JORDAN COMMERCIAL BANK

AMMAN – HASHEMITE KINGDOM OF JORDAN

(PUBLIC LIMITED SHAREHOLDING COMPANY)

FINANCIAL STATEMENTS

31 DECEMBER 2023

Ernst & Young Jordan
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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Jordan Commercial Bank – Public Limited Shareholding Company
Amman – Jordan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Jordan Commercial Bank (the Bank), which comprise the statement of financial position as at 31 December 2023, income statement, statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the Central Bank of Jordan.

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 Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Jordan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements . These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

<table>
<tr><td colspan="2">1. Adequacy of expected credit losses provision for credit facilities

Note (6) to the financial statements</td></tr>
<tr><td>Key Audit Matter

This matter was considered as a key audit matter in the audit, as the calculation of expected credit loss provision for credit facilities requires management to exercise assumptions and to use significant judgements to determine when and how much to record as impairment loss.

The expected credit losses provision for credit facilities is calculated based on the Bank's provisions and impairment policy which complies with the requirements of IFRS (9) as adopted by the Central Bank of Jordan.

Credit facilities form a major portion of the Bank's assets, there is a risk that inaccurate expected credit losses provision is calculated, whether from the use of inaccurate underlying data, or the use of unreasonable assumptions. Due to the significance of the judgments used in classifying credit facilities into various stages stipulated in IFRS (9) as adopted by Central Bank of Jordan, this matter was considered a key audit matter.

The Bank's gross credit facilities was amounted to JD 819 million and the related expected credit losses provision was amounted to JD 63 million as at 31 December 2023.</td>
<td>How our audit addressed the key audit matter

Our audit procedures included the following:

• Gained an understanding of the Bank's credit facilities portfolio in addition to the key credit processes comprising granting and booking and testing the operating effectiveness of key controls over these processes.

• Read the Bank's expected credit losses policy and compared it with the requirements of the International Financial Reporting Standards as well as relevant regulatory guidelines and pronouncements.

• Assessed the Bank's expected credit losses and its underlying methodology model, and in particular focusing on its alignment with the requirements of IFRS (9) as adopted by Central Bank of Jordan and related instructions.

• Tested a sample of facilities on an individual basis to evaluate the following:

- Appropriateness of the Bank's staging.
- Appropriateness of determining Exposure at Default, including the consideration of repayments in the cash flows and the resulted arithmetical calculations</td></tr>
</table>

	- Appropriateness of the Probability of Default, Exposure at Default and Loss Given Default used for different stages. - Appropriateness of the internal rating and the objectivity, competence and independence of the experts involved in this process. - Accuracy and appropriateness of expected credit losses calculation. - For exposures moved between stages we have checked the appropriateness of the Bank's determination of significant increase in credit risk and the resultant basis for classification of exposures into different stages. We also checked the timely identification of exposures with a significant increase in credit risks. • For exposures determined to be individually impaired we re-preformed the expected credit losses calculation we also obtained an understanding of the latest developments in the counterparty's situation of the latest developments in relation to future cash flows, any and rescheduling or restructuring agreements. • For forward looking assumptions used by the Bank in the expected credit losses calculation, we held discussions with management and corroborated the assumptions using publicly available information. We assessed the financial statements disclosures to ensure compliance with IFRS (9). The accounting policies, judgments and critical accounting estimates, disclosures of credit facilities and credit risk management are disclosed in notes (2), (3), (6) and (38) to the financial statements.

Other information included in the annual report

Other information consists of the information included in the Bank's Annual Report other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Bank's Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Bank's internal control.

- 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 Bank'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 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 Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 reasonable be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Bank maintains proper books of accounts which are in agreement with the financial statements.

Ernst & Young – Jordan

Ali Hasan Samara
License No. 503

ERNST & YOUNG
Amman - Jordan

Amman – Jordan
19 February 2024

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

	Notes	31 December 2023	31 December 2022
		JD	JD
ASSETS			
Cash and balances at central bank of Jordan	4	68,319,687	71,440,168
Balances and deposits at banks and financial institutions, net	5	68,716,784	46,289,112
Direct credit facilities, net	6	732,427,089	701,854,386
Financial assets at fair value through statement of income	7	1,372,783	1,551,339
Financial assets at fair value through statement of other comprehensive income	8	50,322,563	49,490,315
Financial assets at amortized cost, net	9	343,210,421	366,316,269
Property and equipment, net	10	22,321,642	22,006,151
Intangible assets, net	11	2,858,126	2,228,329
Right of use assets	12	6,041,037	5,835,715
Deferred tax assets	18/d	10,551,901	9,505,024
Other assets	13	71,537,058	87,586,431
Total Assets		1,377,679,091	1,364,103,239
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Banks' and financial institutions' deposits	14	48,428,024	82,143,414
Customers' deposits	15	967,495,655	896,800,727
Cash margins	16	40,213,578	37,774,075
Borrowed funds	17	91,667,450	145,321,349
Provision for income tax	18/a	5,303,391	5,417,035
Sundry provisions	19	1,237,500	881,359
Deferred tax liabilities	18/d	698,411	1,720,245
Lease liabilities	12	5,800,708	5,624,770
Other liabilities	20	47,925,393	26,304,149
Total Liabilities		1,208,770,110	1,201,987,123
SHAREHOLDERS' EQUITY			
Authorized and paid in capital	21	120,000,000	120,000,000
Statutory reserve	22	20,705,562	19,011,405
Fair value reserve, net	23	3,924,952	2,621,695
Retained earnings	24	24,278,467	20,483,016
Total Shareholders' Equity		168,908,981	162,116,116
Total Liabilities and Shareholders' Equity		1,377,679,091	1,364,103,239

Chairman of Board of Directors

General Manager

The accompanying notes from 1 to 46 form part of these financial statements and should be read with them

JORDAN COMMERCIAL BANK
(PUBLIC LIMITED SHAREHOLDING COMPANY)
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023	2022
		JD	JD
Interest income	25	92,184,587	76,708,965
Less: interest expense	26	(43,928,075)	(35,482,447)
Net interest income		48,256,512	41,226,518
Net commission income	27	3,532,099	4,034,064
Net interest and commission income		51,788,611	45,260,582
Foreign exchange income, net	28	1,305,936	1,022,684
Loss from financial assets at fair value through statement of income	29	(131,409)	(63,838)
Dividends from financial assets at fair value through statement of other comprehensive income	8	281,263	134,149
Gain from sale of financial assets at amortized cost	9	649,440	-
Other income	30	6,038,805	5,051,081
Gross income		59,932,646	51,404,658
Employees' expenses	31	15,468,703	14,214,511
Depreciation and amortization	10,11,12	3,909,562	3,469,171
Provision for expected credit losses, net	32	11,618,848	6,304,273
Sundry provisions	19	664,842	32,812
Provision (recovery from) assets seized by the Bank against due debts	13	23,089	(516,343)
Other expenses	33	11,306,036	9,868,312
Total expenses		42,991,080	33,372,736
Profit for the year before income tax		16,941,566	18,031,922
Income tax for the year	18/b	(5,456,782)	(6,691,739)
Profit for the year		11,484,784	11,340,183
Earnings per share for the year attributable to the Bank's shareholders		JD/Fils	JD/Fils
Basic and diluted	34	0/096	0/095

Chairman of Board of Directors

General Manager

The accompanying notes from 1 to 46 form part of these financial statements and should be read with them

JORDAN COMMERCIAL BANK
(PUBLIC LIMITED SHAREHOLDING COMPANY)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023	2022
		JD	JD
Profit for the year		11,484,784	11,340,183
Other comprehensive income items:			
Items that will not be transferred subsequently to the income statement			
Net change in fair value reserve of financial assets through other comprehensive income after tax	23	1,308,081	3,604,208
Total comprehensive income for the year		**12,792,865**	**14,944,391**

The accompanying notes from 1 to 46 form part of these financial statements and should be read with them

JORDAN COMMERCIAL BANK
(PUBLIC LIMITED SHAREHOLDING COMPANY)
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

		Reserves			
	Authorized and paid in capital	Statutory	Fair value, net	Retained earnings	Total Shareholders' equity
	JD	JD	JD	JD	JD
For the year ended 31 December 2023					
Balance at the beginning of the year	120,000,000	19,011,405	2,621,695	20,483,016	162,116,116
Profit for the year	-	-	-	11,484,784	11,484,784
Other comprehensive income items	-	-	1,308,081	-	1,308,081
Total comprehensive income for the year	-	-	1,308,081	11,484,784	12,792,865
Fair value reserve released from sale of financial assets at fair value through statement of other comprehensive income	-	-	(4,824)	4,824	-
Dividends distributed to shareholders *	-	-	-	(6,000,000)	(6,000,000)
Transferred to statutory reserve	-	1,694,157	-	(1,694,157)	-
Balance as at 31 December 2023	120,000,000	20,705,562	3,924,952	24,278,467	168,908,981
For the year ended 31 December 2022					
Balance at the beginning of the year	120,000,000	17,208,213	(973,100)	10,936,612	147,171,725
Profit for the year	-	-	-	11,340,183	11,340,183
Other comprehensive income items	-	-	3,604,208	-	3,604,208
Total comprehensive income for the year	-	-	3,604,208	11,340,183	14,944,391
Fair value reserve released from sale of financial assets at fair value through statement of other comprehensive income	-	-	(9,413)	9,413	-
Transferred to statutory reserve	-	1,803,192	-	(1,803,192)	-
Balance as at 31 December 2022	120,000,000	19,011,405	2,621,695	20,483,016	162,116,116

- According to the instructions of Jordan Securities Commission and Central Bank of Jordan, the retained earnings balance includes JD 10,551,901 restricted against deferred tax assets as at 31 December 2023 (9,505,024 as at 31 December 2022).

- According to the instructions of Jordan Securities Commission and Central Bank of Jordan, the retained earnings balance includes JD 3,924,952 restricted against the credit balance of the fair value of financial assets reserve as at 31 December 2023 (credit balance of JD 2,621,695 as at 31 December 2022) (including JD 311,112 against the implementation of International Financial Reporting Standard No (9)).

- According to the instructions of Jordan Securities Commission and Central Bank of Jordan, the retained earnings balance includes JD 531,676 restricted against the unrealized gain of financial assets through income statement as at 31 December 2023 (JD 673,668 as at 31 December 2022).

* The Bank's General Assembly approved in its meeting held on 13 April 2023 the recommendation of the Board of Directors to distribute 5% of the capital as cash dividends to the shareholders, which is equivalent to JD 6 million for the year 2022.

JORDAN COMMERCIAL BANK
(PUBLIC LIMITED SHAREHOLDING COMPANY)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023	2022
		JD	JD
Operating Activities			
Profit for the year before income tax		16,941,566	18,031,922
Adjustments:			
Depreciation and amortization of property and equipment and intangible assets	10,11	2,827,111	2,624,252
Provision for expected credit losses	32	11,618,848	6,304,273
Sundry provisions	19	664,842	32,812
Loss from valuation of financial assets at fair value through statement of income	29	141,992	67,213
Provision (recovery from) assets seized by the bank against due debts	13	23,089	(516,343)
Gain from sale of property and equipment	30	(196)	(369)
Amortization of right of use assets	12	1,082,451	844,919
Interest expense on lease liabilities	12	159,335	120,158
Dividends from financial assets at fair value through other statement of comprehensive income	8	(281,263)	(134,149)
Dividends from financial assets at fair value through statement of income	29	(2,700)	(3,375)
Effect of exchange rate fluctuations on cash and cash equivalents		(350,981)	353,788
Gain from sale of financial assets at amortized cost	9	(649,440)	-
Income from prior year income tax adjustments		(276,494)	-
Cash flows from operating activities before changes in net assets		31,898,160	27,725,101
(Increase) decrease in direct credit facilities		(42,360,452)	65,542,146
Decrease in financial assets at fair value through statement of income		36,564	159,658
Decrease in other assets		16,107,944	3,212,518
Decrease in banks and financial institutions deposits for more than three months		(25,000,000)	(17,000,000)
Increase (decrease) in customers' deposits		70,694,928	(72,588,167)
Increase (decrease) in cash margins		2,439,503	(3,055,052)
Increase in restricted balances at central bank of Jordan		(5,000,000)	-
Increase (decrease) in other liabilities		21,715,878	(89,393)
Net cash flows from operating activities before income tax and provisions paid		70,532,525	3,906,811
Income tax paid	18/a	(6,391,949)	(4,191,193)
Sundry provisions paid	19	(308,701)	(34,502)
Net cash flows from (used in) operating activities		63,831,875	(318,884)
Investing Activities			
Decrease (increase) in financial assets at amortized cost		17,162,654	(3,641,298)
Increase in financial assets at fair value through statement of other comprehensive income		(494,861)	(11,740,174)
Dividends from financial assets at fair value through statement of other comprehensive income		281,263	134,149
Dividends from financial assets at fair value through statement of income		2,700	3,375
Purchases of property and equipment and advances on purchases of property and equipment	10	(2,659,033)	(2,277,948)
Purchases of intangible assets and advances on purchases of intangible assets	11	(1,129,769)	(463,650)
Proceeds from sale of property and equipment		16,599	7,728
Proceeds from sale of financial assets at amortized cost	9	6,586,610	-
Net cash flows from (used in) investing activities		19,766,163	(17,977,818)
Financing Activities			
(Decrease) increase in borrowed funds		(53,653,899)	4,837,612
Dividends distributions paid		(6,000,000)	-
Lease liabilities paid	12	(1,271,170)	(1,107,402)
Net cash flows (used in) from financing activities		(60,925,069)	3,730,210
Effect of exchange rate fluctuations on cash and cash equivalents		350,981	(353,788)
Net increase (decrease) in cash and cash equivalents		23,023,950	(14,920,280)
Cash and cash equivalents at the beginning of the year		60,586,278	75,506,558
Cash and cash equivalents at the end of the year	35	83,610,228	60,586,278

The accompanying notes from 1 to 46 form part of these financial statements and should be read with them

(1) General

Jordan Commercial Bank (the “Bank”) was established as a Jordanian Public Limited Shareholding Company under registration number of (113) on 3 May 1977 in accordance with the Jordanian Companies Law No. (12) for the year 1964 with paid in capital of JD 5 million divided into 5 million shares at par value of one Jordanian Dinar per share. The Bank's Head Office address is Amman, P.O. Box 9989, Amman 11191 - The Hashemite Kingdom of Jordan.

During the year 1993, Al Mashrek Bank (Jordan branches) was merged into Jordan and Gulf Bank. Consequently, Jordan and Gulf Bank replaced Al Mashrek Bank (Jordan branches) in terms of its rights and obligations.

At the beginning of the year 2004, the Bank was restructured after taking the necessary measures specified by the concerned legal parties and on 28 June 2004, procedures relating to changing the Bank's name from Jordan and Gulf Bank to Jordan Commercial Bank were completed.

The Bank’s capital was increased gradually, and the last increase was during 2017, where the General Assembly in its extraordinary meeting held on 30 April 2017, resolved to approve the increase in the Bank’s capital by 7.125 million JD/share, so that the authorized and paid in capital would become 120 million JD/share, the increase was through capitalizing part of the retained earnings and distributing the capitalized amount to shareholders as stock dividends. The procedures for the capital increase were completed on 7 June 2017.

The Bank is engaged in Banking and related financial operations through its branches totalling (35) inside Jordan.

Jordan Commercial Bank shares are listed and being traded on Amman Stock Exchange.

The financial statements have been approved by the Bank’s Board of Directors in their meeting held on 8 February 2024 and are subject to the approval of the General Assembly of Shareholders.

(2) Basis of Preparation of the Financial Statements

The accompanying financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and their related interpretations issued by IASB committee as adopted by Central Bank of Jordan.

The main differences between the International Financial Reporting Standards that should be applied and what was adopted by the Central Bank of Jordan are the following:

A. Expected credit losses provision is recorded in accordance with IFRS (9) and in accordance with the Central Bank of Jordan instructions, whichever is more conservative. The material differences are as follows:

- Debt instruments issued by the government of Jordan or guaranteed by the government, in addition to any other credit exposures with the government of Jordan or guaranteed by it, are excluded from the calculation of expected credit losses. Accordingly, no expected credit losses calculated on any of these exposures.

- When calculating the expected credit losses against credit exposures, the results of the calculation in accordance with the International Financial Reporting Standard No. (9) are compared with the results of the calculation in accordance with instructions of the Central Bank of Jordan (No. 47/2009) dated 10 December 2009, for each stage individually, and whichever is more conservative is recorded. In addition, the Central Bank of Jordan sometimes requests recording specific provisions against certain facilities, according to what the Central Bank sees as risks related to customers.

B. Interest, fees, and commission income are suspended on non-performing credit facilities granted to customers in accordance with the instructions of the Central Bank of Jordan.

C. Assets seized by the Bank against due debts are shown in the statement of financial position among other assets at the value as at the date it had been passed on to the Bank or its fair value, whichever is lower. The assets are revalued individually at the date of the financial statements and any impairment is recorded in the statement of income. Gains are not recorded as income as these gains are recorded later in the statement of comprehensive income without exceeding the impairment value. As requested at the beginning of 2015, a provision is recorded for assets seized against debts that have been seized for more than 4 years in accordance with Central Bank of Jordan instructions (No. 15/1/4076) dated 27 March 2014 and (No. 10/1/2510) dated 14 February 2017. The Central Bank of Jordan issued a circular (No. 10/1/13967) on 25 October 2018; approving an extension of circular (No.10/1/16607) dated 17 December 2017 that confirmed the extension of a provision to be recorded until the end of 2020. Furthermore, according to Central Bank's circular (No. 10/1/16239) dated 21 November 2019, a provision for seized assets will commence as per circular (No.10/3/13246) dated 2 September 2021 approving an extension of circular (No. 10/1/13967) dated 21 November 2019 at a rate of 5% of the total book value of these assets starting from the year 2022. And according to circular (No. 10/3/16234) dated 10 October 2022, the Central Bank of Jordan has decided to repeal item No. 2 from circulation (No. 10/1/4076) dated 27 March 2014 which is related to the deduction of breached seized assets provisions, and maintaining the recorded provisions, while releasing the recorded provisions against disposed seized assets.

D. The Central Bank has agreed in its letter dated 20 February 2020 to recant a 5-year provision for a specific customer under the condition of classifying the related credit facility as non-performing and suspending its interest and commission in accordance with the instructions of the Central Bank of Jordan.

- The financial statements are prepared on the historical cost basis except for financial assets at fair value through the statement of income and financial assets at fair value through other comprehensive income, which have been measured at fair value at the date of the financial statements. Moreover, financial assets and liabilities that have been hedged for changes in fair value are stated at fair value.

- The financial statements are presented in Jordanian Dinar (JD) being the functional currency of the Bank.

(2-1) Changes in Accounting Policies

The accounting policies adopted in the preparation of the financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2022, except for the adoption of the following new standards effective 1 January 2023:

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach),
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

This standard is not applicable to the Bank.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of ‘accounting estimates’. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective from 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Bank’s financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments are effective from 1 January 2023. and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Bank's financial statements.

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

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognized for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The amendments are effective from 1 January 2023. and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Bank's financial statements.

International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD’s BEPS Pillar Two rules and include:

• A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and

• Disclosure requirements for affected entities to help users of the financial statements better understand an entity’s exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Bank’s financial statements as the Bank is not in scope of the Pillar Two model rules as its revenue is less that EUR 750 million/year.

(2-2) Material Accounting Policies

Segment Information

Business sectors represent a group of assets and operations that jointly provide products or services subject to risks and returns different from those of other business sectors which are measured in accordance with the reports sent to the operations management and decision makers in the Bank.

The geographical sector relates to providing products or services in a specific economic environment subject to risk and returns different from those of sectors functioning in other economic environments.

Direct Credit Facilities

Direct credit facilities are financial assets with fixed or determinable payments which are provided basically by the Bank or have been acquired and has no market price in the active markets. which are measured at amortized cost.

A provision for the impairment in direct credit facilities is recognized through the calculation of the expected credit loss in accordance with International Financial Reporting Standard (9) as adopted by Central bank of Jordan.

Interest and commission earned on non-performing granted credit facilities are suspended in accordance with the instructions of the Central Bank of Jordan and in accordance with the instructions.

When direct credit facilities are uncollectible they are written off against the provision account. Any surplus in the provision is reversed through the statement of income. and subsequent recoveries of amounts previously written off are credited to revenue.

Recognition of Revenues and Expenses

Recognition of Interest Income

According to IFRS (9), interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at FVTPL recorded at amortized cost. Interest income on interest bearing financial assets is measured at FVOCI under IFRS (9). The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortized cost of the asset) is calculated by considering any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Bank recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognizes the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the statement of financial position with an increase or reduction in interest income. The adjustment is subsequently amortized through interest and similar income in the statement of comprehensive income.

Interest and Similar Incomes and Expenses

For all financial instruments measured at amortized cost, financial instruments designated at FVOCI and FVTPL, interest income or expense is recorded using the EIR.

The calculation considers all the contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

When the recorded value of a financial asset or a Bank of similar financial assets has been reduced by an impairment loss, interest income continues to be recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Expenses are recognized at accrual basis.

Fees and Commission Income

Fees income can be divided into the following two categories:

1. Fees income earned from services that are provided over a certain period.

Fees earned for the provision of services over a period are accrued over that period. Such fees include “commission income and private wealth and asset management” fees, “custody and other management” fees.

2. Fee income forming an integral part of the corresponding financial instrument.

Fees that the Bank considers to be an integral part of the corresponding financial instruments include loan origination fees, loan commitment fees for loans that are likely to be drawn down and other credit related fees.

Financial Guarantees, Letters of Credit and Unutilized Loan Commitments

The Bank issues financial guarantees, letters of credit and loan commitments.

Financial guarantees are initially recognized in the financial statements (within other liabilities) at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially. Recognized less cumulative amortization recognized in the statement of income and an expected credit losses provision.

The premium received is recognized in the statement of income net of fees and commission income on a straight-line basis over the life of the guarantee.

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts, these contracts are in the scope of the ECL requirements. The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded on in the statement of financial position.

The Bank occasionally issues loan commitments at below market interest rates drawdown. Such commitments are subsequently measured at the higher of the amount of the ECL and the amount initially recognized less, when appropriate, the cumulative amount of income recognized.

Financial Assets at Amortized Cost

Are the assets that the Bank's management intends to hold for the purpose of collecting the contractual cash flows which represents the cash flows that are solely payments of principal and interest on the outstanding principal.

Financial assets are recorded at cost upon purchase plus acquisition expenses. Moreover, the issue premium\ discount is amortized using the effective interest associated with the decline in value of these investments leading to the inability to recover the investment or parts thereof are deducted. any impairment is registered in the statement of income and should be presented subsequently at amortized cost less any impairment losses.

The amount of impairment loss recognised at amortized cost is the expected credit loss of the financial assets at amortized cost.

Financial Assets at Fair Value through Other Comprehensive Income

These financial assets represent the investments in equity instruments held for the long term.

These financial assets are recognized at fair value plus transaction costs at purchase date and are subsequently measured at fair value in the statement of comprehensive income and within owner's equity including the changes in fair value resulting from translation of non-monetary assets stated in foreign currency. Gain or loss from the sale of these investments or part of them should be recognized in the statement of comprehensive income and within owner's equity and the balance of the revaluation reserve for these assets should be transferred directly to the retained earnings not to the statement of income.

No impairment testing is required for these assets. Unless classified debt instrument as financial assets at fair value through other comprehensive income. in that case. the impairment is calculated through the expected credit loss model.

Dividends are recorded in the statement of income.

Upon initial recognition, the Bank occasionally elects to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Bank commits to purchase or sell the asset.

Impairment in Financial Assets

Overview of the Expected credit loss

The Bank has been recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, in this section all referred to as “financial instruments”.

Equity instruments are not subject to impairment under IFRS (9).

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months’ expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument’s credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank classifies its financial assets into the categories Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1: When financial assets are first recognized, the Bank recognizes an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2.
- Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3.
- Stage 3: Financial assets considered credit impaired (default). The Bank records an allowance for the LTECLs. For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

Modified Loans

The Bank sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, (rather than taking possession or to otherwise enforce collection of collateral.) The Bank considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Bank would not have agreed to them if the borrower had been financially healthy. (Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department). Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. (Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms). It is the Bank's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

When restructuring a loan or modifying its terms without cancellation, the Bank reassesses whether there is a substantial increase in credit risks. The Bank also reassess its classification.

Rent Contracts

The Bank evaluates the contracts when they are effective, to determine whether the contract is a lease or contains a rent. That is, if the contract transfers the right to control the use of the definite asset for a period of time in exchange for payments.

The Bank applies a unified approach to recognize and measure all leases, except short-term leases and low-value asset leases. The Bank recognizes lease obligations for rental payments and right-of-use assets representing the right to use leased assets.

Right-of-use assets

The Bank recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease obligations recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Bank is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Bank recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating a lease, if the lease term reflects the Bank exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

Short-term rental contracts and low-value assets

The Bank applies the exemption related to the recognition of short-term lease contracts on some short-term lease contracts, i.e.: lease contracts that last for 12 months or less from the start date and do not include an asset purchase option. The Bank also applies the exemption for leasing contracts for low-value assets to some leasing contracts for assets that are considered low-value. The payments for short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term.

Property and Equipment

Property and equipment are stated at cost net of accumulated depreciation and any impairment loss in its value. Moreover, property and equipment (except for land) are depreciated according to the straight-line method over the estimated useful lives when ready for use of these assets using the following annual rates.

	%
Buildings	2
Machines and office equipment	10-15
Decorations	15
Vehicles	15
Computers	20

When the carrying amount of property and equipment exceeds their recoverable value, assets are written down and impairment loss is recorded in the statement of income.

The useful lives of property and equipment are reviewed at the end of each year, in case the expected useful life is different from what was determined before the change in estimate is recorded in the following years being a change in estimates.

Property and equipment are derecognized when disposed or when there is no expected future benefit from their use or disposal.

Impairment of Non-Financial Assets

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Bank makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Intangible Assets

Intangible assets acquired through mergers are stated at fair value at the date of acquisition, while intangible assets (not acquired through mergers) are recorded at cost.

Intangible assets are to be classified based on either definite or indefinite useful life. Intangible assets with definite useful economic lives are amortized over their useful lives and recorded as an expense in the statement of income. Intangible assets with indefinite lives are reviewed in statement income for impairment as at the financial statements date, and impairment loss is recorded in the statement of income.

Intangible assets resulting from the Bank’s operations are not capitalized. They are rather recorded in the statement of income in the same period.

Any indications of impairment in the value of intangible assets as at the financial statements date are reviewed. Furthermore, the estimated useful lives of the impaired intangible assets are reassessed, and any adjustment is made in the subsequent period.

Intangible assets with definite useful economic lives at cost net of accumulated amortization. Intangible assets are amortized over their useful lives using the straight-line method using a 20% rate.

Provisions

Provisions are recognized when the Bank has an obligation as at the date of the financial statements as a result of past events, the obligation is likely to be settled, and a reliable estimate can be made of the amount of the obligation.

Provision for employees' end-of-service indemnities

Provision for end of service indemnity is established by the Bank to fare any legal or contractual obligations at the end of employees' services and is calculated based on the service terms as at the financial statements date.

Income Taxes

Income tax expenses represent current and deferred taxes.

Income tax expense is measured based on taxable income. Taxable income differs from income reported in the financial statements, as the latter includes non-taxable revenue, tax expenses not deductible in the current year but deductible in subsequent years, accumulated losses approved by tax authorities and items not accepted for tax purposes or subject to tax.

Taxes are calculated based on the enacted tax rates according to the prevailing laws, regulations, and instructions of countries where the Bank operates.

Taxes expected to be incurred or recovered as a result of temporary timing differences between the value of the assets and liabilities in the financial statements and their respective tax bases. Deferred taxes are calculated based on the liability method, and according to the rates expected to be enacted when it is anticipated that the liability will be settled or when tax assets are recognized.

Deferred tax assets and liabilities are reviewed as at the date of the financial statements and reduced in case it is expected that no benefit will arise from payment or the elimination of the need for deferred tax liabilities partially or totally.

Capital Cost of Issuing or Buying the Bank's Shares

Cost arising from the issuance or purchase of the Bank's shares are charged to retained earnings (net of the tax effect of these costs if any). If the shares issuance or purchase process is incomplete these costs are recorded as expenses in the statement of income.

Assets Under Management on Behalf of Customers

These represent the accounts managed by the Bank on behalf of its customers, but do not represent part of the Bank's assets. The fees and commissions on managing these accounts are taken to the statement of income. Moreover, a provision is taken for the decline in the value of capital-guaranteed portfolios managed on behalf of its customers.

Offsetting

Financial assets and financial liabilities are offset, and the net amount is presented in the statement of financial position only when there is a legal right to offset the recognized amounts, and the Bank intends to either settle them on a net basis or to realize the assets and settle the liabilities simultaneously.

Seized Assets by the Bank Against Due Debts

Such assets are those that have been the subject of foreclosure by the Bank and are initially recognized among "other assets" at the foreclosure value or fair value whichever is least. At the date of the financial statements, seized assets are revalued individually (fair value less selling cost); any decline in fair value is recognized in the statement of income. Any subsequent increase in value is recognized only to the extent that it does not exceed the previously recognized impairment losses.

Repurchase and Resale Agreements

Assets sold with a simultaneous commitment to repurchase them at a future date continue to be recognized in the financial statements as a result of the Bank's continuous control over these assets and as the related risk and benefits are transferred to the Bank upon occurrence. They also continue to be measured in accordance with the adopted accounting policies. Amounts received against these contracts are recorded within liabilities under borrowed funds. The difference between the sale price and the repurchase price is recognized as an interest expense amortized over the contract period using the effective interest rate method.

Purchased assets with corresponding commitment to sell at a specific future date are not recognized in the financial statements because the Bank has no control over such assets and the related risks and benefits are not transferred to the Bank upon occurrence. Payments related to these contracts are recoded under deposits with Banks and other financial institutions or loans and advances in accordance with the nature of each case. The difference between the purchase price and resale price is recoded as interest revenue amortized over the life of the contract using the effective interest rate method.

The Calculation of Expected Credit Losses

The Bank calculates expected credit losses based on the weighted average of three scenarios to measure the expected cash deficit, after discounting an approximate rate of effective interest rates. The cash deficit is the difference between the Bank's cash flows in accordance with the contract and the expected cash flows.

PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period.

EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

worse scenario). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will be remediated and the value of collateral or the amount that might be received for selling the asset.

With the exception of credit cards and other revolving facilities, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanism of the ECL method is summarized below:

Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the four scenarios, as explained above.

Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument.
The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For financial assets which are considered credit-impaired, the Bank recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100% and with higher LGD than the first two stages.

Loan commitments and letter of credit: When estimating LTECLs for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

Financial guarantee contracts: The Bank's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the statement of income, and the ECL provision. For this purpose, the Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure.

Foreign Currencies

Transactions in foreign currencies during the year are recorded at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the date of the financial statements using the exchange rate prevailing at the date of the financial statement announced by the Central Bank of Jordan.

Non-monetary items measured at historical cost are translated according to the exchange at fair value rate prevailing at the transaction date, using the exchange rate prevailing at the date of evaluation.

Gains or losses resulting from foreign currency translation are recorded in the statement of income.

Differences resulting from the translation of non-monetary assets and liabilities at fair value denominated in foreign currency, such as equity shares, are recorded as part of the change in the fair value using the exchange rates prevailing at the date of evaluation.

Profits and losses resulting from foreign currency exchange differences for debt instruments (interest -bearing) are recorded in financial assets at fair value through comprehensive income in the income statement. Foreign currency exchange differences for equity instruments are recorded in the fair value reserve in the shareholders' equity in the statement of financial position.

Fair Value

The Bank measures financial instruments is at fair value at each financial statement date.

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.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either, in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Bank has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Impairment is calculated through the difference between the book value of financial assets at amortized cost and the present value of expected future cash flows discounted using the original effective interest rate.

The book value of financial assets is reduced by the amortized cost by the impairment loss through the impairment reserve account. The change is recognized in the income statement.

Cash and Cash Equivalent

Cash and cash equivalents comprise cash and balances at central bank of Jordan and balances with Banks and financial institutions maturing within three months, less balances due to Banks and financial institutions maturing within three months and restricted balances.

(3) Use of estimates

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

Judgments, estimates, and assumptions are reviewed periodically. Moreover, the effect of the change in estimates is recognized in the financial period in which the change occurs if the change affects only the financial period. On the other hand, the effect of the change in estimates is recognized in the financial period in which the change occurs and in future periods if the change affects the financial period and future financial periods.

Management believes that its estimates in the financial statements are reasonable. The details are as follows:

Impairment of seized property

Impairment in value of properties possessed is recognized based on recent real estate valuations by qualified independent evaluators for calculating the asset impairment, which is reviewed periodically.

Useful lives of tangible assets and intangible assets

The Bank estimates the productive life of properties, machines, equipment, and intangible assets for the purposes of calculating depreciation and amortization, taking into account the expected use of the assets. Management reviews the residual values and productive lifespans annually, and future depreciation and amortization expense is adjusted if management believes that the productive lifespans differ from previous estimates.

Income tax

The fiscal year is charged with the income tax expense in accordance with the accounting regulations, laws, and standards. Moreover, deferred tax assets and liabilities and the required tax provision are recognized.

Litigations provision

A provision is made to meet any potential legal liabilities based on a legal study prepared by the Bank's legal counsel. This study identifies potential future risks and is reviewed periodically.

Provision of expected credit losses

Expected credit loss is measured as a 12-months expected credit loss for assets classified as stage 1, or as a lifetime expected credit loss for stage 2 or stage 3 classified assets.

Significant increase in credit risk

The asset moves from stage one to the stage two or stage three in case there is a significant increase in credit risk since initial recognition based on CBJ instructions and IFRS (9). Credit risk is evaluated whether it increases significantly for any of the assets through current and future quantitative and qualitative information used by the Bank’s management related to assessing whether the credit risk of any asset has increased significantly that result in a change in the classification within the three stages (1, 2 and 3), the expected credit loss is measured as a 12-months expected credit loss for stage 1 assets or lifetime credit losses over the life of the assets classified as stage 2 or 3 shown in detail in note (38).

Re-Division of Portfolios and Movements Between Portfolios

The re-division of portfolios and movements between portfolios is more common when credit risk increases significantly (or when such a large increase is reflected). Therefore, assets are transferred from expected credit losses of between (12) months to another portfolio or vice versa. However, this may happen within the portfolios that continue to be measured on the same basis as expected credit losses for a 12-month period or a lifetime, but the amount of the expected credit loss changes due to the varying credit risk of portfolios.

Models and Assumptions Used

The Bank uses various models and assumptions in measuring the fair value of financial assets as well as in assessing the expected credit loss described in note (38). The judgment is applied when determining the best models for each type of asset as well as for the assumptions used in those models, which include assumptions regarding the main drivers of credit risk.

a. Classification and Measurement of Financial Assets and Liabilities

The Bank classifies financial instruments or components of financial assets at initial recognition either as a financial asset or a financial liability, or as an equity instrument in accordance with the substance of the contractual agreements and the definition of the instrument. The reclassification of a financial instrument is subject to the substance of the financial statements and not to its legal form.

The Bank shall determine the classification at initial recognition and reassess such determination, if possible and appropriate, at each date of the statement of financial position.

When measuring financial assets and liabilities, certain assets and liabilities of the Bank are re-measured at fair value for financial reporting purposes. In assessing the fair value of any assets or liabilities, the Bank uses available observable market data. In the absence of Tier 1 inputs, the Bank conducts evaluations using professionally qualified independent evaluators. The Bank works closely with qualified external evaluators to develop appropriate valuation and data valuation techniques.

b. Fair Value Measurement

If the fair values of financial assets and financial liabilities included in the statement of financial position cannot be obtained from active markets, these fair values are determined using a range of valuation techniques involving the use of accounting models. If possible, the entered data for those models will be extracted from the market data. In the absence of such market data, fair values are determined by making judgments. These provisions include liquidity considerations and model data such as derivative volatility, longer-term discount rates, pre-payment ratios and default rates on asset-backed securities. Management believes that the valuation techniques used are appropriate to determine the fair value of financial instruments.

Key Sources of Uncertainty Estimates

The principal estimates used by Management in applying the Bank's accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

<u>Determining the number and relative weight of scenarios, the outlook for each type of product / market, and the identification of future information relevant to each scenario.</u>

When measuring the expected credit loss, the Bank uses reasonable and supported future information based on the assumptions of the future movement of the various economic drivers and the manner in which they affect each other.

<u>Probability of Default</u>

The potential for default is a key input in measuring the expected credit loss. The probability of default is an estimate of the probability of default over a given period of time, which includes the calculation of historical data, assumptions, and expectations relating to future circumstances.

<u>Loss Given Default</u>

Loss given default is an estimate of the loss arising from default. It is based on the difference between the contractual cash flows due and those that the financer expects to collect, considering cash flows from collateral and integrated credit adjustments.

Fair value measurement and valuation procedures

When estimating the fair value of financial assets and financial liabilities, the Bank uses available observable market data. In the absence of level (1) inputs, the Bank conducts evaluations using appropriate valuation models to determine the fair value of financial instruments.

Risk management

In light of the importance of managing the various risks surrounding the Bank's business activities that it is exposed to or may be exposed to in the future, the Bank has continued its work by following a risk management strategy in line with the directives of the Board of Directors, executive management, legislation and laws issued by the Central Bank of Jordan, where best practices have been applied and the latest means and methods used in risk management.

The risk management process includes identifying, measuring, evaluating and monitoring financial and non-financial risks that can negatively affect the overall performance of the Bank, the Risk Department is responsible for managing risks (credit, operational, market, liquidity and information security) within the framework of the Bank's organizational structure and the risk department evaluates and controls risks and recommends mitigating them and submitting the necessary reports to executive management and Risk and Compliance Committee and independently of other Bank departments that perform other Banking activities.

The Bank's risk management provides independent oversight and support that aims to establish and spread the concept of risk management as a whole on all levels of management and helps proactively in realizing potential losses and sets out the plan and procedures to take to confront these risks in the event of their occurrence.

The executive management is responsible for defining the main principles of risks and the level of risks that can be accepted, as well as an optimal distribution of them according to the various activities and segment of the Bank where executive management exercises its role in ensuring that the Bank manages various risks and adopts policies and procedures governing risk management in the Bank.

The Bank management also gives great importance to the requirements of Basel and best international practices for risk management, as it is considered as a framework to enhance the Bank's ability to improve the control environment and confront various types of risks.

Acceptable risks level (risk appetite)
The Bank's philosophy in determining the level of acceptable risks is the method by which the Bank has determined the levels of acceptable risks with, given that capital planning is the basis for determining the levels of acceptable risks.

The bottom-up approach methodology was used to determine acceptable levels of risk through the concerned departments within the Bank from the bottom of the organizational structure and then raise it to the top organizational structure for each of the risks (credit, concentrations, liquidity, interest rates, reputation, strategy, operation, market, governance Institutionalism, compliance, capital structure).

<u>The objectives of risk appetite</u>
The Bank aims to determine the acceptable levels of risk to the following:

1- Knowing the acceptable level of risk for each type of risk to which the Bank is exposed.
2- Protecting the Bank from risks that it might face and negatively affect its business.
3- Achieving strategic goals.
4- Ensuring that acceptable proportions of capital adequacy are maintained.
5- Control risks and work to reduce them.
6- Determining the capital needed to face all kinds of risks (economic capital).
7- Developing measures to monitor the acceptable level of risks in addition to the capital, asset quality, liquidity, and fluctuation in profits.

<u>Stress testing</u>
In accordance with the instructions issued by the Central Bank related to stress testing, the Bank has prepared a methodology for applying these stress tests and adopting a policy and work procedures by the Risk Committee from the Board of Directors where stress tests are an integral and essential part of the institutional governance and risk management system of the Bank as it has an impact on decision-making at the appropriate administrative level, including strategic decisions of the Board of Directors and Executive Management. To ensure this, the Board of Directors and Executive Management must have a key role in these tests, including setting test goals, defining scenarios, evaluating results, and defining measures to take based on the results of these. The tests at various levels are considered:

- A key tool to understand the Bank's risk matrix and its ability to withstand shocks and the high risks it may face.

- It is considered an important part of the capital planning process through the internal evaluation process of the capital adequacy (ICAPP) and improving the Bank’s management of its capital.

- It helps the Bank in estimating the size of future capital that must be available in the coming years, in accordance with its strategy.

- An important part in the process of identifying, measuring, and controlling liquidity risk, in order to assess the Bank's liquidity and the adequacy of liquidity shock mitigators and improve the Bank's liquidity.

<u>The mechanism by which stress situations are chosen</u>

Scenarios of stressful situations are chosen to cover all the risks which the Bank is exposed to in accordance with the instructions issued by the Central Bank of Jordan, and a different set of scenarios are applied that range from the least influential to the most influential but are possible to occur are selected and identified by the Bank according to the different risks which it is exposed is such as (size, type, repetition and importance) in coordination with the various department where these tests aim to assess the Bank's financial position and adequacy, where necessary reports are prepared and applied to stress tests and present them to the Risk Committee from the Board of Directors, which in turn approves assumptions and scenarios used and discuss the results of the tests and approve the measures to be taken based on these results. The impact of stress testing on different financial assets is measured, whether at the level of the facilities or investment portfolio, as follows:

Measuring the impact of stress testing on the Bank's credit portfolio in terms of the increase of non-performing loans as a result of several factors, including the concentration in credit granting, the decline of economic sectors as a result of financial crises, the quality of the credit portfolio, the decrease in the value of guarantees provided and other factors. The impact of these scenarios is assessed for these risks on the income statement and the capital adequacy.

Measuring the impact of stress testing on the Bank's investments in terms of low liquidity of the markets invested in and a decrease in the value of investments due to financial and economic crises. The impact of scenarios for these risks is assessed on the income statement and the capital adequacy.

Measuring the impact of stress testing on the Bank's assets and liabilities in the event of changing the Dinar exchange rates against foreign currencies.

Measuring the impact of stress testing on the Bank’s liquidity as a result of several factors, including the loss of our deposits with correspondent Banks, the concentration of Bank customer deposits and Bank deposits with us, extensive withdrawals of deposits, change of the Dinar exchange rates against foreign currencies and other factors. The impact of the scenarios of these risks is assessed based on statutory and liquidity ratios and based on a maturity scale.

Measuring the impact of stress testing on the operating risks of the Bank's operations. The impact of scenarios on these risks is assessed on the capital adequacy.

Governance of stress testing

- Stress tests are an integral and essential part of corporate governance with the Bank by enhancing the Bank's ability to identify and control its risks and its major role in providing both the Board and Executive Management with indicators on the amount of capital required to meet the resultant losses on shocks or changes that affect the Bank's financial position and solvency.

Board of Directors' responsibility:

- Ensuring that there is an effective framework for stress testing to assess the Bank's ability to withstand shocks and face high risks, as the Board has the ultimate responsibility for the stress testing program, and the adoption of work policies in this regard.

- Ensure that the Risk Department conducts stress tests on a regular basis, and that the Board has a key role in approving the assumptions and scenarios used, analyzing the results of the tests, and adopting the procedures to be taken based on these results.

Senior executive management responsibility:

- Implementing and monitoring the stress testing program, and in accordance with the methodology approved by the Board of Directors, which was originally based on the specific stress tests according to the instructions of the Central Bank of Jordan.

- Ensure that a qualified personal is available in the Risk Management Department to conduct stress tests and that the department has the appropriate tools and means for that.

- Ensuring that an appropriate number of possible scenarios related to the Bank's business are available, provided that these scenarios are understood and documented.

- Use the results of stress testing in setting and determining the degree of risk tolerance of the Bank and in the process of planning for capital and liquidity.

- Setting the appropriate remedial procedures based on the results of the tests carried out by the Executive Management and submitting them to the Risk and Compliance Committee and presenting them to the Board of Directors.

Responsibility of the Internal Audit department:

- The Internal Audit Department is responsible for reviewing and evaluating the framework of stress testing, at least annually, and for evaluating and reviewing results to be submitted to the Board of Directors.

Risk Department responsibility:

1- Designing a program of stress testing and using models and methodologies to test its impact on the Bank, so that it covers the following aspects and is not limited to them:

- Stress testing includes scenarios that range from least to most severe.
- Covering all complex financial products, if any.
- It considers potential changes in market conditions that may negatively affect the Bank's exposure to concentration risk.
- Including stress tests to some scenarios related to reputational risks, by reflecting the results of risks that affect the Bank's reputation, which may be reflected on the Bank's liquidity and liquid assets through customers withdrawing their deposits.
- The tests used are consistent with the degree of risk tolerance that the Bank has set for itself, so that the chosen scenarios are commensurate with the size, nature and complexity of the Bank’s business and the risks associated with it.
- The stress testing program includes quantitative and qualitative methods to improve the comprehensiveness of these tests and make them supportive and complementary to the models and methods of risk management used in the Bank.
- It includes different types of tests, such as the simple sensitivity analysis based on changes in one risk factor and between scenarios based on statistical methods that take into account the relationships between the causes of systemic risks in times of crisis, knowing that the part related to these scenarios is determined by the Central Bank of Jordan on an annual basis.

2- Organizing an appropriate line of communication between the various parties concerned to take their views on the shocks and potential stressful situations if they occur with the aim of identifying assumptions and scenarios that are appropriate to the internal and external risks that the Bank may be exposed to so that all the parties involved with the Bank participate in this line of communication when determining these tests annually.

3- Submitting the results of the tests to the Basel Committee, an internal evaluation of the capital adequacy, and then to the Risk and Compliance Committee from the Bank’s Board of Directors annually.

The Bank's application for defaulting and the defaulting mechanism

The Bank follows and applies the instructions of the Central Bank of Jordan (the regulatory body) related to the International Financial Reporting Standard No. (9) to classify credit facilities in three stages.

1. The Bank's application to default:

The instructions of the Central Bank of Jordan regarding the classification of defaulting loans and the suspension of interest are applied according to the requirements of IFRS (9). As for provisioning, instructions No. (47/2009) and (13/2018) related to the International Financial Reporting Standard (9) are adopted. The most conservative and severe results are taken, except in special cases and with prior approval by the Central Bank of Jordan.

2. The defaulting mechanism:

The Bank follows up with a client before their default with the aim of not reaching the point of classifying the facilities granted to them. In case the classification is made, a provision is recorded against this loan in accordance with the adopted standards, among the mechanisms used to treat default by the Bank as following:

1- Debt scheduling according to the scheduling principles as per the instructions of the Central Bank of Jordan.

2- Taking legal measures to collect what is owed to the Bank.

Definition of default:

The definition of default used in the measurement of expected credit losses and the assessment to determine movement between stages will be consistent with the definition of default used for internal credit risk management purposes, IFRS 9 does not define default, but contains a rebuttable presumption that default has occurred when an exposure is greater than 90 days past due.

The weighted probabilities are measured according to the best estimate and related to historical probability and current situations. The weighted scenarios are evaluated every three months. All scenarios are applied to all portfolios exposed to expected credit losses during the years 2022 and 2023.

- The Bank uses 3 scenarios to reach a probable value when to estimate the expected credit losses as follows:
  1- Main scenario (Baseline) weighted 50%
  2- Best scenario (V shape) weighted 25%
  3- Worst case scenario 1 (U shape) weighted 25%

The internal credit rating system of the Bank and its mechanism:

The Bank has implemented a credit risk rating system based on Standard and Poor's (S&P) classification models to measure the credit risk of large companies, small and medium-sized companies which would positively reflect on the quality of the credit portfolio and help in making appropriate credit decisions as the following is extracting through the system:

Obligor Risk Rating (ORR) is divided into measuring the activity standards (qualitative) and the financial standards (quantitative) by:

Qualitative standards:

1- Measuring the risks of the countries in which the client practices their activity
2- Measuring the risks of the economic sectors that represent the client's activities
3- Measuring the client's competitive position in detail

Quantitative standards:

4- Measuring the client's financial risks by assessing cash flows, receivables, capital structure, and others.

Classification models include (modifier's) quality rates that enhance credit rating accuracy as follows:

1- The impact of the various activities of the client
2- The capital structure
3- Approved financing policy
4- Liquidity assessment
5- Management and governance

Clients are classified on the system to ten levels, where the classification grades are distributed from (1) high quality clients (few risks) to (10) high risk customers.

As a result of assessing the client's credit rating through the system, the probability of default (PD) is determined.

The approved mechanism for calculating expected credit losses on financial instruments:

1- The basic components of calculating the credit loss of financial instruments:

* Clients' staging
* Probability of default ratio stage 1 (12-month projected credit losses) and stage 2 (expected credit losses over the life of the financial instrument).
* Loss given default (LGD).
* Exposure at default (EAD).

2- Criteria for classifying client according to the stages:

The criterion for classifying the stages is one of the important parameters used to determine the expected credit losses according to the International Financial Reporting Standard No. (9), where financial instruments were classified into three stages in addition to a statement of the credit limitations for the transfer of the financial instrument / exposures between the stages according to the instructions issued by the Central Bank of Jordan No. (13/2018).

3- Probability of default – PD

Corporate portfolio

Based on the probability of default resulting from the analysis of all quantitative and qualitative data of the client through the credit rating system as this is done through the approved models of the company (S&P) and based on historical data, a future probability of default is calculated and linking it to the macroeconomic indicators.

Individual portfolio

Individual risk is measured at the level of each product separately (personal loans / housing loans / credit cards / car loans) through the evaluation of the product Roll Rate Approach, through customer behavior records and their commitment to pay on the historical agreed upon times to link them to all variables of macroeconomic factors to determine the future probability of default.

Debt portfolio and money market

The default probability of debt instruments classified under the amortized cost portfolio (AC) and other comprehensive income statement (OCI) is calculated on an individual basis based on the probability of default according to external classification.

Debt instruments issued by the Jordanian government, or guaranteed by it, and current accounts are excluded from calculating the expected credit losses.

4- Loss Given Default - LGD

The percentage of loss is measured on the assumption of default, based on the present value of the guarantees provided by the client based on historical ratios of financial recoveries and converting the guarantees into cash as a result of implementation of the guarantees due to default, taking into account the time dimension and credit dilution, which includes the part covered and not covered by the guarantees according to the requirements of the Central Bank of Jordan.

5- Exposure at Default – EAD

It is defined as the size of the indebtedness to which the Bank may be exposed to the possibility of non-payment if the customer defaults as follows:
- It is the current balance in relation to direct and indirect facilities.
- In the case of ceilings, the value of the amount exposed to default: it is the used balance in addition to a percentage of the unutilized ceiling (direct and indirect) based on a historical study of the extent of utilization of these ceilings.

Governance of implementing the requirements of IFRS (9):
The Bank is adherent to the instructions of institutional governance, including the instructions of the Central Bank of Jordan and the best international practices that were included in the Basel Committee in this regard in a manner that achieves the rule of implementation of the International Financial Reporting Standard. The following are the responsibilities of the Board of Directors, the Executive Management, the concerned committees, and departments to ensure the appropriateness of applying the financial reporting standard:

Board Responsibilities:
- Approving the policies, assumptions and models used for the application of the standard.
- Approving the expected credit losses in the Bank's financial statements.
- Ensuring proper application of the standard by defining the roles of committees, departments and work units in the Bank and ensuring complementarity of work among them and providing the appropriate infrastructure.
- Overseeing, through the committees of the Board, the Executive Management to develop the necessary systems to provide adequate information in an accurate and safe matter so that it provides the accurate capability of the Bank to record through the participation of all relevant business units in the Bank and under the supervision of the Bank’s Board of Directors and its related committees.
- Approving of amendments that could affect the business model, the Bank’s strategy, measurement and evaluation methodologies for the credit process, pricing and guarantees mechanism for credit products or assets that fall within the standard.
- Ensuring that the Bank manages its credit risk within the appropriate best practices, including effective control systems within the credit process that includes a clear determination of the amount of provisions required for all of its risks.
- Ensuring that the supervisory units in the Bank, specifically risk management, manage the internal audit of all necessary processes to verify the validity and integrity of the methodologies and systems used within the framework of the application of IFRS (9) and work to provide the necessary support for these control units.

Executive Management Responsibilities:

- Providing the appropriate infrastructure and providing recommendations regarding required changes or improvements that help to implement the standard in an accurate and comprehensive manner that includes qualified personnel and an adequate database in terms of accuracy and comprehensiveness.
- Reviewing the policies, work procedures, regulations and any other relevant standards and explaining their suitability for implementing the standard.
- Distributing tasks and responsibilities and ensuring the participation of all relevant business units in the proper application of the standard.
- Monitoring the periodic reports related to the results of calculating and applying the standard and determine the impact of the application of the standard on the financial position of the Bank.
- Applying corrective measures approved by the Board of Directors.
- Reflecting the impact of the application of the standard on the Bank's strategy and pricing policy.
- It is responsible for any exceptions of the results of the system outputs, the specific procedures, and the documented forms of the calculation process.
- Reviewing the staging rules process and make the necessary recommendations.
- View the calculation of expected credit losses and recommend their approval.
- Recommend any exception or amendment to the results of calculating the expected credit losses required and in accordance with clear and documented justifications.

Risks and Compliance Committee Responsibilities:

- Reviewing the framework and assumptions for calculating expected credit losses and recommend their approval.
- Supervising the efficiency and effectiveness of the process of calculating the expected credit losses.

Responsibilities of the Audit Committee:

- Ensuring that the methodologies and systems used in the application of IFRS (9) have been verified.
- Monitoring the compliance with the framework for calculating expected credit losses in accordance with IFRS (9) and ensuring that the internal audit fulfills its duty in this regard.
- Reviewing the financial statements after implementing the standard, in particular verifying the implementation of the instructions of the Central Bank of Jordan regarding the adequacy of provisions and expressing an opinion on the Bank's non-operating loans before submitting them to the Board of Directors.
- Reviewing the observations in the Central Bank’s reports and the external auditor's reports and following up on the measures taken in their regard.
- Reviewing the accounting issues that have a material impact on the Bank's financial statements and ensure the accuracy of the accounting and control procedures and its safety and adherence to them.

- Ensuring through the Internal Audit Department that all financial instruments/ credit exposures have been measured for expected credit losses.

Compliance Department Responsibilities:
Ensuring compliance with applicable laws and instructions related to preparing the financial statements and applying the required standard and disclosures.

Risk Department Responsibilities
- Calculating the expected credit losses.
- Reviewing the models and assumptions used for calculating the provision and recommending any required adjustments.
- Evaluating the credit rating systems, their parameters, and results.
- Preparing periodic, qualitative and detailed quantitative disclosures required by the Central Bank of Jordan for the purposes of complying with the requirements of the standard.
- Reviewing the transferring process between the different stages and comparing it with the policy of transferring requirements between stages and reviewing these limitations periodically.

Finance Department Responsibilities:
- Participating with departments in developing and building the business model, including the classification of the Bank's financial assets in accordance with the principles of IFRS (9).
- Make the necessary accounting adjustments and restrictions after approving the results and verifying that all financial instruments have been accounted for.
- Reviewing the necessary disclosures in cooperation with the relevant departments of the Bank in accordance with the requirements of the standard and the instructions of the Central Bank.

The following are the most prominent determinants used to measure the significant change in credit risk:
- There is a decrease or a decline in the actual internal credit rating of the borrower according to the internal evaluation system applied by the Bank compared to the degree of the internal rating of the borrower at the time of granting.
- The presence of unpaid dues on a client or borrower account exceeding a certain period.
- Knowing that the borrower faces difficulties affecting the cash flow
- Violating debt covenants or conditions in a manner that affects the obligation to repay.
- The market value of collaterals declines significantly.
- The possibility of a borrower entering Bankruptcy procedures.

Macroeconomic Factors, Forward Looking Information (FLI) and Multiple Scenarios

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions, The estimation and application of forward-looking information will require significant judgment from the bank's management.

PD, Loss Given Default (LGD) and Exposure at Default (EAD) inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio, each macroeconomic scenario used in our expected credit loss calculation will have forecasts of the relevant macroeconomic variables.

Each macroeconomic scenario used in calculating the expected credit losses is linked to changing macroeconomic factors.
Our estimates are used to calculate expected credit losses for stage 1 and stage 2 using discounted weighted scenarios that include future macroeconomic information for the next three years.

- The Bank uses the following macroeconomic indicators when performing futuristic forecasts for the countries that it operates in:
    1- Gross Domestic Product
    2- Unemployment rate
    3- Stock market index price
    4- Inflation rate

(4) Cash and Balances at Central Bank of Jordan

The details of this item are as below:

	31 December 2023	31 December 2022
	JD	JD
Cash in vaults	22,945,295	29,003,994
Balances at central bank of Jordan:		
Current and call accounts	12,283,680	11,513,203
Statutory cash reserve	33,090,712	30,922,971
Total balances at central bank of Jordan *	45,374,392	42,436,174
Total cash and balances at central bank of Jordan	68,319,687	71,440,168

- Total statutory cash reserve is JD 33,090,712 as at 31 December 2023 (JD 30,922,971 as at 31 December 2022).
- Total restricted cash balances are JD 38,090,712 as at 31 December 2023 (JD 30,922,971 as at 31 December 2022).
- There are no balances maturing within a period of more than three months as at 31 December 2023 and 2022.

- There are no certificates of deposits as at 31 December 2023 and 31 December 2022.

* Set out below is the movement in the balances at central bank of Jordan for the year ended 31 December 2023 and 2022:

				Total	
Item	Stage 1	Stage 2	Stage 3	31 December 2023	31 December 2022
	JD	JD	JD	JD	JD
Total balance at the beginning of the year	42,436,174	-	-	42,436,174	65,876,967
Changes resulting from adjustments	2,938,218	-	-	2,938,218	(23,440,793)
Total balance at the end of the year	45,374,392	-	-	45,374,392	42,436,174

- There are no transfers between the stages (stage 1, stage 2, and stage 3) or any written off balances for the year ended 31 December 2023 and 2022.

(5) Balances and Deposits at Banks and Financial Institutions, Net

	Banks and Financial Institutions					
	Local		Foreign		Total	
Item	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	JD	JD	JD	JD	JD	JD
Current and call accounts	-	29,671	9,736,311	8,822,862	9,736,311	8,852,533
Deposits maturing within a period of less than one year	26,138,000	7,407,100	32,844,254	29,891	58,982,254	7,436,991
Deposits maturing within a period of more than one year	-	-	-	30,000,000	-	30,000,000
Total	26,138,000	7,436,771	42,580,565	38,852,753	68,718,565	46,289,524
Less: Expected credit loss provision *	(1,278)	(402)	(503)	(10)	(1,781)	(412)
	26,136,722	7,436,369	42,580,062	38,852,743	68,716,784	46,289,112

- The non-interest-bearing balances and deposits at banks and financial institutions amounted to JD 9,736,311 as at 31 December 2023 and (JD 8,852,533 as at 31 December 2022).

- Balances and deposits at banks and financial institutions that mature more than three months are JD 30,000,000 as at 31 December 2023 (JD 30,000,000 as at 31 December 2022).

- There are no restricted balances as at 31 December 2023 and 2022.

Set out below is the classification of gross balances and deposits at banks and financial institutions according to the Bank's internal credit rating as at 31 December 2023 and 2022:

	2023				2022
Item	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
-5	68,718,565	-	-	68,718,565	46,289,524
Total	68,718,565	-	-	68,718,565	46,289,524

Set out below is the movement in the balances and deposits at banks and financial institutions for the year ended 31 December 2023 and 2022:

	2023				2022
Item	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	46,289,524	-	-	46,289,524	54,109,001
New balances and deposits during the year	15,181,975	-	-	15,181,975	5,280,100
Settled balances and deposits	(2,336,490)	-	-	(2,336,490)	(13,032,587)
Changes resulting from adjustments	9,583,556	-	-	9,583,556	(66,990)
Balance at the end of the year	68,718,565	-	-	68,718,565	46,289,524

There were no transfers between the stages (stage 1 stage 2, and stage 3) or any written of balances for the year ended 31 December 2023 and 2022.

* Set out below is the movement in the provision for expected credit losses (ECL) for balances and deposits at banks and financial institutions during the year ended 31 December 2023 and 2022:

	2023				2022
	Stage 1	Stage 2	Stage3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	412	-	-	412	2,865
ECL for new balances during the year	1,077	-	-	1,077	287
Recoveries from ECL related to repaid balances	(115)	-	-	(115)	(2,233)
Changes resulting from adjustments	407	-	-	407	(507)
Balance at the end of the year	1,781	-	-	1,781	412

(6) Direct Credit Facilities, Net

Set out below are the details of this item:

	31 December 2023	31 December 2022
	JD	JD
Individuals (retail):		
Overdraft accounts	769,411	617,809
Loans and promissory notes *	185,042,272	192,034,774
Credit Cards	6,535,516	6,516,177
Real Estate Loans	101,555,641	103,677,524
Companies:		
A - Large:		
Overdraft accounts	82,453,705	75,306,699
Loans and promissory notes *	365,895,832	309,368,859
B- SMEs:		
Overdraft accounts	15,496,576	13,831,126
Loans and promissory notes *	40,679,607	42,573,080
Government and Public Sector	20,488,783	26,911,335
Total	818,917,343	770,837,383
(Less): Provision for expected credit losses **	(63,314,138)	(52,030,738)
Interest in suspense	(23,176,116)	(16,952,259)
Net direct credit facilities	732,427,089	701,854,386

* Net after deducting interest and commissions received in advance amounted to JD 174,861 as at 31 December 2023 (JD 415,570 as at 31 December 2022).

- Credit facilities classified as stage 3 amounted to JD 88,426,795 representing 10.80% of total direct credit facilities as at 31 December 2023 (JD 75,322,001 representing 9.77% of total direct credit facilities as at 31 December 2022).

- Credit facilities classified as stage 3, net of interest and commissions in suspense amounted to JD 65,250,679 representing 8.20% of total direct credit facilities balance as at 31 December 2023 (JD 58,369,742 representing 7.74% of total credit facilities as at 31 December 2022).

- Direct credit facilities include facilities guaranteed by the Government of Jordan amounted to JD 11,250,000 as at 31 December 2023 (JD 18,750,000 as at 31 December 2022).

Set out below is the movement in the direct credit facilities collectively during the year ended 31 December 2023 and 2022:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	542,331,996	153,183,386	75,322,001	770,837,383	861,552,695
New credit facilities during the year	73,769,678	962,115	219,158	74,950,951	65,519,721
Fully settled credit facilities during the year	(39,656,510)	(9,397,975)	(628,789)	(49,683,274)	(117,642,809)
Transferred to stage 1	30,536,726	(29,098,964)	(1,437,762)	-	-
Transferred to stage 2	(46,739,930)	48,437,646	(1,697,716)	-	-
Transferred to stage 3	(3,914,400)	(13,129,697)	17,044,097	-	-
Changes resulting from adjustments	26,819,837	(3,613,360)	547,104	23,753,581	(7,614,331)
Written-off facilities *	-	-	(941,298)	(941,298)	(1,088,652)
Credit facilities transferred to off statement of financial position regulatory accounts	-	-	-	-	(29,889,241)
Balance at the end of the year	583,147,397	147,343,151	88,426,795	818,917,343	770,837,383

** Set out below is the movement in the provision for expected credit losses collectively and individually during the year ended 31 December 2023 and 2022:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	1,971,064	3,814,323	46,245,351	52,030,738	63,793,141
New credit facilities during the year	250,312	55,097	102,645	408,054	215,635
Fully settled credit facilities during the year	(102,368)	(27,810)	(253,532)	(383,710)	(1,717,280)
Transferred to stage 1	343,451	(331,598)	(11,853)	-	-
Transferred to stage 2	(594,262)	683,293	(89,031)	-	-
Transferred to stage 3	(21,179)	(602,121)	623,300	-	-
Effect on provision resulting from reclassification among the three stages	-	563,571	5,505,967	6,069,538	5,514,593
Changes resulting from adjustments	422,432	2,314,403	2,957,032	5,693,867	2,494,319
Written-off facilities *	-	-	(504,349)	(504,349)	(126,642)
Expected credit losses provision transferred to off statement of financial position regulatory accounts **	-	-	-	-	(18,143,028)
Balance at the end of the year	2,269,450	6,469,158	54,575,530	63,314,138	52,030,738

Set out below is the movement in the provision for expected credit losses during the year ended 31 December 2023 and 2022:

	Retail	Real estate	Corporate	SME's	Government and public	Total
For the year ended 31 December 2023	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	14,369,317	3,409,049	28,044,907	6,180,871	26,594	52,030,738
ECL for new facilities during the year	257,065	12,580	109,761	28,648	-	408,054
Recoveries from ECL related to fully settled facilities	(336,324)	(20,398)	(16,185)	(10,803)	-	(383,710)
Transferred to stage 1	(33,862)	(2,224)	(231,424)	(4,480)	-	(271,990)
Transferred to stage 2	(162,917)	(49,707)	(47,353)	9,551	-	(250,426)
Transferred to stage 3	196,779	51,931	278,777	(5,071)	-	522,416
Effect on provision resulting from reclassification among the three stages	2,209,516	847,636	2,759,190	253,196	-	6,069,538
Changes resulting from adjustments	302,190	(276,838)	4,850,776	823,482	(5,743)	5,693,867
Written-off facilities *	(64,616)	(7,641)	-	(432,092)	-	(504,349)
Balance at the end of the year	16,737,148	3,964,388	35,748,449	6,843,302	20,851	63,314,138
Re-allocation:						
Provision on an individual basis	16,737,148	3,964,388	35,748,449	6,843,302	20,851	63,314,138
Total	16,737,148	3,964,388	35,748,449	6,843,302	20,851	63,314,138

* During the year 2023 direct credit facilities amounted to JD 941,298 were written-off, with interest in suspense of JD 436,949 and the provision against them JD 504,349 according to the Board of Directors' decision.

** During the year 2023, no direct credit facilities were transferred to regulatory accounts off the statement of financial position (JD 29,889,241 and a provision of JD 18,143,028 with total interest in suspense 11,746,213 according with the Board of Directors' decision as at 31 December 2022).

- Direct credit facilities of JD 165,994,550 with interest in suspense of JD 103,636,764 and a provision against them of JD 62,357,786 as at 31 December 2023, were listed in regulatory accounts off the statement of financial position according to the Board of Directors' decisions as these accounts are fully covered at the date of the financial statements.

- The provisions disclosed above are calculated on an individual customer basis.

- The amounts of provisions that are no longer required due to the settlements or repayments of debts transferred against other debts is JD 5,704,145 as at 31 December 2023 (JD 7,849,565 as at 31 December 2022).

For the year ended 31 December 2022	Retail	Real estate	Corporate	SME's	Government and public	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	12,664,216	3,277,734	42,930,898	4,851,941	68,352	63,793,141
ECL for new facilities during the year	176,354	13,022	9,948	16,311	-	215,635
Recoveries from ECL related to fully settled facilities	(500,935)	(494,557)	(557,898)	(126,013)	(37,877)	(1,717,280)
Transferred to stage 1	(39,956)	(7,597)	(286,387)	(28,983)	-	(362,923)
Transferred to stage 2	(144,831)	8,749	446,346	15,376	-	325,640
Transferred to stage 3	184,787	(1,152)	(159,959)	13,607	-	37,283
Effect on provision resulting from reclassification among the three stages	1,536,407	54,720	2,054,647	1,868,819	-	5,514,593
Changes resulting from adjustments	860,779	563,480	1,043,781	30,160	(3,881)	2,494,319
Provisions transferred to off statement of financial position regulatory accounts **	(316,570)	-	(17,366,111)	(460,347)	-	(18,143,028)
Written-off facilities	(50,934)	(5,350)	(70,358)	-	-	(126,642)
Balance at the end of the year	14,369,317	3,409,049	28,044,907	6,180,871	26,594	52,030,738
Re-allocation:						
Provision on an individual basis	14,369,317	3,409,049	28,044,907	6,180,871	26,594	52,030,738
Total	14,369,317	3,409,049	28,044,907	6,180,871	26,594	52,030,738

- Set out below is the classification of total facilities granted to corporate according to the Bank's internal credit ratings as at 31 December 2023 and 2022:

	2023				2022
Item	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
-2	6,089	-	-	6,089	-
3	829,372	-	-	829,372	-
-3	4,808	-	-	4,808	8,203
+4	78,700,253	8,130,486	754,636	87,585,375	74,190,286
4	1,625,818	538,418	3,594,193	5,758,429	6,329,712
-4	6,439,197	3,187,285	2,150,966	11,777,448	18,081,026
5	123,768,439	39,455,165	4,069,505	167,293,109	108,857,267
-5	31,913,282	26,102,589	22,282	58,038,153	48,567,579
+6	25,237,700	35,795,245	3,722,529	64,755,474	63,184,988
6	7,069,057	6,307,021	2,326,901	15,702,979	22,726,878
-6	8,369,070	-	2,146,673	10,515,743	17,036,410
+7	-	135,493	-	135,493	178,706
7	-	-	2,964,776	2,964,776	3,130,272
10	-	-	22,675,548	22,675,548	22,661,038
Not rated	756,782	-	-	756,782	138,246
Total	284,719,867	119,651,702	44,428,009	448,799,578	385,090,611

- Set out below is the movement in the corporate facilities during the year ended 31 December 2023 and 2022:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	221,292,351	127,719,026	36,079,234	385,090,611	425,401,005
New facilities during the year	43,376,272	21	-	43,376,293	20,641,416
Fully settled facilities during the year	(13,678,325)	(7,850,461)	(20,974)	(21,549,760)	(49,972,840)
Transferred to stage 1	23,033,054	(23,000,890)	(32,164)	-	-
Transferred to stage 2	(33,217,436)	33,217,436	-	-	-
Transferred to stage 3	(186,457)	(7,109,526)	7,295,983	-	-
Changes resulting from adjustments	44,100,408	(3,323,904)	1,105,930	41,882,434	18,344,566
Credit facilities transferred to off statement of financial position regulatory accounts	-	-	-	-	(28,363,822)
Written-off credit facilities	-	-	-	-	(959,714)
Balance at the end of the year	284,719,867	119,651,702	44,428,009	448,799,578	385,090,611

- Set out below is the movement in the provision for expected credit losses for corporate facilities during the year ended 31 December 2023 and 2022:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	913,865	2,860,836	24,270,206	28,044,907	42,930,898
ECL for new facilities during the year	109,761	-	-	109,761	9,948
Fully settled facilities during the year	(10,370)	(798)	(5,017)	(16,185)	(557,898)
Transferred to stage 1	308,150	(308,004)	(146)	-	-
Transferred to stage 2	(539,187)	539,187	-	-	-
Transferred to stage 3	(387)	(278,536)	278,923	-	-
Effect on provision resulting from reclassification among the three stages for the year	-	(39,517)	2,798,707	2,759,190	2,054,647
Changes resulting from adjustments	246,557	2,245,466	2,358,753	4,850,776	1,043,781
Provisions transferred to off statement of financial position regulatory accounts	-	-	-	-	(17,366,111)
Written-off facilities	-	-	-	-	(70,358)
Balance at the end of the year	1,028,389	5,018,634	29,701,426	35,748,449	28,044,907

- Set out below is the classification of total facilities granted to SME's according to the Bank's internal credit rating as at 31 December 2023 and 2022:

	2023				2022
Item	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
+3	155	-	538	693	138,027
3	-	156	-	156	156
-3	3,954	-	-	3,954	4,228
+4	8,986,023	2,256,057	1,987,432	13,229,512	9,598,099
4	6,081,497	378,387	773,982	7,233,866	3,533,763
-4	2,807,521	429,690	38,653	3,275,864	5,821,990
5	8,202,133	1,478,515	430,850	10,111,498	14,142,561
-5	3,254,797	110,188	850,410	4,215,395	6,850,208
+6	3,095,137	841,422	406,862	4,343,421	5,156,216
6	181,108	317,280	151,014	649,402	772,831
-6	2,902,964	1,387,831	1,170,395	5,461,190	2,257,939
+7	-	445,216	1,584,365	2,029,581	1,819,494
7	-	507,814	14,344	522,158	592,510
-7	-	141,951	263,838	405,789	142,495
9	-	-	-	-	10,525
10	-	-	5,037,294	5,037,294	5,472,581
Not rated	(51,094)	-	-	(51,094)	399,620
Total	35,464,195	8,294,507	12,709,977	56,468,679	56,713,243

- Set out below is the movement in the credit facilities granted to SMEs during the year ended 31 December 2023 and 2022:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	35,401,504	7,802,117	13,509,622	56,713,243	60,612,266
New facilities during the year	5,117,986	260,041	3,228	5,381,255	4,313,285
Fully settled facilities during the year	(3,470,262)	(342,335)	(11,653)	(3,824,250)	(3,445,788)
Transferred to stage 1	2,208,939	(2,159,290)	(49,649)	-	-
Transferred to stage 2	(2,809,413)	3,920,996	(1,111,583)	-	-
Transferred to stage 3	(744,936)	(903,328)	1,648,264	-	-
Changes resulting from adjustments	(239,623)	(283,694)	(457,346)	(980,663)	(3,549,721)
Credit facilities transferred to off statement of financial position regulatory accounts	-	-	-	-	(1,165,325)
Written-off facilities	-	-	(820,906)	(820,906)	(51,474)
Balance at the end of the year	35,464,195	8,294,507	12,709,977	56,468,679	56,713,243

- Set out below is the movement in the provision for expected credit losses for SMEs facilities during the year ended 31 December 2023 and 2022:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	66,539	139,809	5,974,523	6,180,871	4,851,941
ECL on new facilities granted during the year	26,574	314	1,760	28,648	16,311
Recoveries from ECL related to fully settled facilities	(4,741)	(83)	(5,979)	(10,803)	(126,013)
Transfer to stage 1	4,613	(4,545)	(68)	-	-
Transfer to stage 2	(4,544)	32,265	(27,721)	-	-
Transfer to stage 3	(4,549)	(18,169)	22,718	-	-
Effect on provision resulting from reclassification among the three stages for the year	-	(904)	254,100	253,196	1,868,819
Changes resulting from adjustments	70,586	28,777	724,119	823,482	30,160
Provisions transferred to off statement of financial position regulatory accounts	-	-	-	-	(460,347)
Written-off facilities	-	-	(432,092)	(432,092)	-
Balance at the end of the year	154,478	177,464	6,511,360	6,843,302	6,180,871

- Set out below is the distribution of total facilities granted to individuals according to the Bank's internal credit rating as at 31 December 2023 and 2022:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Credit cards	4,674,668	238,353	879,958	5,792,979	5,792,087
Overdraft account	352,567	13,419	403,425	769,411	617,809
Car loans	9,626,698	1,291,784	957,712	11,876,194	11,359,117
Personal loans	144,212,668	8,843,493	20,109,917	173,166,078	180,675,657
	158,866,601	10,387,049	22,351,012	191,604,662	198,444,670

- Set out below is the movement in the credit facilities granted to individuals during the year ended 31 December 2023 and 2022:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	173,380,969	6,414,700	18,649,001	198,444,670	211,783,242
New facilities granted during the year	19,003,258	606,625	215,930	19,825,813	21,232,699
Settled facilities during the year	(17,282,291)	(367,236)	(373,241)	(18,022,768)	(27,195,532)
Transferred to stage 1	3,621,178	(2,332,667)	(1,288,511)	-	-
Transferred to stage 2	(7,721,876)	8,191,296	(469,420)	-	-
Transferred to stage 3	(2,702,546)	(1,708,098)	4,410,644	-	-
Changes resulting from adjustments	(9,432,091)	(417,571)	1,303,987	(8,545,675)	(6,944,976)
Credit facilities transferred to off statement of financial position regulatory accounts	-	-	-	-	(360,094)
Written–off facilities	-	-	(97,378)	(97,378)	(70,669)
Balance at the end of the year	158,866,601	10,387,049	22,351,012	191,604,662	198,444,670

- Set out below is the movement in the provision for expected credit losses for individuals facilities during the year ended 31 December 2023 and 2022:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	897,294	643,473	12,828,550	14,369,317	12,664,216
ECL for new facilities granted during the year	101,919	54,261	100,885	257,065	176,354
Recoveries from ECL related to settled facilities	(84,998)	(24,285)	(227,041)	(336,324)	(500,935)
Transferred to stage 1	29,051	(17,415)	(11,636)	-	-
Transferred to stage 2	(46,822)	102,368	(55,546)	-	-
Transferred to stage 3	(16,091)	(247,870)	263,961	-	-
Effect on provision resulting from reclassification among the three stages for the year	-	604,192	1,605,324	2,209,516	1,536,407
Changes resulting from adjustments	63,992	14,206	223,992	302,190	860,779
Provisions transferred to off statement of financial position regulatory accounts	-	-	-	-	(316,570)
Written-off facilities	-	-	(64,616)	(64,616)	(50,934)
Balance at the end of the year	944,345	1,128,930	14,663,873	16,737,148	14,369,317

- Set out below is the classification of total real estate loans according to the Bank's internal credit rating as at 31 December 2023 and 2022:

	2023				2022
Item	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
2	179,107	-	-	179,107	176,249
-3	-	-	-	-	1
+4	3,188,606	509,526	716,278	4,414,410	16,710,397
4	770,009	-	5,740	775,749	878,813
-4	884,092	123,878	206,951	1,214,921	1,589,146
5	21,308,496	3,554,875	-	24,863,371	12,569,306
-5	6,422,195	-	451,157	6,873,352	1,173,221
+6	840,505	1,261,720	1,064,074	3,166,299	3,188,203
6	9,080,538	25,229	-	9,105,767	11,351,236
-6	881,311	-	-	881,311	859,437
+7	-	-	1,609,932	1,609,932	1,530,457
7	-	20,935	-	20,935	27,342
-7	-	154,549	-	154,549	-
8	-	-	164,236	164,236	58,710
9	-	-	205,108	205,108	68,889
10	-	-	4,102,611	4,102,611	5,510,814
Not rated	40,053,146	3,359,179	411,658	43,823,983	47,985,303
Total	83,608,005	9,009,891	8,937,745	101,555,641	103,677,524

- Set out below is the movement in the real estate loans during the year ended 31 December 2023 and 2022:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	85,345,885	11,247,542	7,084,097	103,677,524	120,038,373
New facilities during the year	6,272,160	95,426	-	6,367,586	19,332,309
Settled facilities during the year	(5,225,632)	(837,942)	(222,921)	(6,286,495)	(28,384,501)
Transferred to stage 1	1,673,555	(1,606,117)	(67,438)	-	-
Transferred to stage 2	(2,991,205)	3,107,918	(116,713)	-	-
Transferred to stage 3	(280,461)	(3,408,745)	3,689,206	-	-
Changes resulting from adjustments	(1,186,297)	411,809	(1,405,472)	(2,179,960)	(7,301,862)
Written-off facilities	-	-	(23,014)	(23,014)	(6,795)
Balance at the end of the year	83,608,005	9,009,891	8,937,745	101,555,641	103,677,524

- Set out below is the movement in the provision for credit loss for real estate loans during the year ended 31 December 2023 and 2022:

	31 December 2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at beginning of the year	66,772	170,205	3,172,072	3,409,049	3,277,734
ECL for new facilities during the year	12,058	522	-	12,580	13,022
Recoveries from ECL related to settled facilities during the year	(2,259)	(2,644)	(15,495)	(20,398)	(494,557)
Transferred to stage 1	1,637	(1,634)	(3)	-	-
Transferred to stage 2	(3,709)	9,473	(5,764)	-	-
Transferred to stage 3	(152)	(57,546)	57,698	-	-
Effect on provision resulting from reclassification among the three stages for the year	-	(200)	847,836	847,636	54,720
Changes resulting from adjustments	47,040	25,954	(349,832)	(276,838)	563,480
Written-off facilities	-	-	(7,641)	(7,641)	(5,350)
Balance at the end of the year	121,387	144,130	3,698,871	3,964,388	3,409,049

- Set out below is the distribution of total credit facilities according to the Bank's internal credit rating for the government and public sector as at 31 December 2023 and 2022:

	2023				2022
Item	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
+4	6,911,250	-	-	6,911,250	5,000,000
4	312,433	-	-	312,433	312,433
5	11,250,000	-	-	11,250,000	18,750,000
+6	2,015,044	-	-	2,015,044	2,848,854
Not rated	2	2	52	56	48
Total	20,488,729	2	52	20,488,783	26,911,335

- Set out below is the movement in the credit facilities for the government and public sector during the year ended 31 December 2023 and 2022:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at beginning of the year	26,911,287	1	47	26,911,335	43,717,809
New facilities during the year	2	2	-	4	12
Fully settled facilities	-	(1)	-	(1)	(8,644,148)
Changes resulting from adjustments	(6,422,560)	-	5	(6,422,555)	(8,162,338)
Balance at the end of the year	20,488,729	2	52	20,488,783	26,911,335

- Set out below is the movement in the provision for expected credit loss for the government credit facilities during the year ended 31 December 2023 and 2022:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	26,594	-	-	26,594	68,352
ECL for new facilities during the year	-	-	-	-	-
Recoveries from ECL related to settled facilities	-	-	-	-	(37,877)
Changes resulting from adjustments	(5,743)	-	-	(5,743)	(3,881)
Balance at the end of the year	20,851	-	-	20,851	26,594

Interest in suspense

The movement in interest in suspense during the year is as follows:

For the year ended 31 December 2023	Individuals	Real estate loans	Companies – Corporate	Companies – Small and medium	Government	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	4,004,947	1,778,328	8,099,619	3,069,365	-	16,952,259
Add: Interest in suspense for the year	2,142,415	765,680	3,193,142	1,181,723	-	7,282,960
Less: Interest transferred to revenues	(377,413)	(42,966)	(95,163)	(106,612)	-	(622,154)
Interests in suspense written-off	(32,762)	(15,373)	-	(388,814)	-	(436,949)
Balance at the end of the year	5,737,187	2,485,669	11,197,598	3,755,662	-	23,176,116

For the year ended 31 December 2022	Individuals	Real estate loans	Companies – Corporate	Companies – Small and medium	Government	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	2,746,786	1,446,419	16,592,779	3,069,771	-	23,855,755
Add: Interest in suspense for the year	1,601,925	632,109	3,734,581	1,144,441	-	7,113,056
Less: Interest transferred to revenues	(280,505)	(298,755)	(340,674)	(388,395)	-	(1,308,329)
Interest in suspense written-off	(19,735)	(1,445)	(889,356)	(51,474)	-	(962,010)
Interest in suspense transferred to off statement of financial position regulatory accounts	(43,524)	-	(10,997,711)	(704,978)	-	(11,746,213)
Balance at the end of the year	4,004,947	1,778,328	8,099,619	3,069,365	-	16,952,259

(7) Financial Assets at Fair Value Through Statement of Income

Set out below are the details of this item:

	31 December 2023	31 December 2022
	JD	JD
Quoted shares in active markets	1,372,783	1,551,339

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

Set out below are the details of this item:

	31 December 2023	31 December 2022
	JD	JD
Quoted shares in active markets *	32,236,542	32,465,081
Unquoted shares in active markets	18,086,021	17,025,234
	50,322,563	49,490,315

- The realized gains from sale of shares at fair value through statement of other comprehensive income amounted to JD 4,824 for the year ended 31 December 2023 recorded in retained earnings within shareholders' equity (JD 9,413 for the year ended 31 December 2022).

- Cash dividends for the above investments amounted to JD 281,263 for the year ended 31 December 2023 (JD 134,149 for the year ended 31 December 2022).

* A memorandum of understanding was signed during December 2022 to sell Jordan Commercial Bank's shares in National Bank – Palestine. Sale agreement execution and transfer of shares ownership procedures have not been finalized as final approvals from the regulatory authorities were not obtained up to the date of financial statements preparation as at 31 December 2023.

(9) Financial Assets at Amortized Cost, Net

Set out below are the details of this item:

	31 December 2023	31 December 2022
	JD	JD
Treasury bonds and bills	339,473,730	362,573,553
Companies' bonds and debentures	4,193,093	4,192,932
	343,666,823	366,766,485
Less: Provision for expected credit losses *	(379,308)	(373,284)
Interest in suspense	(77,094)	(76,932)
Financial assets at amortized cost, net	343,210,421	366,316,269
Fixed Income	343,210,421	366,316,269
Total	343,210,421	366,316,269

- Set out below is the classification of financial assets at amortized cost according to the Bank's internal risk rating as at 31 December 2023 and 2022:

	2023				2022
Classification	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
-5	342,309,729	-	1,357,094	343,666,823	366,766,485
Total	342,309,729	-	1,357,094	343,666,823	366,766,485

- Set out below is the movement in the financial assets at amortized cost during the year ended 31 December 2023 and 2022:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	365,409,553	-	1,356,932	366,766,485	363,353,603
New investments during the year	75,413,737	-	-	75,413,737	137,906,190
Matured/sold investments	(98,565,993)	-	(76,932)	(98,642,925)	(134,497,231)
Changes resulting from adjustments	52,432	-	77,094	129,526	3,923
Balance at the end of the year	342,309,729	-	1,357,094	343,666,823	366,766,485

- During the year 2023, the Bank sold treasury bonds with a book value of JD 5,937,170 for JD 6,586,610, resulting in gain of JD 649,440 from the sale of these bonds.

* Set out below is the movement in the expected credit loss provision for financial assets at amortized cost during the year ended 31 December 2023 and 2022:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	17,181	-	356,103	373,284	639,101
Recoveries from ECL related to matured investment	-	-	-	-	(229,092)
Changes resulting from adjustments	6,024	-	-	6,024	(36,725)
Balance at the end of the year	23,205	-	356,103	379,308	373,284

(10) Property and Equipment, Net

Set out below are the details of this item:

2023	Land	Buildings	Machines and office equipment	Decorations	Vehicles	Computers	Payments for property and equipment	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Cost:								
Balance at the beginning of the year	2,893,110	14,446,561	10,533,640	6,210,679	319,010	6,127,770	2,053,238	42,584,008
Additions	-	-	116.349	46,948	-	225,348	2,270,388	2,659,033
Disposals	-	-	(536.405)	(670,429)	(9,379)	(982,362)	-	(2,198,575)
Transferred from payments for acquisition of property and equipment	250,000	-	829.277	1,224,457	-	905,107	(3,208,841)	-
Balance at the end of the year	3,143,110	14,446,561	10,942,861	6,811,655	309,631	6,275,863	1,114,785	43,044,466
Accumulated Depreciation:								
Balance at the beginning of the year	-	3,253,629	8,187,654	4,705,987	286,611	4,143,976	-	20,577,857
Depreciation for the year	-	278,729	672,933	612,221	10,640	752,616	-	2,327,139
Disposals	-	-	(532,334)	(664,801)	(9,376)	(975,661)	-	(2,182,172)
Balance at the end of the year	-	3,532,358	8,328,253	4,653,407	287,875	3,920,931	-	20,722,824
Net book value of property and equipment at the end of the year	3,143,110	10,914,203	2,614,608	2,158,248	21,756	2,354,932	1,114,785	22,321,642
Depreciation rate %	-	2	10-15	15	15	20	-	

2023	Land JD	Buildings JD	Machines and office equipment JD	Decorations JD	Vehicles JD	Computers JD	Payments for property and equipment JD	Total JD
2022								
Cost:								
Balance at the beginning of the year	2,893,110	14,446,561	10,475,917	7,052,676	319,010	6,262,927	1,032,196	42,482,397
Additions	-	-	28,949	44,208	-	457,246	1,747,545	2,277,948
Disposals	-	-	(313,589)	(997,001)	-	(865,747)	-	(2,176,337)
Transfer from payments for acquisition of property and equipment	-	-	342,363	110,796	-	273,344	(726,503)	-
Balance at the end of the year	2,893,110	14,446,561	10,533,640	6,210,679	319,010	6,127,770	2,053,238	42,584,008
Accumulated Depreciation:								
Balance at the beginning of the year	-	2,974,900	7,757,215	5,202,007	264,195	4,426,236	-	20,624,553
Depreciation for the year	-	278,729	737,835	500,684	22,416	582,618	-	2,122,282
Disposals	-	-	(307,396)	(996,704)	-	(864,878)	-	(2,168,978)
Balance at the end of the year	-	3,253,629	8,187,654	4,705,987	286,611	4,143,976	-	20,577,857
Net book value of property and equipment at the end of the year	2,893,110	11,192,932	2,345,986	1,504,692	32,399	1,983,794	2,053,238	22,006,151
Depreciation rate %	-	2	10-15	15	15	20	-	

- Fully depreciated property and equipment amounted to JD 11,441,054 as at 31 December 2023 (JD 11,748,054 as at 31 December 2022).

(11) Intangible Assets, Net

Set out below is the movement in this item during the year:

	Computers and Software Programs	
	2023	2022
	JD	JD
Balance at the beginning of the year	2,228,329	2,266,649
Additions during the year	763,526	544,932
Advance payments on purchases of intangible assets	366,243	(81,282)
Amortization for the year	(499,972)	(501,970)
Balance at the end of the year	2,858,126	2,228,329
Annual amortization percentage %	20%	20%

(12) Right of Use Assets / Lease Liabilities

The Bank leases several assets such as lands and buildings with an average lease term of 8 years. Set out below is the movement in the right of use assets / lease liabilities during the year:

	2023		2022	
	Right of use	Lease liabilities	Right of use	Lease liabilities
	JD	JD	JD	JD
Balance at the beginning of the year	5,835,715	5,624,770	5,429,733	5,361,113
Additions during the year	1,337,090	1,337,090	630,731	630,731
Less: Depreciation during the year	(1,082,451)	-	(844,919)	-
Terminated contracts	(49,317)	(49,317)	(69,680)	(69,680)
Paid lease liabilities	-	(1,271,170)	-	(1,107,402)
Interest for the year	-	159,335	-	120,158
Adjustments due to recalculation of lease liabilities	-	-	689,850	689,850
Balance at the end of the year	6,041,037	5,800,708	5,835,715	5,624,770

Set out below are the details of lease liabilities:

	2023	2022
	JD	JD
Less than one year	1,089,352	772,448
One to five years	2,155,557	2,494,328
More than five years	2,555,799	2,357,994
	5,800,708	5,624,770

(13) Other Assets

Set out below are the details of this item:

	2023	2022
	JD	JD
Assets seized by the Bank against due debts - net **	46,083,302	55,682,898
Accrued interest and revenue	16,310,943	16,054,519
Purchased withdrawals and letters of credit - net*	2,966,630	2,402,958
Prepaid expenses	1,411,130	1,340,439
Receivables from assets sold on installments	-	6,553,941
Refundable deposits	1,101,033	1,426,392
Clearing cheques	9,420	142,751
Others	3,654,600	3,982,533
	71,537,058	87,586,431

* Set out below are the classification of purchased withdrawals and letters of credit based on the Bank's internal credit rating as at 31 December 2023 and 2022:

	2023				2022
Classification	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
-5	2,990,000	-	-	2,990,000	-
-6	-	-	-	-	2,507,988
Total	2,990,000	-	-	2,990,000	2,507,988

- Set out below is the movement in the purchased withdrawals and letters of credit:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	2,507,988	-	-	2,507,988	2,507,988
Paid balances	(2,507,988)	-	-	(2,507,988)	-
New exposures	2,990,000	-	-	2,990,000	-
Balance at the end of the year	2,990,000	-	-	2,990,000	2,507,988

- Set out below is the movement in the expected credit losses provision of purchased withdrawals and letters of credit during the year ended 31 December 2023 and 2022:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	105,030	-	-	105,030	197,359
Settled balances	(105,030)	-	-	(105,030)	-
New exposures	23,370	-	-	23,370	-
Changes resulting from adjustments	-	-	-	-	(92,329)
Balance at the end of the year	23,370	-	-	23,370	105,030

- There were no transfers between stages (1, 2 and 3) or written-off balances during the year ended 31 December 2023.

** Set out below is the movement in the assets seized by the Bank against due debts during the year ended 31 December 2023 and 2022:

	2023				2022
	Seized properties	Seized properties sold on installments	Seized shares	Total	Total
	JD	JD	JD	JD	JD
Balance at beginning of the year - net	54,031,623	1,651,275	-	55,682,898	63,485,568
Additions during the year	5,154,712	-	575,697	5,730,409	4,349,556
Disposals during the year - net	(14,130,005)	(1,068,524)	(108,387)	(15,306,916)	(12,668,569)
Sold properties on installments	(926,505)	926,505	-	-	-
(Losses) gains on valuation of seized shares	-	-	(142,211)	(142,211)	1,312,378
(Impairment) recovery effect for the year	(22,574)	(60,090)	201,786	119,122	(796,035)
Balance at the end of the year - net	44,107,251	1,449,166	526,885	46,083,302	55,682,898

- Set out below is the movement in the impairment loss and breached assets seized by the Bank against due debts during the year:

	2023				2022
	Seized properties	Seized properties sold on instalments	Seized shares	Total	Total
	JD	JD	JD	JD	JD
Balance at beginning of the year	6,654,329	92,411	1,680,545	8,427,285	7,730,859
Provision during the year	40,005	68,193	-	108,198	1,609,216
Released from provision during the year	(17,431)	(8,103)	(201,786)	(227,320)	(813,181)
Properties sold on instalments	(102,089)	102,089	-	-	-
Utilized from provision	(910,925)	(107,914)	-	(1,018,839)	(99,609)
Balance at end of the year	5,663,889	146,676	1,478,759	7,289,324	8,427,285

* According to the instructions of Central Bank of Jordan of properties and shares seized by the Bank against past-due customer debts should be disposed off within two years from their acquisition date. For exceptional cases, the Central Bank of Jordan may extend this period for a maximum of two additional consecutive years.

(14) Banks and Financial Institutions Deposits

Set out below are the details of this item:

	2023			2022		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
Current and call accounts	-	2,315,024	2,315,024	-	3,143,414	3,143,414
Term deposits	16,113,000	30,000,000	46,113,000	49,000,000	30,000,000	79,000,000
	16,113,000	32,315,024	48,428,024	49,000,000	33,143,414	82,143,414

- The banks and financial institutions deposits maturing within a period of more than three months are amounted to JD 30,000,000 as at 31 December 2023 (JD 55,000,000 as at 31 December 2022).

(15) Customers' Deposits

Set out below are the details of this item:

31 December 2023		Companies		Government and public	
	Retail	Corporate	SME	sector	Total
	JD	JD	JD	JD	JD
Current and call accounts	34,746,380	43,550,414	34,468,710	12,767,989	125,533,493
Savings deposits	195,807,541	150,448	1,593,306	584,869	198,136,164
Certificates of deposit	34,986,846	-	26,000	-	35,012,846
Term deposits, and at notice	395,250,217	55,139,961	83,380,636	75,042,338	608,813,152
	660,790,984	98,840,823	119,468,652	88,395,196	967,495,655

31 December 2022		Companies		Government and public	
	Retail	Corporate	SME	sector	Total
	JD	JD	JD	JD	JD
Current and call accounts	37,894,037	36,285,033	37,357,012	6,909,082	118,445,164
Savings deposits	202,108,902	114,447	1,255,897	39,581	203,518,827
Certificates of deposit	30,827,851	-	30,000	-	30,857,851
Term deposits, and at notice	360,263,719	47,364,250	81,910,743	54,440,173	543,978,885
	631,094,509	83,763,730	120,553,652	61,388,836	896,800,727

- The Government of Jordan and the public sector's deposits amounted to JD 88,395,196 representing 9.14% of total deposits as at 31 December 2023 (JD 61,388,836 representing 6.85% of total deposits as at 31 December 2022).
- Non-interest-bearing deposits amounted to JD 122,827,540, representing 12.70% of total deposits as at 31 December 2023 (JD 115,201,322 representing 12.85 % of total deposits as at 31 December 2022).
- Reserved deposits (restricted withdrawals) amounted to JD 3,557,903 representing 0.37% of total deposits as at 31 December 2023 (JD 3,169,873 representing 0.35% of total deposits as at 31 December 2022).
- Dormant deposits amounted to JD 9,313,965 representing 0.96% of total deposits as at 31 December 2023 (JD 10,191,907 representing 1.14% of total deposits as at 31 December 2022).

(16) Cash Margins

Set out below are the details of this item:

	31 December 2023	31 December 2022
	JD	JD
Cash margins on direct credit facilities	25,557,457	24,040,855
Cash margins on indirect credit facilities	14,528,358	13,614,750
Marginal cash deals	127,763	118,470
	40,213,578	37,774,075

(17) Borrowed Funds

Set out below are the details of this item:

31 December 2023	Loan amount	Utilized	Repayment method	Guarantees	Interest rate
	JD	JD			%
World Bank loan	2,000,000	800,000	20 years, including a 5-year grace period; to be settled in semi-annual installments.	-	7.11
Arab Monetary Fund loan	2,100,000	189,000	10 years, including a 3 -year grace period; to be settled in semi-annual installments.	-	2,5
Advances from the Central Bank of Jordan	36,439,751	36,439,751	Various installments.	-	1-0
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 5/2/2024	Transfer of property mortgage	8.65
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 16/08/2028	Transfer of property mortgage	5.1
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 26/9/2024	Transfer of property mortgage	4.55
International Fund for Agricultural Development	750,000	613,940	18 years, including a 3-year grace period; to be settled in semi-annual installments	-	5.18
International Fund for Agricultural Development	617,000	617,000	15 years, including a 2-years grace period to be settled in semi-annual installments	-	5.36
European Investment Bank	23,007,759	23,007,759	7 years, including 2 years grace period to be settled in semi-annual installments	-	6.9
		91,667,450			

31 December 2022	Amount	Utilized	Repayment method	Guarantees	Interest Rate
	JD	JD			%
World Bank loan	2,000,000	1,000,000	20 years, including a 5-year grace period; to be settled in semi-annual installments.	-	5.64
Arab Monetary Fund loan	2,100,000	483,000	10 years, including a 3 -year grace period; to be settled in semi-annual installments.	-	2.5
Advances from the Central Bank of Jordan	35,252,608	35,252,608	Various installments.	-	1-0
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 5/2/2024	Transfer of property mortgage	7.30
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 16/08/2028	Transfer of property mortgage	5.1
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 26/9/2024	Transfer of property mortgage	4.55
International Fund for Agricultural Development	750,000	667,262	18 years, including a 3-year grace period; to be settled in semi-annual installments	-	3.42
European Investment Bank	23,007,759	23,007,759	7 years, including 2 years grace period to be settled in semi-annual installments	-	6
The Central Bank of Jordan against mortgaged bonds	54,910,720	54,910,720	Varied between 02-01 to 16-05-2023	Bonds mortgage	6-4.5
		145,321,349			

Total re-loaned funds are amounted to JD 39,179,628 as at 31 December 2023 (JD 37,447,669 as at 31 December 2022) with an interest rate ranged between 2% and 12% as at 31 December 2023 (2% and 11% as at 31 December 2022).

(18) Income Tax

a. Income tax provision

Set out below is the movement in the provision for income tax during the year ended as at 31 December 2023 and 2022:

	31 December 2023	31 December 2022
	JD	JD
Balance at the beginning of the year	5,417,035	3,126,294
Income tax incurred on current year profits	6,512,113	6,481,934
Prior year income tax adjustments	(233,808)	-
Income tax paid	(6,391,949)	(4,191,193)
Balance at the end of the year	5,303,391	5,417,035

b. Income tax expense

Set out below is the income tax expense shown in the statement of income:

	2023	2022
	JD	JD
Income tax incurred on current year profits	6,512,113	6,481,934
Prior year income tax expense	42,686	-
Impact of deferred tax assets	(1,046,877)	221,017
Impact of deferred tax liabilities	(51,140)	(11,212)
	5,456,782	6,691,739

c. Tax status

- The Bank has reached a final settlement with the Income and Sales Tax Department until the end of year 2018.
- Regarding the years 2019, 2020, 2021 and 2022, the income tax returns were submitted within the legal period, but it has not been reviewed by the Income and Sales Tax Department up to the date of financial statements.
- In the opinion of the management and the Bank’s tax consultant, no liabilities in excess of the provision booked and the advance payments made by the Bank will arise as at the date of the financial statements.

d. Deferred tax assets / liabilities

Set out below are the details of this item:

	2023				31 December 2023	31 December 2022
	Balance at the beginning of the year	Additions	Released	Balance at the end of the year	Deferred Tax	Deferred Tax
a. Deferred Tax Assets	JD	JD	JD	JD	JD	JD
Provision for debts before the year 2000	222,387	-	8,970	213,417	81,098	84,507
Provision for impairment on seized properties	4,979,888	108,198	671,470	4,416,616	1,678,314	1,892,357
Provision for properties seized for more than four years	1,766,851	-	372,903	1,393,948	529,700	671,403
Provision for breached seized shares	1,680,545	-	201,786	1,478,759	561,928	638,607
Impairment loss on shares seized against debts	342,120	142,211	11,113	473,218	179,823	130,005
Provision for lawsuits against the Bank	266,000	663,071	306,571	622,500	236,550	101,080
Provision for end-of-service indemnity	359	1,771	2,130	-	-	136
Provision and expenses for suspended legal fees	3,779,111	980,960	109,990	4,650,081	1,767,031	1,436,062
Other provisions	2,679,383	-	1,226,278	1,453,105	552,180	1,018,166
Provision for employees' bonuses	700,000	1,236,461	1,036,461	900,000	342,000	266,000
Provision for expected credit losses	7,743,515	2,995,909	211,587	10,527,837	4,000,578	2,942,536
Deferred losses against sold seized properties	-	1,067,429	-	1,067,429	405,623	-
Accumulated tax losses	2,493,580	-	823,764	1,669,816	217,076	324,165
	26,653,739	7,196,010	4,983,023	28,866,726	10,551,901	9,505,024
b. Deferred tax Liabilities						
Unrealized gains on the shares at fair value through statement of income	298,422	(141,992)	(7,413)	163,843	62,260	113,400
Fair value reserve *	4,228,540	338,969	6,406	4,561,103	636,151	1,606,845
	4,526,962	196,977	(1,007)	4,724,946	698,411	1,720,245

* Deferred tax liabilities resulting from valuation gain of financial assets at fair value through other comprehensive income appear within the valuation reserve for financial assets at fair value in changes in Shareholders' equity statement.

- Set out below is the movement in the deferred tax assets/ liabilities during the year ended 31 December 2023 and 2022:

	31 December		31 December	
	2023	2022	2023	2022
	Assets	Assets	Liabilities	Liabilities
	JD	JD	JD	JD
Balance at the beginning of the year	9,505,024	10,322,457	1,720,245	124,612
Additions during the year	2,734,485	1,385,383	200,437	1,581,304
Disposals during the year	(1,687,608)	(2,202,816)	(1,222,271)	14,329
Balance at the end of the year	10,551,901	9,505,024	698,411	1,720,245

- Deferred tax assets for income generated inside Jordan have been calculated using a tax rate of 38%, and 13% for income generated outside Jordan as at 31 December 2023 and 2022 in accordance with the income tax rate for Banks as per the Income Tax Law No (34) for the year 2014 and its amendments, effective beginning on 1 January 2019.

e. Summary of reconciliation between accounting income and taxable Income:

	2023	2022
	JD	JD
Accounting income	16,941,566	18,031,922
Add: Non-deductible tax expenses	7,589,425	4,778,553
Less: Non-taxable income	(7,458,886)	(5,813,025)
Adjusted taxable income	17,072,105	16,997,450
Income tax rate	38%	38%
Effective income tax rate	38%	36%

(19) Sundry Provisions

Set out below are the details of this item:

31 December 2023	Balance at the beginning of the year	Expense for the year	Paid during the year	Balance at the end of the year
	JD	JD	JD	JD
Provision for lawsuits against the Bank	266,000	663,071	(306,571)	622,500
Provision for end-of-service indemnity	359	1,771	(2,130)	-
Other provisions	615,000	-	-	615,000
	881,359	664,842	(308,701)	1,237,500

31 December 2022	Balance at the beginning of the year JD	Expense for the year JD	Paid during the year JD	Balance at the end of the year JD
Provision for lawsuits against the Bank	267,690	32,812	(34,502)	266,000
Provision for end-of-service indemnity	359	-	-	359
Other provisions	615,000	-	-	615,000
	883,049	32,812	(34,502)	881,359

(20) Other Liabilities

Set out below are the details of this item:

	31 December 2023 JD	31 December 2022 JD
Accrued unpaid interests	7,138,127	6,834,576
Refundable and various deposits	29,649,698	7,993,862
Acceptable checks	2,824,431	3,511,426
Accrued unpaid expenses	1,645,807	1,415,502
Expected credit losses on indirect facilities and un-utilized limits**	1,384,768	1,479,402
Transactions in transit among branches	2,092,742	1,140,161
Received amounts on the sale of seized properties*	1,058,339	1,069,621
Income tax and social security deposits	412,659	336,017
Safe deposits boxes	102,474	105,508
Shareholders' deposits	82,879	14,033
Board of Directors' remunerations	55,000	55,000
Others	1,478,469	2,349,041
	47,925,393	26,304,149

* Set out below is the movement in this item during the year ended as at 31 December 2023 and 2022:

	31 December 2023 JD	31 December 2022 JD
Balance at the beginning of the year	1,069,621	1,005,237
Received amounts	870,204	252,384
Disposals	(881,486)	(188,000)
Balance at the end of the year	1,058,339	1,069,621

- Set out below is the movement in the indirect facilities and unutilized limits during the year ended as at 31 December 2023 and 2022:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	260,398,853	20,398,162	6,175,136	286,972,151	245,992,514
New exposures during the year	31,274,544	61,804	528	31,336,876	65,025,011
Matured exposures during the year	(19,440,014)	(7,498,980)	(246,135)	(27,185,129)	(28,507,663)
Transferred to stage 1	9,525,338	(9,464,638)	(60,700)	-	-
Transferred to stage 2	(4,256,519)	4,283,494	(26,975)	-	-
Transferred to stage 3	(497)	(104,347)	104,844	-	-
Changes resulting from adjustments	(8,902,047)	1,762,973	(870,749)	(8,009,823)	4,462,289
Balance at the end of the year	268,599,658	9,438,468	5,075,949	283,114,075	286,972,151

** Set out below is the movement in the expected credit losses provision for indirect facilities and unutilized limits during the year ended as at 31 December 2023 and 2022:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	637,620	41,403	800,379	1,479,402	1,321,797
New exposures during the year	54,827	134	95	55,056	263,887
Matured exposures during the year	(21,377)	(9,169)	(39,374)	(69,920)	(80,703)
Transferred to stage 1	28,607	(28,591)	(16)	-	-
Transferred to stage 2	(7,999)	8,124	(125)	-	-
Transferred to stage 3	(21)	(1,791)	1,812	-	-
Effect on provision due to reclassification between the three stages	-	10,005	2,886	12,891	186,418
Changes resulting from adjustments	(115,939)	(636)	23,914	(92,661)	(211,997)
Balance at the end of the year	575,718	19,479	789,571	1,384,768	1,479,402

- Set out below is the classification of the letters of guarantee according to the Bank's credit rating as at 31 December 2023 and 2022:

	2023				2022
Classification	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
1	-	-	-	-	618,670
+2	16,360	-	-	16,360	16,360
2	2,500	-	-	2,500	2,500
+3	30,000	2,000	-	32,000	34,500
3	299,445	1,500	-	300,945	87,044
-3	327,652	-	-	327,652	137,380
+4	24,111,720	210,863	170,180	24,492,763	30,300,839
4	7,343,383	37,666	592,000	7,973,049	8,939,954
-4	7,468,331	200,000	31,800	7,700,131	8,448,575
5	39,986,611	4,177,756	512,294	44,676,661	36,740,471
-5	10,613,905	25,000	11,500	10,650,405	6,538,628
+6	8,972,214	844,745	-	9,816,959	12,627,534
6	20,786,978	1,102,730	77,239	21,966,947	21,144,888
-6	313,200	51,500	3,314	368,014	7,076,565
+7	-	96,000	10,000	106,000	173,500
7	-	51,300	500	51,800	24,800
Not rated	11,837,923	-	3,665,247	15,503,170	13,785,244
Total	132,110,222	6,801,060	5,074,074	143,985,356	146,697,452

- Set out below is the movement in the letters of guarantee during the year ended on 31 December 2023 and 2022:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	132,441,283	8,101,792	6,154,377	146,697,452	114,466,099
New exposures during the year	7,259,018	40,000	-	7,299,018	34,723,139
Matured exposures	(5,332,613)	(643,600)	(227,216)	(6,203,429)	(1,999,212)
Transferred to stage 1	2,878,231	(2,818,231)	(60,000)	-	-
Transferred to stage 2	(2,668,256)	2,692,556	(24,300)	-	-
Transferred to stage 3	-	(103,847)	103,847	-	-
Changes resulting from adjustments	(2,467,441)	(467,610)	(872,634)	(3,807,685)	(492,574)
Balance at the end of the year	132,110,222	6,801,060	5,074,074	143,985,356	146,697,452

- Set out below is the movement in the expected credit losses provision on letter of guarantee during the year ended as at 31 December 2023 and 2022:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	410,339	26,598	798,336	1,235,273	994,236
ECL on new facilities during the year	3,638	38	-	3,676	226,502
Recovered from ECL on settled facilities during the year	(6,743)	(6,216)	(37,460)	(50,419)	(21,476)
Transferred to stage 1	3,675	(3,662)	(13)	-	-
Transferred to stage 2	(4,531)	4,656	(125)	-	-
Transferred to stage 3	-	(1,791)	1,791	-	-
Effect on the provision due to reclassification between the three stages during the year	-	(9,268)	2,866	(6,402)	199,166
Changes resulting from adjustments	(104,486)	1,644	23,877	(78,965)	(163,155)
Balance at the end of the year	301,892	11,999	789,272	1,103,163	1,235,273

- Set out below is the classification of letters of credit and acceptances according to the Bank's internal credit rating as at 31 December 2023 and 2022:

	2023				2022
Classification	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
+4	9,753,077	-	-	9,753,077	13,328,940
4	-	-	-	-	13,466
-4	188,786	-	-	188,786	-
5	1,480,445	-	-	1,480,445	-
-5	1,925,033	-	-	1,925,033	10,375,771
+6	1,699,450	421,114	-	2,120,564	801,486
6	56,785	-	-	56,785	3,084,372
-6	-	-	-	-	672,934
+7	-	-	-	-	11,699
Not rated	1,033,784	-	-	1,033,784	351,593
Total	16,137,360	421,114	-	16,558,474	28,640,261

- Set out below is the movement in the letters of credit and acceptances during the year ended as at 31 December 2023 and 2022:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	26,865,488	1,774,773	-	28,640,261	24,183,712
New exposures during the year	2,891,748	-	-	2,891,748	12,532,008
Matured exposures during the year	(5,768,478)	(1,697,137)	-	(7,465,615)	(8,562,990)
Transferred to stage 1	122,774	(122,774)	-	-	-
Transferred to stage 2	(421,114)	421,114	-	-	
Changes resulting from adjustments	(7,553,058)	45,138	-	(7,507,920)	487,531
Balance at the end of the year	16,137,360	421,114	-	16,558,474	28,640,261

- Set out below is the movement in the expected credit losses provision for letters of credit and acceptances during the year ended as at 31 December 2023 and 2022:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	6,070	109	-	6,179	10,255
ECL on new facilities during the year	5,166	-	-	5,166	3,014
Recovered from ECL on settled facilities during the year	(937)	(109)	-	(1,046)	(6,770)
Transferred to stage 2	(559)	559	-	-	-
Effect on the provision resulting from the reclassification between the three stages during the year	-	(375)	-	(375)	-
Changes resulting from adjustments	(1,563)	-	-	(1,563)	(320)
Balance at the end of the year	8,177	184	-	8,361	6,179

- Set out below is the classification of un-utilized facilities limits according to the Bank's internal credit rating as at 31 December 2023 and 2022:

	2023				2022
Classification	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
-2	1,993,911	-	-	1,993,911	-
+3	2,950	10,000	-	12,950	12,903
3	2,428,740	-	-	2,428,740	-
-3	814,816	-	-	814,816	1,798
+4	30,786,743	733,857	-	31,520,600	30,667,651
4	4,987,814	3,064	-	4,990,878	2,131,892
-4	4,816,245	156,708	-	4,972,953	8,298,569
5	39,029,025	55,917	-	39,084,942	40,594,411
-5	11,835,351	-	-	11,835,351	7,772,874
+6	9,167,758	785,312	-	9,953,070	9,610,898
6	2,637,195	415,545	-	3,052,740	1,028,550
-6	441,689	-	-	441,689	1,800,194
Not rated	11,409,839	55,891	1,875	11,467,605	9,714,698
Total	120,352,076	2,216,294	1,875	122,570,245	111,634,438

- Set out below is the movement in the un-utilized facilities limits during the year ended as at 31 December 2023 and 2022:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	101,092,082	10,521,597	20,759	111,634,438	107,342,703
New exposures during the year	21,123,778	21,804	528	21,146,110	17,769,864
Matured exposures during the year	(8,338,923)	(5,158,243)	(18,919)	(13,516,085)	(17,945,461)
Transferred to stage 1	6,524,333	(6,523,633)	(700)	-	-
Transferred to stage 2	(1,167,149)	1,169,824	(2,675)	-	-
Transferred to stage 3	(497)	(500)	997	-	-
Changes resulting from adjustments	1,118,452	2,185,445	1,885	3,305,782	4,467,332
Balance at the end of the year	120,352,076	2,216,294	1,875	122,570,245	111,634,438

- Set out below is the movement in the expected credit losses provision on un-utilized facilities limits during the year ended 31 December 2023 and 2022:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	221,211	14,696	2,043	237,950	317,306
ECL on new facilities during the year	46,023	96	95	46,214	34,371
Recovered from ECL on settled facilities during the year	(13,697)	(2,844)	(1,914)	(18,455)	(52,457)
Transferred to stage 1	24,932	(24,929)	(3)	-	-
Transferred to stage 2	(2,909)	2,909	-	-	-
Transferred to stage 3	(21)	-	21	-	-
Effect on provision due to reclassification between the three stages during the year	-	19,648	20	19,668	(12,748)
Changes resulting from adjustments	(9,890)	(2,280)	37	(12,133)	(48,522)
Balance at the end of the year	265,649	7,296	299	273,244	237,950

(21) Authorized and Paid in Capital

The Bank's authorized and paid in capital is JD 120 million divided into 120 million shares (1JD/share) as at 31 December 2023 (31 December 2022: JD 120 million).

(22) Statutory Reserve

This account represents the accumulated amount of the appropriations from income before tax at 10% during the year and previous years according to the Banks Law and Jordanian Companies Law. This amount is not distributable to the shareholders.

(23) Fair Value Reserve, Net

Set out below is the movement in this account for the year:

	31 December 2023	31 December 2022
	JD	JD
Balance at the beginning of the year	2,621,695	(973,100)
Unrealized gains	1,308,081	3,604,208
Released from sale of financial assets at fair value through statement of other comprehensive income	(4,824)	(9,413)
Balance at the end of the year	3,924,952	2,621,695

- Fair value reserve balance includes JD 311,112 as at 31 December 2023 and 2022 against implementation of International Financial Reporting Standard No. (9).

(24) Retained Earnings

Set out below is the movement in this account for the year:

	31 December 2023	31 December 2022
	JD	JD
Balance at the beginning of the year	20,483,016	10,936,612
Profit for the year	11,484,784	11,340,183
Dividends distributed to shareholders *	(6,000,000)	-
Transferred to statutory reserves	(1,694,157)	(1,803,192)
Realized gains from sale of financial assets at fair value through statement of other comprehensive income	4,824	9,413
Balance at the end of the year	24,278,467	20,483,016

- According to instructions of the Jordan Securities Commission and Central Bank of Jordan, the retained earnings balance includes JD 10,551,901 restricted against deferred tax assets as at 31 December 2023 (9,505,024 as at 31 December 2022).

- According to instructions of the Jordan Securities Commission and Central Bank of Jordan, the retained earnings balance includes JD 3,924,952 restricted against the credit balance of the fair value of financial assets reserve as at 31 December 2023 (credit balance of JD 2,621,695 as at 31 December 2022) (including JD 311,112 against the implementation of International Financial Reporting Standard No (9)).

- According to the instructions of Jordan Securities Commission and Central Bank of Jordan, the retained earnings balance includes JD 531,676 restricted against the unrealized gain of financial assets through income statement as at 31 December 2023 (JD 673,668 as at 31 December 2022).

* The Bank's General Assembly approved in its meeting held on 13 April 2023 the recommendation of the Board of Directors to distribute 5% of the capital as cash dividends to the shareholders, which is equivalent to JD 6 million for the year 2022.

- Subsequent to the financial statements date, the Board of Directors decided to recommend to the Bank's General Assembly to distribute to the shareholders an amount representing 5% of the capital as cash dividends, which is equivalent to JD 6 million to shareholders for the year 2023, noting that these distributions are subject to the approval of the Central Bank of Jordan and the General Assembly of Shareholders.

(25) Interest Income

Set out below are the details of this item:

	2023	2022
Direct credit facilities:	JD	JD
Individuals (retail)		
Overdraft accounts	65,604	40,442
Loans and promissory notes	21,867,167	16,325,852
Credit cards	917,009	1,030,451
Real-estate loans	11,138,151	9,222,223
Companies		
Corporate		
Overdraft accounts	6,008,810	4,074,315
Loans and promissory notes	26,915,947	21,225,766
Small and medium entities		
Overdraft accounts	1,550,979	1,218,548
Loans and promissory notes	2,690,652	3,700,273
Government and public sector	1,705,101	2,024,458
Balances at central bank of Jordan	207,618	420,589
Balances and deposits at Banks and financial institutions	1,351,089	522,152
Financial assets at amortized cost	17,766,460	16,903,896
	92,184,587	76,708,965

(26) Interest Expense

Set out below are the details of this item:

	2023	2022
	JD	JD
Banks and financial institutions deposits	2,676,687	3,288,545
Customers' deposits:		
Current and call accounts	532,642	143,481
Saving accounts	1,868,051	1,867,105
Certificates of deposit	1,621,118	1,277,515
Term deposits, and at notice	31,317,252	22,143,709
Cash margins	837,142	683,771
Borrowed funds	4,208,604	4,595,305
Lease liabilities interest expense (note 12)	159,335	120,158
Deposit Insurance Corporation fees	707,244	1,362,858
	43,928,075	35,482,447

(27) Net Commission Income

Set out below are the details of this item:

	2023	2022
	JD	JD
Direct credit facilities commissions	1,104,414	1,422,615
Indirect credit facilities commissions	2,427,685	2,611,449
	3,532,099	4,034,064

(28) Foreign Exchange Income, Net

Set out below are the details of this item:

	2023	2022
	JD	JD
Resulted from trading/transactions	940,382	657,416
Resulted from valuation	350,981	353,788
Margin trading accounts	14,573	11,480
	1,305,936	1,022,684

(29) Losses from Financial Assets at Fair Value Through Statement of Income

Set out below are the details of this item:

	Realized gains	Unrealized (losses)	Dividends	Total
2023-	JD	JD	JD	JD
Quoted shares in financial markets	7,883	(141,992)	2,700	(131,409)

	Realized gains	Unrealized (losses)	Dividends	Total
2022-	JD	JD	JD	JD
Quoted shares in financial markets	-	(67,213)	3,375	(63,838)

(30) Other Income

Set out below are the details of this item:

	2023	2022
	JD	JD
Recovery of debts previously written-off *	2,431,607	2,011,572
Income from account services	712,165	769,573
Income from reversal of sundry provisions	1,200,000	617,000
Income from transfers	602,252	591,758
Gain from sale of seized properties	-	385,803
Income from cheques	217,189	287,565
Safe boxes rent	76,320	69,153
Telecommunication income	37,919	26,804
Returns on seized properties	87,416	17,009
Insurance income	10,851	16,583
Gain from sale of property and equipment	196	369
Others	662,890	257,892
	6,038,805	5,051,081

* This item represents amounts recovered from written - off debts and suspended interest taken during the previous years off-the statement of financial position but recovered during the year ended as at 31 December 2023 and 2022.

(31) Employees Expenses

Set out below are the details of this item:

	2023	2022
	JD	JD
Salaries, allowances, and employees' benefits	13,202,695	12,053,546
Bank's contribution in social security	1,446,887	1,374,173
Bank's contribution in saving fund	11,695	12,623
Medical expenses	575,906	513,457
Staff training expenses	97,311	134,717
Per diems	69,270	85,636
Employees' life insurance expenses	48,447	32,306
Others	16,492	8,053
	15,468,703	14,214,511

(32) Provision for Expected Credit Losses, Net

Set out below are the details of this item:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balances and deposits at banks and financial intuitions	1,369	-	-	1,369	(2,453)
Direct credit facilities	570,376	2,905,261	8,312,112	11,787,749	6,507,267
Debt instruments within financial assets at amortized cost	6,024	-	-	6,024	(265,817)
Letter of guarantees	(107,591)	(13,802)	(10,717)	(132,110)	241,037
Unutilized credit facilities limits	22,436	14,620	(1,762)	35,294	(79,356)
Letters of credit and acceptances	2,666	(484)	-	2,182	(4,076)
Purchased withdrawals and credits	(81,660)	-	-	(81,660)	(92,329)
Total	413,620	2,905,595	8,299,633	11,618,848	6,304,273

(33) Other Expenses

Set out below are the details of this item:

	2023	2022
	JD	JD
Programs and computers maintenance	1,698,026	1,532,627
Legal and lawyer fees	1,041,479	619,119
Advertisements	852,829	887,000
Water, electricity and telecommunication and swift expenses	900,697	1,115,595
Donations and social responsibility	855,673	206,522
Insurance expenses	829,328	894,985
Subscriptions	825,489	883,189
Vehicles maintenance and repair expenses	714,988	664,932
Professional and consultancy fees	503,938	348,952
Credit cards expenses - net	502,045	238,774
Cleaning and security services	485,054	550,245
Fees, licenses, and taxes	469,522	486,930
Board of Directors' transportation and attendance of meeting allowances	406,975	381,067
Stationery and publications	365,610	373,936
Rent	179,379	164,415
Losses from the sale of seized assets against debts	168,681	-
Cash transportation fees	166,762	177,904
Hospitality	76,987	55,560
Board of Directors' remunerations	55,000	55,000
Collection incentives	35,154	84,926
Others	172,420	146,634
	11,306,036	9,868,312

(34) Earnings Per Share for the Bank's Shareholders – Basic and Diluted

Set out below are the details of this item:

	2023	2022
Profit for the year (JD)	11,484,784	11,340,183
Weighted average number of shares (share)	120,000,000	120,000,000
Earnings per share for the Banks' shareholders – basic and diluted	0/096	0/095

(35) Cash and Cash Equivalent

Set out below are the details of this item:

	2023	2022
	JD	JD
Balances at central bank of Jordan due within three months	68,319,687	71,440,168
Add: Balances at banks and financial institutions due within three months	38,718,565	16,289,524
Less: Banks' and financial institutions' deposits due within three months	(18,428,024)	(27,143,414)
Less: Restricted withdrawal balances	(5,000,000)	-
Total	83,610,228	60,586,278

(36) Transactions with Related Parties

The Bank entered into transactions with the members of the Board of Directors and related parties and companies represented by the members of the Board of Directors and executive management within the normal Banking practice and according to the normal interest rates and trading commissions. All the credit facilities granted to related parties are considered as performing facilities. The provision for expected credit losses on those facilities was calculated in accordance with IFRS (9) requirements.

Financial statements include transactions and balances with related parties as follows:

	BOD members	Companies represented by the BOD members	Executive management	Others	Total 2023	Total 2022
	JD	JD	JD	JD	JD	JD
On- Statement of Financial Position Items:						
Deposits with us	27,806,000	1,665,726	362,311	30,652,004	60,486,041	40,427,044
Direct credit facilities	3,288,418	18,836,418	1,714,994	5,378,028	29,217,858	26,507,675
Deposits with others	-	-	-	30,000,000	30,000,000	30,000,000
Cash margins	-	527,546	-	-	527,546	586,849
Off- Statement of Financial Position Items:						
Letters of guarantee	5,000	1,631,880	-	354,500	1,991,380	2,143,424
Letters of credit	-	813,223	-	-	813,223	426,818

					Total 2023	Total 2022
Income statement items:					JD	JD
Interest and commission income *	63,329	1,510,097	122,261	751,709	2,447,396	1,987,210
Interest and commission expense **	1,431,200	6,184	9,579	937,200	2,384,163	1,477,408

* Credit interest rate ranges from 2% to 21%.
** Debit interest rate ranges from 0% to 7 %.

Executive management remunerations and salaries

Executive management and Board of Directors' transportation allowance, meetings attendance allowance, salaries, and remunerations for the Bank amount to JD 2,938,686 for the year 2023 (JD 2,619,737 for the year 2022).

(37) Fair Value of Financial Assets and Financial Liabilities not Shown at Fair Value in the Financial Statements

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

(38) Risk Management

The Bank's risk management conducts its activities identification, measurement, management, monitoring and controlling through applying the best international practices in connection with risk management, administrative organization, and risk management's tools in accordance with the size of the Bank, its activities, and types of risk it is exposed to.

The organizational structure of the Bank is integrated by risk management control according to each level. Moreover, the corporate Governance Committee, at the Board of Directors' level, decides on the Bank's risk policy and strategy, and ensures the management of risk. This is to ensure setting up and controlling the policies and instructions at an appropriate level for the types of risks the Bank is exposed to until the achievement of the acceptance return for the shareholders without Impacting the Bank's financial strength. In this context, the work of the Risk Management Department is complemented by the work of the committees of executive management such as the Assets and Liabilities Committee and the Credit Facilities' Committee.

(38/a) Credit Risk

The Bank's operations involve the Bank's exposure to many risks such as credit risk relating to the default or inability of the other party to the financial instrument to settle its obligations towards the Bank, which causes losses. An important duty of the Bank and its management is to ensure that these risks do not go beyond the general framework predetermined in the Bank's credit policy and maintain their levels within a balances relationship among risk, return and liquidity. Credit management at the Bank is conducted by several committees from higher management and executive management. Moreover, credit facilities ceiling that can be granted to one client (individual or corporate) or related parties are specified in compliance with the ratios approved by the Central Bank of Jordan, while relying on the credit facilities distribution method to each credit manager and sector. This is performed by taking into consideration the geographic area in a manner that achieves confluence among risks, returns and the optimal utilization of the available resources and the enhancement of the Bank's ability to diversify lending and allocate it to customers and economic sectors.

The Bank monitors credit risk by periodically evaluating the credit standing of the customers in accordance with the customer's credit valuation system based on credit risk elements and probabilities of non-payment for financial, managerial, or competition reasons. In addition, the Bank obtains proper guarantees from customers for the cases requiring that according to each customer's risk level and extension of additional facilities.

The Bank's credit risk management policy includes the following:

1. Specifying credit ceilings and concentrations:

   The credit policy includes specific and clear ratios for the maximum credit that can be granted to a customer. Moreover, there are different credit ceiling for each administrative level.

2. Determining the risk mitigation methods:

   The Bank's risk management activity depends on several methods to mitigate risk as follows:

   - Collaterals and their convertibility to cash and coverage of the credit granted.
   - Pre-approval of the credit facilities committee on the credit granted.
   - Credit approval authority varies from one management level to another based on the customer's portfolio size, maturity, and customer's risk degree.

3. Mitigating the assets and liabilities' risk concentration:

   The Bank works effectively to manage this risk as its annual plan includes the well-studied distribution of credit focusing on the most promising sectors. In addition, credit is distributed to several geographic areas inside and outside Jordan.

4. Studying, monitoring, and following up on credit:

   The Bank developed the necessary policies and procedures to determine the study method of credit, maintaining the objectivity and integrity of decision making, ensuring that credit risk is accurately evaluated, properly approved, and continuously monitored.

   The general framework of the credit policy includes setting up credit approval authorities and clarifying credit limits and the method of determining the risk degree.

   The Bank's organizational structure involves segregating the work units responsible for granting credit from the work units responsible for monitoring credit as regards to the credit terms, sounded of the credit decision, implementation for all credit extension terms, adherence to the credit ceiling and determinants in the credit's policy, and other related matters.

   Moreover, there are specific procedures for following up on performing credit facilities to keep them performing and non-performing credit facilities to treat them.

The Bank mitigates the assets and liabilities concentration risk through distributing its activities to various sectors and geographic areas inside and outside Jordan. Moreover, the Bank adopts a specific policy that shows the credit ceilings granted to Banks and countries with high credit ratings and reviews them continuously though the assets and liabilities committee, to distribute the risk and utilize the credit evaluation. The investment policy specifies the Investment allocation ratios and their determinants in order to distribute them in a way that achieves a high return and lowers the risk.

Exposure to credit risk (net of ECL provision, interest in suspense, collaterals, and other risk mitigations):

	31 December	
	2023	2022
	JD	JD
Items within the financial statements		
Balances at central bank of Jordan	45,374,392	42,436,174
Balances and deposits at banks and financial institutions	68,716,784	46,289,112
Credit Facilities:		
Individual	169,130,327	180,070,406
Real-estate loans	95,105,584	98,490,147
Companies		
Corporate	401,853,531	348,946,085
Small and medium companies	45,869,715	47,463,007
Government and public sector	20,467,932	26,884,741
Bonds and Treasury Bills:		
Financial assets measured at amortized cost	343,210,421	366,316,269
Other assets	2,966,630	2,402,958
Total	1,192,695,316	1,159,298,899
Off-statement of financial position items		
Letters of guarantee	142,882,193	145,462,179
Letters of credit and acceptances	16,550,113	28,634,082
Un-utilized facilities limits	122,297,001	111,396,488
Total	281,729,307	285,492,749

Set out below is the distribution of the fair value of collaterals against total credit exposures within stage (1) and (2) as at 31 December 2023:

		Collaterals' fair value								
Items	Total exposure value	Cash margins	Traded shares	Acceptable LGs	Real estates	Cars and mechanics	Others	Total collaterals value	Net exposure after collaterals	Expected credit losses
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Credit exposures within the statement of financial position items										
Balances at central bank of Jordan	45,374,392	-	-	-	-	-	-	-	45,374,392	-
Balances and deposits at banks and financial institution	68,718,565	-	-	-	-	-	-	-	68,718,565	1,781
Credit facilities:										
Individuals	169,253,650	4,033,197	189,602	-	7,576,641	8,708,468	-	20,507,908	148,745,742	2,073,275
Real estate loans	92,617,896	340,790	510,196	-	65,171,018	355,956	266,380	66,644,340	25,973,556	265,517
Corporate	404,371,569	7,407,595	20,262,735	-	77,752,360	650,750	6,211,686	112,285,126	292,086,443	6,047,023
SMEs	43,758,702	6,198,731	-	-	17,417,147	733,490	6,278,040	30,627,408	13,131,294	331,942
Government and public sector	20,488,731	-	-	-	-	-	11,250,000	11,250,000	9,238,731	20,851
Financial assets at amortized cost	342,309,729	-	-	-	-	-	339,473,730	339,473,730	2,835,999	23,205
Other assets	2,990,000	-	-	-	-	-	-	-	2,990,000	23,370
Total exposures within the statement of financial position items	1,189,883,234	17,980,313	20,962,533	-	167,917,166	10,448,664	363,479,836	580,788,512	609,094,722	8,786,964
Letters of guarantee	138,911,282	12,005,004	298,555	-	8,915,020	162,577	75,730	21,456,886	117,454,396	313,891
Letters of credit	16,558,474	349,748	-	-	286,200	-	3,701	639,649	15,918,825	8,361
Unutilized credit limits	122,568,370	1,576,441	1,366,386	-	6,596,923	118,064	419,354	10,077,168	112,491,202	272,945
Total exposures related to off-statement of financial position items	278,038,126	13,931,193	1,664,941	-	15,798,143	280,641	498,785	32,173,703	245,864,423	595,197
Grand total	1,467,921,360	31,911,506	22,627,474	-	183,715,309	10,729,305	363,978,621	612,962,215	854,959,145	9,382,161

Set out below is the fair value of the collaterals against total credit exposures in stage (3) as at 31 December 2023:

		Collaterals' fair value								
Items	Total exposure value	Cash margins	Traded shares	Acceptable LGs	Real estates	Cars and mechanics	Others	Total collaterals value	Net exposure after collaterals	Expected credit losses
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Credit exposures within the statement of financial position items										
Balances at central bank of Jordan	-	-	-	-	-	-	-	-	-	-
Balances and deposits at banks and financial institution	-	-	-	-	-	-	-	-	-	-
Credit facilities:										
Individuals	22,351,012	-	-	-	290,548	613,654	-	904,202	21,446,810	14,663,873
Real Estate Loans	8,937,745	-	-	-	2,928,265	22,356	-	2,950,621	5,987,124	3,698,871
Corporate	44,428,009	-	-	-	2,197,966	307,918	-	2,505,884	41,922,125	29,701,426
SMEs	12,709,977	590,127	-	-	1,326,522	64,671	328,410	2,309,730	10,400,247	6,511,360
Government and public sector	52	-	-	-	-	-	-	-	52	-
Financial assets at amortized cost	1,357,094	-	-	-	-	-	-	-	1,357,094	356,103
Other assets	-	-	-	-	-	-	-	-	-	-
Total exposures within the statement of financial position items	89,783,889	590,127	-	-	6,743,301	1,008,599	328,410	8,670,437	81,113,452	54,931,633
Letters of guarantee	5,074,074	524,161	-	-	345,327	1,700	1,600	872,788	4,201,286	789,272
Letters of credit	-	-	-	-	-	-	-	-	-	-
Unutilized credit limits	1,875	-	-	-	-	169	-	169	1,706	299
Total exposures related to off-statement of financial position items	5,075,949	524,161	-	-	345,327	1,869	1,600	872,957	4,202,992	789,571
Grand total	94,859,838	1,114,288	-	-	7,088,628	1,010,468	330,010	9,543,394	85,316,444	55,721,204

The disclosures below are prepared in two phases (The first phase of the total credit exposure and the second of the expected credit losses) as at 31 December 2023:

A. Total re-classified credit exposures:

Item	Stage 2 Total exposure value	Stage 2 Reclassified exposures	Stage 3 Total exposure value	Stage 3 Reclassified exposures	Total reclassified exposures	Percentage of reclassified exposures
	JD	JD	JD	JD	JD	%
Balances at central bank of Jordan	-	-	-	-	-	-
Balances and deposits at banks and financial institution	-	-	-	-	-	-
Direct credit facilities	147,343,151	48,437,646	88,426,795	17,044,097	65,481,743	8
Financial assets at amortized cost	-	-	1,357,094	-	-	-
Other assets	-	-	-	-	-	-
Total exposures within statement of financial position	147,343,151	48,437,646	89,783,889	17,044,097	65,481,743	
Letters of guarantee	6,801,060	2,692,556	5,074,074	103,847	2,796,403	1,9
Letters of credit and acceptances	421,114	421,114	-	-	421,114	2,5
Unutilized credit limits	2,216,294	1,169,824	1,875	997	1,170,821	0,96
Grand total	156,781,619	52,721,140	94,859,838	17,148,941	69,870,081	

B. Expected credit losses of reclassified exposures:

	Reclassified exposures			ECL on reclassified exposures		
	Total exposures reclassified from Stage 2	Total exposures reclassified from Stage 3	Total reclassified exposure	Stage 2	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Balances at central bank of Jordan	-	-	-	-	-	-
Balances and deposits at banks and financial institution	-	-	-	-	-	-
Direct credit facilities	48,437,646	17,044,097	65,481,743	683,293	623,300	1,306,593
Financial assets at amortized cost	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total for the Year	48,437,646	17,044,097	65,481,743	683,293	623,300	1,306,593
Letters of guarantee	2,692,556	103,847	2,796,403	4,656	1,791	6,447
Letters of credit and acceptances	421,114	-	421,114	559	-	559
Unutilized credit limits	1,169,824	997	1,170,821	2,909	21	2,930
Grand total	52,721,140	17,148,941	69,870,081	691,417	625,112	1,316,529

Collaterals against credit facilities are as the followings:
- Real estate mortgages
- Financial assets mortgages such as equity shares
- Banks guarantees
- Cash margins
- Government guarantees
- Cars and machinery

The Bank's Management monitors the collaterals market value periodically and in case the value of the collaterals declines, the Bank requests additional collaterals in order to cover the deficit. Additionally, the Bank regularly revaluates collaterals held against nonperforming facilities.

Rescheduled loans:
Rescheduled loans classified previously as non-performing credit facilities and was classified as watchlist loans according to proper scheduling. Total rescheduled loans as at 31 December are amounted to JD 11,312,679 (as at 31 December 2022: JD 1,120,491).

Restructured loans:
Restructuring means to rearrange facilities instalments or increasing their duration or postpone some instalments or increase the grace period…etc. Total restructured loans during the year 2023 are amounted to JD 120,227,458 (as at 31 December 2022: JD 130,957,111).

Bonds and debentures:
The table below shows the classification of bonds and debentures according to external rating agencies before considering its related provisions and interest in suspense:

As at 31 December 2023			
Rating grade	Rating institution	Within financial assets measured at amortized cost	Total
		JD	JD
Unclassified	-	4,193,093	4,193,093
Governmental	Governmental guarantee and bonds	339,473,730	339,473,730
		343,666,823	343,666,823

As at 31 December 2022

Rating grade	Rating institution	Within financial assets measured at amortized cost	Total
		JD	JD
Unclassified	-	4,192,932	4,192,932
Governmental	Governmental guarantee and bonds	362,573,553	362,573,553
		366,766,485	366,766,485

(38/b) Market risks:

Market risks are the risks of losses that may result from exposures on-and off statement of financial position from changes in market prices, including interest rate risks, equity instruments prices, foreign currency exchange rates, and Bank’s services prices.

Within the Bank’s investment policy approved by the Board of Directors, market risks should be monitored through the following:
- Monitor money market instruments.
- Monitor the investment in capital market (fixed income instruments).
- Monitor the equity instruments (shares and investments funds).
- Monitor the foreign currencies centres.
- Liquidity.
- Interest rate sensitivity.
- Shares prices sensitivity analysis.

Interest rate risks

Interest rate risk is defined as risks that may result from interest rate fluctuations lower and/or higher that affect all assets and liabilities that (incur/pay) interest.

The Bank's interest risk management is based on achieving the principle of matching assets and liabilities that are sensitive to interest rates fluctuations, matching the maturities of them, and maintaining an appropriate interest margin rate between the money expenditures and money issuance to achieve the best return.

Sensitivity analysis

Interest rate risks:

31 December 2023

Currency	Change increase in interest rate	Sensitivity of interest revenue (income statement)	Sensitivity of shareholders' equity
	%	JD	JD
US Dollar	1	44,096	-
Euro	1	(1,460)	-
Sterling Pounds	1	(817)	-
Other currencies	1	5,866	-

Currency	Change (decrease) in interest rate	Sensitivity of interest revenue (income statement)	Sensitivity of shareholders' equity
	%	JD	JD
US Dollar	1	(44,096)	-
Euro	1	1,460	-
Sterling Pounds	1	817	-
Other currencies	1	(5,866)	-

31 December 2022

Currency	Change increase in interest rate	Sensitivity of interest revenue (income statement)	Sensitivity of shareholders' equity
	%	JD	JD
US Dollar	1	(46,984)	-
Euro	1	(7,470)	-
Sterling Pounds	1	103	-
Other currencies	1	(3,226)	-

Currency	Change (decrease) in interest rate	Sensitivity of interest revenue (income statement)	Sensitivity of shareholders' equity
	%	JD	JD
US Dollar	1	46,984	-
Euro	1	7,470	-

Sterling Pounds	1	(103)	-
Other currencies	1	3,226	-

Currency risk:

Exchange rate risk

The risks arising from the change in the exchange rate of one currency against another, as a result of deviation from the expected movements in foreign exchange currencies markets.

31 December 2023

Currency	Change in currency exchange rate	Sensitivity of interest revenue (income statement)	Sensitivity of shareholders' equity
	%	JD	JD
US Dollar	5	220,481	-
Euro	5	(7,300)	-
Sterling Pounds	5	(4,087)	-
Other currencies	5	29,329	-

31 December 2022

Currency	Change in currency exchange rate	Sensitivity of interest revenue (income statement)	Sensitivity of shareholders' equity
	%	JD	JD
US Dollar	5	(234,920)	-
Euro	5	(37,351)	-
Sterling Pounds	5	517	-
Other currencies	5	(16,131)	-

Within its approved investment policy, the Bank's Board of Directors sets up limits for the positions of all currencies at the Bank. These positions are monitored daily through the Treasury and Investment Department which report to the executive management to ensure that they are within the accepted limit. The Bank also follows a hedging policy to reduce foreign exchange risk using derivatives if needed.

Risks of Changes in Shares Prices:

This represents the risk resulting from the decline in the fair value of the investment portfolio of the shares due to the changes in the value of the shares' indicators and the change in the value of shares individually.

31 December 2023

Indicator	Change in prices	Effect on income statement	Effect on shareholders
	%	JD	JD
Amman Stock Exchange, Khartoum market, and Palestine Securities Exchange	5	68,639	1,611,827
Amman Stock Exchange, Khartoum market, and Palestine Securities Exchange	(5)	(68,639)	(1,611,827)

31 December 2022

Indicator	Change in prices	Effect on income statement	Effect on shareholders
	%	JD	JD
Amman Stock Exchange, Khartoum market, and Palestine Securities Exchange	5	77,567	1,623,254
Amman Stock Exchange, Khartoum market, and Palestine Securities Exchange	(5)	(77,567)	(1,623,254)

- Shares prices risk

The Board of Directors adopts a specific policy in diversifying investments of the shares based on geographic and sectors distribution at predetermined percentages that are monitored daily. According to this policy, it is recommended to invest in listed shares of well-reputed international markets that have a high liquidity rate to face any risks that might arise therefrom.

- Interest repricing gap

The Banks follows a policy to match the amounts of assets and liabilities and align the maturities and to decrease the gap through dividing the assets and liabilities to various periodic maturities or review the interest rates in order to decent the interest rates risk and study the gaps in the related interest rate or by using advanced hedging tools.

Classification is done according to interest re-pricing or maturity whichever is closer.

Interest rate sensitivity

31 December 2023	Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From1 to 3 years	Over 3 years	Non - interest bearing Items	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Assets								
Cash and balances at central bank of Jordan	-	-	-	-	-	-	68,319,687	68,319,687
Balances and deposits at banks and financial institutions	28,594,464	386,009	-	30,000,000	-	-	9,736,311	68,716,784
Direct credit facilities, net	59,320,736	66,697,179	62,103,327	97,503,738	211,994,498	234,807,611	-	732,427,089
Financial assets at fair value through the income statement	-	-	-	-	-	-	1,372,783	1,372,783
Financial assets at fair value through statement of other comprehensive income	-	-	-	-	-	-	50,322,563	50,322,563
Financial assets at amortized cost, net	6,554,993	-	33,379,327	28,770,470	120,960,166	153,545,465	-	343,210,421
Property and equipment, net	-	-	-	-	-	-	22,321,642	22,321,642
Intangible assets, net	-	-	-	-	-	-	2,858,126	2,858,126
Deferred tax assets	-	-	-	-	-	-	10,551,901	10,551,901
Right of use asset	-	-	-	-	-	-	6,041,037	6,041,037
Other assets	-	2,966,630	-	-	-	-	68,570,428	71,537,058
Total assets	94,470,193	70,049,818	95,482,654	156,274,208	332,954,664	388,353,076	240,094,478	1,377,679,091
Liabilities								
Banks and financial institution deposits	16,113,000	-	-	30,000,000	-	-	2,315,024	48,428,024
Customers' deposits	267,329,843	148,730,338	156,494,158	198,319,877	71,545,899	2,248,000	122,827,540	967,495,655
Cash margins	25,119,490	8,540,596	-	5,959,492	437,000	157,000	-	40,213,578
Borrowed funds	138,344	10,651,373	32,352	11,301,161	9,035,344	50,764,120	9,744,756	91,667,450
Income tax provision	-	-	-	-	-	-	5,303,391	5,303,391
Deferred tax liabilities	-	-	-	-	-	-	698,411	698,411
Sundry provisions	-	-	-	-	-	-	1,237,500	1,237,500
Lease liabilities	56,100	138,000	235,068	660,184	2,155,557	2,555,799	-	5,800,708
Other liabilities	-	-	-	-	-	-	47,925,393	47,925,393
Total Liabilities	308,756,777	168,060,307	156,761,578	246,240,714	83,173,800	55,724,919	190,052,015	1,208,770,110
Interest rate sensitivity gap	(214,286,584)	(98,010,489)	(61,278,924)	(89,966,506)	249,780,864	332,628,157	50,042,463	168,908,981
31 December 2022								
Total Assets	51,467,517	66,084,032	102,636,215	111,853,751	321,379,107	454,589,570	256,093,047	1,364,103,239
Total Liabilities	338,637,573	158,030,630	165,095,465	193,869,197	140,475,311	39,052,067	166,826,880	1,201,987,123
Interest rate sensitivity gap	(287,170,056)	(91,946,598)	(62,459,250)	(82,015,446)	180,903,796	415,537,503	89,266,167	162,116,116

Set out below is the foreign currency risk concentration:

	USD	Euro	Sterling Pounds	Others	Total
31 December 2023	JD	JD	JD	JD	JD
Assets					
Cash and balances at central bank of Jordan	15,888,886	2,271,681	326,685	229,738	18,716,990
Balances and deposits at banks and financial institutions	16,829,670	16,851,079	1,628,025	3,408,010	38,716,784
Direct credit facilities, net	67,438,192	31	-	-	67,438,223
Financial assets at fair value through other comprehensive income	25,540,475	53,570	-	-	25,594,045
Financial assets measured at amortized cost	100,743,481	-	-	-	100,743,481
Other assets	1,655,043	21,886	2,121	74,652	1,753,702
Total Assets	**228,095,747**	**19,198,247**	**1,956,831**	**3,712,400**	**252,963,225**
Liabilities and shareholders' equity					
Banks and financial institutions deposits	1,997,170	5,796,514	-	37,306	7,830,990
Customers' deposits	162,973,076	12,179,406	1,745,431	3,063,962	179,961,875
Cash margins	5,857,378	1,294,798	277,239	-	7,429,415
Borrowed funds	23,007,759	-	-	-	23,007,759
Other liabilities	25,472,205	63,800	15,893	24,546	25,576,444
Shareholders' equity	4,378,539	9,734	-	-	4,388,273
Total liabilities and shareholders' equity	**223,686,127**	**19,344,252**	**2,038,563**	**3,125,814**	**248,194,756**
Net concentration on - statement of financial position	**4,409,620**	**(146,005)**	**(81,732)**	**586,586**	**4,768,469**
Contingent liabilities off - statement of financial position	**13,843,999**	**9,322,574**	**-**	**81,635**	**23,248,208**
31 December 2022					
Total Assets	178,662,524	16,180,926	2,381,109	3,120,198	200,344,757
Total Liabilities	183,360,917	16,927,943	2,370,769	2,797,576	205,457,205
Net concentration on - statement of financial position	**(4,698,393)**	**(747,017)**	**10,340**	**322,622**	**(5,112,448)**
Contingent liabilities off - statement of financial position	**33,784,781**	**12,524,795**	**-**	**78,914**	**46,388,490**

c. Liquidity risk

The risk of the Bank's inability to finance the increase in assets or to meet its obligations upon maturity without incurring unacceptable losses, which may occur due to the Bank's inability to liquidate and liquefy assets or obtain financing to meet liquidity needs.

The Bank’s liquidity management policy aims to achieve the following:
- Enhance the pourability of liquidity at the lowest costs possible. Through managing liquidity,
- The Bank seeks to maintain reliable and stable funding sources at a reasonable cost rate.

The Bank follows certain methods to measure liquidity risks that are in line with the instructions and regulations issued by the Central Bank and the Basel Committee through different financial ratios, legal liquidity ratio and liquidity coverage ratio in addition to maturities of assets and liabilities through the preparation of the maturity ladder and the preparation of stressful conditions tests.

Fund sources:
The Bank diversifies its funding sources to achieve financial flexibility and to lower funding costs.

The existence of the Bank in most of the cities of the Hashemite Kingdom of Jordan enables the Bank to diversify its funding sources and not to rely on one geographic area as a source of funding.

- Set out below is the distribution of liabilities (undiscounted) based on the remaining period until maturity as at 31 December 2023:

Liabilities	Up to 1 month	1 to 3 months	from 3 to 6 months	From 6 months to 1 year	From 1 to 3 years	Over 3 years	Without maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Banks and financial institutions’ deposits	18,428,024	-	-	30,000,000	-	-	-	48,428,024
Customers' deposits	311,857,099	168,662,494	172,660,307	210,720,021	101,347,734	2,248,000	-	967,495,655
Cash margins	2,010,678	4,021,357	6,032,039	8,042,715	20,106,789	-	-	40,213,578
Borrowed funds	194,520	10,768,872	511,312	12,399,845	15,641,399	52,151,502	-	91,667,450
Sundry provisions	-	-	-	1,237,500	-	-	-	1,237,500
Income tax provision	2,575,118	-	2,728,273	-	-	-	-	5,303,391
Deferred tax liabilities	698,411	-	-	-	-	-	-	698,411
Lease liabilities	56,100	138,000	235,068	660,184	2,155,557	2,555,799	-	5,800,708
Other liabilities	8,033,714	26,204,129	3,089,281	5,537,463	4,524,257	536,549	-	47,925,393
Total liabilities	343,853,664	209,794,852	185,256,280	268,597,728	143,775,736	57,491,850	-	1,208,770,110
Total assets according to expected maturities	94,470,229	94,772,407	97,114,172	160,093,526	344,371,831	388,353,073	198,503,853	1,377,679,091

- Set out below is the distribution of liabilities (undiscounted) based on the remaining period until maturity as at 31 December 2022:

Liabilities:	Up to 1 month	1 to 3 months	from 3 to 6 months	From 6 months to 1	From 1 to 3	Over 3 years	Without maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Banks and financial institutions' deposits	27,143,414	-	25,000,000	-	30,000,000	-	-	82,143,414
Customers' deposits	306,666,662	155,945,272	138,570,348	194,084,415	100,185,580	1,348,450	-	896,800,727
Cash margins	1,888,704	3,777,408	5,666,111	7,554,815	18,887,037	-	-	37,774,075
Borrowed funds	25,163,058	14,550,462	17,473,062	6,263,454	37,981,029	43,890,284	-	145,321,349
Sundry provisions	-	-	-	881,359	-	-	-	881,359
Income tax provision	1,720,183	-	3,696,852	-	-	-	-	5,417,035
Deferred tax liabilities	1,720,245	-	-	-	-	-	-	1,720,245
Lease liabilities	62,500	214,365	222,138	524,568	1,816,076	2,785,123	-	5,624,770
Other liabilities	9,258,107	2,837,602	3,916,461	3,870,806	6,421,173	-	-	26,304,149
Total liabilities	373,622,873	177,325,109	194,544,972	213,179,417	195,290,895	48,023,857	-	1,201,987,123
Total assets according to expected maturities	75,374,647	79,184,740	104,244,413	115,812,581	332,614,067	454,589,571	202,283,220	1,364,103,239

In order to comply with the instructions of the regulatory authorities, the Bank maintains part of its customers' deposits at the central Banks as a restricted cash reserve that cannot be utilized unless under specified regulations. In addition, the liquidity ratios are reserved at levels higher than the minimum imposed by the central bank of Jordan.

The contractual maturity dated of the assets and liabilities in the schedule have been determined based on the remaining year from the date of the statement of financial position until the contractual maturity date regardless of the actual maturities reflected by historical events relating to maintaining deposits and the availability of liquidity.

Off- statement of financial position items:

31 December 2023	Up to 1 year	1-5 years	Total
	JD	JD	JD
Letters of guarantee	143,985,356	-	143,985,356
Letters of credit and acceptances	15,858,094	-	15,858,094
Enhanced incoming letter of credit	700,380	-	700,380
Unutilized direct facilities	68,030,338	-	68,030,338
Total	228,574,168	-	228,574,168
31 December 2022			
Letters of guarantee	146,697,452	-	146,697,452
Letters of credit and acceptances	28,640,261	-	28,640,261
Unutilized direct facilities	59,666,050	-	59,666,050
Total	235,003,763	-	235,003,763

(39) Bank's Segment Information

a. Information on the key business segments
The Bank is organized for managerial purposes, into four major sectors, which are measured according to reports used by the General Manager and key decision makers at the Bank, through the following major sectors:

- Individual accounts: includes following up on individual customers deposits, and granting them credit facilities, credit cards and
- Corporate accounts: includes following up on deposits, credit facilities, and Banking services related to corporations.
- Treasury: This segment includes providing dealing services and managing the Banks' funds.
- Others: This segment includes the activities which do not meet the definition of the Banks above business segments.

The following table represents information on the Bank's sectors according to activities:

	Individuals	Corporate	Treasury	Others	Total 2023	Total 2022
	JD	JD	JD	JD	JD	JD
Gross income for the year	21,591,933	32,060,675	6,128,330	151,708	59,932,646	51,404,658
Less: Expected credit losses	(2,382,747)	(9,310,368)	74,267	-	(11,618,848)	(6,304,273)
Segment results	19,209,186	22,750,307	6,202,597	151,708	48,313,798	45,100,385
Less: Distributed segment expenses	(18,410,581)	(9,205,290)	(3,008,855)	(747,506)	(31,372,232)	(27,068,463)
Income before tax	798,605	13,545,017	3,193,742	(595,798)	16,941,566	18,031,922
Less: Income tax for the year	-	-	-	(5,456,782)	(5,456,782)	(6,691,739)
Income for the year	798,605	13,545,017	3,193,742	(6,052,580)	11,484,784	11,340,183
Capital expenditures	-	-	-	3,788,802	3,788,802	2,741,598
Depreciation and amortization	-	-	-	3,909,562	3,909,562	3,469,171
Total Assets	250,983,681	549,404,619	483,305,918	93,984,873	1,377,679,091	1,364,103,239
Total Liabilities	695,318,686	390,175,379	78,085,129	45,190,916	1,208,770,110	1,201,987,123

b. Geographical distribution information

This sector represents the geographical distribution of the Banks operation. The Bank operates mainly in Jordan.

The following table shows the distribution of the Bank's income, assets, and capital expenditures by geographical area:

	Inside Jordan		Outside Jordan		Total	
	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD
Gross income	62,128,545	52,586,362	(2,195,899)	(1,181,704)	59,932,646	51,404,658
Capital expenditures	3,788,802	2,741,598	-	-	3,788,802	2,741,598

	Inside Jordan		Outside Jordan		Total	
	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD
Bank's Assets	1,308,987,040	1,284,429,148	68,692,051	79,674,091	1,377,679,091	1,364,103,239

Credit Exposures Distribution

Internal Credit ratings	Category classification according to (47/2009)	Total exposure	ECL	PD	EAD	LGD
		JD	JD	%	JD	%
Performing loans						
+2	Performing	16,360	-	-	8,180	20
2	Performing	181,607	-	0-0,001	180,358	0-20.8
-2	Performing	2,000,000	270	0,001-0,001	1,541,401	20
+3	Performing	45,155	26	0,085-0	20,479	0-26
3	Performing	3,559,213	196	0,003-0	2,557,306	0-26
-3	Performing	1,151,230	293	0,070-0	595,326	0-21
+4	Performing	174,674,047	187,881	0,469-0	143,224,985	0-28
4	Performing	22,319,244	10,153	0,539-0	16,604,163	0-28
-4	Performing	26,800,604	12,556	0,242-0	20,862,965	0-28
5	Performing	293,754,484	1,171,333	0,402-0	256,240,503	0-28
-5	Performing	551,595,056	3,126,686	0,858-0	543,263,793	0-28
+6	Performing	90,988,758	1,472,643	0,663-0	80,673,671	0-26
6	Performing	47,979,466	537,509	0,562-0,003	36,104,906	0-26
-6	Performing	14,347,565	563,425	0,740-0	13,996,169	0-26
+7	Performing	676,709	35,011	0,941-0,722	628,709	0-26
7	Performing	580,050	23,056	0,941-0,228	554,401	0-20,8
-7	Performing	296,500	3,998	0,941-0,039	296,500	0-8.190
Not rated	Performing	236,955,312	2,237,125	0,899-0	223,658,260	0-28
Total performing loans		1,467,921,360	9,382,161		1,341,012,075	
Non-performing loans						
+3	Non-performing	538	517	100	406	26
+4	Non-performing	3,628,526	1,755,033	100	3,131,839	0-65
4	Non-performing	4,987,984	1,854,412	100	4,103,559	0-75
-4	Non-performing	2,429,558	2,167,643	100	2,197,496	0-75
5	Non-performing	5,017,064	3,429,702	100	3,679,495	0-100
-5	Non-performing	2,693,185	959,383	100	2,514,303	0-75
+6	Non-performing	5,193,505	3,466,273	100	3,885,111	0-75
6	Non-performing	2,555,154	1,725,906	100	2,192,047	13,489-65
-6	Non-performing	3,320,382	1,475,013	100	2,825,946	97,032-30.723
+7	Non-performing	3,204,297	1,327,530	100	2,926,624	0-50
7	Non-performing	2,979,620	2,459,617	100	2,459,785	32.5-75
-7	Non-performing	263,838	32,499	100	235,974	29.085-7.463
Not rated	Non-performing	58,586,187	35,067,676	100	38,841,048	0-100
Total non-performing loans		94,859,838	55,721,204		68,993,633	

Credit risk exposures categorized by economical distribution:

	2023										
	Financial	Industrial	Trading	Real estate	Construction	Agricultural	Shares	Individual	Government and public sector	Others	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central bank of Jordan	45,374,392	-	-	-	-	-	-	-	-	-	45,374,392
Balances and deposits at banks and financial institutions	68,716,784	-	-	-	-	-	-	-	-	-	68,716,784
Direct credit facilities	57,407,506	103,435,166	149,709,026	95,105,584	28,533,109	4,133,322	3,222,957	169,130,327	20,467,932	101,282,160	732,427,089
Financial assets at amortized cost	3,736,691	-	-	-	-	-	-	-	339,473,730	-	343,210,421
Other assets	-	-	2,966,630	-	-	-	-	-	-	-	2,966,630
Total	175,235,373	103,435,166	152,675,656	95,105,584	28,533,109	4,133,322	3,222,957	169,130,327	359,941,662	101,282,160	1,192,695,316
Letters of guarantee	12,923,498	6,568,329	10,826,429	18,979,561	-	342,600	7,839,922	12,435,016	-	72,966,838	142,882,193
Letters of credit and acceptances	-	1,912,886	10,220,053	132,808	-	-	-	307,439	-	3,976,927	16,550,113
Other liabilities	7,482,107	9,884,574	26,559,321	15,060,012	-	128,929	1,519,859	21,297,351	-	40,364,848	122,297,001
Total	195,640,978	121,800,955	200,281,459	129,277,965	28,533,109	4,604,851	12,582,738	203,170,133	359,941,662	218,590,773	1,474,424,623

Credit risk exposures categorized by economic sector and stages according to IFRS (9) as at 31 December 2023:

	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Financial	194,653,511	-	987,467	195,640,978
Industrial	89,266,485	31,141,916	1,392,554	121,800,955
Trading	124,973,553	73,404,093	1,903,813	200,281,459
Real estates	113,425,344	11,896,963	3,955,658	129,277,965
Construction	21,029,372	7,480,553	23,184	28,533,109
Agricultural	1,066,442	3,533,711	4,698	4,604,851
Shares	11,455,233	326,786	800,719	12,582,738
Individual	190,667,760	10,036,596	2,465,777	203,170,133
Government and public sector	359,941,608	2	52	359,941,662
Others	201,766,909	12,472,362	4,351,502	218,590,773
Total	1,308,246,217	150,292,982	15,885,424	1,474,424,623

Credit risk exposures categorized by geographical distribution:

	2023							
	Inside Jordan	Middle East	Europe	Asia	Africa	America	Others	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central bank of Jordan	45,374,392	-	-	-	-	-	-	45,374,392
Balances and deposits at Banks and financial institutions	26,136,722	31,014,703	6,477,842	31,544	33,251	4,414,918	607,804	68,716,784
Direct credit facilities								
Individual	169,130,327	-	-	-	-	-	-	169,130,327
Real-estate loans	95,105,584	-	-	-	-	-	-	95,105,584
Corporate	401,853,531	-	-	-	-	-	-	401,853,531
Small and medium companies	45,869,715	-	-	-	-	-	-	45,869,715
Government and public sector	20,467,932	-	-	-	-	-	-	20,467,932
Financial assets at amortized cost	343,210,421	-	-	-	-	-	-	343,210,421
Other assets	2,966,630	-	-	-	-	-	-	2,966,630
Total	1,150,115,254	31,014,703	6,477,842	31,544	33,251	4,414,918	607,804	1,192,695,316
Letters of guarantee	142,882,193	-	-	-	-	-	-	142,882,193
Letters of credit and acceptances	9,949,741	1,878,586	38,986	4,580,356	-	11,699	90,745	16,550,113
Other liabilities	122,297,001	-	-	-	-	-	-	122,297,001
Total	1,425,244,189	32,893,289	6,516,828	4,611,900	33,251	4,426,617	698,549	1,474,424,623

c. Credit exposure categorized by geographical distribution and stages in accordance with IFRS (9) as at 31 December 2023:

	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Inside Jordan	1,259,486,713	149,872,052	15,885,424	1,425,244,189
Middle east	32,472,359	420,930	-	32,893,289
Europe	6,516,828	-	-	6,516,828
Asia	4,611,900	-	-	4,611,900
Africa	33,251	-	-	33,251
America	4,426,617	-	-	4,426,617
Others	698,549	-	-	698,549
Total	1,308,246,217	150,292,982	15,885,424	1,474,424,623

(40) Capital Management

a. Description of Capital

Capital is categorized into various categories, such as paid in capital, economic capital, and regulatory capital. Moreover, regulatory capital is defined, according to the banks Law, as the total value of the items determined by the Central Bank of Jordan for control purposes to meet the requirements of the capital adequacy ratio prescribed in the Central Bank of Jordan instructions.

- Furthermore, regulatory capital consists of two parts: (1) primary capital (Tier 1) made up of paid-in capital, declared reserves (including statutory reserve, voluntary reserve, share premium, and treasury share premium), and retained earnings after excluding restricted amounts and non-controlling interests net of loss for the year (if any), costs of the acquisition of treasury shares, deferred provisions approved by the Central Bank of Jordan, restructuring balance and goodwill Support capital; and
- (2) additional paid-in capital (Tier 2) which consists of foreign currencies translation differences, general Banking risks reserve, instruments with debt-equity shared characteristics, support debts and 45% of the financial assets' valuation reserve, if positive, and is deducted in full, if negative.
- A third part of capital (Tier 3) might be formed in case the capital adequacy ratio goes below 12% due to factoring capital adequacy ratio into market risks.
- Investments in the capitals of banks, insurance companies and other financial institutions are deducted.

b. The requirements of the regulatory parties concerning capital and the manner in which they are met.

Instructions of the Central Bank of Jordan require that paid-in capital not to be less than JD 100 million and shareholders' equity-to-assets ratio not to be less than 6%. Moreover, the Central Bank of Jordan instructions require that the ratio of regulatory capital to assets weighted by risks and market risks (capital adequacy ratio) be not less than 12% which the Bank considers meeting. Furthermore, the Bank increased its paid-in capital during the year 2017 to become JD/share 120,000,000 as at 31 December 2017, whereby the capital increase procedures were completed on 7 June 2017.

The Bank complies with Article (62) of the Banks Law, which requires the Bank to appropriate 10% of its annual pre-tax profits in Jordan and continue to do so until the reserve equals the Bank's paid-in capital. This meets the requirements of the statutory reserve prescribed by the Companies Law.

The Bank complies with Article (41) of the Banks Law, which requires adherence to the limits set by the Central Bank of Jordan relating to:

1. The percentage of risks relating to its assets and assets weighted by risks, elements of capital, reserves, and contra accounts.
2. The ratio of total loans to permitted regulatory capital granted by the Bank to one person, its affiliates, or to related stakeholders.
3. Ratio of total loans granted to the major ten customers of the Bank to total loans extended by the Bank.

C. Method of achieving capital management goals.

The Bank considers the compatibility of the size of its capital with the size, nature, and complexity of the risk the Bank is exposed to in a manner that does not contradict the prevailing regulations and instructions. This is reflected in its strategic plans and annual budgets.

When entering investments, the impact on capital adequacy ratio is considered. Moreover, capital and its adequacy are monitored periodically as capital adequacy ratio is monitored at the Bank level every quarter. Furthermore, capital adequacy is reviewed by internal audit, and capital ratios are monitored monthly. Such ratios are financial leverage, shareholders' equity to assets, shareholders' equity to customers' deposits, internal growth of capital, provisions, and free capital. This should achieve the appropriate financial leverage, and consequently, the targeted return on shareholders' equity not less than 10% as prescribed by the Bank's strategy.

No dividends are paid to shareholders out of the regulatory capital if such payment leads to non-adherence to the minimum capital requirement.

The Bank concentrates on the internal growth of capital and can resort to public subscriptions to meet expansionary needs and future plans, or the requirements of the regulatory bodies according to specified studies.

Capital Adequacy

Capital adequacy ratio is calculated according to the Central Bank of Jordan instructions based on Basel Committee resolutions III:

	31 December 2023	31 December 2022
	JD	JD
Primary capital items:		
Authorized and paid-in capital	120,000,000	120,000,000
Retained earnings	24,278,467	20,483,016
Other comprehensive income items		
Fair value reserve - net	3,924,952	2,621,695
Statutory reserve	20,705,562	19,011,405
Total primary capital before regulatory amendments	**168,908,981**	**162,116,116**
Less:		
Intangible assets - net	(2,858,126)	(2,228,329)
Deferred tax assets - net	(9,853,490)	(7,784,779)
Dividends to be distributed	(6,000,000)	(6,000,000)
Deferred provisions with the approval of the central bank	(2,284,975)	(2,190,711)
Investing in the capital of banks and financial companies outside the scope of consolidation, in which the Bank owns more than 10%	(9,115,662)	(9,515,671)
Total regulatory amendments	**(30,112,253)**	**(27,719,490)**
Net primary capital	**138,796,728**	**134,396,626**
Secondary capital items:		
Provision required against credit facilities in stage 1	2,893,524	2,731,308
Total secondary capital	**141,690,252**	**137,127,934**
Assets weighted by risks-continuous operations		
Credit risk	951,143,470	936,899,224
Market risk	7,807,240	8,548,090
Operational risk	97,342,911	86,591,351
Total assets weighted by risks	**1,056,293,621**	**1,032,038,665**
Regulatory capital adequacy ratio	13.41%	13.29%
Primary capital ratio	13.14%	13.02%

Liquidity Coverage Ratio (LCR):	31 December 2023	31 December 2022
	JD	JD
Total high quality liquid assets after adjustments	374,703	406,272
Net cash outflow	125,872	144,633
Liquidity coverage ratio (LCR)	297.7%	280.9%
Liquidity coverage ratio according to the average end of each month	288.4%	319.4%

(41) Accounts managed by the Bank on behalf of its customers

There is no investment portfolio managed by the Bank on behalf of its clients.

(42) Assets and liabilities maturity analysis:

The following table illustrates the analysis of assets and liabilities according to the expected period of their recoverability or settlement:

31 December 2023	Up to one year	More than one year	Total
	JD	JD	JD
Assets:			
Cash and balances at central bank of Jordan	68,319,687	-	68,319,687
Balances and deposits at banks and financial institutions, net	68,716,784	-	68,716,784
Direct credit facilities, net	285,624,980	446,802,109	732,427,089
Financial Assets fair valued through statement of income	1,372,783	-	1,372,783
Financial assets at fair value through statement of other comprehensive income	23,906,901	26,415,662	50,322,563
Financial assets measured at amortized cost, net	68,704,790	274,505,631	343,210,421
Properties, equipment, net	-	22,321,642	22,321,642
Intangible assets, net	-	2,858,126	2,858,126
Right-of-use assets	-	6,041,037	6,041,037
Deferred tax assets	-	10,551,901	10,551,901
Other assets	60,119,893	11,417,165	71,537,058
Total Assets	576,765,818	800,913,273	1,377,679,091
Liabilities:			
Banks and financial institutions deposits	48,428,024	-	48,428,024
Customers deposits	863,899,921	103,595,734	967,495,655
Cash margins	20,106,789	20,106,789	40,213,578
Borrowed funds	23,874,549	67,792,901	91,667,450
Provision for income tax	5,303,391	-	5,303,391
Sundry provisions	1,237,500	-	1,237,500
Deferred tax liabilities	698,411	-	698,411
Lease liabilities	1,089,352	4,711,356	5,800,708
Other liabilities	42,864,587	5,060,806	47,925,393
Total Liabilities	1,007,502,524	201,267,586	1,208,770,110
Net Assets	(430,736,706)	599,645,687	168,908,981

31 December 2022	Up to one year	More than one year	Total
	JD	JD	JD
Assets:			
Cash and balances at central bank of Jordan	71,440,168	-	71,440,168
Balances and deposits at banks and financial institutions, net	16,289,112	30,000,000	46,289,112
Direct credit facilities, net	244,546,449	457,307,937	701,854,386
Financial Assets fair valued through statement of income	1,551,339	-	1,551,339
Financial assets at fair value through statement of other comprehensive income	23,906,901	25,583,414	49,490,315
Financial assets measured at amortized cost, net	77,655,529	288,660,740	366,316,269
Properties, equipment, net	-	22,006,151	22,006,151
Intangible assets, net	-	2,228,329	2,228,329
Right-of-use assets	-	5,835,715	5,835,715
Deferred tax assets	-	9,505,024	9,505,024
Other assets	76,351,471	11,234,960	87,586,431
Total Assets	511,740,969	852,362,270	1,364,103,239
Liabilities:			
Banks and financial institutions deposits	52,143,414	30,000,000	82,143,414
Customers deposits	795,266,697	101,534,030	896,800,727
Cash margins	18,887,038	18,887,037	37,774,075
Borrowed funds	63,450,036	81,871,313	145,321,349
Provision for income tax	5,417,035	-	5,417,035
Sundry provisions	881,359	-	881,359
Deferred tax liabilities	1,720,245	-	1,720,245
Lease liabilities	1,023,571	4,601,199	5,624,770
Other liabilities	19,882,976	6,421,173	26,304,149
Total Liabilities	958,672,371	243,314,752	1,201,987,123
Net Assets	(446,931,402)	609,047,518	162,116,116

(43) Fair Value Measurement

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

Some of the financial assets and financials liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of these financial asset and financial liability are determined (valuation techniques & key inputs):

	Fair value					
Financial assets / financial liabilities	2023	2022	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship between unobservable inputs and fair value
	JD	JD				
Financial assets at fair value through the income statement						
Quoted shares	1,372,783	1,551,339	Level 1	Quoted shares	Not applicable	Not applicable
	1,372,783	1,551,339				
Financial assets at fair value through other comprehensive income						
Quoted shares	32,236,542	32,465,081	Level 1 & Level 2	Quoted rates in financial market	Not applicable	Not applicable
Unquoted shares	18,086,021	17,025,234	Level 3	Through equity method and latest available financial information	Not applicable	Not applicable
	50,322,563	49,490,315				

There are no transfers between level 1 and level 2 during the year 2023.

B. Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis:

Except for what is detailed in the following table, we believe that the carrying amounts of financial assets and financial liabilities recognized in the Bank's financial statements approximate their fair values, this is because the Bank's management believes that the book value of the items shown below is approximately equivalent to their fair values, either because of their short-term maturity or that their interest rates are repriced during the year.

	2023		2022		
	Book value	Fair value	Book value	Fair value	Fair value Hierarchy
	JD	JD	JD	JD	
Financial assets not measured at fair value					
Deposits at central bank of Jordan	45,374,392	45,374,392	42,436,174	42,436,174	Level 2
Balances and deposits at Banks and financial institutions	68,716,784	69,668,289	46,289,112	46,914,940	Level 2
Loans and advances	732,427,089	744,478,772	701,854,386	714,352,390	Level 2
Financial assets at amortized cost	343,210,421	346,517,906	366,316,269	369,246,685	Level 2
Total financial assets not measured at fair value	1,189,728,686	1,206,039,359	1,156,895,941	1,172,950,189	
Financial liabilities not measured at fair value					
Banks and financial institutions deposits	48,428,024	51,930,109	82,143,414	86,186,134	Level 2
Customer deposits	967,495,655	970,581,616	896,800,727	898,968,976	Level 2
Cash margins	40,213,578	40,507,340	37,774,075	38,002,112	Level 2
Borrowed funds	91,667,450	91,923,772	145,321,349	145,716,923	Level 2
Financial liabilities not measured at fair value	1,147,804,707	1,154,942,837	1,162,039,565	1,168,874,145	

For the items listed above, the fair value of the financial assets and liabilities classified as level two and three has been determined in accordance with generally accepted pricing models that reflect the credit risk of counterparties.

(44) Commitments and Contingent Liabilities (off-Statement of Financial Position)

a. Set out below are the details of this item:

	31 December 2023	31 December 2022
	JD	JD
Letters of credit	5,361,560	13,830,321
Enhanced incoming letters of credit	700,380	-
Acceptances	10,496,534	14,809,940
Letters of guarantee:		
Payment	23,530,804	32,696,770
Performance	47,344,093	46,362,086
Others	73,110,459	67,638,596
Unutilized direct credit facilities limits	68,030,338	59,666,050
Total	228,574,168	235,003,763

(45) Lawsuits Against the Bank

Lawsuits raised against the Bank are amounted to JD 17,980,216 as at 31 December 2023 (31 December 2022: JD 2,821,848). In the opinion of the Bank's management and the legal advisor, no further liabilities exceeding the provision of JD 622,500 is required as at 31 December 2023 (31 December 2022 JD 266,000).

(46) New International Financial Reporting Standards and its explanations and issued amendments and not implemented yet

The standards and interpretations that are issued but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied Retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted, and that fact must be disclosed.

The amendments are not expected to have a material impact on the Bank's financial statements.

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

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
• What is meant by a right to defer settlement
• That a right to defer must exist at the end of the reporting period
• That classification is unaffected by the likelihood that an entity will exercise its deferral right
• That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Bank is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

The amendments are not expected to have a material impact on the Bank's financial statements.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

The amendments are not expected to have a material impact on the Bank's financial statements.