.27% of total direct credit facilities as at 31 December 2022 less suspended interest.

- The credit facilities granted and guaranteed by the Jordanian government amounted to JD 101,239,716 which is equivalent to 4.53% of total direct credit facilities as at 31 December 2023, compared to JD 107,522,932 which is equivalent to 5.11% as at 31 December 2022.

The following is the movement on the balance of direct credit facilities on gross basis during the year ended 31 Decembers 2023 and 2022:

	Stage1		Stage2		Stage3	Total
	Individual	Collective	Individual	Collective	JD	JD
	JD	JD	JD	JD		
31 December 2023						
Balance at the beginning of the year	1,775,575,136	-	191,854,673	-	137,657,367	2,105,087,176
New facilities granted during the year	465,950,553	-	51,980,516	-	13,001,599	530,932,668
Facilities settled during the year	(365,502,648)	-	(15,296,382)	-	(56,752,447)	(437,551,477)
Transferred to stage 1	28,796,170	-	(27,395,178)	-	(1,400,992)	-
Transferred to stage 2	(127,178,520)	-	128,988,705	-	(1,810,185)	-
Transferred to stage 3	(9,081,917)	-	(26,953,761)	-	36,035,678	-
Effect from assets held for sale	(8,607,838)	-	(4,025,828)	-	(3,155,432)	(15,789,098)
Additions from acquisition	8,144,048	-	210,699	-	67,070,838	75,425,585
Written-off facilities (transferred off-the statement of financial position)	-	-	-	-	(21,449,614)	(21,449,614)
Currency exchange adjustments	-	-	-	-	-	-
Balance at the end of the year	1,768,094,984	-	299,363,444	-	169,196,812	2,236,655,240
31 December 2022						
Balance at the beginning of the year	1,512,006,987	-	183,732,241	-	147,323,386	1,843,062,614
New facilities granted during the year	502,139,015	-	29,723,792	-	7,436,118	539,298,924
Facilities settled during the year	(221,640,861)	-	(25,675,943)	-	(25,270,421)	(272,587,225)
Transferred to stage 1	15,757,739	-	(11,056,054)	-	(4,701,685)	-
Transferred to stage 2	(24,358,342)	-	28,678,336	-	(4,319,994)	-
Transferred to stage 3	(8,329,402)	-	(13,547,693)	-	21,877,095	-
Changes resulting from adjustments	-	-	-	-	-	-
Written-off facilities (transferred off-the statement of financial position)	-	-	(6)	-	(4,687,132)	(4,687,138)
Currency exchange adjustments	-	-	-	-	-	-
Balance at the end of the year	1,775,575,136	-	191,854,673	-	137,657,367	2,105,087,176

Expected credit loss provisions – direct credit facilities

The following is the movement in the expected credit loss provisions - direct credit facilities during the year:

			Corporates			
Year 2023	Individuals	Real estate mortgage	Large	SMEs	Government and public sector	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	24,580,458	29,214,284	88,931,602	9,007,121	635,920	152,369,385
Provision added during the period	13,568,258	4,648,600	37,657,008	6,176,793	11,020	62,061,679
Provision recovered (surplus) during the period	(3,268,998)	(7,325,762)	(11,758,002)	(1,628,023)	(335,555)	(24,316,340)
Effect from disposing assets held for sale	(2,752,600)	-	-	(381,850)	-	(3,134,450)
Additions from acquisition	-	-	22,961,143	-	-	22,961,143
Provision of debts transferred off-the statement of financial position	(2,735,200)	(9,857,314)	(956,386)	(985,926)	-	(14,534,826)
Balance at the end of the year	29,391,918	16,679,808	136,835,365	12,188,115	311,385	195,406,591
Total provisions - stage 1	11,153,736	3,426,029	9,416,372	854,846	311,385	25,162,368
Total provisions -stage 2	2,282,973	5,951,516	55,746,490	905,945	-	64,886,924
Total provisions -stage 3	15,955,209	7,302,263	71,672,503	10,427,324	-	105,357,299
Total	29,391,918	16,679,808	136,835,365	12,188,115	311,385	195,406,591

			Corporates			
Year 2022	Individuals	Real estate mortgage	Large	SMEs	Government and public sector	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	19,092,565	24,672,970	72,245,590	9,697,676	536,424	126,245,225
Provision added during the period	8,720,792	9,069,154	33,331,462	6,195,158	137,686	57,454,252
Provision recovered (surplus) during the period	(2,889,331)	(4,480,205)	(15,751,335)	(3,966,970)	(38,190)	(27,126,031)
Provision of debts transferred off-the statement of financial position	(343,568)	(47,635)	(894,115)	(2,918,743)	-	(4,204,061)
Balance at the end of the year	24,580,458	29,214,284	88,931,602	9,007,121	635,920	152,369,385
Total provisions - stage 1	10,721,325	1,321,100	20,276,752	776,908	635,920	33,732,006
Total provisions -stage 2	864,516	5,895,139	25,695,020	1,654,878	-	34,109,552
Total provisions -stage 3	12,994,617	21,998,045	42,959,830	6,575,335	-	84,527,827
Total	24,580,458	29,214,284	88,931,602	9,007,121	635,920	152,369,385

- The provision added during the year includes an amount of JD 22,961,143 for the year 2023, compared to JD 854,003 for the year 2022, relating to the balance of provisions at the date of the acquisition of the subsidiaries.

- The value of provisions that were no longer needed as a result of settlements or repayment of debts and transferred against other debts amounted JD 24,316,340 as at 31 December 2023 (27,126,031 JD as at 31 December 2022)

- During the year 2023, direct credit facilities including interest in suspense were transferred off the statement of financial position at an amount of JD 21,449,614 (2022: JD 4,687,138), in accordance with the decision of the Board of Directors, total amount of debts that were transferred off the statement of financial position as at 31 December 2023 at an amount of JD 177,185,109 (2022: JD 155,735,495).

- Disclosed above is the total provisions recorded against debts calculated on a per customer basis.

Interest in suspense

The following is the movement in the interest in suspense during the year:

	Individuals	Real estate mortgage	Companies		Government and public sector	Total
			Large	SMEs		
	JD	JD	JD	JD	JD	JD
Year 2023						
Balance at the beginning of the year	1,977,406	8,857,656	17,872,134	1,370,158	-	30,077,354
Add: Interest suspended during the period	724,049	767,994	5,715,427	747,551	-	7,955,021
Less: Interest transferred to income	(244,129)	(202,987)	(60,606)	(293,133)	-	(800,855)
Additions from acquisition	455,957	-	3,729,661	-	-	4,185,618
Interest in suspense transferred off-the statement of financial position	(495,207)	(6,344,112)	(28,355)	(47,115)	-	(6,914,789)
Balance at the end of the year	**2,418,076**	**3,078,551**	**27,228,261**	**1,777,461**	**-**	**34,502,349**

	Individuals	Real estate mortgage	Companies		Government and public sector	Total
			Large	SMEs		
	JD	JD	JD	JD	JD	JD
Year 2022						
Balance at the beginning of the year	1,645,929	9,459,416	15,776,397	2,648,835	-	29,530,577
Add: Interest suspended during the year	550,645	1,291,578	3,048,832	539,143	-	5,430,198
Less: Interest transferred to income	(168,318)	(1,851,771)	(770,443)	(1,609,812)	-	(4,400,344)
Interest in suspense transferred off-the statement of financial position	(50,850)	(41,567)	(182,652)	(208,008)	-	(483,077)
Balance at the end of the year	**1,977,406**	**8,857,656**	**17,872,134**	**1,370,158**	**-**	**30,077,354**

Disclosures according to the requirements of the Central Bank of Jordan regarding the presentation of IFRS Accounting Standard No. (9):

A) Per economic sector:

The following is the movement on the expected credit loss provisions of direct credit facilities on collective basis during the year ended 31 December 2023 and 2022:

	Individuals	Real estate mortgage	Companies - Large	Companies - SMEs	Government and public sector	Total
	JD	JD	JD	JD	JD	JD
31 December 2023						
Balance at the beginning of the year	24,580,458	29,214,284	88,931,601	9,007,121	635,920	152,369,385
Expected credit loss on new facilities during the period	13,568,258	4,648,600	37,657,008	6,176,793	11,020	62,061,679
Reversed from expected credit loss on settled facilities	(3,268,998)	(7,325,762)	(11,758,002)	(1,628,023)	(335,555)	(24,316,340)
Transferred to stage 1	363,699	83,502	(11,444,247)	(18,179)	-	(11,015,225)
Transferred to stage 2	88,317	174,463	7,448,347	(1,221,783)	-	6,489,344
Transferred to stage 3	(452,016)	(257,965)	3,995,900	1,239,962	-	4,525,881
Effect from disposing assets held for sale	(2,752,600)	-	-	(381,850)	-	(3,134,450)
Additions from acquisition	-	-	22,961,143	-	-	22,961,143
Provision of bad debts transferred off-the statement of financial position	(2,735,200)	(9,857,314)	(956,386)	(985,926)	-	(14,534,826)
Balance at the end of the year	29,391,918	16,679,808	136,835,364	12,188,115	311,385	195,406,591
Re-allocation:						
Provisions on an individual basis	29,391,918	16,679,808	136,835,364	12,188,115	311,385	195,406,591
Provisions on a collective basis	-	-	-	-	-	-

			Companies			
	Individuals	Real estate mortgage	Large	SMEs	Government and public sector	Total
	JD	JD	JD	JD	JD	JD
31 December 2022						
Balance at the beginning of the year	19,092,565	24,672,970	72,245,590	9,697,676	536,424	126,245,225
Expected credit loss on new facilities during the period	7,987,493	9,069,154	33,331,462	6,074,455	137,686	56,600,250
Reversed from expected credit loss on settled facilities	(2,889,331)	(4,480,205)	(15,751,335)	(3,966,970)	(38,190)	(27,126,033)
Transferred to stage 1	294,719	119,521	716,962	125,355	-	1,256,557
Transferred to stage 2	(439,970)	(73,258)	(224,571)	1,642,811	-	905,012
Transferred to stage 3	145,250	(46,261)	(492,391)	(1,768,166)	-	(2,161,568)
Provision of bad debts transferred off-the statement of financial position	(343,567)	(47,635)	(894,116)	(2,918,743)	-	(4,204,061)
Additions from acquisition	733,299	-	-	120,704	-	854,003
Balance at the end of the year	24,580,458	29,214,284	88,931,601	9,007,121	635,920	152,369,385
Re-allocation:						
Provisions on an individual basis	24,580,458	29,214,284	88,931,601	9,007,121	635,920	152,369,385
Provisions on a collective basis	-	-	-	-	-	-

B) Per Stage:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
Balance at the beginning of the year	33,732,006	34,109,552	84,527,827	152,369,385
New facilities granted during the year	9,436,378	25,177,525	27,447,776	62,061,679
Facilities settled during the year	(6,867,758)	(1,670,776)	(15,777,806)	(24,316,340)
Transferred to stage 1	3,214,047	(2,567,530)	(646,517)	-
Transferred to stage 2	(13,876,734)	14,669,749	(793,015)	-
Transferred to stage 3	(352,538)	(5,612,875)	5,965,413	-
Effect from disposing assets held for sale	(570,651)	(22,096)	(2,541,703)	(3,134,450)
Additions from acquisition	447,621	803,374	21,710,148	22,961,143
Bad debts transferred off-the statement of financial position	-	-	(14,534,826)	(14,534,826)
Balance at the end of the year	25,162,371	64,886,923	105,357,297	195,406,591

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2022				
Balance at the beginning of the year	22,701,990	23,759,318	79,783,917	126,245,225
New facilities granted during the year	14,873,474	18,689,769	23,037,005	56,600,248
Facilities settled during the year	(5,129,860)	(9,246,442)	(12,749,729)	(27,126,031)
Transferred to stage 1	1,671,992	(511,809)	(1,160,183)	-
Transferred to stage 2	(233,119)	2,362,757	(2,129,638)	-
Transferred to stage 3	(182,317)	(945,936)	1,128,253	-
Additions from acquisition	29,846	1,901	822,256	854,003
Write off facilities (transferred off-the statement of financial position)	-	(6)	(4,204,054)	(4,204,060)
Balance at the end of the year	33,732,006	34,109,552	84,527,827	152,369,385

Retail

The following is the distribution of total retail facilities according to the Bank's internal rating categories as at 31 December 2023 and 2022:

Credit rating categories based on the bank's internal system

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
From (1) to (5)	33,320,274	4,347,538	-	37,667,812
From (6) to (7)	-	-	-	-
From (8) to (10)	-	-	2,282,430	2,282,430
Unrated	239,428,887	7,945,801	21,517,260	268,891,948
Total	272,749,161	12,293,339	23,799,690	308,842,190

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2022				
From (1) to (5)	30,330,311	7,391,846	-	37,722,157
From (6) to (7)	-	-	-	-
From (8) to (10)	-	-	4,644,492	4,644,492
Unrated	250,138,488	3,485,792	13,226,352	266,850,632
Total	280,468,799	10,877,638	17,870,844	309,217,281

The following is the movement on retail facilities balances during the year ended 31 December 2023 and 2022.

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
Balance at the beginning of the year	280,468,799	10,877,638	17,870,844	309,217,281
New facilities granted during the year	46,965,298	4,327,659	7,282,341	58,575,298
Facilities settled during the year	(50,225,996)	(4,006,999)	(4,397,733)	(58,630,728)
Transferred to stage 1	5,395,944	(4,320,321)	(1,075,623)	-
Transferred to stage 2	(8,447,342)	9,135,742	(688,400)	-
Transferred to stage 3	(5,671,718)	(2,147,404)	7,819,122	-
Effect from disposing assets held for sale	(3,771,498)	(1,783,675)	(2,495,100)	(8,050,273)
Additions from acquisition	8,035,674	210,699	2,714,647	10,961,020
Write off facilities (transferred off-the statement of financial position)	-	-	(3,230,408)	(3,230,408)
Balance at the end of the year	272,749,161	12,293,339	23,799,690	308,842,190
31 December 2022				
Balance at the beginning of the year	240,705,002	9,458,849	13,043,544	263,207,395
New facilities granted during the year	76,420,890	3,085,867	(237,318)	79,269,439
Facilities settled during the year	(35,063,887)	(1,426,244)	(2,232,978)	(38,723,109)
Transferred to stage 1	2,481,735	(2,131,682)	(350,053)	-
Transferred to stage 2	(3,508,315)	3,808,140	(299,825)	-
Transferred to stage 3	(3,812,266)	(2,292,339)	6,104,605	-
Additions from acquisition	3,245,640	375,047	2,237,286	5,857,973
Write off facilities (transferred off-the statement of financial position)	-	-	(394,417)	(394,417)
Balance at the end of the year	280,468,799	10,877,638	17,870,844	309,217,281

The following is the movement on expected credit loss provisions on retail facilities during the year ended 31 December 2023 and 2023:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
Balance at the beginning of the year	10,721,325	864,515	12,994,618	24,580,458
Expected credit losses on new facilities granted during the year	2,320,993	1,725,435	9,521,830	13,568,258
Reversed from expected credit loss on settled facilities	(1,699,480)	(381,398)	(1,188,120)	(3,268,998)
Transferred to stage 1	916,736	(384,972)	(531,764)	-
Transferred to stage 2	(316,867)	828,426	(511,559)	-
Transferred to stage 3	(236,170)	(355,137)	591,307	-
Effect from disposing assets held for sale	(552,801)	(13,896)	(2,185,903)	(2,752,600)
Additions from acquisition	-	-	-	-
Provision of bad debts	-	-	(2,735,200)	(2,735,200)
Balance at the end of the year	11,153,736	2,282,973	15,955,209	29,391,918

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2022				
Balance at the beginning of the year	8,774,489	913,870	9,404,206	19,092,565
Expected credit losses on new facilities granted during the year	3,254,473	583,897	4,149,123	7,987,493
Reversed from expected credit loss on settled facilities	(1,616,387)	(195,184)	(1,077,760)	(2,889,331)
Transferred to stage 1	538,676	(360,750)	(177,927)	-
Transferred to stage 2	(106,582)	302,803	(196,221)	-
Transferred to stage 3	(137,376)	(382,023)	519,399	-
Additions from acquisition	14,032	1,901	717,366	733,299
Provision of bad debts	-	-	(343,568)	(343,568)
Balance at the end of the year	10,721,325	864,515	12,994,618	24,580,458

The following is a disclosure of the distribution of total real estate facilities according to the Bank's internal classification categories as at 31 December 2023 and 2022

Credit rating categories based on the bank's internal system

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
From (1) to (5)	54,158,062	4,551,430	-	58,709,492
From (6) to (7)	47,149	14,646,621	-	14,693,770
From (8) to (10)	-	-	4,537,166	4,537,166
Unrated	130,856,396	5,705,333	10,957,694	147,519,423
Total	185,061,607	24,903,384	15,494,860	225,459,851

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2022				
From (1) to (5)	58,204,574	5,028,026	-	63,232,600
From (6) to (7)	52,200	17,806,772	-	17,858,972
From (8) to (10)	-	-	25,783,365	25,783,365
Unrated	138,637,832	4,604,603	12,888,903	156,131,338
Total	196,894,606	27,439,401	38,672,268	263,006,274

Real Estate facilities

The following is the disclosure of the movement on real estate facilities balances during the year ended 31 December 2023 and 2022:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
Balance at the beginning of the year	196,894,606	27,439,401	38,672,268	263,006,275
New facilities during the year	19,200,302	414,647	674,009	20,288,958
Facilities paid during the year	(28,982,953)	(4,015,409)	(8,635,593)	(41,633,955)
Transferred to stage 1	3,547,451	(3,356,874)	(190,577)	-
Transferred to stage 2	(4,404,461)	5,415,106	(1,010,645)	-
Transferred to stage 3	(1,193,338)	(993,488)	2,186,826	-
Write off facilities (transferred off-the statement of financial position)	-	-	(16,201,427)	(16,201,427)
Balance at the end of the year	185,061,607	24,903,383	15,494,861	225,459,851
31 December 2022				
Balance at the beginning of the year	179,848,092	32,037,251	44,012,356	255,897,699
New facilities during the year	35,598,776	1,212,513	1,394,149	38,205,438
Facilities paid during the year	(19,925,890)	(2,463,335)	(8,618,435)	(31,007,660)
Transferred to stage 1	7,048,799	(6,605,268)	(443,531)	-
Transferred to stage 2	(3,816,884)	4,933,686	(1,116,802)	-
Transferred to stage 3	(1,858,288)	(1,675,447)	3,533,735	-
Additions from acquisition	-	-	-	-
Write off facilities (transferred off-the statement of financial position)	-	-	(89,202)	(89,202)
Balance at the end of the year	196,894,606	27,439,401	38,672,268	263,006,275

The following is the movement on the expected credit loss provisions of real estate facilities during the year ended 31 December 2023 and 2022:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
Balance at the beginning of the year	1,321,100	5,895,139	21,998,045	29,214,284
Expected credit losses on new facilities granted during the year	2,564,496	520,801	1,563,303	4,648,600
Reversed from expected credit loss on settled facilities	(543,069)	(638,887)	(6,143,806)	(7,325,762)
Transferred to stage 1	169,130	(122,023)	(47,107)	-
Transferred to stage 2	(73,379)	304,838	(231,459)	-
Transferred to stage 3	(12,249)	(8,352)	20,601	-
Additions from acquisition	-	-	-	-
Provision of bad debts	-	-	(9,857,314)	(9,857,314)
Balance at the end of the year	3,426,029	5,951,516	7,302,263	16,679,808

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2022				
Balance at the beginning of the year	1,123,340	3,489,409	20,060,221	24,672,970
Expected credit losses on new facilities granted during the year	596,415	2,746,143	5,726,596	9,069,154
Reversed from expected credit loss on settled facilities	(518,176)	(267,154)	(3,694,875)	(4,480,205)
Transferred to stage 1	182,873	(133,292)	(49,581)	-
Transferred to stage 2	(40,937)	280,451	(239,514)	-
Transferred to stage 3	(22,415)	(220,417)	242,832	-
Additions from acquisition	-	-	-	-
Provision of bad debts	-	-	(47,635)	(47,635)
Balance at the end of the year	1,321,100	5,895,139	21,998,045	29,214,284

<u>**Large Corporates**</u>

The following is a disclosure of the distribution of the total large corporates facilities according to the bank's internal classification categories as at 31 December 2023 and 2022:

Credit rating categories based on the bank's internal system

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
From (1) to (5)	663,710,135	103,293,641	-	767,003,776
From (6) to (7)	284,757,495	120,284,568	-	405,042,063
From (8) to (10)	-	-	87,901,772	87,901,772
Unrated	1,512,092	19,361,989	26,989,702	47,863,783
Total	949,979,722	242,940,198	114,891,474	1,307,811,394

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2022				
From (1) to (5)	747,134,955	29,650,730	-	776,785,685
From (6) to (7)	205,316,176	95,532,065	-	300,848,241
From (8) to (10)	-	-	70,634,294	70,634,294
Unrated	13,096	142	30,555	43,793
Total	952,464,227	125,182,937	70,664,849	1,148,312,013

The following is the disclosure of the movement on the large corporates facilities balances during the year ended 31 December 2023 and 2022:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
Balance at the beginning of the year	952,464,227	125,182,937	70,664,849	1,148,312,013
New facilities during the year	290,630,676	43,952,206	3,052,196	337,635,078
Facilities paid during the year	(197,264,189)	(2,681,816)	(41,669,518)	(241,615,523)
Transferred to stage 1	8,797,264	(8,797,264)	-	-
Transferred to stage 2	(104,756,629)	104,756,629	-	-
Transferred to stage 3	-	(19,472,495)	19,472,495	-
Effect from disposing assets held for sale	-	-	-	-
Additions from acquisition	108,374	-	64,356,191	64,464,565
Write off facilities (transferred off-the statement of financial position)	-	-	(984,739)	(984,739)
Amendments resulting from changes in currency exchange	-	-	-	-
Balance at the end of the year	949,979,723	242,940,197	114,891,474	1,307,811,394
31 December 2022				
Balance at the beginning of the year	803,049,476	126,638,570	72,748,172	1,002,436,218
New facilities during the year	268,743,946	15,904,568	2,611,194	287,259,708
Facilities paid during the year	(113,956,466)	(17,509,746)	(8,840,934)	(140,307,146)
Transferred to stage 1	3,661,954	-	(3,661,954)	-
Transferred to stage 2	(7,942,333)	7,942,333	-	-
Transferred to stage 3	(1,092,350)	(7,792,788)	8,885,138	-
Write off facilities (transferred off-the statement of financial position)	-	-	(1,076,766)	(1,076,766)
Amendments resulting from changes in currency exchange	-	-	-	-
Balance at the end of the year	952,464,227	125,182,937	70,664,849	1,148,312,013

The following is the disclosure of the movement on the provision for expected credit losses of large corporates facilities during the year ended 31 December 2023 and 2022:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
Balance at the beginning of the year	20,276,752	25,695,020	42,959,830	88,931,602
Expected credit losses on new facilities granted during the year	4,044,109	22,224,357	11,388,542	37,657,008
Reversed from expected credit loss on settled facilities	(3,907,863)	(424,608)	(7,425,531)	(11,758,002)
Transferred to stage 1	2,000,021	(2,000,021)	-	-
Transferred to stage 2	(13,444,268)	13,444,268	-	-
Transferred to stage 3	-	(3,995,900)	3,995,900	-
Effect from disposing assets held for sale	-	-	-	-
Additions from acquisition	447,621	803,374	21,710,148	22,961,143
Provision of bad debts	-	-	(956,386)	(956,386)
Balance at the end of the year	9,416,372	55,746,490	71,672,503	136,835,365
31 December 2022				
Balance at the beginning of the year	11,907,740	19,199,912	41,137,938	72,245,590
Expected credit losses on new facilities granted during the year	10,335,247	13,796,581	9,199,634	33,331,462
Reversed from expected credit loss on settled facilities	(2,683,197)	(7,076,902)	(5,991,236)	(15,751,335)
Transferred to stage 1	789,057	-	(789,057)	-
Transferred to stage 2	(58,857)	58,857	-	-
Transferred to stage 3	(13,238)	(283,428)	296,666	-
Additions from acquisition	-	-	-	-
Provision of bad debts	-	-	(894,115)	(894,115)
Balance at the end of the year	20,276,752	25,695,020	42,959,830	88,931,602

Small and Medium Enterprises

The following is a disclosure of the distribution of total SME facilities according to the Bank's internal classification categories as at 31 December 2023 and 2022:

Credit rating categories based on the bank's internal system

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
From (1) to (5)	164,499,676	10,803,237	-	175,302,913
From (6) to (7)	19,970,653	8,420,015	-	28,390,668
From (8) to (10)	-	-	14,333,801	14,333,801
Unrated	47,725	3,273	676,986	727,984
Total	184,518,054	19,226,525	15,010,787	218,755,366

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2022				
From (1) to (5)	132,805,419	20,693,780	-	153,499,199
From (6) to (7)	16,668,790	7,650,785	-	24,319,575
From (8) to (10)	-	-	9,624,176	9,624,176
Unrated	14,312,554	10,132	825,230	15,147,916
Total	163,786,763	28,354,697	10,449,406	202,590,866

The following is the disclosure of the movement on SME facilities balances during the year ended 31 December 2023 and 2022:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
Balance at the beginning of the year	163,786,763	28,354,697	10,449,406	202,590,866
New facilities during the year	81,581,992	3,286,004	1,993,053	86,861,049
Facilities paid during the year	(55,282,923)	(4,592,158)	(2,049,603)	(61,924,684)
Transferred to stage 1	11,055,511	(10,920,719)	(134,792)	-
Transferred to stage 2	(9,570,088)	9,681,228	(111,140)	-
Transferred to stage 3	(2,216,861)	(4,340,374)	6,557,235	-
Effect from disposing assets held for sale	(4,836,340)	(2,242,153)	(660,332)	(7,738,825)
Additions from acquisition	-	-	-	-
Write off facilities (transferred off-the statement of financial position)	-	-	(1,033,040)	(1,033,040)
Balance at the end of the year	184,518,054	19,226,525	15,010,787	218,755,366
31 December 2022				
Balance at the beginning of the year	110,465,219	15,597,571	17,519,314	143,582,104
New facilities during the year	94,459,130	9,145,798	1,325,916	104,930,844
Facilities paid during the year	(36,716,161)	(4,276,619)	(5,578,072)	(46,570,852)
Transferred to stage 1	2,565,251	(2,319,104)	(246,147)	-
Transferred to stage 2	(9,090,810)	11,994,176	(2,903,366)	-
Transferred to stage 3	(1,566,498)	(1,787,119)	3,353,617	-
Additions from acquisition	3,670,632	-	104,890	3,775,522
Write off facilities (transferred off-the statement of financial position)	-	(6)	(3,126,746)	(3,126,752)
Balance at the end of the year	163,786,763	28,354,697	10,449,406	202,590,866

- The following is the disclosure of the movement on the provision for expected credit losses of SME facilities during the year ended 31 December 2023 and 2022:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
Balance at the beginning of the year	776,906	1,654,879	6,575,336	9,007,121
Expected credit losses on new facilities granted during the year	495,760	706,932	4,974,101	6,176,793
Reversed from expected credit loss on settled facilities	(381,791)	(225,883)	(1,020,349)	(1,628,023)
Transferred to stage 1	128,160	(60,514)	(67,646)	-
Transferred to stage 2	(42,220)	92,217	(49,997)	-
Transferred to stage 3	(104,119)	(1,253,486)	1,357,605	-
Effect from disposing assets held for sale	(17,850)	(8,200)	(355,800)	(381,850)
Additions from acquisition	-	-	-	-
Provision of bad debts	-	-	(985,926)	(985,926)
Balance at the end of the year	854,846	905,945	10,427,324	12,188,115
31 December 2022				
Balance at the beginning of the year	359,997	156,127	9,181,552	9,697,676
Expected credit losses on new facilities granted during the year	549,651	1,563,149	3,961,654	6,074,454
Reversed from expected credit loss on settled facilities	(273,910)	(1,707,202)	(1,985,858)	(3,966,970)
Transferred to stage 1	161,385	(17,767)	(143,618)	-
Transferred to stage 2	(26,743)	1,720,646	(1,693,903)	-
Transferred to stage 3	(9,288)	(60,068)	69,356	-
Additions from acquisition	15,814	-	104,890	120,704
Provision of bad debts	-	(6)	(2,918,737)	(2,918,743)
Balance at the end of the year	776,906	1,654,879	6,575,336	9,007,121

Government and Public Sector

The following is a disclosure of the distribution of total government and public sector facilities according to the Bank's internal classification categories as at 31 December 2023 and 2022:

Credit rating categories based on the bank's internal system

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
From (1) to (5)	133,521,238	-	-	133,521,238
From (6) to (7)	42,265,201	-	-	42,265,201
From (8) to (10)	-	-	-	-
Unrated	-	-	-	-
Total	175,786,439	-	-	175,786,439

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2022				
From (1) to (5)	105,948,954	-	-	105,948,954
From (6) to (7)	76,011,787	-	-	76,011,787
From (8) to (10)	-	-	-	-
Unrated	-	-	-	-
Total	181,960,741	-	-	181,960,741

The following is the disclosure of the movement on government and public sector facilities balances during the year ended 31 December 2023 and 2022:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
Balance at the beginning of the year	181,960,741	-	-	181,960,741
New facilities during the year	27,572,285	-	-	27,572,285
Facilities paid during the year	(33,746,587)	-	-	(33,746,587)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Additions from acquisition	-	-	-	-
Write off facilities (transferred off-the statement of financial position)	-	-	-	-
Balance at the end of the year	175,786,439	-	-	175,786,439
31 December 2022				
Balance at the beginning of the year	177,939,198	-	-	177,939,198
New facilities during the year	19,420,074	-	-	19,420,074
Facilities paid during the year	(15,978,457)	-	-	(15,978,457)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Additions from acquisition	579,926	-	-	579,926
Write off facilities (transferred off-the statement of financial position)	-	-	-	-
Balance at the end of the year	181,960,741	-	-	181,960,741

The following is the disclosure of the movement on the provision for expected credit losses of government and public sector facilities during the year ended 31 December 2023 and 2022:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
Balance at the beginning of the year	635,920	-	-	635,920
Expected credit losses on new facilities granted during the year	11,020	-	-	11,020
Reversed from expected credit loss on settled facilities	(335,555)	-	-	(335,555)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Additions from acquisition	-	-	-	-
Provision of bad debts	-	-	-	-
Balance at the end of the year	311,385	-	-	311,385
31 December 2022				
Balance at the beginning of the year	536,424	-	-	536,424
Expected credit losses on new facilities granted during the year	137,686	-	-	137,686
Reversed from expected credit loss on settled facilities	(38,190)	-	-	(38,190)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Additions from acquisition	-	-	-	-
Provision of bad debts	-	-	-	-
Balance at the end of the year	635,920	-	-	635,920

- Based on the instructions of the Central Bank of Jordan related to the application of IFRS (9), no provision was calculated for expected credit losses on credit facilities granted or guaranteed by the Jordanian government.

Additional disclosures related to the acquisition in accordance with the requirements of IFRS Accounting Standards No.(9) - in case it differs from the instructions of the Central Bank in this regard :

Retail

The following is the distribution of total retail facilities categories as at 31 December 2023:

31 December 2023	Stage 1 Individuals JD	Stage 2 Individuals JD	Stage 3 JD	Purchased Credit Impaired financial assets JD	Total JD
Balance at the beginning of the year	280,468,799	10,877,638	17,870,844	-	309,217,281
New facilities during the year	46,965,298	4,327,659	7,282,341	-	58,575,298
Facilities paid during the year	(50,225,996)	(4,006,999)	(4,397,733)	-	(58,630,728)
Transferred to stage 1	5,395,944	(4,320,321)	(1,075,623)	-	-
Transferred to stage 2	(8,447,342)	9,135,742	(688,400)	-	-
Transferred to stage 3	(5,671,718)	(2,147,404)	7,819,122	-	-
Effect from disposing assets held for sale	(3,771,498)	(1,783,675)	(2,495,100)	-	(8,050,273)
Additions from acquisition	8,246,373	-	-	2,258,690	10,505,063
Write off facilities (transferred off-the statement of financial position)	-	-	(394,417)	-	(394,417)
Balance at the end of the year	272,959,860	12,082,640	23,921,034	2,258,690	311,222,224

Small and Medium Enterprises

The following is the distribution of total Small and Medium Enterprises facilities categories as at 31 December 2023:

31 December 2023	Stage 1 Individuals JD	Stage 2 Individuals JD	Stage 3 JD	Low value purchased facilities JD	Total JD
Balance at the beginning of the year	163,786,763	28,354,697	10,449,406	-	202,590,866
New facilities during the year	81,581,992	3,286,004	1,993,053	-	86,861,049
Facilities paid during the year	(55,282,923)	(4,592,158)	(2,049,603)	-	(61,924,684)
Transferred to stage 1	11,055,511	(10,920,719)	(134,792)	-	-
Transferred to stage 2	(9,570,088)	9,681,228	(111,140)	-	-
Transferred to stage 3	(2,216,861)	(4,340,374)	6,557,235	-	-
Effect from disposing assets held for sale	(4,836,340)	(2,242,153)	(660,332)	-	(7,738,825)
Additions from acquisition	-	-	-	-	-
Write off facilities (transferred off-the statement of financial position)	-	-	(1,033,040)	-	(1,033,040)
Balance at the end of the year	184,518,053	19,226,525	15,010,787	-	218,755,366

Large corporates

The following is the disclosure of the movement on total large corporates facilities as at 31 December 2023:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Low value purchased facilities	Total
	JD	JD	JD	JD	JD
31 December 2023					
Balance at the beginning of the year	952,464,227	125,182,937	70,664,849	-	1,148,312,013
New facilities during the year	290,630,676	43,952,206	3,052,196	-	337,635,078
Facilities paid during the year	(197,264,189)	(2,681,816)	(41,669,518)	-	(241,615,523)
Transferred to stage 1	8,797,264	(8,797,264)	-	-	-
Transferred to stage 2	(104,756,629)	104,756,629	-	-	-
Transferred to stage 3	-	(19,472,495)	19,472,495	-	-
Additions from acquisition	(1,142,621)	-	-	38,916,382	37,773,761
Write off facilities (transferred off-the statement of financial position)	-	-	(984,739)	-	(984,739)
Balance at the end of the year	948,728,728	242,940,197	50,535,283	-	1,281,120,590

(9) Financial assets at amortised cost

	2023	2022
	JD	JD
Financial assets with available market prices:		
Foreign government bills and treasury bonds	36,352,291	18,486,755
Total financial assets with no available market prices	36,352,291	18,486,755
Less: impairment provisions for financial assets at amortised cost	(15,858,918)	(626,920)
Net financial assets with available market prices	20,493,373	17,859,835
Financial assets with no available market prices:		
Bills and treasury bonds	1,094,357,249	592,194,705
Corporate loans bonds	12,161,600	12,062,610
Total financial assets with no available market prices	1,106,518,849	604,257,315
Less: impairment provisions for financial assets at amortised cost	(4,129,033)	(4,128,548)
Net financial assets with no available market prices	1,102,389,816	600,128,767
Total	1,122,883,189	617,988,602
Analysis of bills and bonds:		
With fixed rate	1,130,709,540	615,681,466
With floating rate	12,161,600	7,062,604
Total	1,142,871,140	622,744,070

- There are no losses or gains realized from the sale of bonds at amortized cost during the year 2023, compared to losses amounting to JD 24,772 during the year 2022, which were recorded directly in the consolidated income statement.

- Financial assets at amortized cost include government bonds in the amount of JD 80,017,850 held with the Central Bank of Jordan with one of the local banks in exchange for a repurchase agreement with the Social Security Investment Fund, noting that the accrued interest and any returns generated on these bonds during the term of the agreement are for the benefit of the Jordan Kuwait bank.

- Based on the instructions of the Central Bank of Jordan related to the application of IFRS (9), no expected credit loss provisions were calculated on the Jordanian government treasury bonds and bills.

- The following is a disclosure of the distribution of total financial assets at amortised cost according to the Bank's internal classification categories as at 31 December 2023 and 2022.

Credit rating categories based on the bank's internal system

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
From (1) to (5)	680,352	-	-	680,352
From (6) to (7)	777,176,419	6,208,304	-	783,384,723
From (8) to (10)	-	-	7,587,473	7,587,473
Unrated	336,891,630	-	14,326,962	351,218,592
Total	1,114,748,401	6,208,304	21,914,435	1,142,871,140

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2022				
From (1) to (5)	676,159	-	-	676,159
From (6) to (7)	614,579,907	-	-	614,579,907
From (8) to (10)	-	-	7,488,004	7,488,004
Unrated	-	-	-	-
Total	615,256,066	-	7,488,004	622,744,070

- The following is the disclosure of the movement on financial assets at amortised cost balance during the years ended 31 December 2023 and 2022:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
Balance at the beginning of the year	615,256,066	-	7,488,004	622,744,070
New investments during the year	384,735,333	-	61,659	384,796,992
Paid investments during the year	(243,018,792)	(19,224)	-	(243,038,016)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	(6,227,528)	6,227,528	-	-
Transferred to stage 3	-	-	-	-
Additions from acquisition	364,003,322	-	14,364,772	378,368,094
Changes resulting from adjustments	-	-	-	-
Written off investments	-	-	-	-
Balance at the end of the year	1,114,748,401	6,208,304	21,914,435	1,142,871,140
31 December 2022				
Balance at the beginning of the year	488,495,736	-	8,720,000	497,215,736
New investments during the year	301,672,175	-	425,400	302,097,575
Paid investments during the year	(174,911,845)	-	(1,657,396)	(176,569,241)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Written off investments	-	-	-	-
Balance at the end of the year	615,256,066	-	7,488,004	622,744,070

The following is the disclosure of the movement on the provision for expected credit losses of financial assets at amortised cost during the years ended 31 December 2023 and 2022:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
Balance at the beginning of the year	330,068	-	4,425,400	4,755,468
Expected credit losses on new investments during the year	580	910,074	(116,150)	794,504
Recovered from expected credit losses on investments paid during the year	(169,115)	-	-	(169,115)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	(165,537)	165,537	-	-
Transferred to stage 3	-	-	-	-
Additions from acquisition	163,508		14,443,586	14,607,094
Changes resulting from adjustments	-	-	-	-
Provision for written off investments	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-
Balance at the end of the year	159,504	1,075,611	18,752,836	19,987,951
31 December 2022				
Balance at the beginning of the year	228,409	-	2,418,022	2,646,431
Expected credit losses on new investments during the year	164,531	-	2,007,378	2,171,909
Recovered from expected credit losses on investments paid during the year	(62,872)	-	-	(62,872)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Provision for written off investments	-	-	-	-
Amendments resulting from changes in currency exchange	-	-	-	-
Balance at the end of the year	330,068	-	4,425,400	4,755,468

- Based on the instructions of the Central Bank of Jordan related to the application of IFRS (9), no expected credit loss provisions were calculated on the Jordanian government treasury bonds and bills.

Additional disclosures related to the acquisition in accordance with the requirements of IFRS Accounting Standards No.(9) - in case it differs from the instructions of the Central Bank in this regard :

The following is the disclosure of movement on the balance of financial assets at amortised cost during the year ended 31 December 2023:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Low value purchased facilities	Total
	JD	JD	JD	JD	JD
31 December 2023					
Balance at the beginning of the year	615,256,066	-	7,488,004	-	622,744,070
New facilities during the year	384,735,333	-	61,659	-	384,796,992
Facilities paid during the year	(243,018,792)	(19,224)	-	-	(243,038,016)
Transferred to stage 1	-	-	-	-	-
Transferred to stage 2	(6,227,528)	6,227,528	-	-	-
Transferred to stage 3	-	-	-	-	-
Additions from acquisition	363,839,814	-	-	(78,814)	363,761,000
Write off facilities (transferred off-the statement of financial position)	-	-	-	-	-
Balance at the end of the year	1,114,584,893	6,208,304	7,549,663	(78,814)	1,128,264,046

The following is the disclosure of the movement on debt instruments at fair value through other comprehensive income and measured at amortised cost during the years ended 31 December 2023 and 2022:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
Balance at the beginning of the year	637,834,576	-	7,488,004	645,322,580
New investments during the year	395,125,908	-	61,659	395,187,567
Investments matured during the year	(243,577,807)	(19,224)	-	(243,597,031)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	(6,227,528)	6,227,528	-	-
Transferred to stage 3	-	-	-	-
Additions from acquisition	364,003,322	-	14,364,772	378,368,094
Changes resulting from adjustments	-	-	-	-
Written off investments	-	-	-	-
Balance at the end of the year	1,147,158,471	6,208,304	21,914,435	1,175,281,210

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2022				
Balance at the beginning of the year	517,465,023	-	9,411,275	526,876,298
New investments during the year	305,421,299	-	425,400	305,846,699
Investments matured during the year	(185,051,746)	-	(2,348,671)	(187,400,417)
Change in fair value	-	-	-	-
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Written off investments	-	-	-	-
Balance at the end of the year	637,834,576	-	7,488,004	645,322,580

The following is the disclosure of the movement on investments expected credit losses during the year ended 31 December 2023 and 2022:

	Stage 1 Individuals	Stage 2 Individuals	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
Balance at the beginning of the year	341,332	-	4,425,400	4,766,732
Expected credit losses on new investments during the year	35,373	910,074	(116,150)	829,297
Recovered from expected credit losses on investments paid during the year	(170,207)	-	-	(170,207)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	(165,537)	165,537	-	-
Transferred to stage 3	-	-	-	-
Additions from acquisition	163,508	-	14,443,586	14,607,094
Changes resulting from adjustments	-	-	-	-
Provision for written off investments	-	-	-	-
Balance at the end of the year	204,469	1,075,611	18,752,836	20,032,916
31 December 2022				
Balance at the beginning of the year	423,502	-	2,830,899	3,254,401
Expected credit losses on new investments during the year	165,624	-	2,007,378	2,173,002
Expected credit losses on new investments during the year	(247,794)	-	(412,876)	(660,760)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Provision for written off investments	-	-	-	-
Balance at the end of the year	341,332	-	4,425,400	4,766,732

(10) Property and equipment- net

A) The details of this item are as follows:

	Lands	Buildings	Equipment, devices and furniture	Vehicles	Devices and Computers	Leasehold improvements	Total
	JD	JD	JD	JD	JD	JD	JD
31 December 2023							
Cost:							
Balance at the beginning of the year	8,359,965	13,492,795	19,342,415	1,269,052	17,973,158	22,453,181	82,890,566
Additions	381,478	-	1,662,505	356,300	1,383,317	1,296,059	5,079,659
Less: disposals and reclassification	1,485,706	215,730	182,677	46,247	158,123	-	2,088,483
Additions from acquisition	19,813,882	22,400,712	529,921	394,001	6,096,141	-	49,234,657
Balance at the end of the year	27,069,619	35,677,777	21,352,164	1,973,106	25,294,493	23,749,240	135,116,399
Accumulated depreciation:							
Balance at the beginning of the year	-	3,490,422	13,770,876	1,259,401	15,619,264	18,343,850	52,483,813
Depreciation for the year	-	873,920	1,303,050	56,297	1,172,563	1,423,466	4,829,296
Less: disposals	-	80,899	177,640	46,246	162,008	-	466,793
Additions from acquisition	-	3,229,481	543,739	359,674	5,080,209	6,868	9,219,971
Balance at the end of the year	-	7,512,924	15,440,025	1,629,126	21,710,028	19,774,184	66,066,287
Net book value of property and equipment	27,069,619	28,164,853	5,912,139	343,980	3,584,465	3,975,056	69,050,112
Add: Payments on purchase account of property and equipment	-	2,452,444	4,948,972	-	91,208	3,907,890	11,400,514
Net book value of property and equipment at the end of the year	27,069,619	30,617,297	10,861,111	343,980	3,675,673	7,882,946	80,450,626

	Lands	Buildings	Equipment, devices and furniture	Vehicles	Devices and Computers	Leasehold improvements	Total
	JD	JD	JD	JD	JD	JD	JD
31 December 2022							
Cost:							
Balance at the beginning of the year	7,585,533	13,182,536	18,369,695	1,227,884	17,158,180	21,641,756	79,165,584
Impact of reconsolidation of a subsidiary	-	-	155,185	68,500	43,871	-	267,556
Additions	774,432	311,521	850,217	33,168	794,632	908,464	3,672,434
Less: disposals and reclassification	-	1,262	32,682	60,500	23,525	97,039	215,008
Balance at the end of the year	8,359,965	13,492,795	19,342,415	1,269,052	17,973,158	22,453,181	82,890,566
Accumulated depreciation:							
Balance at the beginning of the year	-	3,110,937	12,387,109	1,144,234	14,693,827	17,095,922	48,432,029
Impact of reconsolidation of a subsidiary	-	-	146,104	60,500	38,790	-	245,394
Depreciation for the year	-	379,657	1,253,706	115,167	910,158	1,344,967	4,003,655
Less: disposals	-	172	16,043	60,500	23,511	97,039	197,265
Balance at the end of the year	-	3,490,422	13,770,876	1,259,401	15,619,264	18,343,850	52,483,813
Net book value of property and equipment	8,359,965	10,002,373	5,571,539	9,651	2,353,894	4,109,331	30,406,753
Add: Payments on purchase account of property and equipment	-	-	5,606,807	-	-	-	5,606,807
Net book value of property and equipment at the end of the year	8,359,965	10,002,373	11,178,346	9,651	2,353,894	4,109,331	36,013,560

- Fully depreciated assets as at 31 December 2023 amounted to JD 40,403,028 compared to JD 34,257,749 as at 31 December 2022.

(11) Intangible assets – net

The details of this item are as follows:

	Software and programmes	
	2023	2022
	JD	JD
Balance at the beginning of the year	7,239,008	5,664,986
Additions	6,300,042	2,363,751
Amortisation for the year	1,994,216	789,729
Additions from acquisition	362,444	-
Balance at the end of the year	11,907,278	7,239,008
Annual amortization rate %	20-33	

(12) Leased assets and liabilities

(A) The following is the movement on the right to use leased assets:

	2023	2022
	JD	JD
Balance at the beginning of the year	10,524,060	12,844,569
Add: New contracts during the year	4,616,698	603,684
Add: Additions from acquisition	1,139,128	-
Less: depreciation during the year	3,720,522	2,924,193
Balance at the end of the year	12,559,364	10,524,060

(B) The movement in liabilities against the right to use the leased assets is as follows:

	2023	2022
	JD	JD
Balance at the beginning of the year	10,733,682	12,530,503
Add: Additions from acquisition	1,161,539	-
Add: Interest expense	1,228,502	1,108,897
Add: New contracts during the year	4,616,698	603,684
Less: Paid obligations	4,948,475	3,509,402
Balance at the end of the year	12,791,946	10,733,682

(C) Analysis of due payments

	1-3 Years	Over 3 Years
	JD	JD
Right to use leased assets	1,004,749	11,554,615
Leasehold contract liabilities	1,023,355	11,768,591

The bank chose to use the exemption available in the standard of not capitalizing right of use assets which are short-term in nature and not significant in value.

(13) Other assets

The details of this item are as follows:

	31 December 2023	31 December 2022
	JD	JD
Accrued interest*	50,176,297	36,000,001
Prepaid expenses	7,477,488	3,064,335
Assets seized by the Bank in settlement of debts, net	103,289,000	125,328,002
Clearing cheques	398,488	230,086
Debtors	3,226,690	4,165,777
Others	10,056,246	7,353,419
Total	174,624,209	176,141,620

* Accrued interest balance is shown at net after deducting suspended interest which amounted to JD 2,710,174 as at 31 December 2023, while no suspended interest has been recorded during 2022.

- Items of debtors, assets seized by the bank in settlement of debts and other assets include balances pertaining to subsidiaries amounting to JD 8,035,531 as at 31 December 2023 compared to JD 7,815,284 as at 31 December 2022.

- The instructions of the Central Bank of Jordan require the disposal of the assets seized by the bank in settlement of debts within a maximum period of two years from the date of its acquisition. The Central Bank, in exceptional cases, may extend this period for a maximum of two consecutive years.

Below is the movement on the assets seized by the Bank:

	2023		
	Seized properties	Other seized assets*	Total
	JD	JD	JD
Balance at the beginning of the year - net	124,287,727	1,040,275	125,328,002
Additions	10,292,668	2,184,251	12,476,919
Disposals	(32,966,848)	(593,154)	(33,560,002)
Reversed (provision) on seized assets	1,228,332	(2,184,251)	(955,919)
Balance at the end of the year	102,841,879	447,121	103,289,000

	2022		
	Seized properties	Other seized assets*	Total
	JD	JD	JD
Balance at the beginning of the year - net	130,925,875	1,040,275	131,966,150
Additions	11,097,748	-	11,097,748
Disposals	(13,109,973)	-	(13,109,973)
Provision on seized assets	(4,625,923)	-	(4,625,923)
Balance at the end of the year	124,287,727	1,040,275	125,328,002

* This amount represents seized shares against debts, part of the shares were sold during the year at profit of JD 96,020.

- The Central Bank of Jordan, pursuant to Circular No. 16234/3/10 dated 10 October 2022, cancelled all previous circulars, which stipulate the deduction of provisions against seized assets that violates the banking law, while maintaining the provisions balances against real estate and to be released upon the disposal of such assets

- Loss on disposal of seized assets amounted to JD 478,945 as of 31 December 2023 (2022: JD 1,058,788) which is recorded as part of other expenses (Note 35).

(14) Banks and financial institutions deposits

	31 December 2023		
	Inside the Kingdom	Outside the Kingdom	Total
	JD	JD	JD
Current and at call accounts	2,866,570	3,815,480	6,682,050
Term deposits maturing within 3 months	3,545,000	47,393,301	50,938,301
Term deposits maturing within more than 3 months	12,000,000	-	12,000,000
Total	18,411,570	51,208,781	69,620,351

	31 December 2022		
	Inside the Kingdom	Outside the Kingdom	Total
	JD	JD	JD
Current and at call accounts	-	19,667,610	19,667,610
Term deposits maturing within 3 months	7,510,732	80,006,651	87,517,383
Total	7,510,732	99,674,261	107,184,993

(15) Customer's deposits

The details of this item are as follows:

	31 December 2023				
		Corporates			
	Individuals	Large	SMEs	Government and public sector	Total
	JD	JD	JD	JD	JD
31 December 2023					
Current and at call accounts	352,573,247	181,513,035	1,130,336,360	1,710,101	1,666,132,743
Saving deposits	295,491,085	255,932	14,606,209	3,077,664	313,430,890
Term and notice deposits	883,852,980	557,633,875	186,580,624	99,429,920	1,727,497,399
Certificates of deposit	35,450	-	-	-	35,450
Total	1,531,952,762	739,402,842	1,331,523,193	104,217,685	3,707,096,482

	31 December 2022				
		Corporates			
	Individuals	Large	SMEs	Government and public sector	Total
	JD	JD	JD	JD	JD
31 December 2022					
Current and at call accounts	288,210,028	162,371,673	247,717,866	2,175,776	700,475,343
Saving deposits	171,645,049	469,162	5,798,439	2,188,196	180,100,846
Term and notice deposits	822,552,800	520,895,009	126,249,550	68,303,960	1,538,001,319
Certificates of deposit	95,450	-	-	-	95,450
Total	1,282,503,327	683,735,844	379,765,855	72,667,932	2,418,672,958

- The Jordanian government and public sector deposits within the Kingdom amounted to JD 104,217,685, i.e. 2.81% of total deposits as at 31 December 2023 (JD 72,667,932, i.e. 3% as at 31 December 2022).
- The non-interest-bearing deposits amounted to JD 1,598,498,342, i.e. 43.12% of total deposits as at 31 December 2023 (JD 636,469,781, i.e. 26.4% as at 31 December 2022).
- The deposits (restricted) amounted to JD 43,154,048, i.e. 1.16% of the total deposits as at 31 December 2023 (JD 50,264,936, i.e. 2.1% as at 31 December 2022).
- Dormant deposits amounted to JD 48,696,430 as at 31 December 2023 (JD 45,448,398 as at 31 December 2022).

(16) Cash margins

The details of this item are as follows:

	2023	2022
	JD	JD
Cash margins against direct facilities	107,032,817	90,710,245
Cash margins against indirect facilities	32,942,016	27,216,327
Total	139,974,833	117,926,572

(17) Borrowed funds

Borrowings were obtained under agreements signed with different financial institutions, for the purpose of financing micro companies and SMEs, in a schedule as follows:

	Loan Amount	Total number of instalments	Remaining	Periodic payment of instalments	Collaterals	Interest rate	Fixed/Variable
	JD						
31 December 2023							
Loans from Central Banks	63,301,563	8,400	3,428	Monthly, Semi-annual and upon maturity	Promissory notes on demand	0.0% to 6.27%	Fixed/Variable
Loans from local banks/financial institutions	178,799,529	7	7	Monthly, Semi-annual and upon maturity	-	4.50% to 6.60%	Fixed
Loans from foreign banks/financial institutions	121,056,078	749	537	Monthly, Semi-annual and upon maturity	-	1.79% to 6.1%	Fixed
	363,157,170						

	Loan Amount	Total number of instalments	Remaining	Periodic payment of instalments	Collaterals	Interest rate	Fixed/Variable
	JD						
31 December 2022							
Loans from Central Bank of Jordan	61,559,921	4,262	3,026	Monthly, Semi-annual and upon maturity	Promissory notes on demand	0.0% to 5.65%	Fixed/Variable
Loans from local banks/financial institutions	105,523,699	5	5	Monthly, Semi-annual and upon maturity	-	4.5% to 9.25%	Fixed
Loans from foreign banks/financial institutions	129,514,448	25	25	Monthly, Semi-annual and upon maturity	-	1.79% to 4.85%	Fixed
	296,598,068						

Lending has a margin ranging from 3 to 5 %.

(18) Other provisions

The details of this item are as follows:

	Balance at Beginning of the year	(Reversed) through other comprehensive income *	Added through income statement for the year**	Additions from acquisition	(Paid / Utilised) during the year	Balance at end of the year
	JD	JD	JD	JD	JD	JD
Year 2023						
End of service provision	12,151,336	639,842	4,442,207	860,404	(1,374,366)	16,719,423
Provision for lawsuits filed against the bank and potential claims	2,303,637	-	1,293,111	15,134	(33,713)	3,578,169
Total	14,454,973	639,842	5,735,318	875,538	(1,408,079)	20,297,592

	Balance at Beginning of the year	(Reversed) through other comprehensive income *	Added through income statement for the year**	Additions from acquisition	(Paid / Utilised) during the year	Balance at end of the year
	JD	JD	JD	JD	JD	JD
Year 2022						
End of service provision	10,769,706	(233,075)	2,585,402	-	(970,697)	12,151,336
Provision for lawsuits filed against the bank and potential claims	1,708,525	-	600,000	-	(4,888)	2,303,637
Total	12,478,231	(233,075)	3,185,402	-	(975,585)	14,454,973

* The change appears as a result of actuarial assumptions with equity rights immediately after deducting the deferred tax assets, and the positive reserve is JD 653,467as at 31 December 2023, compared to JD 1,050,169 as at 31 December 2022.

** Added through income includes an amount of JD 1,132,193 compared to JD 796,958 which appears within the interest receivable for specific employee benefits obligations.

(19) Bonds

On 15 October 2020, bonds were issued by one of the bank's subsidiary (Ejara Leasing Company) amounting to JD 11 million. The bonds matured as a one payment on 15 October 2023.

(20) Green Bonds

During the first quarter of 2023 the bank signed the agreement to issue bonds with a total face value of USD 50 million and for 5 years with the International Financial Corporation – IFC. The goal of these bonds is green financing.

30 September 2023 (unaudited)	Amount	Borrowing Interest rate
	JD	JD
Green Bonds	2,836,000	6.44%
Green Bonds	7,090,000	6.44%
Green Bonds	25,524,000	7.99%
	35,450,000	

(21) Income tax

(A) Income tax Provision

The movement in the income tax provision during the year is as follows:

	2023	2022
	JD	JD
Balance at the beginning of the year	18,784,419	9,745,645
Income tax expense	34,070,422	19,838,448
Additions from acquisition	5,756,062	-
Income tax paid	(25,970,427)	(10,799,674)
Balance at the end of the year	32,640,476	18,784,419

(B) Income tax expense

Income tax expense charged to the consolidated statement of income are as follows:

	2023	2022
	JD	JD
Income tax expense	34,070,422	19,838,448
Impact of deferred tax assets for the year	(2,455,779)	(11,228,284)
Total	31,614,643	8,610,164

(C) Tax Position

The tax position of the bank's branches and subsidiaries is as follows:

	Tax-assessment report submitted up to the end of the year	Final clearance until the end of the year	Payment to the Tax Authorities	Disputed years
Branches / subsidiaries				
Jordan branches	2022	2018	Accrued taxes have been paid	N/A
Cyprus branch	2023	2022	Accrued taxes have been paid	N/A
Ejara Finance Leasing Company	2022	2019	Accrued taxes have been paid	N/A
Bank of Baghdad	2022	2021	Accrued taxes have been paid	N/A

- In the opinion of the bank's tax advisor, the bank does not have any obligations that exceed the recorded provisions.
- The necessary documents have been submitted in accordance with the transfer pricing system for income tax purposes for the year 2022.

(D) Deferred Tax assets/ liabilities

The details of this item are as follows:

A- Deferred tax assets

	Opening balance of the year	Amount released	Added	Balance at end of year	Tax Deferred
	JD	JD	JD	JD	JD
31 December 2023					
Provision for end of service benefits	13,845,669	2,280,404	3,004,333	14,569,598	5,536,447
Provision for seized assets	30,290,990	1,678,907	2,184,250	30,796,333	11,702,607
Provision for lawsuits filed against the Bank	2,303,636	33,713	1,200,000	3,469,923	1,318,571
Provision for direct facilities	84,418,863	48,254,464	50,633,168	86,797,567	32,983,075
Provision for indirect facilities	9,481,210	7,120,147	10,507,064	12,868,127	4,889,888
Additional provision – equity instruments	3,500,000	-	700,000	4,200,000	1,596,000
Provision for deferred instalments	935,000	-	-	935,000	355,300
Provision for investments	164,532	60,218	59,895	164,209	62,399
Provision for deposits with banks	1,425	1,425	21,532	21,532	8,182
Losses from valuation of financial assets at fair value through the statement of income	620,763	-	-	620,763	235,890
Provision for finance lease contracts – subsidiaries	100,000	-	-	100,000	28,000
Provision for trade receivables and revenue receivables – subsidiaries	3,419,525	3,419,525	-	-	-
Total	149,081,613	62,848,803	68,310,242	154,543,052	58,716,359
31 December 2022					
Provision for end of service benefits	12,230,452	970,185	2,585,402	13,845,669	5,261,354
Provision for seized assets	26,054,161	84,931	4,321,760	30,290,990	11,510,576
Provision for lawsuits filed against the Bank	1,708,525	4,889	600,000	2,303,636	875,382
Provision for direct facilities	63,235,062	19,325,036	40,508,837	84,418,863	32,079,168
Provision for indirect facilities	5,374,273	2,539,627	6,646,564	9,481,210	3,602,860
Additional provision – equity instruments	-	-	3,500,000	3,500,000	1,330,000
Provision for deferred instalments	-	-	935,000	935,000	355,300
Provision for investments	241,193	241,193	164,532	164,532	62,522
Provision for deposits with banks	-	-	1,425	1,425	542
Losses from valuation of financial assets at fair value through the statement of income	2,713,099	2,092,336	-	620,763	235,890
Provision for finance lease contracts – subsidiaries	100,000	-	-	100,000	28,000
Provision for trade receivables and revenue receivables – subsidiaries	3,813,207	393,682	-	3,419,525	957,467
Total	115,469,972	25,651,879	59,263,520	149,081,613	56,299,061

B- Deferred tax liabilities

	Opening balance of the year	Amount released	Added	Balance at end of year	Tax Deferred
	JD	JD	JD	JD	JD
31 December 2023					
Gain from revaluation of financial assets at fair value through profit and loss	4,273,138	101,264	-	4,171,874	1,585,312
End of service indemnity - actuarial losses	1,693,821	639,842	-	1,053,979	400,512
Financial assets valuation reserve*	13,665,944	57,770	4,726,194	18,334,368	1,512,049
Total	19,632,903	798,876	4,726,194	23,560,221	3,497,873
31 December 2022					
Gain from revaluation of financial assets at fair value through profit and loss	106,012	106,012	4,273,138	4,273,138	1,623,792
End of service indemnity - actuarial losses	2,373,223	912,477	233,075	1,693,821	643,652
Financial assets valuation reserve*	9,739,103	-	3,926,841	13,665,944	5,193,059
Total	12,218,338	1,018,489	8,433,054	19,632,903	7,460,503

* Deferred tax liabilities resulting from the profits of financial assets valuation are shown at fair value through the statement of comprehensive income within financial assets valuation reserve and deferred tax liabilities which relates to actuarial losses and gains that results from defined contribution plan reassessment in the consolidated statement of equity.

- The deferred tax assets and liabilities were calculated based on tax law with rates between 28% to 38%, based on amended income tax law amended and effective as of 1 January 2019.

The movement on the account of deferred tax assets/ liabilities during the year is as follows:

	2023		2022	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Balance at the beginning of the year	56,299,060	7,460,503	43,487,269	4,642,969
Added during the year	25,957,892	(38,480)	22,520,138	3,204,560
Disposed of during the year	23,540,593	3,924,150	9,708,346	387,026
Balance at the end of the year	58,716,359	3,497,873	56,299,061	7,460,503

C- The accounting profit reconciliation against tax profit is summarised as follows:

The accounting profit reconciliation with the taxable profit for the year is detailed below:

	2023	2022
	JD	JD
Accounting profit	121,651,325	27,344,539
Non-taxable profits	23,279,653	(29,038,737)
Non-deductible tax expenses	31,311,200	63,064,673
Taxable profit	129,682,872	61,370,475

Statutory income tax rate:

Bank's branches in Jordan	38%	38%
Bank's branches in Cyprus	12.5%	12.5%
Subsidiaries	15-28%	15-28%

(22) Other liabilities

The details of this item are as follows:

	2023	2022
	JD	JD
Accrued interest payable	27,102,957	16,518,975
Incoming transfers	3,209,447	2,937,649
Accounts payable	4,807,505	4,117,226
Amounts for registering companies - subsidiaries	3,121,125	-
Obligations for ATM services - subsidiaries	1,976,513	-
Accrued expenses	1,314,306	1,073,540
Temporary deposits (a)	9,296,104	4,069,237
Temporary deposits – customers	8,292,453	5,190,822
Shareholders' deposits (b)	10,011,315	3,990,478
Certified and acceptable checks	11,142,349	8,221,310
Vaults insurance	541,825	531,734
Subscription deposits (b)	59,622	75,140
Expected credit losses against indirect facilities - Note (45)	14,028,142	9,680,098
Additional Provisions - Equity Instruments	4,200,000	3,500,000
Additional provisions - deferred instalments	1,685,000	935,000
Additional provisions - subsidiaries	1,188,272	-
Other liabilities	12,281,980	5,726,763
Total	114,258,915	66,567,972

- Accounts payable and other liabilities include balances attributable to subsidiaries amounting to JD 27,425,017 as at 31 December 2023 (JD 4,802,572 as at 31 December 2022).

(A) This item represents provisional deposits paid to public shareholding companies and others.

(B) This amount represents proceeds from subscription refunds in public shareholding companies under establishment.

(23) Subscribed and paid-in capital

The authorized and paid paid-in capital of the bank amounted to 150 million shares/JD as of 31 December 2023 and 2022. Jordan Kuwait Bank is 50.927% owned by Al Rawabi United Holding Company, and the bank's consolidated financial statements are consolidated within the consolidated financial statements of Kuwait Projects Holding Company (KIPCO), which is the parent company.

(24) Perpetual Bonds

During the first quarter of 2023, perpetual bonds classified as (Additional Tier I Capital) were issued, with a total value of JD 89.1 million. The bond consists of two issuance, the first is a non-public issuance of USD 90 million that is not listed on the Amman Stock Exchange, and the other is a public issuance of JD 25.2 million that was offered for public subscription.

The interest rate is 8.50% for the first 24 months, and the interest rate will float later on based on the re-discount rate issued by the Central Bank of Jordan plus a margin of 1.25%, which is calculated every three months.

Note that the interest will be paid quarterly on 9/2023, 12/2023, 3/2023 and 6/2023 of each year, in addition to the fact that the bonds are negotiable on the Amman Stock Exchange.

The aim of the issuance is to support the bank's expansion plans in the region to diversify its sources of revenue in the coming years, especially with regard to recent acquisitions such as the Bank of Baghdad.

During the period, debit interest amounting to JD 4,366,577 was recorded, which was recorded directly from retained earnings.

(25) Reserves

The details of these reserves as at 31 December 2023 and 2022 are as follows:

(A) Statutory

This item represents the accumulated balances transferred from annual profit before tax at 10% during the year and the previous years as per the Jordanian Laws of Banks and Companies and is not available for distribution to shareholders.

Restricted reserves are as follows:

Reserve name	31 December 2023	31 December 2022	Nature of restriction
	JD	JD	
Statutory reserve	106,382,863	99,983,479	Restricted under the Jordanian Companies Law and the Law of Banks.

(B) Voluntary reserve

This amount represents the accumulated balances transferred from the annual profit before tax that do not exceed 20% during the year and the previous years. The voluntary reserve may be used for such purposes as deemed appropriate by the Board of Directors and is available for distribution wholly or partially by the general assembly as profit to shareholders.

The movement on the voluntary reserve is as follows:

	2023	2022
	JD	JD
Balance at the beginning of the year	122,944,584	133,444,584
Cash dividends – Note 28	(12,000,000)	(10,500,000)
Balance at the end of the year	110,944,584	122,944,584

(26) Net reserve for valuation of financial assets at fair value after tax

The movement in this item during the year is as follows:

	2023	2022
	JD	JD
Balance at the beginning of the year	6,887,913	7,044,559
Unrealised gains– net	5,932,011	1,852,873
Transfer from valuation reserve to the statement of income - expected credit losses against debt instruments	33,701	(596,676)
Realised losses	-	79,357
Impact of acquisition	2,306,628	-
Impact of held for sale assets	1,162,759	-
Impact of deferred tax liabilities	3,681,010	(1,492,200)
Balance at the end of the year*	20,004,022	6,887,913

* The financial assets valuation reserve is shown at fair value net of deferred tax liabilities in an amount of JD 1,512,049 as at 31 December 2023 against JD 5,193,059 as at 31 December 2022. It is not available for transfer to the consolidated statement of income.

(27) Retained earnings

The movement in this item during the year is as follows:

	2023	2022
	JD	JD
Balance at the beginning of the year	94,967,563	79,094,033
(Losses) on financial assets at fair value through other comprehensive income	-	(79,357)
Interest from perpetual bonds	(4,366,577)	-
Profit for the year - Statement (b)	59,108,014	18,682,115
Transferred to reserves	(6,399,384)	(2,729,228)
Balance at the end of the year	143,309,616	94,967,563

- Retained earnings include a restricted amount of JD 58,716,359 as at 31 December 2023 according to the request of the Central Bank of Jordan in exchange for deferred tax assets against JD 56,299,061 as at 31 December 2022.

- Retained earnings balance includes an amount of JD 188,212 as at 31 December 2023 and 31 December 2022, that is only available for disposal as per the instructions of the Securities Commission for the impact of the adoption of IFRS (9) at the amount actually realised from it through sale operations, representing financial assets' revaluation differences.

- Disposal of the outstanding balance of financial asset valuation reserve is only permitted under the prior approval of the Central Bank of Jordan.

(28) Distributed and Declared Dividends

The Board of Directors recommended the distribution of cash dividends to shareholders at 8% of the total paid in capital and that from the voluntary reserve which is equivalent to JOD 12 million. This percentage is subject to the approval of the Central Bank of Jordan and the General Assembly of Shareholders

The Bank’s general assembly, approved in its meeting held on 26 April 2023, the recommendation of the Board of Directors to distribute cash dividends of 8% equivalent to JOD 12 million from the voluntary reserve account compared to 7% equivalent to 10.5 million during 2022.

(29) Interest income

The details of this item are as follows:

	2023	2022
	JD	JD
Direct credit facilities:		
Individuals (retail)		
Overdrafts	578,950	127,169
Loans and bills	27,795,453	22,391,525
Credit cards	1,895,899	1,739,225
Real estate mortgage	23,389,722	16,539,695
Companies		
Large		
Overdrafts	12,754,954	7,227,647
Loans and bills	84,352,857	60,903,478
SMEs		
Overdrafts	1,865,408	1,561,887
Loans and bills	13,072,021	10,996,532
Government and public sector	11,374,054	10,978,540
Balances with central banks	9,591,906	8,320,284
Balances and deposits with banks and financial institutions	6,815,898	663,816
Financial assets at amortised cost	56,226,730	23,120,803
Financial assets at fair value through other comprehensive income	3,247,479	1,606,820
Financial assets through profit and loss- debt instruments	61,297	-
Total	253,022,628	166,177,421

(30) Interest expense

The details of this item are as follows:

	2023	2022
	JD	JD
Deposits with banks and banking institutions	4,844,055	4,467,214
Customers’ deposits		
Current and held at call accounts	1,325,905	419,169
Saving deposits	5,364,244	1,100,910
Term and call deposits	83,967,333	46,139,133
Certificate of deposits	848	2,969
Cash margins	3,904,110	1,969,665
Borrowings	13,983,596	6,630,993
Deposits guarantees fees	2,183,428	2,423,632
Interests against liabilities of leased assets	1,228,502	1,108,897
Green bonds	1,848,637	-
Interests against defined benefit obligations	1,132,102	796,958
Total	119,782,760	65,059,540

(31) Net commissions income

The details of this item are as follows:

	2023	2022
	JD	JD
Direct credit facilities commissions	3,663,164	2,897,495
Indirect credit facilities commissions	6,694,613	4,769,608
Bank transfer commissions - subsidiaries	58,406,076	-
Account management commission - subsidiaries	3,616,436	-
Other commission	14,706,856	2,584,773
Total	87,087,145	10,251,876

(32) Foreign currency gain

The details of this item are as follows:

	2023	2022
	JD	JD
Results from trading/ transaction	28,802,506	3,736,845
Gain (loss) results from valuation	2,801,947	(22,076)
Total	31,604,453	3,714,769

(33) Other income

The details of this item are as follows:

	2023	2022
	JD	JD
Vaults and safes rent	217,602	208,127
Stamp’s revenues	68,611	49,810
Credit cards income	6,989,804	6,083,743
Bad debts recovered	3,682,627	1,320,587
Telecommunication revenues	128,929	101,004
Transfers income	1,384,571	1,279,674
Dividends distributed from seized shares	42,483	-
Gain from sale of seized shares	96,020	-
Gain from sale of property and equipment	1,621,690	-
Gain on loan with right to repurchase at fair value	-	4,800,000
Others	4,763,122	3,946,218
Total	18,995,459	17,789,164

(34) Employee expenses

The details of this item are as follows:

	2023	2022
	JD	JD
Employees’ salaries, benefits and bonuses	41,942,241	27,591,792
Social Security contribution	3,634,981	2,944,037
Medical expenses	2,226,241	2,007,589
Employee’s training	331,663	186,612
Per diems	371,834	386,524
Employees’ life insurance expenses	207,164	203,197
Total	48,714,124	33,319,751

(35) Other expenses

The details of this item are as follows:

	2023	2022
	JD	JD
Rent	142,833	75,495
Stationary	816,868	528,723
Advertisement	1,446,180	1,746,884
Subscriptions	425,865	1,329,117
Communication expenses	2,973,334	2,333,169
Maintenance and repairs	10,274,115	5,883,725
Insurance expenses	2,220,547	1,891,834
Judicial charges and fees	322,153	270,288
Electricity, water and fuel	1,335,790	723,647
Fees, levies and stamps	2,011,127	1,334,040
Professional fees	289,235	236,655
Card service expenses	4,145,676	4,259,423
Transportation expenses	385,814	266,157
Corresponding bank service expenses	702,244	390,407
Safety and security services	796,581	533,881
Donations and social responsibility	2,190,700	1,047,839
Hospitality	183,327	144,066
Board of Directors remunerations	707,399	90,000
Seized assets provisions	955,919	4,625,923
Additional provision – equity instruments	700,000	3,500,000
Additional provision – deferred instalments	750,000	935,000
Expected credit losses - Debtors	-	82,720
Additional provisions – subsidiaries	1,188,272	-
Loss on sale of seized assets	478,945	1,015,788
Amortisation of right of use leased assets	3,720,522	2,924,193
Others	11,402,340	2,992,707
Total	50,565,786	39,161,681

(36) (Loss) earnings per share for the year attributable to the bank’s shareholders (basic and diluted)

The details of this item are as follows:

	2023	2022
	JD	JD
Profit for the year attributable to the bank's shareholders	59,108,014	18,682,115
	Share	Share
Weighted average of the number of shares	150,000,000	150,000,000
Earnings per share for the year (Basic and diluted)	JD/ share	JD/ share
Profit for the year	0.394	0.125

The basic dividend per share is equal to the diluted dividend, as the bank has not issued any financial instruments that might lead to a reduction in the basic earnings per share.

(37) Cash and cash equivalents

	2023	2022
	JD	JD
Cash and balances at Central Banks with maturity within three months	883,309,146	480,714,381
Add: Balances at banks and financial institutions with maturity within three months	540,276,278	123,435,953
Less: Deposits at banks and financial institutions with maturity within three months	57,620,351	107,184,993
Restricted balances - Note (5)	9,383,933	2,304,806
Total	1,356,581,140	494,660,535

(38) Transactions with related parties

The bank has entered into transactions with subsidiaries, sister companies, major shareholders, members of the board of directors and senior management within the normal activities of the bank, using interest rates and commercial commissions. All credit facilities granted to related parties are considered operational and no provisions were taken for them as of the date of the consolidated financial statements.

Transactions with related parties during the year summarized as follows:

	Related party					
	Affiliates	Subsidiaries	Members of the Board of Directors *	Executive Directors	Other **	Total
31 December 2023	JD	JD	JD	JD	JD	
Items in the consolidated statement of financial position:						
Direct credit facilities *	39,117,740	1,272,136	1,020,005	4,338,113	-	46,530,542
Deposits at banks and financial institutions	13,030,742	-	-	-	347	12,248,542
Customers' deposits	-	512,707	101,391,642	1,123,247	7,907,985	110,935,581
Deposits with the banks and banking corporates	269,723	177,059	-	-	4,339,719	4,786,501
Cash margins	-	-	-	10,551	17,975	28,526
Financial assets at fair value through comprehensive income	24,815,000	-	-	-	35,056,352	59,871,352
Right of use of leased assets	-	-	237,270	-	-	237,270
Liabilities against the right of use assets	-	-	235,445	-	-	235,445
Financial assets at amortised cost / borrowed funds	-	-	80,017,850	-	-	80,017,850
Items off the consolidated statement of financial position:						
Guarantees	4,719,850	517,908	-	-	180,000	5,417,758
Letters of credit	737,596	-	-	-	18,731,257	19,468,853
Items on the consolidated statement of income:						
Interest and commissions income ***	-	456,748	16,028	205,635	-	678,411
Interests and commissions expense ****	252,397	3,174	4,663,065	47,209	1,067,993	6,033,838
Financial asset dividends	-	-	-	-	-	-
Amortisation of right of use leased assets	-	-	51,972	-	-	51,972
Interests against liabilities of leased assets	-	-	24,246	-	-	24,246
Other revenue - subsidiaries	-	2,435	-	-	-	2,435
Operating expense - subsidiaries	-	377,599	-	-	527,451	905,050

	Related party					
	Affiliates	Subsidiaries	Members of the Board of Directors *	Executive Directors	Other **	Total
31 December 2022	JD	JD	JD	JD	JD	
Items in the consolidated statement of financial position:						
Direct credit facilities *	38,215,100	1,296,846	763,844	3,010,585	-	43,286,375
Deposits at banks and financial institutions	53,884,000	-	-	-	-	53,884,000
Customers' deposits	-	10,216,261	67,919,266	1,848,571	357,354	80,341,452
Deposits with the banks and banking corporates	1,633,444	-	-	-	1,013,062	2,646,506
Cash margins	-	-	-	151,697	16,375	168,072
Financial assets at fair value through comprehensive income	20,088,806	-	559,015	-	36,333,467	56,981,288
Right of use of leased assets	-	-	289,242	-	-	289,242
Liabilities against the right of use assets	-	-	265,953	-	-	265,953
Bonds	-	5,000,000	-	-	-	5,000,000
Items off the consolidated statement of financial position:						
Guarantees	3,833,600	491,358	1,000	-	1,072,449	5,398,407
Letters of credit	-	-	-	-	4,254,000	4,254,000
Items on the consolidated statement of income:						
Interest and commissions income ***	430,793	2,600,575	3,312	28,228	-	3,062,908
Interests and commissions expense ****	1,555,863	33,395	295,074	141,668	-	2,026,000
Financial asset dividends	790,260	-	-	-	444,415	1,234,675
Amortisation of right of use leased assets	-	41,655	-	-	-	41,655
Interests against liabilities of leased assets	-	27,984	-	-	-	27,984

* Direct credit facilities granted to the board of directors and executive directors include an amount of JD 639,153 relating to credit granted to board members of Ejarah Financial Leasing Company (a subsidiary company) and JD 189,409 to the United Financial Investments Company (subsidiary) and related parties as of 31 December 2023.

** Represents companies in which the bank has the right to vote at their board meetings.

*** Interest income rates ranges from (1.25) % to (7.5) %.

**** Interest expense rates range from (1.5) % to (10.75) %.

The bank is represented by four board members United Financial Investments Company's board of directors, three members in Ejara Finance Leasing Company's board of directors.

Executive management salaries and remuneration

Salaries of executive management of the Bank and its subsidiaries amounted to JD 5,411,597 for the year 2023 compared to JD 3,510,252 for the year 2022.

(39) Fair value of financial assets and financial liabilities that are not shown at fair value in the consolidated financial statements

There are no material differences between the carrying value and the fair value of the financial assets and liabilities as at the end of 2023 and 2022.

Where they are disclosed in note 44: Fair value hierarchy.

(40) Risk Management

A- The responsibilities of the Risk Management Department of the Bank include all the Bank's departments and branches operating inside and outside the Kingdom as well as its subsidiaries through identifying, determining, measuring and managing risks under international best practices and within the limits of the functions and responsibilities of Risk Management.

The responsibilities of the Risk Management Department in the Bank include the following areas:

- **Credit risk:**

This represents the potential loss resulting from the customer's inability or unwillingness to meet its obligations on time. These risks are one of the most significant risks to Banks.

- **Market risk:**

This represents the losses that the Bank may be exposed to as a result of any financial positions on or off the balance sheet due to any changes occurring in the market prices.

- **Liquidity risk:**

This represents the losses that the Bank may be exposed to due to lack of funds needed to finance the increase of its investments or to repay its obligations when they become due on time with appropriate cost. (This is part of asset and liability management (ALM). Reports, in this regard, are prepared by Risk Management).

- **Interest rate risk:**

This represents the exposure to adverse movements in interest rates that affects the profitability of the bank due to the change in net interest income and in the economic value of the cash flows of assets and liabilities.

- **Operational risk:**

This represents the loss resulting from the failure or inadequacy of internal procedures, human element, systems, or external events. This definition includes legal risk but not the strategic and reputation risk.

- **Information security & business continuity management risks:**

This represents the loss resulting from the use of information by unauthorised persons, or the disclosure, distribution, modification, destruction of deletion of such information. This definition applies to any type of information whether written on paper or in a file on Internet. This also includes business continuity and disaster recovery.

Detailed responsibilities and functions of risk management sections

1. Credit risk:

- The Risk Management Department reviews the credit policy periodically and in coordination with the representatives of corporate and individual facilities. The policy is the indicator and the basic guide for the different duty stations in clarifying the degree of credit risk acceptable to these stations.

- Opinions on credit applications are expressed by the Risk Management within the credit terms specified by the Board without financial responsibility.

- The internal credit rating system is reviewed and evaluated independently of the credit marketing departments through the Risk Management. The Bank has a system documented and approved by the Board. Any element that may contribute to the expectation of a client's default is taken into consideration, which helps in measuring and classifying customer risks. This should facilitate the decision-making process, pricing facilities and determining customer and product profitability, credit management and the review and analysis of credit portfolio. In addition, it helps to retain the necessary data that facilitate the application of foundation internal ratings-based approach (FIRB) to credit risk within the Basel requirements. An automated credit rating system is implemented to support this. The Scoring Card System is used in the same framework.

- The Risk Department recommends, independently of the credit marketing departments, to set specific controls and limits, documented with clear policies and procedures to ensure compliance therewith. Such limits are reviewed periodically and adjusted, if necessary. There are specific limits set out and approved by the Board of Directors in dealing with banks, countries and various economic sectors. One of its tasks includes defining limits for any possible concentration of credit guarantees or products.

- The Risk Management Department prepares an analysis of the credit portfolio whereby the Board of Directors is clearly provided with an indication of the quality and different ratings thereof. The Board is also provided with any concentrations as well as historical benchmarking comparisons along with the banking sector where possible. Thereafter, appropriate recommendations to mitigate existing risks are made.

2. Market risk:

- The Bank has specific policies and procedures approved by the Board of Directors for identifying, measuring, monitoring and controlling the market risk. These are periodically reviewed, and the implementation thereof is monitored. Such policies include:

- Investment policy: the representatives of Treasury and Risk Departments develop and review this policy and amend it annually, if required. They also present it to the Investment Committee and the Assets and Liabilities Committee.

- The Bank has a written market risk policy approved by the Board of Directors that describes how to identify, measure, control and mitigate market risks. The Bank also has written policies approved by the Board of Directors, which define the fundamentals of portfolio management and investment funds, including operational bases, desired investment instruments and effective controls, in addition to a policy clarifying the basis for dealing between the Bank and its customers in convertible foreign currencies and major precious metals on a margin basis. The Risk Management Department develops such policies in cooperation with the concerned departments. Periodic (daily and monthly) reports are submitted by Middle Office under market risk/ risk management for adherence with the above policies.

- The Risk Management Department prepares Value at Risk (‘VAR’) and measures sensitivity analysis, interest rate risk, limits and other reports included in the relevant policies approved.

3. Liquidity risk:

- The Risk Management Department, in cooperation with the Treasury Department, develops / updates a written policy for liquidity risk management which is approved by the Board of Directors of the Bank.

- The Risk Management Department monitors the Bank's commitment to liquidity ratios set by the Central Bank of Jordan and the supervisory authorities under which the Bank's branches operate. The Bank's liquidity is monitored on a daily basis by the Treasury Department.

- Liquidity is also monitored by the Asset and Liability Management Committee chaired by the Director General and comprises the Head of Risk Management. It is governed by the ALCO Policy through periodic reports prepared by the Risk Management Departments and the Treasury Department. They are presented and considered by the Committee members who make appropriate recommendations in this regard.

- The Risk Management Department, in coordination with the Treasury Department, prepares a written policy for a Liquidity Contingency Plan to address any liquidity problems at the Bank, at various levels and scenarios, which is approved by the Board of Directors of the Bank.

4. Operational risk:

- The Risk Management Department prepares, and reviews documented policies and procedures for identifying, evaluating, mitigating and controlling operational risks. This is done to ensure compliance with the Basel requirements and to enhance the efficiency and effectiveness of the Bank's control environment. The Bank uses an automated operational risk system covering the Self-Assessment areas and Events Collection system and identifies and analyses Key Risk Indicators (KRI) to the Bank's operation centres.

- The Risk Management Department combines the tasks of different risk management when setting controls and procedures to make sure that all risks are covered and to achieve the Enterprise Risk Management concept. The Bank also has Standard Operating Procedures (SOP's) working procedures documented, reviewed and adjusted periodically by the concerned departments and under the supervision of the Operations Development Department. Any procedures that are modified or developed, including any new products, are presented to departments of internal audit, compliance and risks to study possible risks and adequacy of existing controls.

5. Information security & business continuity management:

- The Risk Management Department develops a clear, documented, and approved Business Continuity Plan. The necessary tests are made regularly thereto, in accordance with the broad concept of Business Continuity Management supported by the DRS automated system for more efficient business continuity management, and in line with the instructions issued by the Central Bank of Jordan, and in accordance with international best practices in this regard.

- A team for Information Technology Security has been mobilised, reporting directly to Risk Management in order to support them. Such team is independent in its reporting from the Director of Information Systems Department. This is done in accordance with the international best practices including the ISO27001 and PCI requirements.

- Risk Management participates in the preparation of an appropriate risk assessment in the event of a new activity or product on the verge of being launched in a particular market.

6. Interest rate risk:

The Risk Management Department prepares a documented interest rate risk policy that governs the identification, measurement and control of interest rate risk within the ALM's framework - ALCO, approved by the Board of Directors. The Risk Management Department prepares the necessary reports and submits to the ALCO Committee in the Bank.

7. Compliance with Basel requirements:

The Department oversees the implementation of the requirements of the various Basel decisions, including the accounting of Basel III capital adequacy ratios including liquidity ratios, and effectively contributes to capital budgeting.

The Department prepares stress tests, evaluates internal capital and issues analytical reports on capital.

The Department also issues various financial analyses of banks with the preparation of new analyses specialised in specific aspects by taking advantage of the disclosures issued by banks.

Credit risk exposures after netting related provisions, interest in suspense and collaterals:

	31 December 2023	31 December 2022
	JD	JD
Items in the consolidated statement of financial position		
Balances at central banks	787,223,767	419,143,482
Balances at banks and financial institutions	540,276,278	123,435,953
Direct credit facilities:		
For individuals	277,471,904	282,659,417
Real estate mortgage	205,701,492	224,934,334
For corporates		
Large companies	1,143,308,060	1,041,508,278
SMEs	204,789,790	192,213,587
For government and public sector	175,475,054	181,324,821
Bills, bonds and notes:		
Within financial assets at fair value through other comprehensive income	32,410,070	22,578,510
Within financial assets at amortised cost	1,122,883,189	617,988,602
Other assets	53,801,475	40,395,864
Items off the consolidated statement of financial position		
Guarantees	300,012,623	232,559,084
Letters of credit	59,774,795	81,536,153
Acceptances	32,550,737	46,679,982
Utilised facilities (direct and indirect)	407,475,155	323,456,817
Total	5,343,154,389	3,830,414,884

The following is the distribution of the fair value of collaterals provided against direct credit facilities which are valued as per the requirements of the Central Bank of Jordan by independent experts at least once every two years, while the cash deposits balance is presented at fair value based on the exchange rates issued by the Central Bank of Jordan and are accounted for individually provided that the cash deposits balance does not exceed credit facilities balance in all cases:

Distribution of fair value of collaterals against credit exposures as at 31 December 2023

		Fair value of collaterals								
	Gross amount of exposure	Cash deposits	Quoted shares	Bank guarantees accepted	Real estate	Vehicles and machineries	Other	Gross amount of collaterals	Net exposures after collaterals	Expected credit loss
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	815,164,709	-	-	-	-	-	-	-	815,164,709	27,940,942
Balances at banks and financial institutions	545,344,790	-	-	-	-	-	-	-	545,344,790	5,068,512
Direct credit facilities:										
Retail	308,842,190	3,198,292	1,039,410	-	83,309,156	19,594,006	1,027,362	108,168,226	200,673,964	28,559,357
Real estate mortgage	225,459,851	9,528,680	1,472,741	765-5349	283,867,507	1,961,453	407,971	304,893,701	-	16,679,807
Large companies	1,307,811,394	34,273,623	213,484,429	11,769,273	327,430,468	4,761,984	3,644,045	595,363,822	712,447,572	137,666,983
SMEs	218,755,366	43,024,332	12,423,838	-	113,248,095	13,815,798	39,953,315	222,465,378	-	12,189,059
Government and public sector	175,786,439	-	-	-	-	-	-	-	175,786,439	311,385
Bills, bonds and notes:										
Within financial assets at fair value through the statement of comprehensive income	32,410,070	-	-	-	-	-	-	-	32,410,070	44,965
Within financial assets at amortised cost	1,142,871,140	-	7,680,541	-	6,886,154	-	-	14,566,695	1,128,304,445	19,987,951
Other assets	53,801,475	-	-	-	-	-	-	-	53,801,475	-
Total	4,826,247,424	90,024,927	236,100,959	19,424,622	814,741,380	40,133,241	45,032,693	1,245,457,822	3,663,933,464	248,448,961
Financial guarantees	309,623,858	38,197,417	7,854,738	439,929	70,156,557	1,374,635	6,957,195	124,980,471	184,643,387	9,611,235
Letters of credit	60,247,710	2,507,155	-	-	3,221,553	59,796	87,987	5,876,491	54,371,219	472,915
Other liabilities	443,969,884	28,967,390	15,639,916	-	60,726,182	2,981,684	8,518,953	116,834,125	327,135,759	3,943,992
Total	813,841,451	69,671,962	23,494,654	439,929	134,104,292	4,416,115	15,564,135	247,691,086	566,150,365	14,028,142
Grand Total	5,640,088,876	159,696,889	259,595,614	19,864,551	948,845,672	44,549,356	60,596,828	1,493,148,909	4,230,083,828	262,477,103

The following is the distribution of the fair value of collaterals provided against direct credit facilities which are valued as per the requirements of the Central Bank of Jordan by independent experts at least once every two years, while the cash deposits balance is presented at fair value based on the exchange rates issued by the Central Bank of Jordan and are accounted for individually provided that the cash deposits balance does not exceed credit facilities balance in all cases:

<u>Distribution of fair value of collaterals against credit exposures as at 31 December 2022:</u>

		Fair value of collaterals								
	Gross amount of exposure	Cash deposits	Quoted shares	Bank guarantees accepted	Real estate	Vehicles and machineries	Other	Gross amount of collaterals	Net exposures after collaterals	Expected credit loss
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	419,143,482	-	-	-	-	-	-	-	419,143,482	-
Balances at banks and financial institutions	123,435,953	-	-	-	-	-	-	-	119,532,933	1,425
Direct credit facilities:										
Retail	309,217,281	3,125,903	23,090,286	-	84,181,036	20,049,343	339,453	130,786,020	178,431,261	24,580,458
Real estate mortgage	263,006,274	7,832,370	1,829,739	-	275,239,700	1,944,002	299,010	341,520,543	-	29,214,285
Large companies	1,148,312,013	22,778,195	141,652,168	19,432,211	329,993,715	4,642,402	1,937,440	465,958,258	682,353,755	88,931,601
SMEs	202,590,866	34,963,710	25,444,440	-	97,955,863	12,743,359	22,132,754	193,342,279	9,248,587	9,007,121
Government and public sector	181,960,741	-	-	-	-	-	-	-	181,960,741	635,920
Bills, bonds and notes:	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through the statement of comprehensive income	22,578,510	-	-	-	-	-	-	-	22,578,510	11,264
Within financial assets at amortised cost	622,744,070	-	7,384,918	-	6,886,154	-	-	14,271,072	608,472,998	4,755,468
Other assets	40,395,864	-	-	-	3,309,410	-	-	3,309,410	37,086,454	82,720
Total	3,333,385,055	68,700,179	199,401,551	19,432,211	797,565,878	39,379,105	24,708,658	1,149,187,582	2,258,808,722	157,220,261
Financial guarantees	238,788,507	38,354,733	8,860,251	432,339	64,934,027	1,332,056	2,559,921	116,473,326	122,315,181	6,229,424
Letters of credit	81,917,467	2,261,320	-	-	1,997,006	61,138	112,266	4,431,730	77,485,737	381,313
Other liabilities	373,206,159	25,299,836	3,237,631	-	60,314,343	2,737,678	5,260,278	96,849,768	276,356,392	3,069,361
Total	693,912,133	65,915,889	12,097,882	432,339	127,245,376	4,130,872	7,932,465	217,754,823	476,157,310	9,680,098
Grand Total	4,027,297,188	134,616,068	211,499,433	19,864,551	934,811,254	43,509,977	32,641,123	1,366,943,405	2,734,966,032	166,900,358

Distribution of fair value of collaterals against credit exposures for stage 3 for 2023:

	Gross amount of exposure	Cash deposits	Quoted shares	Bank guarantees accepted	Real estate	Vehicles and machineries	Other	Gross amount of collaterals	Net exposures after collaterals	Expected credit loss
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	7,108,654	-	-	-	-	-	-	-	13,963,132	9,675,945
Balances at banks and financial institutions	25,077	-	-	-	-	-	-	-	25,045	24,134
Direct credit facilities:										
Retail	23,799,690	3,419	-	-	2,920,250	3,393,934	163,952	10,159,406	12,288,140	15,955,209
Real estate mortgage	15,494,861	-	-	-	17,978,624	144,881	-	18,123,505	-	7,302,263
Large companies	114,891,474	5,481,663	422,773	-	16,224,930	-	-	40,930,502	75,271,629	71,672,503
SMEs	15,010,787	50,074	-	-	6,385,827	1,474,656	4,641,465	12,552,022	2,458,766	10,427,324
Bills, bonds and notes:										
Within financial assets at fair value through the statement of comprehensive income	-	-	-	-	-	-	-	-	-	-
Within financial assets at amortised cost	21,914,435	-	7,680,541	-	6,886,154	-	-	14,566,695	7,347,740	18,752,836
Total	198,244,979	5,535,156	8,103,315	-	50,395,785	5,013,471	4,805,417	96,332,129	111,354,452	133,810,213
Financial guarantees	1,810,908	148,333	-	-	310,731	61,593	261,036	781,693	1,029,215	1,461,765
Letters of credit	-	-	-	-	-	-	-	-	-	-
Other liabilities	85,210	64	343	-	89,661	837	17,237	108,142	-	66,480
Total	1,896,117	148,397	343	-	400,392	62,430	278,273	889,835	1,029,215	1,528,245
Grand Total	200,141,098	5,683,553	8,103,658	-	50,796,177	5,075,901	5,083,690	97,221,964	112,383,666	135,338,458

Distribution of fair value of collaterals against credit exposures for stage 3 for 2022:

	Gross amount of exposure	Cash deposits	Quoted shares	Bank guarantees accepted	Real estate	Vehicles and machineries	Other	Gross amount of collaterals	Net exposures after collaterals	Expected credit loss
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	-	-	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Direct credit facilities:	-	-	-	-	-	-	-	-	-	-
Retail	17,870,844	14,303	8,558,742	-	2,360,356	3,998,582	11,832	14,943,817	2,927,027	12,994,619
Real estate mortgage	38,672,268	54	-	-	23,858,936	179,522	-	32,361,036	6,311,232	21,998,045
Large companies	70,664,849	3,343,832	100,000	-	19,675,187	97,062	-	14,893,557	55,771,293	42,959,829
SMEs	10,449,406	84,659	845,638	-	5,994,621	1,841,188	906,269	9,672,375	777,032	6,575,335
Bills, bonds and notes:	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through the statement of comprehensive income	-	-	-	-	-	-	-	-	-	-
Within financial assets at amortised cost	7,488,004	-	7,384,918	-	6,886,154	-	-	14,271,072	-	4,425,400
Total	145,145,372	3,442,848	16,889,299	-	58,775,254	6,116,354	918,101	86,141,856	65,786,584	88,953,227
Financial guarantees	1,525,816	92,252		-	277,729	49,761	46,714	466,456	1,059,361	1,251,985
Letters of credit	-	-	-	-	-	-	-	-	-	-
Other liabilities	194,149	6,737	-	-	115,973	8,032	2,501	133,244	60,906	157,714
Total	1,719,965	98,989	-	-	393,702	57,793	49,215	599,699	1,120,267	1,409,699
Grand Total	146,865,337	3,541,837	16,889,299	-	59,168,956	6,174,147	967,316	86,741,555	66,906,851	90,362,926

Scheduled debts

These are the debts that were previously classified as non-performing credit facilities and were taken out of the classification of non-performing credit facilities under a rescheduling agreement and classified as watch list, total debts rescheduled amounted to JD 17,004,513 during 2023 and were classified as watch list, rescheduled debts balance during 2022 amounted to JD 42,258,899.

Restructured debt

Restructuring refers to the rearrangement of credit facilities position in terms of instalments, extending the life of credit facilities, deferring certain instalments or extending the grace period, restructured but not classified debts' balance amounted to JD 177,636,068 during 2023 (compared to JD 376,904,269 during 2022).

Bills, bonds and notes

The following table describes classification of bills, bonds and notes as per the external rating institutions as at 31 December 2023 and 2022:

Grade Classification	Institutions Classification	Under financial assets at fair value through comprehensive income	Under financial assets at amortised cost	Under financial assets through profit and loss	Total
		JD	JD	JD	2023
A3	Moody's	1,379,877	4,870,967	-	6,250,844
B1	Moody's	-	771,503,334	-	771,503,334
Ba1	Moody's	1,918,121	673,221	-	2,591,342
Baa1	Moody's	1,800,133	-	-	1,800,133
B2	Moody's	-	649,740	-	649,740
Baa2	Moody's	1,854,895	-	-	1,854,895
Baa3	Moody's	1,687,642	-	-	1,687,642
Caa1	Moody's	-	5,132,693	-	5,132,693
C	Moody's	-	3,161,600	-	3,161,600
Government		23,769,402	336,891,629	3,460,806	364,121,837
		32,410,070	1,118,012,216	3,460,806	1,150,422,287

Grade Classification	Institutions Classification	Under financial assets at fair value through comprehensive income	Under financial assets at amortised cost	Under financial assets through profit and loss	Total
		JD	JD	JD	2023
B1	Moody's	-	4,871,457	-	4,871,457
B2	Moody's	-	6,061,991	-	6,061,991
B+	Moody's	-	649,767	-	649,767
Ba3	Moody's	559,015	-	-	559,015
Baa3	Moody's	711,666	663,424	-	1,375,090
C	Moody's	-	3,062,605	-	3,062,605
Government		21,307,829	602,679,358	-	623,987,187
Unrated		-	-	-	-
		22,578,510	617,988,602	-	640,567,113

A- Total distribution of exposures by financial instruments

	Financial	Manufacturing	Commercial	Properties	Agricultural	Shares	Individuals	Government and public sector	Services	Other	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
31 December 2023											
Balances at central banks	464,806,353	-	-	-	-	-	-	322,417,414	-	-	787,223,767
Balances at banks and financial institutions	538,640,101	-	-	-	-	1,636,177	-	-	-	-	540,276,278
Credit facilities	225,776,476	349,221,458	340,571,247	238,250,802	31,766,163	9,782,829	287,831,248	175,475,054	348,071,023	-	2,006,746,300
Bills, bonds and notes:											
Within financial assets at fair value through the statement of other comprehensive income.	-	-	5,793,161	-	-	-	-	25,237,032	1,379,877	-	32,410,070
Within financial assets at amortised cost	336,891,630	-	3,161,600	-	-	-	-	777,958,992	4,870,967	-	1,122,883,189
Other assets	50,176,297	-	-	3,226,690	-	-	398,488	-	-	-	53,801,475
Financial guarantees	43,545,645	92,178,533	44,356,879	1,796,553	527,002	1,947,932	1,565,235	-	114,094,844	-	300,012,623
Letters of credit	-	16,873,665	33,729,291	-	3,239,333	-	-	-	5,932,506	-	59,774,795
Other liabilities	22,589,621	130,186,203	141,860,936	-	32,034,070	2,459,156	21,660,788	4,778,534	84,456,584	-	440,025,892
Grand Total	1,682,426,123	588,459,859	569,473,114	243,274,045	67,566,568	15,826,094	311,455,759	1,305,867,026	558,805,801	-	5,343,154,389

B- Distribution of exposures by classification stages under IFRS 9

	Stage 1 Individuals	Stage 1 Collective	Stage 2 Individuals	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Financial	1,678,651,054	-	3,683,662	-	91,407	1,682,426,123
Industrial	478,508,193	-	108,398,357	-	1,553,309	588,459,859
Commercial	533,294,787	-	26,462,630	-	9,715,697	569,473,114
Properties	206,826,138	-	30,923,923	-	5,523,984	243,274,045
Agricultural	47,872,876	-	10,594,778	-	9,098,914	67,566,568
Shares	15,826,094	-	-	-	-	15,826,094
Individuals	290,863,728	-	16,304,396	-	4,287,635	311,455,759
Government and public sector	1,300,734,333	-	513-2693	-	-	1,305,867,026
Services	490,455,915	-	64,490,314	-	3,859,572	558,805,801
Others	-	-	-	-	-	-
Total	5,043,033,118	-	265,990,753	-	34,130,518	5,343,154,389

	Financial	Manufacturing	Commercial	Properties	Agricultural	Shares	Individuals	Government and public sector	Services	Other	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
31 December 2022											
Balances at central banks	-	-	-	-	-	-	-	419,143,482	-	-	419,143,482
Balances at banks and financial institutions	122,770,121	-	-	-	-	665,832	-	-	-	-	123,435,953
Credit facilities	132,936,386	366,753,329	310,158,799	231,494,388	37,584,225	10,309,500	315,995,024	181,324,821	336,083,965	-	1,922,640,437
Bills, bonds and notes:											
Within financial assets at fair value through the statement of other comprehensive income.	-	-		-	-	-	-	22,019,495	559,015	-	22,578,510
Within financial assets at amortised cost	-	-	3,062,604	-	-	-	-	610,054,545	4,871,452	-	617,988,601
Other assets	36,000,001	-	-	3,064,335	-	-	230,086	-	-	1,101,443	40,395,864
Financial guarantees	63,590,120	39,184,074	38,705,123	-	824,024	1,624,564	1,656,635	-	86,974,545	-	232,559,084
Letters of credit	4,252,322	52,948,517	17,843,839	-	376,718	-	-	-	6,114,757	-	81,536,153
Other liabilities	28,089,088	93,406,332	119,118,109	-	24,937,411	1,304,340	24,206,622	-	79,074,896	-	370,136,798
Grand Total	387,638,038	552,292,252	488,888,475	234,558,722	63,722,378	13,904,235	342,088,366	1,232,542,343	513,678,632	-	3,830,414,885

Distribution of exposures by classification stages under IFRS 9

	Stage 1 Individuals	Stage 1 Collective	Stage 2 Individuals	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Financial	386,820,117	-	715,458	-	102,463	387,638,038
Industrial	497,312,818	-	47,756,657	-	7,222,777	552,292,252
Commercial	452,067,053	-	31,665,081	-	8,220,676	491,952,810
Properties	203,255,667	-	21,581,917	-	6,656,803	231,494,387
Agricultural	48,040,039	-	15,681,159	-	1,181	63,722,379
Shares	13,904,235	-	-	-	-	13,904,235
Individuals	321,209,757	-	16,267,054	-	4,611,556	342,088,367
Government and public sector	1,232,542,343	-	-	-	-	1,232,542,343
Services	481,876,376	-	30,314,165	-	1,488,088	513,678,629
Others	1,101,443	-	-	-	-	1,101,443
Total	3,638,129,847	-	163,981,491	-	28,303,544	3,830,414,885

Comparison of the credit exposures as per the classification instructions No. (47/2009) and comparatively with IFRS (9) for 2023:

As per the classification instructions No. (47/2009)

Item	Total	Interest in suspense	Balance	Provision
Performing	1,801,034,274	1,639,046	1,799,395,227	-
Watch list	275,318,104	2,560,835	272,757,269	61,980,538
Non-performing	160,302,863	30,302,468	130,000,394	102,731,112
Sub-standard	5,153,138	49,962	5,103,176	1,398,037
Doubtful	32,269,798	3,655,020	28,614,778	15,899,509
Loss	122,879,926	26,597,486	96,282,440	85,433,566
Total	2,236,655,240	34,502,349	2,202,152,891	164,711,650

	As per IFRS (9)			As per IFRS (9)			As per IFRS (9)		
	Stage 1			Stage 2			Stage 3		
Item	Total	ECL	Interest in suspense	Total	ECL	Interest in suspense	Total	ECL	Interest in suspense
Performing	1,768,094,981	25,162,374	148,677	25,430,160	2,216,426	27,208	895,155	345,229	31,202
Watch list	-	-	-	273,933,286	62,670,493	1,087,994	584,314	197,908	6,656
Non-performing	-	-	-	-	-	-	167,717,345	104,814,162	33,200,612
Sub-standard	-	-	-	-	-	-	4,444,670	1,279,865	22,720
Doubtful	-	-	-	-	-	-	28,437,711	14,290,174	3,604,342
Loss	-	-	-	-	-	-	134,834,964	89,244,123	29,573,550
Total	1,768,094,981	25,162,374	148,677	299,363,445	64,886,919	1,115,203	169,196,813	105,357,298	33,238,470

Comparison of the credit exposures as per the classification instructions No. (47/2009) and comparatively with IFRS (9) for 2022:

As per the classification instructions No. (47/2009)

Item	Total	Interest in suspense	Balance	Provision
Performing	1,798,059,370	379,369	1,707,680,001	-
Watch list	171,131,274	1,858,685	169,272,590	33,016,368
Non-performing	135,896,531	28,175,021	107,721,510	83,973,307
Sub-standard	10,890,136	223	10,889,913	3,597,573
Doubtful	7,879,493	201,294	7,678,199	3,387,523
Loss	117,126,902	27,973,505	89,153,397	76,988,212
Total	2,105,087,176	30,077,354	2,075,009,821	117,057,938

	As per IFRS (9)			As per IFRS (9)			As per IFRS (9)		
	Stage 1			Stage 2			Stage 3		
Item	Total	ECL	Interest in suspense	Total	ECL	Interest in suspense	Total	ECL	Interest in suspense
Performing	1,775,575,135	33,732,006	13,106	20,923,333	918,220	11,856	1,560,902	354,407	18,686
Watch list	-	-	-	170,931,341	33,191,332	1,853,525	199,934	47,229	5,159
Non-performing	-	-	-	-	-	-	135,896,531	84,126,191	28,175,021
Sub-standard	-	-	-	-	-	-	10,890,136	3,581,459	223
Doubtful	-	-	-	-	-	-	7,879,493	3,342,306	201,294
Loss	-	-	-	-	-	-	117,127,902	77,202,426	27,973,505
Total	1,775,575,135	33,732,006	13,106	191,854,673	34,096,579	1,865,381	273,554,898	84,527,827	28,198,867

A- Total distribution of exposures by geographical areas:

	Inside the Kingdom	Other Middle East	Europe	Asia	Africa	America	Other countries	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	319,965,894	464,806,334	2,451,539	-	-	-	-	787,223,767
Balances at banks and financial institutions	4,271	373,546,590	69,917,642	1,137,904	104,406	83,418,175	12,147,290	540,276,278
Credit facilities	1,724,297,005	33,355,781	249,093,514	-	-	-	-	2,006,746,300
Bills, bonds and notes:								
Within financial assets at fair value through the statement of other comprehensive income	23,769,402	1,467,630	3,981,552	-	-	-	3,191,486	32,410,070
Within financial assets at amortised cost	779,535,906	338,214,590	-	-	5,132,693	-	-	1,122,883,189
Other assets	40,458,883	9,024,772	4,317,820	-	-	-	-	53,801,475
Total/ current year	2,888,031,361	1,220,415,697	329,762,067	1,137,904	5,237,099	83,418,175	15,338,776	4,543,341,079
Financial guarantees	242,415,613	26,799,508	30,797,502	-	-	-	-	300,012,623
Letters of credit	49,766,013	3,055,022	6,953,760	-	-	-	-	59,774,795
Other liabilities	421,431,323	-	18,594,569	-	-	-	-	440,025,892
Grand Total	3,601,644,310	1,250,270,227	386,107,898	1,137,904	5,237,099	83,418,175	15,338,776	5,343,154,389

B- Distribution of exposures by classification stages under IFRS 9

	Stage 1 Individuals	Stage 1 Collective	Stage 2 Individuals	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Inside the Kingdom	3,337,825,721	-	237,121,893	-	26,696,696	3,601,644,310
Other Middle East Countries	1,220,265,787	-	22,570,618	-	7,433,822	1,250,270,227
Europe	384,942,349	-	1,165,549	-	-	386,107,898
Asia	1,137,904	-	-	-	-	1,137,904
Africa	104,406	-	513-2693	-	-	5,237,099
America	83,418,175	-	-	-	-	83,418,175
Other countries	15,338,776	-	-	-	-	15,338,776
Total	5,043,033,118	-	265,990,753	-	34,130,518	5,343,154,390

Credit exposure concentration as per the geographical distribution as at 31 December 2022:

Geographic region / Description	Inside the Kingdom	Middle East Countries other	Europe	Asia *	Africa *	America	Other countries	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Total/ comparative figures	3,425,281,800	6,661,056	298,073,758	1,398,521	6,166,495	88,439,853	4,393,402	3,830,414,885

Credit exposures reclassified

A. Gross exposures reclassified

	Stage 2		Stage 3			
31 December 2023	Gross amount of exposure	Exposures reclassified	Gross amount of exposure	Exposures reclassified	Gross exposures reclassified	Percentage of exposures reclassified
	JD	JD	JD	JD	JD	JD
Balances at central banks	24,502,322	-	7,108,636	-	-	0.00%
Balances at banks and financial institutions	4,910,328	-	25,077	-	-	0.00%
Credit facilities:						
Retail	12,293,339	4,794,156	23,799,691	1,308,640	6,102,796	17.57%
Real estate mortgage	24,903,384	3,527,882	15,494,860	1,146,203	4,674,084	11.57%
Large companies	242,940,197	28,600,515	114,891,474	-	28,600,515	7.96%
SMEs	19,226,525	12,288,105	15,010,787	163,469	12,451,574	36.37%
Bills, bonds and notes:						
Within financial assets at fair value through the statement of comprehensive income	-	-	-	-	-	0.00%
Within financial assets at amortised cost	6,208,304	-	21,914,435	-	-	0.00%
Total	334,984,400	49,210,658	198,244,961	2,618,312	51,828,969	10.04%
Financial guarantees	23,640,582	223,420	1,810,908	4,000	227,420	0.89%
Letters of credit	240,040	-	-	-	-	0.00%
Other liabilities	6,096,989	357,477	85,210	43,167	400,644	6.48%
Total	29,977,611	580,897	1,896,117	47,167	628,064	1.97%
Grand Total	364,962,011	49,791,555	200,141,078	2,665,479	52,457,032	9.57%

	Stage 2		Stage 3			
31 December 2022	Gross amount of exposure	Exposures reclassified	Gross amount of exposure	Exposures reclassified	Gross exposures reclassified	Percentage of exposures reclassified
	JD	JD	JD	JD	JD	JD
Balances at central banks	-	-	-	-	-	0.00%
Balances at banks and financial institutions	-	-	-	-	-	0.00%
Credit facilities:	10,877,638	3,711,855	17,870,844	546,941	4,258,796	14,81%
Retail	27,439,401	7,663,994	38,672,268	1,362,733	9,026,727	13,65%
Real estate mortgage	125,182,937	7,424,264	70,664,849	3,253,487	10,677,751	5,45%
Large companies	28,354,697	2,773,666	10,449,406	2,583,122	5,356,789	13,80%
SMEs						
Bills, bonds and notes:						
Within financial assets at fair value through the statement of comprehensive income	-	-	-	-	-	0.00%
Within financial assets at amortised cost	-	-	7,488,004	-	-	0.00%
Total	191,854,673	21,573,779	145,145,372	7,746,283	29,320,063	8,70%
Financial guarantees	6,651,478	559,946	1,525,816	254,120	814,066	9,96%
Letters of credit	-	-	-	-	-	0.00%
Other liabilities	2,781,622	257,343	194,149	57,119	314,462	10,57%
Total	9,433,100	817,289	1,719,965	311,239	1,128,528	10,12%
Grand Total	201,287,773	22,391,068	146,865,337	8,057,522	30,448,590	8,75%

B. ECL of exposures reclassified

	Exposures reclassified			ECL of exposures reclassified				
31 December 2023	Gross exposures reclassified from Stage 2	Gross exposures reclassified from Stage 3	Gross reclassified exposures	Stage 2 Individuals	Stage 2 Collective	Stage 3 Individuals	Stage 3 Collective	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Credit facilities:								
Retail	4,794,156	1,308,640	6,102,796	842,604	-	194,189	-	1,036,793
Real estate mortgage	3,527,882	1,146,203	4,674,084	123,869	-	65,091	-	188,960
Large companies	28,600,515	0	28,600,515	9,158,159	-	0	-	9,158,159
SMEs	12,288,105	163,469	12,451,574	1,046,256	-	4,021	-	1,050,277
Total	49,210,658	2,618,312	51,828,969	11,170,888	-	263,301	-	11,434,189
Financial guarantees	223,420	4,000	227,420	83,434	-	20	-	83,455
Letters of credit	-	-	-	-	-	-	-	-
Other liabilities	357,477	43,167	400,644	17,452	-	309	-	17,761
Total	580,897	47,167	628,064	580,897	-	329	-	101,216
Grand Total	49,791,555	2,665,479	52,457,032	11,751,785	-	263,629	-	11,535,405

	Exposures reclassified			ECL of exposures reclassified				
31 December 2022	Gross exposures reclassified from Stage 2	Gross exposures reclassified from Stage 3	Gross reclassified exposures	Stage 2 Individuals	Stage 2 Collective	Stage 3 Individuals	Stage 3 Collective	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Credit facilities:								
Retail	3,711,855	546,941	4,258,796	1,470,095	-	80,342	-	1,550,437
Real estate mortgage	7,663,994	1,362,733	9,026,727	260,430	-	15,080	-	275,510
Large companies	7,424,264	3,253,487	10,677,751	2,314,217	-	349,452	-	2,663,669
SMEs	2,773,666	2,583,122	5,356,789	616,319	-	31,244	-	647,563
Bills, bonds and notes:	-	-	-	-	-	-	-	-
Total	21,573,779	7,746,283	29,320,063	4,661,061	-	476,118	-	5,137,179
Financial guarantees	559,946	254,120	814,066	307,927	-	1,949	-	309,876
Letters of credit	-	-	-	-	-	-	-	-
Other liabilities	257,343	57,119	314,462	14,232	-	1,449	-	15,680
Total	817,289	311,239	1,128,528	322,159	-	3,397	-	325,556
Grand Total	22,391,068	8,057,522	30,448,590	4,983,220	-	479,514	-	5,462,735

Credit exposure distribution

Bank's internal rating grade	Rating category as per the instructions (2009/ 47)	Gross amount of exposure	Expected credit losses (ECL)	Probability of Default (PD)	Rating according to external rating institutions	Exposure at default (EAD) in JD millions	Loss given default (LGD)%
STAGE 1							
	Normal	734,436,650	12,963,720	0.265 TO 83.606%		410,543,802	0.000 TO 53.493%
	Normal	35,792,547			2		
	Normal	21,422,217	38	0.251%	2-	78,195	47.848%
	Normal	107,320			2+		
	Normal	4,817,773	123	0.414 TO 0.520%	3	62,754	47.270 TO 49.339%
	Normal	10,283,755	5,852	0.483 TO 0.792%	3-	7,885,610	46.306 TO 55.605%
	Normal	59,486,122	150	0.277 TO 0.492%	3+	6,258,790	43.389 TO 57.223%
	Normal	1,966,714	7,155	1.725 TO 1.936%	4	1,854,895	44.662 TO 49.350%
	Normal	1,805,666	11,799	0.265 TO 2.260%	4-	1,712,412	12.242 TO 56.247%
	Normal	44,938,422	6,415	0.641 TO 1.192%	4+	20,581,353	38.066 TO 57.258%
	Normal	428,826	4,923	2.806 TO 3.079%	5	428,826	46.810 TO 49.820%
	Normal	358,771	3,562	3.513%	5-	354,500	49.478%
	Normal	2,603,560	23,070	1.535 TO 2.365%	5+	2,603,560	41.071 TO 49.701%
	Normal	11,313,080	44,525	5.220 TO 7.215%	6	11,313,080	43.752 TO 50.368%
	Normal	13,904,184	349,418	8.761 TO 9.920%	6-	13,799,769	50.039 TO 50.649%
	Normal	804,938,942	143,477	1.409 TO 5.509%	6+	91,391,416	44.956 TO 53.493%
	Normal	4,297,802	43,455	9.495 TO 12.339%	7+	4,297,811	47.286 TO 57.826%
2	Normal	1,500,000	44	0.176%		1,500,000	1.603%
2-	Normal	53,939,012	32,186	0.090 TO 0.324%		53,939,012	18.125 TO 50.319%
3+	Normal	105,028,113	70,718	0.126 TO 0.606%		105,028,113	0.000 TO 53.234%
3	Normal	74,767,354	78,318	0.168 TO 0.741%		74,767,354	0.000 TO 53.066%
3-	Normal	111,424,238	151,660	0.244 TO 0.938%		111,424,238	0.000 TO 52.812%
4+	Normal	166,621,459	466,388	0.369 TO 1.123%		166,904,167	0.000 TO 53.069%
4	Normal	67,907,414	586,966	0.526 TO 1.477%		67,907,414	0.000 TO 53.258%
4-	Normal	314,901,851	1,055,053	0.747 TO 2.037%		279,756,938	0.000 TO 53.683%
4-	Normal	2,185	3	1.247%	4-	2,185	21.607%
5+	Normal	146,038,267	2,308,011	1.065 TO 2.607%		146,038,267	0.000 TO 54.425%
5	Normal	276,216,524	2,162,450	1.497 TO 3.474%		276,216,516	0.000 TO 53.898%
5-	Normal	332,135,982	3,030,729	2.224 TO 4.656%		338,701,838	0.000 TO 54.072%
6+	Normal	180,457,710	2,547,815	3.110 TO 5.342%		182,978,572	0.000 TO 54.069%
6	Normal	211,654,557	3,460,345	3.905 TO 7.391%		211,623,155	0.000 TO 53.740%
6-	Normal	25,126,561	595,917	6.763 TO 10.135%		25,126,561	7.186 TO 52.206%
7+	Normal	3,805,828	176,474	8.719 TO 13.606%		3,805,828	10.969 TO 37.255%
7	Normal	4,894,696	398,853	11.068 TO 14.108%		4,894,696	29.710 TO 41.129%

Credit exposure distribution

Bank's internal rating grade	Rating category as per the instructions (2009/ 47)	Gross amount of exposure	Expected credit losses (ECL)	Probability of Default (PD)	Rating according to external rating institutions	Exposure at default (EAD) in JD millions	Loss given default (LGD)%
STAGE 2							
	Normal	9,905,999	1,922,835	0.265 TO 89.738%		9,898,017	0.000 TO 53.493%
	Normal	6,208,304	1,075,611	7.151%	7+	6,208,304	52.689%
3+	Normal	86,234		0.220%		86,234	0.001%
4+	Normal	10,000		0.367%		10,000	0.000%
4-	Normal	541,731	384	0.968 TO 1.254%		541,731	1.328 TO 2.695%
5+	Normal	264,200	431	1.084 TO 1.783%		264,200	0.000 TO 53.845%
5	Normal	5,459,084	109,051	1.580 TO 2.894%		5,459,084	0.000 TO 53.470%
5-	Normal	7,201,010	189,788	2.238 TO 3.770%		7,692,786	3.065 TO 52.689%
6+	Normal	4,660,738	59,213	3.264 TO 5.204%		4,660,738	0.017 TO 54.530%
6	Normal	2,537,087	33,360	4.655 TO 7.544%		2,537,087	0.000 TO 50.647%
6-	Normal	309,075	14,975	7.717 TO 10.302%		309,075	38.210 TO 54.853%
7	Normal	5,000	27	16.446%		5,000	7.883%
7-	Normal	32,494	137	28.552 TO 29.081%		32,494	0.001 TO 12.145%
	Watch	4,124,337	781,983	0.265 TO 100.000%		4,088,460	0.000 TO 53.493%
3+	Watch	78,469,515	15,693,903	0.165 TO 0.633%		78,469,515	23.378 TO 24.218%
3-	Watch	34,001	1	0.462 TO 0.472%		34,001	1.171 TO 1.321%
4	Watch	1,209,493	2,835	0.944%		1,209,493	8.179%
4-	Watch	324,090	9	0.918 TO 1.247%		324,090	0.026 TO 2.451%
5+	Watch	15,725,142	4,983,422	1.037 TO 1.772%		15,212,412	19.617 TO 51.164%
5	Watch	12,395,995	2,515,307	1.750 TO 2.582%		12,322,873	0.000 TO 53.361%
5-	Watch	7,134,709	610,274	2.224 TO 3.356%		7,135,254	7.020 TO 53.912%
6+	Watch	57,947,049	14,630,458	3.242 TO 4.958%		57,483,403	10.440 TO 52.689%
6	Watch	9,903,215	1,033,001	4.115 TO 7.048%		9,903,215	7.997 TO 45.479%
7+	Watch	16,593,109	4,111,549	7.093 TO 7.892%		16,593,109	8.683 TO 52.689%
7	Watch	39,977,985	15,311,449	8.601 TO 19.241%		39,977,985	10.000 TO 29.666%
7-	Watch	35,134,091	8,578,347	11.689 TO 29.191%		35,923,461	8.206 TO 56.577%
STAGE 3							
	Normal	796,562	260,551	100.000%		783,907	0.000 TO 55.979%
	Normal	7,587,473	4,425,874	100.000%	10	7,587,473	10.000 TO 99.990%
10	Normal	1,115,702	987,525	100.000%		1,115,177	0.000 TO 99.990%
	Watch	439,909	86,619	100.000%		437,941	0.000 TO 55.979%
10	Watch	144,405	111,289	100.000%		139,717	10.000 TO 99.990%
	Sub_Standard	3,914,043	1,170,292	100.000%		3,892,338	0.000 TO 62.437%
10	Sub_Standard	545,990	118,221	100.000%		544,974	0.000 TO 99.990%
	Doubtful	3883108.04	2792695.07	100.000%		3742532.34	0.000 TO 100.000%
10	Doubtful	24628029	11559725.36	100.000%		21164664.97	0.000 TO 99.990%
	Loss	18211900.65	13084792.32	100.000%		14188092.32	0.000 TO 100.000%
10	Loss	84431952.62	55351945.91	100.000%		63103094.39	0.000 TO 99.990%

40-A Market risk

Market risks are losses of the value arising from changes in market prices as the change in interest rates, foreign exchange rates, prices of financial instruments and therefore changes in fair value of the cash flows of financial instruments within and outside the consolidated statement of financial position.

The bank has defined policies and procedures for identifying, measuring, monitoring and controlling market risks, they are reviewed periodically, and their implementation is monitored, where the investment policy committee studies and recommends them after confirming their compliance with the instructions of the Central Bank of Jordan, they are then implemented and approved by the board of directors.

The acceptable risk policy is determined under treasury operations and includes limits for market risk control, where they are complied with, and their implementation is verified periodically and continuously by monitoring their implementation by the risk management department and submitting various periodic reports which in turn are presented to the Assets and Liabilities Committee and the board of directors.

The bank holds a share and bond portfolio for trading purposes (financial assets at fair value though pofit or loss), for which the sensitivity analysis method is used, where risks are currently measured through the standard approach to calculate the minimum share capital as recommended by Basel Committee.

40-B Interest rate risk:

Interest rate risk arises from the probability of change in interest rates, consequently affecting cash flows or air value of the financial instrument.

The bank is exposed to interest rate risk as a result of time gaps for repricing between assets and liabilities, such gaps are monitored on a periodic basis by the Assets and Liabilities Committee, and sometimes various hedging methods are used to remain within acceptable limits of interest rate risk gaps.

- **Sensitivity analysis:**

For 2023

Currency	Change of increase in interest rate (percentage point)	Sensitivity of interest income (profit and loss)	Sensitivity of equity
	%	JD	JD
USD	1	(1,306,743)	(854,000)
Euro	1	503,938	-
GBP	1	(32,774)	(66,017)
JPY	1	-	-
Other currencies	1	195,626	-

Currency	Change (decrease) in interest rate (percentage point)	Sensitivity of interest income (profit and loss)	Sensitivity of equity
	%	JD	JD
USD	1	1,306,743	854,000
Euro	1	(503,938)	-
GBP	1	32,774	66,017
JPY	1	-	-
Other currencies	1	(195,626)	-

For 2022

Currency	Change of increase in interest rate (percentage point)	Sensitivity of interest income (profit and loss)	Sensitivity of equity
	%	JD	JD
USD	1	476,318	(738,330)
Euro	1	(68,258)	-
GBP	1	(39,529)	-
JPY	1	-	-
Other currencies	1	(14,708)	-

Currency	Change (decrease) in interest rate (percentage point)	Sensitivity of interest income (profit and loss)	Sensitivity of equity
	%	JD	JD
USD	1	(476,318)	765,181
Euro	1	68,258	-
GBP	1	39,529	-
JPY	1	-	-
Other currencies	1	14,708	-

- **Currency risk:**

The table below shows the currencies that the Bank is exposed to and the effect of a possible and reasonable change on their prices against the Jordanian Dinar on the consolidated statement of income, and the currency position are monitored on a daily basis to verify they remain within the specified limits and submits reports thereon to the Assets and Liabilities Committee as well as to the Board of Directors.

For 2023

Currency	Change in foreign currency rates	Impact on profit and loss	Impact on Equity
	%	JD	JD
Euro	5	(9,314)	-
GBP	5	12,995	-
JPY	5	648	-
Other currencies	5	8,731,678	-

For 2022

Currency	Change in foreign currency rates	Impact on profit and loss	Impact on Equity
	%	JD	JD
Euro	5	(1,121,926)	-
GBP	5	276,115	-
JPY	5	1,147,234	-
Other currencies	5	(346,411)	-

- **Risk of change in shares prices:**

It is the risk of a decrease in the fair value of the shares portfolio because of the change in the value of shares indices and the change in the value of individual shares.

For 2023

Index	Change in index	Impact on profit and loss	Impact on Equity
	%	JD	JD
Amman market index	5	-	559,919
Palestine market index	5	-	2,598
Dubai market index	5	-	176,134
Kuwait market index	5	-	-
NASDAQ – USA	5	-	-

For 2022

Index	Change in index	Impact on profit and loss	Impact on Equity
	%	JD	JD
Amman market index	5	-	365,728
Palestine market index	5	-	47,042
Kuwait market index	5	-	-
NASDAQ – USA	5	-	-

			Re-pricing interest gap					
	Less than 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	From 1 year to 3 years	3 years or more	Elements non-bearing interest	Total
	JD	JD	JD	JD	JD	JD	JD	JD
31 December 2023								
Assets:								
Cash and balances at Central Banks	108,000,000	-	-	-	-	-	964,306,647	1,072,306,647
Balances at banks and financial institutions	111,806,065	-	-	-	-	-	428,470,213	540,276,278
Direct credit facilities, net	535,334,294	69,918,692	139,679,252	140,570,219	493,558,566	607,915,180	19,770,097	2,006,746,300
Financial assets at fair value through statement of income	-	-	-	-	3,460,806	-	21,299,672	24,760,478
Financial assets at fair value through the statement of comprehensive income	5,086,256	-	-	-	20,918,028	10,749,418	79,469,920	116,223,622
Financial assets at amortised cost	26,979,725	98,499,645	35,000,751	226,493,236	337,312,188	398,597,644	-	1,122,883,189
Property and equipment, net	-	-	-	-	-	-	80,450,626	80,450,626
Intangible assets, net	-	-	-	-	-	-	11,907,278	11,907,278
Deferred tax assets	-	-	-	-	-	-	58,716,359	58,716,359
Other assets	37,287,018	46,594,134	27,956,481	33,547,776	-	11,302,486	17,936,314	174,624,209
Right of use leased assets	-	-	-	-	1,004,749	11,554,615	-	12,559,364
Assets held for sale	-	-	-	-	-	-	22,947,701	22,947,701
Total assets	824,493,358	215,012,471	202,636,484	400,611,231	856,254,337	1,040,119,343	1,705,274,827	5,244,402,051

Re-pricing interest gap:

The Bank follows a consistent policy in the amounts of assets and liabilities and aligns the maturities to reduce the gaps by dividing assets and liabilities into multiple timing categories or maturities on review interest rates, whichever is less, to reduce risk in interest rates, study gaps in interest rates associated with them, and use hedging policies through advanced tools such as derivatives.

Classification is made on the basis of interest repricing or maturity periods, whichever is earlier.

Interest rate sensitivities are as follows:

	Re-pricing interest gap							
	Less than 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	From 1 year to 3 years	3 years or more	Elements non-bearing interest	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities:								
Deposits with banks and banking institutions	-	50,938,301	-	12,000,000	-	-	6,682,050	69,620,351
Customers' deposits	826,247,637	303,307,858	291,369,840	343,933,388	186,503,468	4,074	1,755,730,217	3,707,096,482
Cash margins	63,522,559	19,044,955	11,515,037	31,783,113	2,456,928	39,200	11,613,041	139,974,833
Borrowings	10,555	9,304	909,216	82,842,732	174,575,466	104,809,897	-	363,157,170
Other provisions	-	-	-	-	-	-	20,297,592	20,297,592
Green bonds	-	-	-	-	-	35,450,000	-	35,450,000
Provision for income tax	-	-	-	-	-	-	32,640,476	32,640,476
Deferred tax liabilities	-	-	-	-	-	-	3,497,873	3,497,873
Liabilities against right of use leased assets	-	-	-	-	1,023,355	11,768,591	-	12,791,946
Other liabilities	15,132,553	18,901,050	11,340,630	13,608,756	-	20,219,484	35,056,442	114,258,915
Liabilities related directly to right of use asset	-	-	-	-	-	-	18,105,050	18,105,050
Total liabilities	904,913,304	392,201,468	315,134,723	484,167,989	364,559,217	172,291,246	1,883,622,741	4,516,890,688
Non-controlling interests	-	-	-	-	-	-	112,767,872	112,767,872
Re-pricing interest gap	(80,419,946)	(177,188,997)	(112,498,239)	(83,556,758)	491,695,120	867,828,097	(291,115,786)	614,743,491

			Re-pricing interest gap					
	Less than 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	From 1 year to 3 years	3 years or more	Elements non-bearing interest	Total
	JD	JD	JD	JD	JD	JD	JD	JD
31 December 2022								
Assets:								
Cash and balances at Central Banks	-	-	-	-	-	-	480,714,381	480,714,381
Balances at banks and financial institutions	90,557,279	8,019,566	-	-	-	1,425	24,857,683	123,435,953
Direct credit facilities, net	693,411,228	243,967,557	202,411,902	455,900,867	173,541,985	128,476,225	24,930,673	1,922,640,437
Financial assets at fair value through statement of income	-	-	-	-	-	-	20,958,094	20,958,094
Financial assets at fair value through the statement of comprehensive income	559,015	-	-	10,866,088	6,705,928	4,447,479	72,406,082	94,984,593
Financial assets at amortised cost	45,000,026	59,953,151	69,564,068	117,340,523	161,440,932	164,689,901	-	617,988,602
Property and equipment, net	-	-	-	-	-	-	36,013,560	36,013,560
Intangible assets, net	-	-	-	-	-	-	7,239,008	7,239,008
Deferred tax assets	-	-	-	-	-	-	56,299,061	56,299,061
Right of use leased assets	-	-	-	-	856,485	9,667,575	-	10,524,060
Other assets	9,793,728	5,320,510	6,486,080	8,980,878	5,846,096	10,440,476	129,273,850	176,141,619
Total assets	839,321,276	317,260,784	278,462,050	593,088,356	348,391,426	317,723,081	852,692,393	3,546,939,367

	Re-pricing interest gap							
	Less than 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	From 1 year to 3 years	3 years or more	Elements non-bearing interest	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities:								
Deposits with banks and banking institutions	24,440,347	-	80,006,651	-	-	-	2,737,995	107,184,993
Customers' deposits	962,971,103	360,207,718	183,535,253	274,830,793	658,309	-	636,469,782	2,418,672,958
Cash margins	32,445,925	19,526,021	11,917,127	26,151,228	669,943	-	27,216,328	117,926,572
Borrowings	2,725,441	2,051,428	2,742,116	6,457,265	101,492,797	181,129,021	-	296,598,068
other provisions	13,532,966	-	-	-	-	-	922,007	14,454,973
Bond	-	-	-	11,000,000	-	-	-	11,000,000
Provision for income tax	-	-	-	-	-	-	18,784,419	18,784,419
Deferred tax liabilities	-	-	-	-	-	-	7,460,503	7,460,503
Liabilities against right of use leased assets	-	-	-	-	601,806	10,131,876	-	10,733,682
Other liabilities	22,367,249	9,235,708	7,328,678	8,497,685	9,611,039	9,527,612	-	66,567,971
Total liabilities	1,058,483,031	391,020,875	285,529,825	326,936,971	113,033,894	200,788,509	694,972,664	3,069,384,139
Non-controlling interests	-	-	-	-	-	-	1,721,520	1,721,520
Re-pricing interest gap	(219,161,755)	(73,760,091)	(7,067,775)	266,151,385	235,357,532	116,934,572	159,441,249	479,276,748

Concentration in foreign exchange risk

	USD	Euro	GBP	JPY	Others	Total
31 December 2023	JD	JD	JD	JD	JD	JD
Assets:						
Cash and balances with Central Banks	192,895,478	4,394,501	421,559	-	556,646,128	754,357,666
Balances with banks and banking institutions	452,618,354	67,411,708	10,193,061	1,185,570	8,681,171	540,089,864
Direct credit facilities - net	490,495,561	26,343,349	-	-	17,554,233	534,393,143
Financial assets at fair value through profit and loss	3,460,806	0	-	-	-	3,460,806
Financial assets at fair value through comprehensive income	60,908,311	61,780	1,830,368	-	10,304,158	73,104,617
Financial assets at amortised cost	301,744,089	-	-	-	229,141,312	530,885,401
Property and equipment	1,187,645	-	-	-	41,056,537	42,244,182
Intangible assets	35,835	-	-	-	585,870	621,705
Right of use assets	-	463,187	-	-	993,067	1,456,254
Other assets	14,089,907	585,309	50,630	(0)	9,673,925	24,399,772
Total assets	1,517,435,987	99,259,834	12,495,619	1,185,570	874,636,401	2,505,013,410
Liabilities:						
Deposits with banks and banking institutions	64,821,937	50,635	-	-	106,622	64,979,194
Customers' deposits	1,145,524,540	95,010,917	11,999,195	1,119,677	658,953,206	1,912,607,535
Cash margins	48,917,760	3,103,943	187,465	52,924	6,799,793	59,061,885
Borrowings	121,066,633	-	-	-	-	121,066,633
Other provisions	-	-	-	-	2,258,070	2,258,070
Green bonds	35,450,000	-	-	-	-	35,450,000
Provision for Income tax	-	397,708	-	-	14,098,178	14,495,886
Liabilities against right od use assets	-	478,646	-	-	1,026,972	1,505,618
Other liabilities	9,040,818	404,269	49,056	-	16,760,010	26,254,152
Total liabilities	1,424,821,688	99,446,118	12,235,716	1,172,601	700,002,851	2,237,678,974
Net concentration in the consolidated statement of financial position for the current year	92,614,299	(186,284)	259,903	12,969	174,633,550	267,334,436
Contingent liabilities off-the consolidated statement of financial position for the current year	298,618,870	55,475,655	116,703	2,097,864	16,558,519	302,391,893

	USD	Euro	GBP	JPY	Others	Total
31 December 2022	JD	JD	JD	JD	JD	JD
Assets:						
Cash and balances with Central Banks	56,309,217	6,930,381	912,605	-	979,301	65,131,504
Balances with banks and banking institutions	88,062,088	10,403,925	16,766,337	1,388,868	717,685	117,338,904
Direct credit facilities - net	460,775,049	18,583,411	2,987,230	22,942,826	-	505,288,515
Financial assets at fair value through profit and loss	-	-	1,469,194	-	-	1,469,194
Financial assets at fair value through comprehensive income	54,480,602	55,185	-	-	-	54,535,787
Financial assets at amortised cost	152,296,674	-	-	-	-	152,296,674
Property and equipment	938,688	-	-	-	-	938,688
Intangible assets	2,264	-	-	-	-	2,264
Other assets	8,790,258	326,485	102,895	12,374	-	9,232,011
Total assets	821,654,838	36,299,388	22,238,260	24,344,068	1,696,986	906,233,541
Liabilities:						
Deposits with banks and banking institutions	104,945,482	43,068	-	-	420,732	105,409,282
Customers' deposits	475,325,806	55,365,948	16,530,822	1,396,973	7,178,645	555,798,195
Cash margins	28,193,955	2,612,739	165,803	2,413	992,862	31,967,772
Borrowings	129,514,448	-	-	-	-	129,514,448
Provision for Income tax	-	379,105	-	-	-	379,105
Other liabilities	6,710,450	325,253	19,330	-	32,959	7,087,991
Total liabilities	744,690,141	58,726,113	16,715,954	1,399,387	8,625,198	830,156,793
Net concentration in the consolidated statement of financial position for the current year	76,964,697	(22,426,726)	5,522,306	22,944,682	(6,928,213)	76,076,747
Contingent liabilities off-the consolidated statement of financial position for the current year	192,123,910	10,749,982	105,167	62,148	3,203,063	206,244,269

C. Liquidity risk

First: The table below summarizes the distribution of liabilities (not discounted) based on the remaining period for contractual maturity at the date of the financial statements:

Liquidity risk is defined as the losses that the Bank may be exposed to due to lack of funds needed to finance the increase of its investments or to repay its obligations when they become due at appropriate time and cost. (This is part of asset and liability management (ALM).

- The Bank is commitment to liquidity ratios set by the Central Bank and the supervisory authorities under which the Bank's external branches operate, and the Bank's liquidity is monitored on a daily basis.
- Liquidity is also monitored by the ALCO chaired by the Director General through periodic reports.

31 December 2023	Less than 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	From 1 year to 3 years	Over 3 years	Elements non-bearing interest	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities:								
Deposits with banks and banking institutions	-	50,938,301	-	12,000,000	-	-	6,682,050	69,620,351
Customers' deposits	602,414,221	303,307,858	291,369,840	343,933,388	186,503,468	4,074	1,979,563,633	3,707,096,482
Cash margins	75,135,600	19,044,955	11,515,037	31,783,113	2,456,928	39,200	-	139,974,833
Borrowings	10,555	9,304	909,216	82,842,732	174,575,466	104,809,897	-	363,157,170
Other provisions	-	-	-	-	-	-	20,297,592	20,297,592
Green bonds	-	-	-	-	-	35,450,000	-	35,450,000
Provision for income tax	-	-	-	-	-	-	32,640,476	32,640,476
Deferred tax liabilities	-	-	-	-	-	-	3,497,873	3,497,873
Liabilities against right of use leased assets	-	-	-	-	1,023,355	11,768,591	-	12,791,946
Other liabilities	15,132,553	18,901,050	11,340,630	13,608,756	-	20,219,484	35,056,442	114,258,915
Total	692,692,929	392,201,468	315,134,723	484,167,989	364,559,217	172,291,246	2,077,738,066	4,498,785,638
Total assets	824,493,358	215,012,471	202,636,484	400,611,231	856,254,337	1,040,119,343	1,705,274,827	5,244,402,051

31 December 2022	Less than 1 month JD	1 month to 3 months JD	3 months to 6 months JD	6 months to 1 year JD	From 1 year to 3 years JD	Over 3 years JD	Elements non-bearing interest JD	Total JD
Liabilities:								
Deposits with banks and banking institutions	27,178,342	-	80,006,651	-	-	-	-	107,184,993
Customers' deposits	893,281,202	360,207,718	183,535,253	274,830,793	658,309	-	706,159,683	2,418,672,958
Cash margins	59,662,254	19,526,021	11,917,127	26,151,228	669,942	-	-	117,926,572
Borrowings	724,257	2,051,428	2,742,116	6,457,265	101,492,797	181,129,021	2,001,184	296,598,068
Liabilities against right of use leased assets	-	-	-	-	601,806	10,131,876	-	10,733,682
bond	-	-	-	11,000,000	-	-	-	11,000,000
other provisions	-	-	-	-	-	-	14,454,973	14,454,973
Provision for income tax	-	-	18,784,419	-	-	-	-	18,784,419
Deferred tax liabilities	-	-	-	-	-	-	7,460,503	7,460,503
Other liabilities	22,367,249	9,235,708	7,328,678	8,497,685	9,611,039	9,527,612	-	66,567,971
Total	1,003,213,304	391,020,875	304,314,244	326,936,971	113,033,893	200,788,509	730,076,343	3,069,384,139
Total assets	925,947,166	132,419,301	273,900,238	288,228,491	560,738,018	1,043,516,499	322,189,655	3,546,939,367

Second: Items off-the financial position (Total):

31 December 2023	Up to one year	1 to 5 years	Over 5 years	Total
	JD	JD	JD	JD
Letters of credits and acceptances	91,232,632	-	1,896,612	93,129,244
Un-utilised limits (direct and indirect)	372,694,482	37,458,932	934,936	411,088,350
Guarantees	244,932,681	36,147,168	28,544,009	309,623,858
Total	708,859,795	73,606,100	31,375,557	813,841,452

31 December 2022	Up to one year	1 to 5 years	Over 5 years	Total
	JD	JD	JD	JD
Letters of credits and acceptances	112,265,698	16,554,713	87,665	128,908,076
Un-utilised limits (direct and indirect)	292,116,441	31,595,637	2,503,472	326,215,550
Guarantees	217,353,323	21,434,658	527	238,788,508
Total	621,735,462	69,585,008	2,591,664	693,912,134

(41) Information about the Bank's business segments

- The Bank is organized for administrative purposes through four main business segments that are measured according to the reports that are used by the CEO and the main decision-makers at the Bank. The Bank also has a subsidiary specialized in financial brokerage services and a subsidiary specialized in financial leasing services as at the date of the consolidated financial statements:

- Retail accounts: Includes handling individual customers' deposits, and providing credit facilities, credit cards and other services.

- Corporates' accounts: Includes handling deposits, credit facilities, and other banking services related to corporates' customers.

- Treasury: Includes providing trading and treasury services and the management of the Bank's funds.

- Others: Includes activities inapplicable to the definition of the Bank's above mentioned segments.

- Financial brokerage services: Practicing most of the brokerage and financial consultation services.

- Financial leasing services: Practicing financial leasing services and real estate development projects.

The following is information on the Bank's business segments distributed by activity:

	Retail	Corporates	Treasury	Financial brokerage	Finance leasing	Others	Total
	JD	JD	JD	JD	JD	JD	JD
31 December 2023							
Total income for the year - statement (b)	50,840,062	113,102,904	47,072,188	4,668,422	6,653,154	59,073,929	281,410,659
Less: expected credit losses	6,312,081	30,123,245	23,218,839	536,459	773,558	3,580,797	64,544,979
Segment business results	44,527,981	82,979,659	23,853,349	4,131,963	5,879,596	55,493,132	216,865,680
Less: unallocated expenses on segments	-	-	-	1,554,787	1,217,475	107,934,376	110,706,638
Profit for the year before income tax	44,527,981	82,979,659	23,853,349	2,577,175	4,662,121	(52,441,243)	106,159,042
Add: Bargain on purchase	-	-	15,492,283	-	-	-	15,492,283
Less: income tax for the year	-	-	-	-	-	31,614,643	31,614,643
Profit for the year - statement (b)	44,527,981	82,979,659	39,345,632	2,577,175	4,662,121	(84,055,886)	90,036,682
Capital expenses						57,550,538	57,550,538
Depreciations and amortisations						6,823,512	6,823,512
Sector assets	383,284,515	1,523,572,904	2,876,450,214	22,947,701	99,888,881	338,257,836	5,244,402,051
Sector liabilities	1,477,966,320	2,175,143,720	468,227,521	18,105,050	53,986,442	323,461,635	4,516,890,688

	Retail	Corporates	Treasury	Financial brokerage	Finance leasing	Others	Total
	JD	JD	JD	JD	JD	JD	JD
31 December 2022							
Total income for the year - statement (b)	30,961,254	66,167,440	30,574,778	1,792,798	6,103,317	3,944,228	139,543,815
Less: expected credit losses	10,420,410	22,452,346	(583,218)	138,085	566,618	-	32,994,241
Segment business results	20,540,844	43,715,094	31,157,996	1,654,713	5,536,699	3,944,228	106,549,574
Less: unallocated expenses on segments	-	-	-	1,532,247	1,205,116	76,925,897	79,663,260
Profit for the year before income tax	20,540,844	43,715,094	31,157,996	122,466	4,331,583	(72,981,669)	26,886,314
Add: Bargain on purchase	-	-	-	458,225	-	-	458,225
Less: income tax for the year	-	-	-	339,866	1,404,753	6,865,545	8,610,164
Profit for the year - statement (b)	20,540,844	43,715,094	31,157,996	240,825	2,926,830	(79,847,214)	18,734,375
Capital expenses						8,531,987	8,531,987
Depreciations and amortisations						4,793,384	4,793,384
Sector assets	533,378,985	1,415,046,687	1,339,710,575	30,634,123	86,289,260	141,879,737	3,546,939,367
Sector liabilities	1,282,503,327	1,181,428,271	421,243,564	22,700,963	43,279,742	118,228,272	3,069,384,139

Geographical distribution information

The following is the distribution of the Bank's revenues, assets, and capital expenses by geographical sector:

	Inside the Kingdom		Outside the Kingdom		Total	
	For the year ended 31 December		For the year ended 31 December		For the year ended 31 December	
	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD
Total income - statement (b)	203,071,066	128,541,324	78,339,593	11,002,491	281,410,659	139,543,815
Capital expenses	14,720,485	7,834,138	42,830,053	-	57,550,538	7,834,138

	31 December		31 December		31 December	
	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD
Total assets	3,714,157,924	3,121,021,730	1,530,244,127	425,917,637	5,244,402,051	3,546,939,367

(43) Capital management:

A. Description of what is considered to be capital.

Capital is classified into several categories as paid capital, economic capital and regulatory capital. The regulatory capital is defined as per the Banks Law by the total value of the items determined by the Central Bank for control purposes in order to meet the requirements of the capital adequacy ratio established in accordance with instructions issued by the Central Bank. The regulatory capital consists of two parts, the first part is called core capital (Tier 1) and consists of paid in capital, disclosed reserves (include statutory reserve, voluntary, share premium and treasury shares premium), retained earnings after deducting any amounts subject for any restrictions, non-controlling interest and deducting period losses, cost of treasury share purchases, deferred provision with the Central Bank of Jordan approval and goodwill. The second part additional paid in capital (Tier 2) consists of foreign currencies translation difference, general banking risk reserve, debt and equity securities that have the same characteristics, support debts and 45% from valuation of financial assets at fair value through other comprehensive income reserve if positive and deducted in full if negative.

There is third part (Tier 3) might be established in case the capital adequacy ratio dropped below 12% from the result of including market risk to the capital adequacy ratio. Investments in banks and subsidiaries financial institutions (if not consolidated) as well the investments in bank's, insurance companies and other financial institutions share capital.

B. Regulatory requirements for capital, and how to meet these requirements.

The instructions of the Central Bank require that the paid-up capital is not less than JD 100 million, and that the ratio of shareholders' equity to assets is not less than 6%. As for the regulatory capital, the instructions of the Central Bank require that its ratio to the weighted assets (capital adequacy ratio) is not less than 14% and the Bank ensures that it is compliant there with.

The Bank is committed to Article (62) of the Banks Law, which requires the Bank to deduct annually 10% of its net profit in the Kingdom to the legal reserve account and to continue to deduct it until such reserve reaches the equivalent of the Bank's subscribed capital, and this deduction corresponds to the statutory reserve stipulated in the Companies Law.

The Bank is committed to Article (41) of the Banks Law, which requires compliance with the limits set by the Central Bank relating to the following:

1- Risk ratios of its assets and risk-weighted assets, as well as the elements of capital, reserves, and regulatory accounts.
2- Ratio of the total borrowings to the regulatory capital that the Bank is allowed to grant for the benefit of a person and his associates or the related parties.
3- Ratio of the total borrowings granted to the Bank's top ten customers to the total amount of borrowings granted by the Bank.

C. How to achieve the objectives of capital management.

The Bank ensures the compatibility of the capital amount with the amount, nature and complexity of the risks to which the Bank is exposed to, in a manner that does not contradict with the legislation and instructions in force. The Bank reflects this in its strategic plans as well as its annual estimated budgets. For more precaution, and given the surrounding circumstances and economic cycles, the Board of Directors decided, within the Bank's strategy, that the capital adequacy ratio will not be less than 14%.

When entering into investments, effects on the capital adequacy ratio are recorded and capital and adequacy are monitored periodically as the capital adequacy ratio is calculated at the Group level as well as at the Bank's level on a quarterly basis. In addition to the continuous monitoring of capital ratios which are monitored on a monthly basis, including financial leverage ratios: assets to equity ratio, customer deposits to equity ratio, internal growth rate of equity ratio, provisions and free share capital, which achieves the appropriate financial leverage and achieves accordingly the targeted return on equity by which it does not drop below 10% in accordance with the bank's strategy.

No dividends will be distributed to shareholders from the regulatory capital components if such distribution would lead to failure to comply with the required minimum capital. The Bank focuses on the internal generation of capital and can resort to public offering to meet the requirements of expansions and future plans or the requirements of the regulatory authorities according to specific studies.

Capital adequacy

On 31 November 2016, the Central Bank of Jordan issued capital adequacy instructions in accordance with Basel III and cancelled the implementation of regulatory capital adequacy instructions in accordance with Basel II.

The Bank manages the capital in a way that ensures the continuity of its operations and achieves the highest possible return on equity, and the capital is as defined by Basel III, as shown in the following table:

	31 December 2023	31 December 2022
	JD	JD
Total basic capital for ordinary equity holders (CET 1)	531,419	463,834
Regulatory amendments (subtraction from basic capital for ordinary equity holders)	(72,744)	(67,779)
Tier-I Capital	92,131	-
Tier-II Capital	36,264	27,064
Regulatory Capital	587,069	423,119
Risk-weighted assets	3,131,389	2,490,970
Capital adequacy ratio for ordinary equity holders (CET 1)	14.65%	15.90%
Capital adequacy ratio on Tier-I Capital	17.59%	15.90%
Regulatory capital adequacy ratio	18.75%	16.99%

* The basic capital was calculated after investing in banks and a financial subsidiary.

Liquidity coverage ratio (LCR):	31 December 2023	31 December 2022
	JD	JD
Total high quality liquid assets	1,577,750	1,045,366
Total high quality liquid assets after subtracting the maximum adjustments	1,577,750	1,045,366
Net cash outflow	1,050,496	453,200
Liquidity coverage ratio	340.40%	230.70%
Liquidity coverage according to the average end of each month	290.32%	199.24%

(44) Analysis of maturities of assets and liabilities

The following table shows the analysis of assets and liabilities according to the expected period of recovery or settlement:

	Up to one year	Over one year	Total
31 December 2023	JD	JD	JD
Assets:			
Cash and balances with Central Banks	1,072,306,647	-	1,072,306,647
Balances with banks and banking institutions	540,276,278	-	540,276,278
Direct credit facilities - net	905,272,554	1,101,473,746	2,006,746,300
Financial assets through profit and loss	21,299,672	3,460,806	24,760,478
Financial assets through comprehensive income	84,556,176	31,667,446	116,223,622
Financial assets at amortised cost	386,973,357	735,909,832	1,122,883,189
Property and equipment, net	80,450,626	-	80,450,626
Intangible assets, net	11,907,278	-	11,907,278
Deferred tax assets	58,716,359	-	58,716,359
Other assets	163,321,723	11,302,486	174,624,209
Right of use of leased assets	-	12,559,364	12,559,364
Assets held for sale	22,947,701	-	22,947,701
Total assets	3,348,028,371	1,896,373,680	5,244,402,051
Liabilities:			
Deposits with banks and banking institutions	69,620,351	-	69,620,351
Customers' deposits	3,520,588,940	186,507,542	3,707,096,482
Cash margins	137,478,705	2,496,128	139,974,833
Borrowings	83,771,807	279,385,363	363,157,170
Various provisions	20,297,592	-	20,297,592
Green Bonds	-	35,450,000	35,450,000
Provision for income tax	32,640,476	-	32,640,476
Deferred tax liabilities	3,497,873	-	3,497,873
Liabilities against right of use leased assets	-	12,791,946	12,791,946
Other liabilities	94,039,431	20,219,484	114,258,915
Liabilities directly related to assets held for sale	18,105,050	-	18,105,050
Total liabilities	3,980,040,225	536,850,463	4,516,890,688
Net assets	(632,011,854)	1,359,523,217	727,511,363

The following table shows the analysis of assets and liabilities according to the expected period of recovery of settlement.

	Up to one year	Over one year	Total
31 December 2022	JD	JD	JD
Assets:			
Assets:			
Cash and balances with Central Banks	480,714,381	-	480,714,381
Balances with banks and banking institutions	123,435,953	-	123,435,953
Direct credit facilities - net	682,482,218	1,240,158,219	1,922,640,437
Financial assets through profit and loss	-	20,958,094	20,958,094
Financial assets through comprehensive income	11,425,103	83,559,489	94,984,592
Financial assets at amortised cost	291,857,769	326,130,833	617,988,602
Property and equipment, net	-	36,013,560	36,013,560
Intangible assets, net	-	7,239,008	7,239,008
Right of use of leased assets	-	10,524,060	10,524,060
Deferred tax assets	-	56,299,061	56,299,061
Other assets	30,581,196	145,560,423	176,141,619
Total assets	1,620,496,620	1,926,442,747	3,546,939,367
Liabilities:			
Deposits with banks and banking institutions	107,184,993	-	107,184,993
Customers' deposits	1,711,854,966	706,817,992	2,418,672,958
Cash margins	117,256,630	669,942	117,926,572
Borrowings	11,975,066	284,623,002	296,598,068
Liabilities against right of use leased assets	-	10,733,682	10,733,682
Bonds	11,000,000	-	11,000,000
Various provisions	-	14,454,973	14,454,973
Provision for income tax	18,784,419	-	18,784,419
Deferred tax liabilities	-	7,460,503	7,460,503
Other liabilities	47,429,320	19,138,651	66,567,971
Total liabilities	2,025,485,394	1,043,898,745	3,069,384,139
Net assets	(404,988,774)	882,544,002	477,555,228

(45) Fair value hierarchy

A. Fair value of financial assets and financial liabilities of the Bank designated at fair value on an ongoing basis:

Some of the Bank's financial assets and financial liabilities are valued at fair value at the end of each reporting period, and the following table shows information about how to determine the fair value of these financial assets and financial liabilities (valuation methods and inputs used).

Financial assets / financial liabilities	Fair value 31 December 2023	Fair value 31 December 2022	Level of Fair value	Valuation method and inputs used	Significant inputs unobservable	Relationship between significant inputs unobservable and fair value
	JD	JD				
Financial assets at fair value						
Financial assets at fair value through profit and loss	24,760,478	20,958,094	Level 1	Quoted prices in financial markets	N/A	N/A
Financial assets at fair value through other comprehensive income						
Shares with available market prices	27,928,802	22,156,014	Level 1	Quoted prices in financial markets	N/A	N/A
Shares with non-available market prices	55,884,750	50,250,068	Level 2	Quoted prices in financial markets compared with the market value of a similar financial instrument	N/A	N/A
Bonds quoted in active markets	32,410,070	22,578,510	Level 1	Quoted prices in financial markets	N/A	N/A
Total financial assets at fair value	140,984,100	115,942,686				

There were no transfers between level 1 and level 2 during the years 2023 and 2022.

B. Fair value of financial assets and financial liabilities of the Bank undesignated at fair value on an ongoing basis:

Except for what is described in the table below, we believe that the carrying amounts of the financial assets and financial liabilities shown in the Bank's financial statements approximate their fair values because the Bank’s management believes that the carrying amount of the items below is approximately equivalent to their fair value due to their short-term maturities, or their interest rates are re-priced during the year.

	31 December 2023		31 December 2022		
	Carrying amount	Fair Value	Carrying amount	Fair Value	Fair value level
	JD	JD	JD	JD	JD
Financial assets undesignated at fair value					
Balances with central banks	787,223,767	787,633,803	419,143,482	419,442,177	Level 2
Balances with banks and banking institutions	540,276,278	541,958,797	123,435,953	124,661,598	Level 2
Direct credit facilities	2,006,746,300	2,043,136,973	1,922,640,437	1,949,149,533	Level 2
Financial assets at amortised cost	1,122,883,189	1,134,576,258	617,988,602	626,506,517	Levels 1 & 2
Total financial assets undesignated at fair value	4,457,129,534	4,507,305,831	3,083,208,474	3,119,759,825	
Financial liabilities undesignated at fair value					
Deposits with banks and banking institutions	69,620,351	71,633,973	107,184,993	108,467,136	Level 2
Customers’ deposits	3,707,096,482	3,728,124,568	2,418,672,958	2,432,062,271	Level 2
Cash margins	139,974,833	141,645,333	117,926,572	118,990,238	Level 2
Borrowings	363,157,170	365,547,920	296,598,068	298,120,341	Level 2
Green bonds	35,450,000	35,908,526	-	-	
Total financial liabilities undesignated at fair value	4,315,298,836	4,342,860,319	2,940,382,591	2,957,639,986	

For the above items, the fair value of financial assets and financial liabilities for levels 2 and 3 is designated according to agreed pricing models which reflect the credit risk of the parties with which they are dealt.

(46) Contingent commitments and liabilities (off the statement of financial position)

A. Credit commitments and liabilities:

	31 December	
	2023	2022
	JD	JD
(A) Letters of credits, guarantees and acceptances		
Letters of credit	60,247,710	81,917,466
Guarantees		
Payment	182,320,346	136,423,673
Performance bonds	91,935,815	84,113,135
Others	35,367,697	18,251,700
Acceptances	32,881,534	46,990,610
Total	402,753,102	367,696,584
(B) Unutilised limits		
Unutilised direct credit facilities limits	303,002,687	236,959,189
Unutilised indirect credit facilities limits	108,085,663	89,256,361
Total	411,088,350	326,215,550
Total indirect facilities	813,841,452	693,912,133
(C) Expected credit losses		
Letters of credit	472,915	381,313
Guarantees	9,611,235	6,229,424
Acceptances	330,797	310,628
Non-unutilised direct credit facilities limits	2,457,897	1,864,923
Non-unutilised indirect credit facilities limits	1,155,298	893,810
Expected credit losses net	14,028,142	9,680,098
net indirect facilities	799,813,310	684,232,035

A. Contractual liabilities (capital expenditure):

	31 December	
	2023	2022
	JD	JD
Contracts to purchase property and equipment	3,435,063	3,199,436
Project construction contracts	1,699,250	1,398,790
Other purchase contracts	3,699,705	3,235,912
Total	8,834,017	7,834,138

- Below is the disclosure of the movement on the balance of indirect credit facilities collectively during the years ended 31 December 2023 and 2022:

	Stage 1		Stage 2			
Description	Individually	Collectively	Individually	Collectively	Stage 3	Total
	JD	JD	JD	JD	JD	JD
31 December 2023						
Balance at the beginning of the year	682,759,068	-	9,433,100	-	1,719,965	693,912,133
New facilities during the year	330,992,064	-	2,553,830	-	10,436	333,556,330
Facilities payable during the year	(227,124,953)	-	(9,131,755)	-	(628,873)	(236,885,581)
Transferred to Stage 1	532,358	-	(504,115)	-	(28,243)	-
Transferred to stage 2	(27,850,772)	-	27,856,635	-	(5,862)	-
Transferred to stage 3	(598,612)	-	(230,083)	-	828,695	-
Additions from acquisition	23,258,570		-	-	-	23,258,570
Changes resulting from adjustments	-	-	-	-	-	-
Facilities written off	-	-	-	-	-	-
Balance at the end of the year	781,967,723	-	29,977,612	-	1,896,118	813,841,452

	Stage 1		Stage 2			
Description	Individually	Collectively	Individually	Collectively	Stage 3	Total
	JD	JD	JD	JD	JD	JD
31 December 2022						
Balance at the beginning of the year	652,908,147	-	4,633,119	-	1,082,631	658,623,897
New facilities during the year	224,806,691	-	4,910,426	-	25,411	229,742,528
Facilities payable during the year	(191,950,523)	-	(2,281,955)	-	(221,814)	(194,454,292)
Transferred to Stage 1	700,873	-	(484,262)	-	(216,611)	-
Transferred to stage 2	(2,943,040)	-	3,065,560	-	(122,520)	-
Transferred to stage 3	(763,080)	-	(409,788)	-	1,172,868	-
Changes resulting from adjustments	-	-	-	-	-	-
Facilities written off	-	-	-	-	-	-
Balance at the end of the year	682,759,068	-	9,433,100	-	1,719,965	693,912,133

- Below is the disclosure of the movement on the provision for expected credit losses of indirect facilities collectively during the years ended 31 December 2023 and 2022:

	Stage 1		Stage 2			
Description	Individually	Collectively	Individually	Collectively	Stage 3	Total
	JD	JD	JD	JD	JD	JD
31 December 2023						
Balance at the beginning of the year	6,939,050	-	1,331,349	-	1,409,699	9,680,098
Expected credit losses on new facilities during the year	3,392,782	-	2,971,337	-	610,990	6,975,109
Recovered from expected credit losses on facilities paid during the year	(1,432,992)	-	(1,473,451)	-	(487,869)	(3,394,312)
Transferred to Stage 1	65,012	-	(50,788)	-	(14,224)	-
Transferred to stage 2	(3,380,037)	-	3,381,692	-	(1,655)	-
Transferred to stage 3	(2,074)	-	(9,230)	-	11,304	-
Additions from acquisition	767,248	-	-	-	-	767,248
Changes resulting from adjustments	-	-	-	-	-	-
Facilities written off	-	-	-	-	-	-
Balance at the end of the year	6,348,989	-	6,150,909	-	1,528,245	14,028,142

	Stage 1		Stage 2			
Description	Individually	Collectively	Individually	Collectively	Stage 3	Total
	JD	JD	JD	JD	JD	JD
31 December 2022						
Balance at the beginning of the year	4,683,663	-	230,553	-	662,642	5,576,858
Expected credit losses on new facilities during the year	4,055,762	-	1,232,461	-	939,685	6,227,908
Recovered from expected credit losses on facilities paid during the year	(1,854,836)	-	(214,449)	-	(55,382)	(2,124,667)
Transferred to Stage 1	113,869	-	(35,658)	-	(78,210)	-
Transferred to stage 2	(56,922)	-	141,762	-	(84,841)	-
Transferred to stage 3	(2,486)	-	(23,319)	-	25,805	-
Changes resulting from adjustments	-	-	-	-	-	-
Facilities written off	-	-	-	-	-	-
Balance at the end of the year	6,939,050	-	1,331,349	-	1,409,699	9,680,098

- Below is the disclosure of the distribution of the total letters of credit according to the Bank's internal rating categories as at 31 December 2023 and 2022:

Credit rating categories based on the Bank's bylaw	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
From (1) to (5)	37,358,952	-	-	37,358,952
From (6) to (7)	19,593,696	240,040	-	19,833,736
From (8) to (10)	-	-	-	-
Unrated	3,055,022	-	-	3,055,022
Total	60,007,670	-	-	60,247,710

Credit rating categories based on the Bank's bylaw	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
31 December 2022				
From (1) to (5)	79,276,258	-	-	79,276,258
From (6) to (7)	2,641,208	-	-	2,641,208
From (8) to (10)	-	-	-	-
Unrated	-	-	-	-
Total	81,917,466	-	-	81,917,466

- Below is the disclosure of the movement on the balance of letters of credit during the years ended 31 December 2023 and 2022:

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
Balance at the beginning of the year	81,917,467	-	-	81,917,467
New facilities during the year	32,355,822	-	-	32,355,822
Facilities paid during the year	(56,564,276)	(516,324)	-	(57,080,600)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	(756,364)	756,364	-	-
Transferred to stage 3	-	-	-	-
Additions from acquisition	3,055,021	-		3,055,021
Changes resulting from adjustments	-	-	-	-
Written off facilities (written off and transferred off-the statement of financial position)	-	-	-	-
Balance at the end of the year	60,007,670	-	-	60,247,710

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
31 December 2022				
Balance at the beginning of the year	44,478,714	-	-	44,478,714
New facilities during the year	54,093,527	-	-	54,093,527
Facilities paid during the year	(16,654,774)	-	-	(16,654,775)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Written off facilities (written off and transferred off-the statement of financial position)	-	-	-	-
Balance at the end of the year	81,917,467	-	-	81,917,466

- Below is the disclosure of the movement on the provision for expected credit losses for letters of credit during the years ended 31 December 2023 and 2022:

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
Balance at the beginning of the year	381,313	-	-	381,313
Expected credit losses on new facilities during the year	272,952	-	-	272,952
Recovered from expected credit losses on facilities paid during the year	(137,826)	(43,524)	-	(181,350)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	(121,793)	121,793	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Provision for written-off facilities	-	-	-	-
Balance at the end of the year	394,646	78,269	-	472,915

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
31 December 2022				
Balance at the beginning of the year	310,899	-	-	310,899
Expected credit losses on new facilities during the year	282,253	-	-	282,253
Recovered from expected credit losses on facilities paid during the year	(211,839)	-	-	(211,839)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Provision for written-off facilities	-	-	-	-
Balance at the end of the year	381,313	-	-	381,313

- Below is the disclosure of the distribution of the total guarantees according to the Bank's internal rating categories as at 31 December 2023 and 2022:

Credit rating categories based on the Bank's by law	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
From (1) to (5)	223,700,929	3,966,176	-	227,667,105
From (6) to (7)	32,685,442	19,674,406	-	52,359,848
From (8) to (10)	-	-	1,810,908	1,810,908
Unrated	27,785,997	-	-	27,785,997
Total	284,172,368	23,640,582	1,810,908	309,623,858

Credit rating categories based on the Bank's by law	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
31 December 2022				
From (1) to (5)	184,600,412	3,286,835	-	187,887,247
From (6) to (7)	46,010,802	3,364,643	-	49,375,445
From (8) to (10)	-	-	1,525,816	1,525,816
Unrated	-	-	-	-
Total	230,611,214	6,651,478	1,525,816	238,788,508

- Below is the disclosure of the movement on the balance of guarantees during the years ended 31 December 2023 and 2022:

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
Balance at the beginning of the year	230,611,214	6,651,478	1,525,816	238,788,508
New facilities during the year	107,084,500	377,713	-	107,462,213
Facilities paid during the year	(54,118,705)	(5,259,360)	(507,368)	(59,885,433)
Transferred to stage 1	125,100	(121,100)	(4,000)	-
Transferred to stage 2	(22,201,611)	22,201,611	-	-
Transferred to stage 3	(586,700)	(209,760)	796,460	-
Additions from acquisition	23,258,570	-	-	23,258,570
Changes resulting from adjustments	-	-	-	-
Written off facilities (written off and transferred off-the statement of financial position)	-	-	-	-
Balance at the end of the year	284,172,368	23,640,582	1,810,908	309,623,858

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
31 December 2022				
Balance at the beginning of the year	219,267,388	3,569,587	845,008	223,681,983
New facilities during the year	55,090,689	3,083,446	-	58,174,135
Facilities paid during the year	(41,286,069)	(1,693,533)	(88,008)	(43,067,610)
Transferred to stage 1	395,673	(242,573)	(153,100)	-
Transferred to stage 2	(2,153,681)	2,274,701	(121,020)	-
Transferred to stage 3	(702,786)	(340,150)	1,042,936	-
Changes resulting from adjustments	-	-	-	-
Written off facilities (written off and transferred off-the statement of financial position)	-	-	-	-
Balance at the end of the year	230,611,214	6,651,478	1,525,816	238,788,508

- Below is the disclosure of the movement on the provision for expected credit losses for guarantees during the years ended 31 December 2023 and 2022:

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
Balance at the beginning of the year	3,813,167	1,164,271	1,251,985	6,229,423
Expected credit losses on new facilities during the year	1,278,913	2,447,788	590,611	4,317,312
Recovered from expected credit losses on facilities paid during the year	(186,814)	(1,129,399)	(386,534)	(1,702,747)
Transferred to stage 1	2,231	(1,320)	(912)	-
Transferred to stage 2	(2,845,910)	2,845,910	-	-
Transferred to stage 3	(1,875)	(4,739)	6,614	-
Additions from acquisition	767,247	-	-	767,247
Changes resulting from adjustments	-	-	-	-
Provision for written-off facilities	-	-	-	-
Balance at the end of the year	2,826,959	5,322,511	1,461,764	9,611,235

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
31 December 2022				
Balance at the beginning of the year	1,655,495	135,150	527,059	2,317,704
Expected credit losses on new facilities during the year	2,525,262	1,099,419	859,850	4,484,531
Recovered from expected credit losses on facilities paid during the year	(364,665)	(181,287)	(26,860)	(572,812)
Transferred to stage 1	49,038	(1,376)	(47,662)	-
Transferred to stage 2	(49,901)	133,902	(84,001)	-
Transferred to stage 3	(2,063)	(21,537)	23,600	-
Changes resulting from adjustments	-	-	-	-
Provision for written-off facilities	-	-	-	-
Balance at the end of the year	3,813,167	1,164,271	1,251,985	6,229,423

- Below is the disclosure of the distribution of the total acceptances according to the Bank's internal rating categories as at 31 December 2023 and 2022:

Credit rating categories based on the Bank's bylaw	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
From (1) to (5)	29,323,172	-	-	29,323,172
From (6) to (7)	3,558,362	-	-	3,558,362
From (8) to (10)	-	-	-	-
Unrated		-	-	-
Total	32,881,534	-	-	32,881,534

Credit rating categories based on the Bank's bylaw	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
31 December 2022				
From (1) to (5)	30,977,282	-	-	30,977,282
From (6) to (7)	15,669,252	344,076	-	16,013,328
From (8) to (10)	-	-	-	-
Unrated	-	-	-	-
Total	46,646,534	344,076	-	46,990,610

- Below is the disclosure of the movement on the balance of acceptances during the years ended 31 December 2023 and 2022:

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
Balance at the beginning of the year	46,646,534	344,076	-	46,990,610
New facilities during the year	21,252,835	-	-	21,252,835
Facilities paid during the year	(35,017,835)	(344,076)	-	(35,361,911)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Written off facilities (written off and transferred off-the statement of financial position)	-	-	-	-
Balance at the end of the year	32,881,534	-	-	32,881,534

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
31 December 2022				
Balance at the beginning of the year	30,673,674	166,511	-	30,840,185
New facilities during the year	28,174,293	177,565	-	28,351,858
Facilities paid during the year	(12,201,433)	-	-	(12,201,433)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Written off facilities (written off and transferred off-the statement of financial position)	-	-	-	-
Balance at the end of the year	46,646,534	344,076	-	46,990,610

Below is the disclosure of the movement on the provision for expected credit losses for acceptances during the years ended 31 December 2023 and 2022:

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
Balance at the beginning of the year	298,184	12,444	-	310,628
Expected credit losses on new facilities during the year	261,688	-	-	261,688
Recovered from expected credit losses on facilities paid during the year	(229,075)	(12,444)	-	(241,519)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Provision for written-off facilities	-	-	-	-
Balance at the end of the year	330,797	-	-	330,797

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
31 December 2022				
Balance at the beginning of the year	323,892	168	-	324,060
Expected credit losses on new facilities during the year	260,683	12,276	-	272,959
Recovered from expected credit losses on facilities paid during the year	(286,391)	-	-	(286,391)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	-	-	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Provision for written-off facilities	-	-	-	-
Balance at the end of the year	298,184	12,444	-	310,628

- Below is the disclosure of the distribution of the total non-utilized direct facilities limits according to the Bank's internal rating categories as at 31 December 2023 and 2022:

Credit rating categories based on the Bank's bylaw	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
From (1) to (5)	221,533,385	1,291,897	-	222,825,282
From (6) to (7)	32,103,963	1,877,283	-	33,981,246
From (8) to (10)	-	-	-	-
Unrated	45,741,335	369,614	85,210	46,196,159
Total	299,378,683	3,538,794	85,210	303,002,687

Credit rating categories based on the Bank's bylaw	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
31 December 2022				
From (1) to (5)	172,105,946	93,321	-	172,199,267
From (6) to (7)	15,419,050	938,373	-	16,357,424
From (8) to (10)	-	-	-	-
Unrated	47,867,198	341,151	194,149	48,402,498
Total	235,392,194	1,372,845	194,149	236,959,189

- Below is the disclosure of the distribution of the total non-utilized direct facilities limits according to the Bank's internal rating categories as at 31 December 2023 and 2022:

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
Balance at the beginning of the year	235,392,194	1,372,846	194,149	236,959,189
New facilities during the year	124,912,655	1,977,233	10,436	126,900,324
Facilities paid during the year	(58,836,502)	(1,898,819)	(121,505)	(60,856,826)
Transferred to stage 1	350,258	(326,015)	(24,243)	-
Transferred to stage 2	(2,428,010)	2,433,873	(5,862)	-
Transferred to stage 3	(11,912)	(20,323)	32,235	-
Changes resulting from adjustments	-	-	-	-
Written off facilities (written off and transferred off-the statement of financial position)	-	-	-	-
Balance at the end of the year	299,378,683	3,538,795	85,210	303,002,687

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
31 December 2022				
Balance at the beginning of the year	264,107,645	897,020	237,622	265,242,287
New facilities during the year	69,590,237	680,195	25,411	70,295,843
Facilities paid during the year	(97,856,715)	(588,422)	(133,805)	(98,578,941)
Transferred to stage 1	305,200	(241,689)	(63,511)	-
Transferred to stage 2	(693,880)	695,380	(1,500)	-
Transferred to stage 3	(60,293)	(69,638)	129,931	-
Changes resulting from adjustments	-	-	-	-
Written off facilities (written off and transferred off-the statement of financial position)	-	-	-	-
Balance at the end of the year	235,392,194	1,372,846	194,149	236,959,189

- Below is the disclosure of the movement on the provision for expected credit losses for non-utilized direct facilities limits during the years ended 31 December 2023 and 2022:

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
Adjusted balance at the beginning of the year	1,594,807	112,402	157,714	1,864,923
Expected credit losses on new facilities during the year	1,196,693	285,051	20,379	1,502,123
Recovered from expected credit losses on facilities paid during the year	(561,176)	(246,639)	(101,335)	(909,150)
Transferred to stage 1	61,616	(48,304)	(13,312)	-
Transferred to stage 2	(241,357)	243,011	(1,654)	-
Transferred to stage 3	(199)	(4,490)	4,689	-
Changes resulting from adjustments	-	-	-	-
Provision for written-off facilities	-	-	-	-
Balance at the end of the year	2,050,385	341,032	66,483	2,457,897

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
31 December 2022				
Adjusted balance at the beginning of the year	1,672,287	95,235	135,583	1,903,105
Expected credit losses on new facilities during the year	654,506	79,018	79,834	813,358
Recovered from expected credit losses on facilities paid during the year	(789,856)	(33,163)	(28,522)	(851,540)
Transferred to stage 1	64,831	(34,283)	(30,548)	-
Transferred to stage 2	(6,538)	7,377	(840)	-
Transferred to stage 3	(423)	(1,783)	2,205	-
Changes resulting from adjustments	-	-	-	-
Provision for written-off facilities		-	-	-
Balance at the end of the year	1,594,807	112,401	157,714	1,864,924

Below is the disclosure of the distribution of the total non-utilized indirect facilities limits according to the Bank's internal rating categories as at 31 December 2023 and 2022:

Credit rating categories based on the Bank's bylaw	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
From (1) to (5)	94,942,022	601,283	-	95,543,305
From (6) to (7)	10,585,447	1,956,911	-	12,542,358
From (8) to (10)	-	-	-	-
Unrated	-	-	-	-
Total	105,527,469	2,558,194	-	108,085,663

Credit rating categories based on the Bank's bylaw	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
31 December 2022				
From (1) to (5)	76,236,558	1,010,000	-	77,246,558
From (6) to (7)	11,955,103	54,700	-	12,009,803
From (8) to (10)	-	-	-	-
Unrated	-	-	-	-
Total	88,191,661	1,064,700	-	89,256,361

Below is the disclosure of the movement on the balance of non-utilized indirect facilities limits during the years ended 31 December 2023 and 2022:

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
Balance at the beginning of the year	88,191,661	1,064,700	-	89,256,361
New facilities during the year	42,331,231	198,883	-	42,530,114
Facilities paid during the year	(22,587,636)	(1,113,176)	-	(23,700,812)
Transferred to stage 1	57,000	(57,000)	-	-
Transferred to stage 2	(2,464,787)	2,464,787	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Written off facilities (written off and transferred off-the statement of financial position)	-	-	-	-
Balance at the end of the year	105,527,469	2,558,194	-	108,085,663

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
31 December 2022				
Balance at the beginning of the year	94,380,728	-	-	94,380,728
New facilities during the year	17,857,944	969,221	-	18,827,166
Facilities paid during the year	(23,951,533)	-	-	(23,951,533)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	(95,479)	95,479	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Written off facilities (written off and transferred off-the statement of financial position)	-	-	-	-
Balance at the end of the year	88,191,661	1,064,700	-	89,256,361

- Below is the disclosure of the movement on the provision for expected credit losses for -unutilized indirect facilities limits during the years ended 31 December 2023 and 2022:

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
31 December 2023				
Balance at the beginning of the year	851,579	42,231	-	893,810
Expected credit losses on new facilities during the year	382,538	238,498	-	621,036
Recovered from expected credit losses on facilities paid during the year	(318,103)	(41,445)	-	(359,548)
Transferred to stage 1	1,164	(1,164)	-	-
Transferred to stage 2	(170,978)	170,978	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Provision for written-off facilities	-	-	-	-
Balance at the end of the year	746,200	409,098	-	1,155,298

Description	Stage 1 Individually	Stage 2 Individually	Stage 3	Total
	JD	JD	JD	JD
31 December 2022				
Balance at the beginning of the year	721,089	-	-	721,089
Expected credit losses on new facilities during the year	333,059	41,748	-	374,807
Recovered from expected credit losses on facilities paid during the year	(202,086)	-	-	(202,086)
Transferred to stage 1	-	-	-	-
Transferred to stage 2	(483)	483	-	-
Transferred to stage 3	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Provision for written-off facilities	-	-	-	-
Balance at the end of the year	851,579	42,231	-	893,810

(46) Cases filed against the Bank

The value of the cases filed against the bank and its subsidiary amounted to JD 11,172,851 as on 31 December 2023, compared to JD 7,668,679 as on 31 December 2022 as the opinion of the management and the bank’s legal advisor, the bank will not have obligations that exceed the allowance taken for it, which amounted to JD 3,578,169 as on 31 December 2023 compared to JD 2,303,637 as on 31 December 2022.

The value of the cases filed against the Ejara’s customers to JD 217,334, the company will not have obligations against these legal cases.

(47) Acquisition of subsidiaries

A- BANK OF BAGHDAD

During the first quarter of 2023, the bank acquired 51,79% of the outstanding shares of Bank of Baghdad. Bank of Baghdad is one of the largest private commercial banks in Iraq and is classified as a private shareholding company that was established in 1992 and the Bank's head office is in Baghdad and its current capital is IQD 250 billion. The Bank provides all banking and financial activities through its head office and (36) branches inside Iraq and (1) foreign branch in Lebanon.

The table below shows a summary of the net fair value of the acquired assets and liabilities of 31 January 2023.

	As of 31 January 2023, Thousands of dinars
	JD
Assets	
Cash and balances with Banks and Central Banks	427,379
Direct credit facilities, net	48,690
Financial assets at fair value through other comprehensive income	1,908
Financial assets at amortized cost	378,501
Other assets	48,417
Total assets	904,895
Liabilities and shareholders' equity	
Banks and financial institutions deposits	439
Customers' deposits	668,417
Cash margins	8,276
Other liabilities	39,522
Total liabilities	716,654
Net fair value of acquisition transaction	188,241
Amount in acquisition percentage 51.79%	97,490
Purchase price	88,625
Total of acquisition	8,865

	From the acquisition date until 3 September 2023
	JD
Profit for the period	80,633,665

Study of the purchase price distribution:

The above results are still initial and will be updated upon completion of the distribution of the acquisition purchase price study, as per IFRS 3 "Business Combinations" the bank has 12 months from the acquisition date to finalise the determination of the fair value and completing the study of the purchase price distribution.

B- BHM CAPITAL

	As of 31 May 2023
	Thousands of dinars
	JD
Assets	
Cash and balances with Banks and Central Banks	115,785
Direct credit facilities, net	63,208
Financial assets at fair value through other comprehensive income	2,142
Financial assets at amortized cost	744
Other assets	27,359
Total assets	209,238
Liabilities and shareholders' equity	
Customers' deposits	113,658
Borrowed funds	17,942
Other liabilities	42,347
Total liabilities	173,947
Net fair value of acquisition transaction	35,291
Amount in acquisition percentage 76.97%	27,164
Purchase price	20,537
Bargain Purchase	6,627

On 4 October 2023, 116,146,786 shares of the bank's investment in BHM Capital - a subsidiary company (i.e. 66.97% of the company's capital) were sold. After the sale, the investment percentage become 10% of the company's capital. The sale was carried out at a price of 161 million UAE dirhams, equivalent to 31 million Jordanian dinars, as follows:

Cost of shares sold	17,869,611
Net selling price	30,995,240
Profit	13,125,629
Distributed as follows:	
The company's profits for the period from the date of control until sold	1,719,996
Proceeds from acquisition	6,627,320
Gain from sale of subsidiary	4,778,312
Total profit	13,125,628

(48) Assets held for sale and discontinued operations

In accordance with the decision of the Investment Committee and the Conditional Sale Agreement (with the financial study and obtaining the approval of the regulatory authorities signed on September 28, 2023, which included approval for the sale of the bank's investment in the United Financial Investment Company), the investment in the company was reclassified in accordance with the requirements of International Financial Reporting Standard No. (5) Assets held for sale. For the purpose of sale and discounted operations.

Financial assets held for sale :

	31 December 2023
	JD
Cash and balances with Banks	4,189,814
Direct credit facilities, net	16,308,005
Financial assets at fair value through other comprehensive income	1,402,903
Fixed assets	1,914,218
Other assets	5,431,754
Total assets	29,246,694
Banks share	22,947,701

Liabilities and equity directly attributable to assets held for sale:

Customer deposits	2,285,888
Borrowed money	19,218,504
Various allocations	419,020
Other liabilities	1,151,354
Total liabilities	**23,074,768**
Bank share	**18,105,050**
Total Equity	(1,887,774)
Bank share	**(1,481,196)**

(49) Subsequent events

According to the bank's disclosure to the Jordan Securities Commission and the Amman Stock Exchange dated 22 February 2024, the Board of Directors of the Jordan Kuwait Bank decided to approve the start of conducting the necessary technical, financial, and legal studies to evaluate the idea of merging with Bank El Etihad – Jordan, and based on the results of the studies, an appropriate decision can be taken. The subject is still in the preliminary studies stage.