

ARAB JORDAN INVESTMENT BANK

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023



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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Arab Jordan Investment Bank
Amman – Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the Consolidated financial statements of Arab Jordan Investment Bank “the Bank” and its subsidiaries “the Group” which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of income, the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policies information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group 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).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards, are further described in the Auditor’s Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated 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 consolidated financial statements for the year ended 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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 consolidated 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 consolidated 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 consolidated financial statements.

<p>Inadequate allowances (ECL) for credit facilities Refer to the note (10) on the consolidated financial statements.</p>	
<p>Key Audit matter This is considered as a key audit matter as the Group exercises significant judgement to determine when and how much to record as expected credit losses.</p> <p>The provision for credit facilities is recognized based on the Group's provisioning and impairment policy which complies with the requirements of IFRS 9.</p> <p>Credit facilities form a major portion of the Group's assets, there is a risk that inappropriate expected credit losses provisions are booked, 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 and determining related provision requirements, this audit area is considered a key audit risk.</p> <p>As at 31 December 2023, the Group's gross credit facilities amounted to JD 874,383,354 and the related expected credit losses provisions amounted to JD 23,081,208. The expected credit losses provision policy is presented in the</p>	<p>How the key audit matter was addressed in the audit</p> <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We gained an understanding of the Group's key credit processes comprising granting and booking and tested the operating effectiveness of key controls over these processes. • We read the Group's impairment provisioning policy and compared it with the requirements of the International Financial Reporting Standards as well as relevant regulatory guidelines and pronouncements. • We assessed the Group's expected credit loss model, in particular focusing on its alignment of the expected credit loss model and its underlying methodology with the requirements of IFRS 9. • We tested a sample of exposures, assessed on an individual basis and performed procedures to evaluate the following:

<p>accounting policies in note (2) to the consolidated financial statements.</p>	<ul style="list-style-type: none"> • Appropriateness of the group's staging. • Appropriateness of determining Exposure at Default, including the consideration of repayments in the cash flows and the resultant arithmetical calculations • Appropriateness of the PD, EAD and LGD for different exposures at different stages. • Appropriateness of the internal rating and the objectivity, competence and independence of the experts involved in this exercise. • Soundness and mathematical integrity of the ECL Model. • For exposures moved between stages we have checked the appropriateness of the Group's determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages. We also checked the timely identification of exposures with a significant deterioration in credit quality. <p>For exposures determined to be individually impaired we re-performed the ECL calculation we also obtained an understanding of the latest developments in the counterparty's situation of the latest developments in estimate of future cash flows, current financial position any rescheduling or restructuring agreements.</p> <ul style="list-style-type: none"> • For forward looking assumptions used by the Group in its Expected Credit Loss ("ECL") calculations, we held discussions with management and corroborated the assumptions using publicly available information. <p>We assessed the financial statements disclosures to ensure compliance with IFRS 9. Refer to the accounting policies, critical accounting estimates and judgments, disclosures of credit facilities and on ECL in notes (2), (4), (10) and (44) to the consolidated financial statements.</p>
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Other information included in the Group's 2023 annual report

Other information consists of the information included in the group's 2023 Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The group's 2023 Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they

could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exist, 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 Group maintains proper books of accounts which are in agreement with the consolidated financial statements.

The partner in charge of the audit resulting in this auditor's report was Osama Shakhatreh; license number 1079.

Amman – Jordan
30 January 2024

ERNST & YOUNG
Amman - Jordan

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

	Notes	2023 JD	2022 JD
<u>Assets</u>			
Cash and balances at Central Bank of Jordan	5	451,145,248	341,688,653
Balances at banks and financial institutions- net	6	291,847,547	303,959,667
Deposits at banks and financial institutions- net	7	28,547,873	5,809,910
Financial assets at fair value through profit or loss	8	-	663,897
Financial assets at fair value through other comprehensive income	9	33,326,152	33,009,788
Direct credit facilities - net	10	847,574,520	814,141,864
Financial assets at amortized cost - net	11	729,273,864	769,041,525
Investment in associate company	12	20,045,724	17,950,200
Property and equipment - net	13	77,016,663	74,107,186
Intangible assets - net	14	13,053,896	1,475,026
Right of use assets	42	2,816,046	2,724,869
Deferred tax assets	21-D	3,308,754	3,319,903
Other assets	15	39,543,317	46,544,450
Total Assets		2,537,499,604	2,414,436,938
<u>Liabilities and Equity</u>			
Liabilities:			
Banks and financial institutions' deposits	16	375,720,262	452,475,145
Customers' deposits	17	1,582,662,051	1,334,561,881
Borrowed money from the Central Bank of Jordan	18	233,201,991	286,415,742
Cash margins	19	65,844,839	48,439,510
Sundry provisions	20	1,476,794	924,050
Income tax provision	21-A	7,877,274	9,380,725
Lease liabilities	42	2,520,870	2,451,070
Other liabilities	22	30,576,153	46,562,437
Total Liabilities		2,299,880,234	2,181,210,560
Equity:			
Equity attributable to Bank's shareholders			
Paid-in capital	23	150,000,000	150,000,000
Statutory reserve	24	42,292,126	39,903,516
Foreign currency translation adjustments	25	(3,143,891)	(4,171,605)
Fair value reserve - net	26	1,737,053	2,133,996
Retained earnings	27	27,359,753	26,177,753
Total Equity attributable to the Bank's shareholders		218,245,041	214,043,660
Non - controlling interest	29	19,374,329	19,182,718
Total Equity		237,619,370	233,226,378
Total Liabilities and shareholders' Equity		2,537,499,604	2,414,436,938

The accompanying notes from (1) to (54) constitute an integral part of these consolidated financial statements and should be read with them.

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

	Notes	2023 JD	2022 JD
Interest income	30	125,478,529	99,884,613
Interest expense	31	(71,665,244)	(46,169,581)
Net interest income		53,813,285	53,715,032
Net commissions income	32	6,812,536	7,031,639
Net interest and commissions income		60,625,821	60,746,671
Foreign currencies income	33	4,563,121	4,192,561
Gain (Losses) from financial assets at fair value through profit or Loss	34	47,621	(338,281)
Cash dividends from financial assets at fair value through other comprehensive income	35	815,823	446,372
Other income	37	13,666,172	3,055,182
Gross income		79,718,558	68,102,505
Employees expenses	38	19,010,081	17,134,106
Depreciation and amortization	13,14,42	6,495,020	4,540,134
Other expenses	39	16,381,024	13,601,504
Provision for expected credit losses	36	9,832,275	2,532,269
Sundry provisions	15,20	489,521	606,479
Total expenses		52,207,921	38,414,492
Bank's share in the income of associate company	12	969,501	709,931
Profit for the year before income tax		28,480,138	30,397,944
Income tax expense	21-B	(8,294,121)	(10,916,322)
Profit for the year		20,186,017	19,481,622
Attributable to:			
Bank's shareholders		18,576,406	18,059,241
Non - controlling interest		1,609,611	1,422,381
		20,186,017	19,481,622
		JD / Share	JD / Share
Basic and diluted earnings per share from profit for the year (bank's shareholder) JD/ Share	40	0.12	0.12

The accompanying notes from (1) to (54) constitute an integral part of these consolidated financial statements and should be read with them.

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

	Notes	2023	2022
		JD	JD
Profit for the year		20,186,017	19,481,622
<u>Comprehensive income items:</u>			
Other comprehensive income items which will be reclassified to profit or loss in future periods:			
Foreign Currency translation adjustments - Associate Company	25	1,027,714	(2,289,741)
Other comprehensive income items which will not be reclassified to profit or loss in future periods:			
Cumulative change in fair value of financial assets through other comprehensive income - net after tax	26	(402,160)	3,237,360
Losses from selling financial assets through other comprehensive income	9	(579)	-
Others		-	(41,477)
Total other comprehensive income items for the year after tax		<u>624,975</u>	<u>906,142</u>
Total comprehensive income for the year		<u>20,810,992</u>	<u>20,387,764</u>
<u>Total comprehensive income attributable to:</u>			
Bank's shareholders		19,201,381	18,965,383
Non - controlling interest		1,609,611	1,422,381
		<u>20,810,992</u>	<u>20,387,764</u>

The accompanying notes from (1) to (54) constitute an integral part of these consolidated financial statements and should be read with them.

**ARAB JORDAN INVESTMENT BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Reserves										Total Equity						
	Paid-in Capital		Statutory Reserve		Foreign Currency Translation adjustments		Fair Value Reserve - Net		Retained Earnings**		Total Equity attributable to the Bank's shareholders		Non - Controlling Interest		Total Equity		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
<u>For the year ended 31 December 2023</u>																	
Balance at the beginning of the year	150,000,000	39,903,516	(4,171,605)	2,133,996	26,177,753	214,043,660	19,182,718	233,226,378									
Total comprehensive income for the year	-	-	1,027,714	(402,739)	18,576,406	19,201,381	1,609,611	20,810,992									
Transferred to statutory reserve	-	2,388,610	-	-	(2,388,610)	-	-	-									
Profit distributed to shareholders*	-	-	-	-	(15,000,000)	(15,000,000)	-	(15,000,000)									
Adjustments	-	-	-	5,796	(5,796)	-	-	-									
Change in non-controlling interest	-	-	-	-	-	-	(1,418,000)	(1,418,000)									
Balance at the end of the year	150,000,000	42,292,126	(3,143,891)	1,737,053	27,359,753	218,245,041	19,374,329	237,619,370									
<u>For the year ended 31 December 2022</u>																	
Balance at the beginning of the year	150,000,000	37,231,966	(2,384,872)	(973,193)	26,204,376	210,078,277	18,823,837	228,902,114									
Total comprehensive income for the year	-	-	(1,786,733)	3,237,360	17,514,756	18,965,383	1,422,381	20,387,764									
Transferred to statutory reserve	-	2,671,550	-	-	(2,671,550)	-	-	-									
Accumulated changes in affiliates	-	-	-	(130,171)	130,171	-	-	-									
Profit distributed to shareholders*	-	-	-	-	(15,000,000)	(15,000,000)	-	(15,000,000)									
Change in non-controlling interest	-	-	-	-	-	-	(1,063,500)	(1,063,500)									
Balance at the end of the year	150,000,000	39,903,516	(4,171,605)	2,133,996	26,177,753	214,043,660	19,182,718	233,226,378									

* According to the resolution of the bank's General Assembly meeting held on 21 March 2023 it was approved to distribute 10% of the Bank's capital as cash dividends to the shareholders which is equivalent to JD 15 million (8 April 2022 it was approved to distribute 10% of the bank's capital as cash dividends to the shareholders which is equivalent to JD 15 million).

In accordance to the instructions of the regulatory authorities

** Retained earnings include a restricted amount of JD 3,308,754 against deferred tax benefits as of 31 December 2023, this restricted amount cannot be utilized through capitalization or distribution unless actually realized.

The accompanying notes from (1) to (54) constitute an integral part of these consolidated financial statements and should be read with them.

ARAB JORDAN INVESTMENT BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 JD	2022 JD
<u>Operating activities</u>			
Profit for the year before income tax		28,480,138	30,397,944
Adjustments for:			
Gain from the acquisition of National Bank of Kuwait Jordan branch	53-B	(2,900,000)	(1,850,000)
Gain from the acquisition of Standard Chartered Bank Jordan branch	53-A	(4,728,000)	-
Depreciation and amortization	13,14,42	6,495,020	4,540,134
Provision for expected credit losses	36	9,832,275	2,532,269
(Gain) losses on financial assets at fair value through profit or loss	34	(47,621)	298,365
Cash dividends from financial assets at fair value through other comprehensive income	35	(815,823)	(446,372)
Sundry provisions	15,20	489,521	606,479
Gain from sale of property and equipment	37	(284,533)	(12,374)
Interest from lease liabilities	42	103,352	109,366
Losses from the sale of seized assets by the bank	37	-	9,680
Released from provision for expected credit losses		(3,900,436)	-
Effect of exchange rate fluctuations on cash and cash equivalents	33	(72,114)	(56,025)
Bank's share in the income of associate company	12	(969,501)	(709,931)
Cash profit before changes in assets and liabilities		31,682,278	35,419,535
<u>Changes in assets and liabilities:</u>			
Deposits with banks and other financial institutions (maturing after more than 3 months)		(22,730,214)	(5,822,560)
Financial assets at fair value through profit or loss		711,518	644,156
Direct credit facilities - net		4,368,072	57,901,248
Other assets		10,385,847	(1,956,534)
Banks and financial institutions deposits (maturing after more than 3 months)		(10,635,000)	(52,021,000)
Customers' deposits		77,194,860	80,903,781
Cash margins		11,725,947	5,453,676
Other liabilities		(19,608,599)	3,263,884
Net change in assets and liabilities		51,412,431	88,366,651
Net cash flows from operating activities before tax and sundry provisions paid		83,094,709	123,786,186
Sundry provisions paid	20	(140,938)	(78,681)
Income tax paid	21-A	(9,786,423)	(10,179,076)
Net cash flows from operating activities		73,167,348	113,528,429
<u>Investing activities:</u>			
Cash dividends - associate company		-	2,639,457
Financial assets at amortized cost - net		135,672,841	39,409,599
Financial assets at fair value through other comprehensive income - net		(731,779)	(9,358,585)
Cash dividends from financial assets at fair value through other comprehensive income	35	815,823	446,372
Acquisition – net cash received (paid)	53	27,045,868	(30,523,029)
Purchase of property and equipment	13	(2,854,569)	(2,431,352)
Proceeds from sale of property and equipment		1,423,576	60,696
Purchase of intangible assets	14	(616,125)	(486,435)
Net cash flows from (used in) investing activities		160,755,635	(243,277)
<u>Financing activities:</u>			
Borrowed money from the Central Bank of Jordan		(53,213,751)	66,183,846
Change in non - controlling interest		(1,418,000)	(1,063,500)
Dividends paid to shareholders		(14,974,763)	(14,993,910)
Paid from lease liabilities	42	(929,947)	(959,028)
Net cash flows (used in) from financing activities		(70,536,461)	49,167,408
Net increase in cash and cash equivalents		163,386,522	162,452,560
Effect of exchange rate fluctuations on cash and cash equivalents		72,114	56,025
Cash and cash equivalent - beginning of the year		215,258,174	52,749,589
Cash and cash equivalent - end of the year	41	378,716,810	215,258,174

The accompanying notes from (1) to (54) constitute an integral part of these consolidated financial statements and should be read with them.

1. General

The Arab Jordan Investment Bank is a public shareholding limited company with headquarters in Amman - Hashemite Kingdom of Jordan, On 2nd February 1978 it was registered according to the Companies Law and related subsequent amendments the last of which was amendment No, (22) for the year 1997, Moreover the Bank's authorized and paid-up capital was increased gradually the last of which was during the year 2014 to become JD 150 million at face value of JD 1 each.

The Bank is engaged in commercial banking activities through its (37) branches and offices in Jordan and (1) branch in Cyprus and its subsidiaries in Qatar and Jordan (Arab Jordan Investment Bank - (Qatar) LLC and the United Arab Jordan Company for Investment and Financial Brokerage and Al-Kawthar for Financial Leasing).

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

The consolidated financial statements have been approved by the Board of Directors in its meeting held on 30 January 2024. It is subject to the approval of the General Assembly of Shareholders and the Central Bank of Jordan.

2. Material Accounting Policies

Basis of Preparation of the Consolidated Financial Statements

The accompanying consolidated financial statements for the Bank and its subsidiaries have been prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Arab Jordan Investment Bank adheres to the local regulations and instructions of the Central Bank of Jordan.

The consolidated financial statements are prepared on the historical cost basis except for financial assets at fair value through profit and loss and financial assets at fair value through other comprehensive income and financial derivatives which have been measured at fair value at the date of the consolidated financial statements. Moreover fair value hedged assets and liabilities are stated at fair value.

The consolidated financial statements are presented in Jordanian Dinar (JD) which is the functional currency of the Bank.

ARAB JORDAN INVESTMENT BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2023

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries where the Bank holds control over the subsidiaries. The control exists when the Bank controls the subsidiaries significant and relevant activities and is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. All transactions, balances, income and expenses between the Bank and subsidiaries are eliminated. The following subsidiaries were consolidated in the Group's financial statements:

Company's Name	Ownership Percentage	Paid-up capital	Head Quarter	Date of ownership	Company's Objectives
United Arab Jordan Company for Investment and Financial Brokerage	100%	2,500,000	Amman-Jordan	5 February 2002	Financial Brokerage
Al Kawthar for Finance Leasing	100%	4,000,000	Amman-Jordan	8 February 2022	Financial Leasing
Arab Jordan Invest Bank / Qatar	50% + two shares	35,450,000	Doha-Qatar	5 December 2005	Bank activity

The following are the most significant financial information for the subsidiary companies:

	United Arab Jordan Company for Investment and Financial Brokerage		Al Kawthar for Finance Leasing Company		Arab Jordan Investment Bank- Qatar	
	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD
Total assets	3,135,186	2,687,796	4,117,531	4,026,819	182,602,854	179,933,440
Total liabilities	349,817	257,187	33,731	80	143,854,195	141,568,004
Equity	2,785,369	2,430,609	4,083,800	4,026,739	38,748,659	38,365,436

	For the year ending 31 December		For the year ending 31 December		For the year ending 31 December	
	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD
Total revenue	296,765	265,855	259,612	149,434	11,409,088	7,175,655
Total expenses	206,063	529,913	202,551	122,695	8,189,864	4,330,893

The financial statements of the subsidiaries are prepared for the same financial year of the Bank and by using the same accounting policies adopted by the Bank. If the accounting policies adopted by the subsidiaries are different from those used by the Bank the necessary adjustments to the financial statements of the subsidiaries are made to comply with the accounting policies used by the Bank.

The Results of operations of subsidiaries are included in the consolidated statement of income effective from the acquisition date, which is the date of transfer of control over the subsidiary to the Group. The results of operations of subsidiaries disposed are included in the consolidated statement of income up to the effective date of disposal, which is the date of loss of control over the subsidiary.

Non-controlling interest represents the portion that is not owned by the Bank in the owner's equity in the subsidiary companies.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with changes in fair value recognised in the consolidated statement of comprehensive income.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Recognition of Interest Income

The effective interest rate method In accordance with IFRS 9, interest income is recognized using the effective interest rate method for all financial instruments at amortized cost and financial instruments at fair value through the income statement or through other comprehensive income. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial instrument, or, shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortized cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Group 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 consolidated statement of financial position with an increase or reduction in interest income. The adjustment is subsequently amortized through interest and similar income in the consolidated statement of income.

Interest and similar income and expense

For all financial instruments measured at amortized cost, financial instruments designated at fair value through other comprehensive income and fair value through profit or loss, interest income or expense is recorded using the EIR. The calculation takes into account all of 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 group 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.

The Bank also holds investments in assets of countries with negative interest rates. The Bank discloses interest paid on these assets as interest expense.

Fee and commission income

Fee income can be divided into the following two categories:

A. Fee income earned from services that are provided over a certain period of time

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

B. 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 undrawn loan commitments

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

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

The premium received is recognized in the consolidated 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 Group 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 consolidated statement of financial position.

The Group 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.

Segmental Information

Business sector represents a group of assets and operations that jointly provide products or services subject to risks and returns different from those of other business segments. which were measured according to the reports used by the General Manager and the Bank's decision maker.

Geographical sector relates to providing products or services in an economic environment subject to specific risks and returns different from those operating in other sectors of 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.

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 of the regulatory authorities whichever is more conservative in countries where the bank has its branches or subsidiaries.

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

Fair Value

Fair value represents the closing market price (Assets Purchasing/ Liabilities Selling) of financial assets and derivatives on the date of the consolidated financial statements in active markets. In case declared market prices do not exist active trading of some financial assets and derivatives is not available or the market is inactive fair value is estimated by one of several methods including the following:

- Comparison with the fair value of another financial asset with similar terms and conditions.
- Analysis of the present value of expected future cash flows for similar instruments.
- Adoption of the option pricing models.
- Evaluation of long-term assets and liabilities that bear no interest through discounting cash flows and amortizing premium/ discount using the effective interest rate method within interest revenue / expense in the consolidated statement of income.

The valuation methods aim to provide a fair value reflecting the market's expectations taking into consideration the market expected risks and expected benefits when the value of the financial assets. When the financial assets fair value can't be reliably measured, they are stated at cost less any impairment.

Investment in Associate

An associate company is the company whereby the bank exercises effective influence over their decisions related to financial and operational policies without control, with the bank owning from (20%) to (50%) of the voting rights, and is stated in accordance to the equity method.

Under the equity method, the investment in an associates initially recognised at cost, the carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associates since the acquisition date. Goodwill relating to the associates is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated income statement reflects the Group's share of the results of operations of the associates. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income (OCI). In addition, when there has been a change recognised directly in the equity of the associates, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associates.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated income statement within operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

Revenues and expenses resulting from transactions between the Bank and the associate company are eliminated according to the bank's ownership percentage in these company.

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 consolidated 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.

It is not allowed to reclassify any financial assets from/to this category except for certain cases that are specified by the International Financial Reporting Standards (And if in any cases these assets are sold before the maturity date the result of sale will be recorded in the consolidated statement of income in a separated disclosure and caption in according to the International Financial Reporting Standards in specific).

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

Financial Assets at Fair Value through Profit or Loss

It is the financial assets purchased by the bank for the purpose of trading in the near future and achieving gains from the fluctuations in the short-term market prices or trading margins.

Financial assets at fair value through profit or loss are initially stated at fair value at acquisition date (purchase costs are recorded in the consolidated statement of income upon acquisition) and subsequently measured in fair value. Moreover changes in fair value are recorded in the consolidated statement of income including the change in fair value resulting from translation of non-monetary assets stated at foreign currency. Gains or losses resulting from the sale of these financial assets or part of them are taken to the consolidated statement of income.

Dividends and interests from these financial assets are recorded in the consolidated statement of income.

It is not allowed to reclassify any financial assets to / from this category except for the cases specified in International Financial Reporting Standard.

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

Financial Assets at Fair Value through Other Comprehensive Income

These financial assets represents 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Impairment in Financial Assets

Overview of the expected credit losses principles

The adoption of IFRS 9 has fundamentally changed the Group's loan loss impairment method by replacing IAS 39's incurred loss approach with a forward-looking ECL approach as of 1 January 2019.

The Group records 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.

The 12 months 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.

ECL is calculated for the full period of credit exposure and for the probability of default during the 12 months period on an individual basis or collective based on the financial instrument portfolio and the nature of these financial instruments.

The Group 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 Group groups its loans into Stage 1. Stage 2 and Stage 3. as described below:

- Stage 1: When loans are first recognized. the Group recognizes an ECL allowance based on the probability of default during 12 months period. 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 loan has shown a significant increase in credit risk since origination. the Group 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: Loans that are considered credit-impaired. The Group records an allowance for the LTECLs.

The calculation of expected credit losses

The Group calculates the expected credit losses in accordance with the International Financial Reporting Standard Number 9 which is disclosed in Note 4.

Collateral repossessed

The Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Bank's policy.

In its normal course of business, the Bank engages external agents to recover funds from the repossessed assets, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet.

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.

	<u>%</u>
Buildings	2
Equipment furniture and fixtures	9-15
Vehicles	20
Computer	12-25
Solar plant	5
Others	2-12

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

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group 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 Group 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 Group 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 Group and payments of penalties for terminating a lease, if the lease term reflects the Group 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.

Impairment of non-financial assets

The Group 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 asset's 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. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Intangible Assets

A. Goodwill

Goodwill is recognized at cost and represents the excess of the acquisition costs or investment costs in an affiliate or a subsidiary over the net assets fair value of the affiliate or subsidiary as of the acquisition date. Goodwill arises from the investment in the subsidiary recognized as a separate item in intangible assets. Later on, goodwill will be reviewed and reduced by any impairment amount.

Goodwill is allocated to cash generating unit(s) to test impairments in its value.

Impairment testing is done on the date of the consolidated financial statements. Goodwill is reduced if the test indicates that there is impairment in its value, and that the estimated recoverable value of the cash generating unit(s) relating to goodwill is less than the book value of the cash generating unit(s). Impairment is recognized in the consolidated statement of income.

B. Other Intangible assets

Intangible assets purchased in an acquisition are stated at fair value at the date of acquisition. Other intangible assets purchased other than through acquisition are recorded at cost.

Intangible assets are to be classified on the basis of 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 consolidated statement of income. Intangible assets with indefinite lives are reviewed for impairment as of the consolidated financial statements date, and impairment loss is recorded in the consolidated statement of income.

No capitalization of intangible assets resulting from the banks' operations is made. They are rather recorded as an expense in the consolidated statement of income in the same year.

Any indications of impairment in the value of intangible assets as of the consolidated 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 periods.

The Group made upfront payments to acquire patents and licences. The patents have been granted for a period of 10 years by the relevant government agency with the option of renewal at the end of this period. Licences for the use of intellectual property are granted for periods ranging between five and ten years depending on the specific licences. The licences may be renewed at little or no cost to the Group. As a result, those licences are assessed as having an indefinite useful life.

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The intangible assets with a specified useful life appears of cost after deducting the annual amortization. These assets were amortized by using the straight-line method on the useful life using the following percentages:

	%
Software	25
Customer Relationships	20

Provisions

Provisions are recognized when the bank has an obligation on the date of the consolidated financial statement arising from a past event and the costs to settle the obligation is probable and can be reliably measured.

Provision for employees' end-of-service indemnity

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 of the financial statements date.

Income Tax

Income tax expenses represent accrued tax and deferred tax.

Income tax expenses are accounted for on the basis of taxable income. Moreover taxable income differs from income declared in the consolidated financial statements because the latter includes non-taxable revenues or taxable expenses disallowed in the current year but deductible in subsequent years accumulated losses acceptable by the tax law and items not accepted for tax purposes or subject to tax.

Tax are calculated on the basis of the tax rates according to the prevailing laws regulations and instructions of the countries where the bank operates.

Deferred tax are tax expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the consolidated financial statements and the value of the taxable amount. Deferred tax is calculated on the basis of the liability method in the consolidated statement of financial position according to the rates expected to be applied when the tax liability is settled or tax assets are recognized.

Deferred tax assets and liabilities are reviewed as of the date of the consolidated 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 consolidated statement of income.

Accounts Managed 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 such accounts are shown in the consolidated statement of Income. A provision against the impairment in the capital-guaranteed portfolios managed on behalf of customers is taken.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and the Bank intends to either settle them on a net basis or to realize the asset and settle the liability simultaneously.

Realization of Income and Recognition of Expenses

Interest income is realized by using the effective interest method except for interest and commissions from non-performing credit facilities which are not recognized as income and are recorded in the interest and commissions in suspense account.

Expenses are recognised according to the accrual basis.

Commission is recorded as revenue when the related services are provided. moreover dividends are recorded when realized (decided upon by the General Assembly of Shareholders).

Date of Recognizing Financial Assets

Purchases and sales of financial assets are recognized on the trading date (which is the date on which the bank commits itself to purchase or sell the asset).

Hedge Accounting and Financial Derivatives

Financial Derivatives for Hedging:

For the purpose of hedge accounting the financial derivatives appear at fair value.

Fair Value Hedges:

A fair value hedge is a hedge against the exposure to changes in the fair value of the bank's recognised assets or liabilities.

When the conditions of an effective fair value hedge are met the resulting gains and losses from the valuation of the fair value hedge and the change in the fair value of the hedged assets or liabilities is recognised in the consolidated statement of income.

When the conditions of an effective portfolio hedge are met the gain or loss resulting from the revaluation of the hedging instrument at fair value as well as the change in the fair value of the assets or liabilities portfolio are recorded in the consolidated income statement for the same year.

Cash flow Hedges:

Hedge for the change in the current and expected cash flows exposures of the Bank's assets and liabilities.

When the conditions of an effective cash flow hedge are met the gain or loss of the hedging instruments is recognized in the statement of comprehensive income and owner's equity. such gain or loss is transferred to the consolidated statement of income in the period in which the hedge transaction impacts the consolidated statement of income.

When the condition of the effective hedge do not apply the gain or loss resulting from the change in the fair value of the hedging instrument is recorded in the consolidated statement of income the same year.

Assets Seized by the Bank against Due Debts

Assets that have been the subject of foreclosure by the bank are shown under "other assets" at the acquisition value or fair value whichever is lower. As of the consolidated statement of financial position date these assets are revalued individually at fair value. any decline in their market value is taken to the consolidated statement of income as a loss whereas any such increase is not recognized. Subsequent increase is taken to the income statement to the extent it does not exceed the previously recorded impairment.

Repurchase and Resale Agreements

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) will continue to be recognised in the bank's consolidated financial statements due to the bank's continuing exposure to the risks and rewards of these assets using the same accounting policies. (The buyer has the right to control such assets (by sale or pledge as collateral) which are reclassified as financial assets pledged as collateral). The proceeds of the sale are recorded under loans and borrowings. The difference between the sale and repurchase price is recognised as an interest expense over the agreement term using the effective interest method.

Assets purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognised in the bank's consolidated financial statements since the bank is not able to control these assets and since any risks and benefits do not accrue to the bank when they occur. The related payments are recognised as part of deposits at banks and financial institutions or direct credit facilities as applicable. Moreover the difference between the purchase and resale price is recognised in the consolidated statement of income over the agreement term using the effective interest method.

Foreign Currencies

Transactions in foreign currencies during the year are recorded at the exchange rates prevailing at the date of the transactions. Moreover, financial assets and financial liabilities are translated to Jordanian Dinar based on the average exchange rates declared by the Central Bank of Jordan on the date of the consolidated financial statements.

Non-monetary assets and liabilities denominated in foreign currencies and recorded at fair value are translated on the date when their fair value is determined.

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

Translation differences for non-monetary assets and liabilities denominated in foreign currencies (such as equity securities) are recorded as part of the change in fair value.

When consolidating the financial statements assets and liabilities of the branches and subsidiaries abroad are translated from the primary currency to the currency used in the financial statements using the average exchange rates prevailing on the consolidated statement of financial position date and declared by the Central Bank of Jordan. Revenue and expense items are translated using the average exchange rates during the year and exchange differences are shown in a separate item within the consolidated statement of other comprehensive income equity. In case of selling one of the subsidiaries or branches the related amount of exchange difference is booked in revenues/expenses in the consolidated statement of income.

Profit or loss resulting from the foreign exchange of interest-bearing debt instruments and within financial assets at fair value through other comprehensive income is included in the consolidated statement of income. Differences in the foreign currency translation of equity instruments are included in the cumulative change in fair value reserve within owner's equity in the consolidated statement of financial position.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances with central banks 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 funds.

3. Changes in Accounting Policies

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2022 except for the adoption of new amendments on the standards effective as of 1 January 2023 shown below:

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 consolidated 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 consolidated 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 recognised 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 consolidated 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 consolidated financial statements as the Bank is not in scope of the Pillar Two model rules as its revenue is less than EUR 750 million/year.

4. Significant Judgments and Estimates Used

Use of Estimate:

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions as well as fair value changes reported in equity. In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

The management believes that their estimates are reasonable' and are as follows:

A. EXPECTED CREDIT LOSS FOR DIRECT CREDIT FACILITIES

In determining provision for expected credit loss for direct credit facilities, important judgement is required from the bank's management in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

Inputs, assumptions and techniques used for ECL calculation – IFRS 9 Methodology

Key concepts in IFRS 9 that have the most significant impact and require a high level of judgment, as considered by the Bank while determining the impact assessment, including the following:

- **Detailed explanation of the bank's internal credit rating system and its working mechanism.**
- The Bank relies on Moody's RA application to classify corporate credit risk ratings, which reviews and analyzes financial and objective information about the borrower, The program generates a comprehensive assessment of the creditworthiness of the borrower, that results in the probability of default (PD), The system classifies the corporate customers within 7 levels of active accounts and 3 levels of non- performing accounts, The probability of default (PD) increase with the level of risk, wherein, 3 segments are adopted at each level (grade) except for grade 1 as shown in the table below:

Risk Grade of the Customer	Credit Rating	Credit Quality
1	Aaa	Exceptional business credit, judged to be of highest quality, with minimal credit risk.
2+	Aa1	Very good business credit with very low credit risk.
2	Aa2	
2-	Aa3	
3+	A1	Low credit risk facilities.
3	A2	
3-	A3	
4+	Baa1	Moderate credit risk facilities.
4	Baa2	
4-	Baa3	
5+	Ba1	High credit risk facilities.
5	Ba2	
5-	Ba3	
6+	B1	Very high credit risk facilities,
6	B2	
6-	B3	
7+	Caa1	Weak Business credit: judged to be of poor standing and subject to very high credit risk.
7	Caa2	
7-	Caa3	
8	Default Ca	Substandard facilities.
9	Default Ca	Doubtful facilities.
10	Default Ca	Loss facilities.

- Risk of individuals is measured based on portfolio valuation through customer behaviour records and their commitment for timely payments.

- Global ratings are used to measure the risk of other financial assets (fixed-rate financial instruments and credit claims on banks and financial institutions).

- **The mechanism for calculating expected credit losses (ECL) on financial instruments and for each item separately.**

The Bank has adopted a special mechanism for calculating expected credit losses based on the type of financial instrument:

- Financial instruments for the portfolio of companies and instruments with fixed income and credit claims on banks and financial institutions:

In calculating the expected credit losses for this portfolio, the Bank relies on a specialized and developed system from Moody's, Each customer/ instrument is calculated individually at the level of each account/ instrument.

- Portfolio financial instruments:

In collaboration with Moody's, the Bank has developed a retail portfolio model to calculate expected credit loss based on the requirements of the Standard, The provision for the Retail Portfolio is calculated on an aggregate basis.

Governs the application of the requirements of IFRS 9 and includes the responsibilities of the board of directors and executive management to ensure compliance with the requirements of the IFRS.

The Board of Directors has several specialized committees, each with its own objectives and to implement the Standard,

- **Risk Management Committee**

- Review the implementation strategy of the standard and its impact on the risk management of the bank before its adoption by the Board.
- Keeping pace with developments affecting the Bank's risk management and reporting periodically to the Board.
- Verify that there is no difference between the actual risks taken by the Bank and the level of acceptable risks approved by the Board.
- To create the appropriate conditions to ensure the identification of risks that have a material impact and any activities carried out by the Bank that could expose it to risks greater than the acceptable risk level, report to the Board and follow up on their treatment.

- **Audit Committee**

- Review the financial statements after application of the Standard to verify the orders of the Central Bank of Jordan regarding the adequacy of the provisions and to give an opinion on the non-performing bank debts before submitting them to the Board of Directors.
- Review the observations contained in the reports of the Central Bank and the reports of the external auditor and follow up the actions taken thereon.
- Review the accounting issues that have a significant impact on the financial statements of the Bank and ensure the accuracy of the accounting and control procedures and their compliance.

- **Financial Department**

- Calculate ECL and customer classification based on the three stages quarterly in accordance with the accounting standards requirements and the Central Bank of Jordan requirements and the acquaintance of the executive management on the results of calculation.
- Make necessary accounting adjustments and restrictions after the results are approved and verify that all products have been calculated.
- Prepare the necessary disclosures in cooperation with the concerned departments in the bank in accordance with the requirements of the standard and the instructions of the Central Bank.

- **Risk Management Department**

- Participate with the departments in the development and construction of the business model, including the classification of the Bank's financial assets in accordance with the principles of IFRS 9.
- Calculate the ECL then classify the customers based on the three stages quarterly in accordance with the accounting standards requirements and the Central Bank of Jordan requirements and the acquaintance of the executive management on the results of calculation.
- Review and approve risk factors in accordance with the bank methodology and policy.
- * Definition and mechanism for calculating and monitoring the probability of default (PD) and exposure at default (EAD) and loss given default (LGD).

Corporate and fixed-income financial instruments and credit claims on banks and financial institutions:

- **Probability of default (PD):** The percentage of the probability of the borrower defaulting or failing to meet the payment of the instalments or obligations towards the bank on its due dates.

The probability of default is calculated for each customer using **Moody's Credit Lens**, which is based on the customer's financial data and / or based on the objective evaluation of the customer.

The system has three calculation models to reach the default rate:

- A, Large and medium-sized companies (with financial statements).
- B, Small businesses (without financial statements).
- C, Individuals with high solvency.

- **Loss given Default (LGD)**

The percentage that represents the portion of the exposure that will be lost in case of default

The Loss Given Default (LGD) is calculated through a specialized system from Moody's, The system has a model calculation that is used to reach the (LGD):

- A. Clean Basis Exposure: The loss ratio is calculated based on the economic sector, the probability of default and the geographical area of the customer.
 - B. Exposure to acceptable collateral Credits: which include the covered and unsecured portion, are considered when calculating losses at default, Haircut ratios are defined in accordance with the requirements of the Central Bank of Jordan.
- **Exposure at Default (EAD):** This is the present value of used and unused facilities at defaults, in addition to any outstanding receivables, plus any accrued interest not received.

All the above ratios shall be entered at the level of each account / instrument together with details of facilities / financial instruments on the expected credit loss calculation system which also calculates exposure at default (**EAD**).

Retail Portfolio:

- **Probability of Default (PD): is** calculated based on the relationship between the historical regression ratios of each product and the economic variables.
- **Loss Given Default (LGD) is** calculated based on historical bad debts compared with its time of default.
- **Exposure at default (EAD)** for both personal loans and housing loans is calculated based on future cash flows (cash flows according to repayment schedules) For credit cards, credit exposure is assumed to be equal to the current outstanding balance plus a certain percentage of the unutilized balance Based on a study by Moody's.

Determines the significant change in credit risk that the Bank has relied on in calculating the expected credit losses.

Stage	Nature of the accounts within the stage.
First Stage Stage 1 (First recognition)	<ul style="list-style-type: none"> - Regular financial instruments - Financial instruments with less than 30 days' receivables. - Customers with a risk rating of -6 and below. - Bonds and financial investments with a credit rating of B1 and above according to Moody's.
Second Stage Stage 2 (Credit quality decline)	<p>Regular financial instruments that have shown a significant increase in credit risk since the date of initial recognition.</p> <ul style="list-style-type: none"> - Financial instruments that have dues from 30-90 days. - Current and under-exposed accounts if the period of non-payment is more than 30 days and less than 90 days. - Customers with a risk score of +7, 7, and 7. - Bonds and financial investments that carry a credit rating between B1 and Caa3. - A decline in the possibility of stumbling to the customer by 2% and above. - A decline in the credit rating since the initial recognition of bonds and financial investments by four degrees or more. - All accounts classified under observation. - The ceilings that have expired and have not been renewed or have not been postponed. - All performing Credit Cards
Third Stage Stage 3 (Decrease in credit value)	<p>Unregulated financial instruments that have objective evidence / evidence to default with a negative impact on the future cash flow of the financial instrument.</p>

1. The Bank's policy in identifying the common elements on which the credit risk and expected credit loss were measured on a collective basis.

The Retail Portfolio is calculated on a lump sum basis, The portfolio was divided into three categories:

- 1) Personal loans
- 2) Housing loans.
- 3) Credit cards.

These categories share the same credit characteristics:

- 1) Credit Product Type
- 2) Quality of guarantees

- **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- Oil prices
- The bank uses 3 scenarios to reach a probable value when to estimate the expected credit losses as follows:
 - 1- Main scenario(Baseline) weighted 40%
 - 2- Best scenario(Optimistic S1) weighted 30%
 - 3- Worst case scenario 1 (Pessimistic S3) weighted 30%

The primary scenario is (Baseline) given a 40% weightage, the most favorable scenario (Optimistic S1) gets a 30% weightage, and the first negative scenario is (Pessimistic S3) weighted at 30% too. These weighted probabilities are taken into account to compute a cumulative estimated value of potential credit loss for individuals.

These scenarios are extracted from Data Buffet system of Moodys in 14 historical values format and 20 future estimated value(Forecasted) for all the previously mentioned macroeconomic indicators.

The probable options are estimated according to the best approximation related to the historical probability and current affairs, The probable scenarios are evaluated every three months, All scenarios are implemented to all the wallets that are subject to expected credit losses for 2023 and 2022.

The bank altered the scenarios used for calculating expected credit losses starting from 1 January 2023. The second worst-case scenario (Pessimistic S4) was eliminated, and the pre-COVID-19 probabilities and weightings for measuring expected credit losses were reinstated.

- **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.

B. INCOME TAX

Income tax expenses represent accrued tax and deferred tax.

Income tax expenses are accounted for on the basis of taxable income, Moreover taxable income differs from income declared in the consolidated financial statements because the latter includes non-taxable revenues or taxable expenses disallowed in the current year but deductible in subsequent years accumulated losses acceptable by the tax law and items not accepted for tax purposes or subject to tax.

Taxes are calculated on the basis of the tax rates according to the prevailing laws regulations and instructions of the countries where the bank operates.

Deferred tax are tax expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the consolidated financial statements and the value of the taxable amount, Deferred tax is calculated on the basis of the liability method in the consolidated statement of financial position according to the rates expected to be applied when the tax liability is settled or tax assets are recognized.

Deferred tax assets and liabilities are reviewed as of the date of the consolidated 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.

C. FAIR VALUE

Fair value represents the closing market price (Assets Purchasing / Liabilities Selling) of financial assets and derivatives on the date of the consolidated financial statements in active markets, In case declared market prices do not exist active trading of some financial assets and derivatives is not available or the market is inactive fair value is estimated by one of several methods including the following:

- Comparison with the fair value of another financial asset with similar terms and conditions.
- Analysis of the present value of expected future cash flows for similar instruments.
- Adoption of the option pricing models.
- Evaluation of long-term assets and liabilities that bear no interest through discounting cash flows and amortizing premium/ discount using the effective interest rate method within interest revenue/ expense in the consolidated statement of income.

The valuation methods aim to provide a fair value reflecting the market's expectations taking into consideration the market expected risks and expected benefits when the value of the financial assets, When the financial assets fair value can't be reliably measured, they are stated at cost less any impairment.

D. THE USEFUL LIFE OF PROPERTIES, MACHINES, EQUIPMENT, 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.

E. DETERMINING THE DURATION OF LEASE CONTRACTS

The Bank defines the duration of a lease contract as an uncancelable period, taking into consideration the periods covered by an option to extend the lease if it's certain that such an option will be exercised, or any periods associated with an option to terminate the lease, if it's certain that the bank will not exercise this option.

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5. Cash and Balances at Central Bank of Jordan

This item consists of the following:

	2023	2022
	JD	JD
Cash in vaults	22,039,312	20,287,267
Balances at Central Bank of Jordan:		
Statutory Cash reserve	77,819,900	69,533,434
Current accounts	351,286,036	251,867,952
Total	<u>451,145,248</u>	<u>341,688,653</u>

Except for the statutory cash reserve there are no restricted balances at the Central Bank of Jordan as of 31 December 2023 and 2022.

There are no certificates of deposits maturing in the period exceeding three months as of 31 December 2023 and 2022.

Cash and balances at the Central Bank of Jordan classification based on the Bank's internal credit rating is as follows:

	2023			2022
	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Low risk (2-6)	429,105,936	-	-	429,105,936
Acceptable risk (7)	-	-	-	-
High risk (8-10)	-	-	-	-
Total balances as of 31 December	<u>429,105,936</u>	<u>-</u>	<u>-</u>	<u>429,105,936</u>
				<u>321,401,386</u>

- The probability of default for the low risk classification varies between 0% and 0% in the prior year.

The movement on balances at Central Bank of Jordan as follows:

	2023			2022
	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Total balances as of 1 January	321,401,386	-	-	257,373,420
New balances	125,853,165	-	-	81,452,327
Paid balances	(18,148,615)	-	-	(17,424,361)
Total Balances as of 31 December	<u>429,105,936</u>	<u>-</u>	<u>-</u>	<u>321,401,386</u>

The movement on expected credit losses for balances at Central Bank of Jordan as follows:

	2023			2022
	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Total balances as of 1 January	-	-	-	-
New balances	-	-	-	-
Paid balances	-	-	-	-
Total balances as of 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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6. Balances at Banks and Financial Institutions- net

This item consists of the following:

Description	Local banks and financial institutions		Foreign banks and financial institutions		Total	
	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD
Current and call accounts	1,115,899	687,636	27,190,892	91,898,411	28,306,791	92,586,047
Deposits maturing within 3 months or less	<u>50,000,000</u>	<u>10,000,000</u>	<u>213,641,033</u>	<u>201,479,619</u>	<u>263,641,033</u>	<u>211,479,619</u>
	51,115,899	10,687,636	240,831,925	293,378,030	291,947,824	304,065,666
Less: Expected credit losses provision	-	-	(100,277)	(105,999)	(100,277)	(105,999)
Total	<u>51,115,899</u>	<u>10,687,636</u>	<u>240,731,648</u>	<u>293,272,031</u>	<u>291,847,547</u>	<u>303,959,667</u>

The balances at banks and financial institutions that bears no interest amounted to JD 28,306,791 as of 31 December 2023 (JD 92,586,047 as of 31 December 2022).

There are no restricted balances at banks and financial institutions as of 31 December 2023 and 2022.

Balances at banks and financial institutions' classification based on the Bank's internal credit rating.

	2023			2022	
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk (2-6)	289,003,624	-	-	289,003,624	290,462,148
Acceptable risk (7)	-	2,944,200	-	2,944,200	13,603,518
High risk (8-10)	-	-	-	-	-
Total	<u>289,003,624</u>	<u>2,944,200</u>	<u>-</u>	<u>291,947,824</u>	<u>304,065,666</u>

- The probability of default for the low risk classification varies between 0 - 1.04% and 0 -1.42% in the prior year.
- The probability of default for the acceptable risk classification varies between 0 - 1.02% and 0 - 1.26% in the prior year.

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

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total Balances as of 1 January	290,462,148	13,603,518	-	304,065,666	261,711,596
New balances	233,689,880	251,464	-	233,941,344	165,214,749
Paid balances	(235,148,404)	(10,910,782)	-	(246,059,186)	(122,860,679)
Total Balances as of 31 December	<u>289,003,624</u>	<u>2,944,200</u>	<u>-</u>	<u>291,947,824</u>	<u>304,065,666</u>

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

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total Balances as of 1 January	55,857	50,142	-	105,999	118,649
Transferred balances resulted from the acquisition	17,449	-	-	17,449	-
New balances	14,889	-	-	14,889	-
Paid balances	(28,360)	-	-	(28,360)	(12,650)
Transferred account	(9,700)	-	-	(9,700)	-
Total Balances as of 31 December	50,135	50,142	-	100,277	105,999

7. Deposits at Banks and Financial Institutions - net

This Item consists of the following:

<u>Description</u>	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD
Deposits maturing within 3-6 months	-	-	-	5,822,560	-	5,822,560
Deposits maturing within 9 months	-	-	28,570,223	-	28,570,223	-
	-	-	28,570,223	5,822,560	28,570,223	5,822,560
Less: provision for expected credit losses	-	-	(22,350)	(12,650)	(22,350)	(12,650)
Total	-	-	28,547,873	5,809,910	28,547,873	5,809,910

- There are no restricted balances at banks and financial institutions of 31 December 2023 and 2022.
- There are no restricted deposits as of 31 December 2023 and 2022.

Distribution of deposits at banks and financial institutions according to the Bank's internal credit rating:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk (2-6)	10,635,000	-	-	10,635,000	-
Acceptable risk (7)	-	17,935,223	-	17,935,223	5,822,560
High risk (8-10)	-	-	-	-	-
Total	10,635,000	17,935,223	-	28,570,223	5,822,560

- The probability of default varies to 1.02% compare 1.26% in the prior period.

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

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total Balances as of 1 January	-	5,822,560	-	5,822,560	-
New balances	10,635,000	17,935,223	-	28,570,223	5,822,560
Paid balances	-	(5,822,560)	-	(5,822,560)	-
Total Balances as of 31 December	10,635,000	17,935,223	-	28,570,223	5,822,560

The movement on the expected credit losses for deposits at banks and financial as follows:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total Balances as of 1 January	-	12,650	-	12,650	-
Transferd balances	-	9,700	-	9,700	-
New balances	-	-	-	-	12,650
Paid balances	-	-	-	-	-
Total Balances as of 31 December	-	22,350	-	22,350	12,650

8. Financial Assets at Fair value Through Profit or Loss

This item consists of the following:

	2023	2022
	JD	JD
Quoted equity shares	-	663,897

* There are no pledged financial assets as of 31 December 2022.

9. Financial Assets at Fair Value Through other Comprehensive Income

Financial assets at fair value through comprehensive income classified based on IFRS 9:

	2023	2022
	JD	JD
Quoted financial assets:		
Corporate shares	16,618,430	17,335,234
Total quoted financial assets	16,618,430	17,335,234
Unquoted financial assets:		
Corporate shares	16,707,722	15,674,554
Total unquoted financial assets	16,707,722	15,674,554
Total	33,326,152	33,009,788

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Losses from sale financial assets through other comprehensive income amounted to JD 579 for the year ended at 31 December 2023 (Zero JD for the year ended at 31 December 2022).

Cash dividends on the investments above amounted to JD 815,823, for the year ended 31 December 2023 (JD 446,372 for the year ended 31 December 2022).

There are no pledged financial assets as of 31 December 2023 and 2022.

10. Direct Credit Facilities - Net

This item consists of the following:

	<u>2023</u>	<u>2022</u>
	JD	JD
Individuals (Retail)		
Loans *	239,010,482	228,922,366
Credit cards	8,329,045	6,415,799
Housing loans	134,059,208	129,815,573
Large companies		
Loans *	307,142,405	267,242,333
Overdraft	72,000,279	76,867,171
Small and medium companies		
Loans *	37,340,660	35,204,825
Overdraft	18,331,414	13,697,887
Government & public sector	58,169,861	72,284,441
Total	<u>874,383,354</u>	<u>830,450,395</u>
<u>Less:</u> provision for expected credit losses	(23,081,208)	(13,820,415)
<u>Less:</u> Interest in suspense	<u>(3,727,626)</u>	<u>(2,488,116)</u>
Net credit facilities	<u>847,574,520</u>	<u>814,141,864</u>

* Net after deducting interests and commission received in advance.

- Non-performing credit facilities amounted to 17,423,674, representing 1.99% of direct credit facilities balance as of 31 December 2023 (JD 9,519,530 representing 1.15% of the direct credit facilities balance as of 31 December 2022).
- Non-performing credit facilities net of interest in suspense amounted to JD 15,276,659 representing 1.75% of direct credit facilities balance net of interest in suspense as of 31 December 2023 (JD 8,626,343 representing 1.04% of the direct credit facilities balance as of 31 December 2022).
- Credit facilities granted to and guaranteed by the Jordanian Government amounted to JD 54,226,794, representing 6.20% of total direct credit facilities as of 31 December 2023 (JD 83,222,561 representing 10.02% of direct credit facilities balance as of 31 December 2022).

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The movement on the direct credit facilities:

	2023					2022	
	Individual	Small and medium companies	Corporate	Real Estate Loans	Government and Public Sector	Total	Total
						JD	JD
Balance as of 1 January	235,338,165	48,902,712	344,109,504	129,815,573	72,284,441	830,450,395	886,144,294
Transferred balances resulted from the acquisition of SCB Jordan branch	5,164,512	4,717,588	30,816,901	11,695,995	-	52,394,996	-
Transferred balances resulted from the acquisition of NBK Jordan branch	-	-	-	-	-	-	8,821,950
New balances through the year	49,184,813	14,745,659	72,526,976	13,555,757	1,339,200	151,352,405	203,735,097
Repaid balances	(40,281,611)	(7,810,834)	(74,982,602)	(17,373,851)	(15,453,780)	(155,902,678)	(237,264,155)
Net transferred in stage 1	(8,643,243)	(3,500,575)	(28,922,749)	(9,030,190)	-	(50,096,757)	(20,751,013)
Net transferred in stage 2	2,889,963	1,516,072	28,922,749	8,114,569	-	41,443,353	16,013,089
Net transferred in stage 3	5,753,280	1,984,503	-	915,621	-	8,653,404	4,737,924
Net effect resulted by changes on categories of stages	(158,559)	(731,623)	(866,866)	(1,405,079)	-	(3,162,127)	(3,239,819)
Changes from adjustments	-	(1,639,479)	7,999,320	(370,471)	-	5,989,370	(19,780,650)
Transferred to off balance sheet	(1,857,634)	(2,511,949)	-	(1,848,318)	-	(6,217,901)	(7,966,322)
Written off balances	(50,159)	-	(460,549)	(10,398)	-	(521,106)	-
Balance as of 31 December	247,339,527	55,672,074	379,142,684	134,059,208	58,169,861	874,383,354	830,450,395

Provision for expected credit losses of direct credit facilities:

	2023					2022	
	Individual	Small and medium companies	Corporate	Real Estate Loans	Government and Public Sector	Total	Total
						JD	JD
Balance as of 1 January	5,083,156	2,957,810	4,037,122	1,687,482	54,845	13,820,415	19,011,542
Expected credit losses on balances resulted from acquisition of SCB Jordan branch	335,449	615,526	793,789	1,563,265	-	3,308,029	-
Expected credit losses on balances resulted from acquisition of NBK Jordan branch	-	-	-	-	-	-	249,295
Expected credit losses on new balances through the year	3,903,240	1,495,303	4,110,282	1,496,927	-	11,005,752	1,764,315
Expected credit losses on repaid balances	(849,837)	(356,775)	(1,117,150)	(721,819)	-	(3,045,581)	(2,013,176)
Net transferred in stage 1	(88,364)	(9,376)	(138,485)	17,041	-	(219,184)	219,277
Net transferred in stage 2	2,149	(143,984)	138,485	42,964	-	39,614	77,107
Net transferred in stage 3	86,215	153,360	-	(60,005)	-	179,570	(296,384)
Net effect on expected credit losses resulted by changes on categories of stages	1,404,341	315,851	115,925	193,688	-	2,029,805	803,335
Changes on expected credit losses from adjustments	(169,158)	(253,398)	(605,052)	4,382	-	(1,023,226)	(189,565)
Transferred to off balance sheet	(508,093)	(1,194,033)	-	(790,754)	-	(2,492,880)	(5,571,448)
Written off balances	(50,159)	-	(460,549)	(10,398)	-	(521,106)	(233,883)
Balance as of 31 December	9,148,939	3,580,284	6,874,367	3,422,773	54,845	23,081,208	13,820,415
Redistribution:							
Provisions as Individual level	1,829,887	3,580,284	6,874,367	1,162,748	54,845	13,502,131	9,164,486
Provision as Aggregate level	7,319,052	-	-	2,260,025	-	9,579,077	4,655,929
Rate of provision coverage	3,7%	6,43%	1,81%	2,55%	0,09%	2,64%	1,66%

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- The provisions no longer required amounted to JD 3,045,581 for the year ended 31 December 2023 (JD 2,013,176 for the year ended 31 December 2022).

Direct credit facilities of individuals distributed into Credit rating categories based on Bank's internal system:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk (2-6)	223,110,717	-	-	223,110,717	221,131,288
Acceptable risk (7)	-	17,077,322	-	17,077,322	11,992,075
High risk (8-10)	-	-	7,151,488	7,151,488	2,214,802
Total	223,110,717	17,077,322	7,151,488	247,339,527	235,338,165

- The probability of low risks default ranges from 0 - 8.62% compared to 0.16% - 8.62 % from the previous year.
- The probability of acceptable risks default ranges from 1.04% - 84.12% versus 1.41% - 87.86% from the previous year.
- The probability of high risks default is 100% compared to 100% from the previous year.

Movement on the direct credit facilities for individuals:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January	221,131,288	11,992,075	2,214,802	235,338,165	176,066,479
Transferred balances resulted from the acquisition of SCB Jordan branch	4,110,169	862,741	191,602	5,164,512	-
Transferred balances resulted from the acquisition of NBK Jordan branch	-	-	-	-	865,765
New balances through the year	44,402,672	4,289,702	492,439	49,184,813	117,252,199
Repaid balances	(37,437,396)	(2,532,582)	(311,633)	(40,281,611)	(55,377,523)
Net transferred in stage 1	974,404	(770,540)	(203,864)	-	-
Net transferred in stage 2	(5,056,648)	5,116,242	(59,594)	-	-
Net transferred in stage 3	(4,560,999)	(1,455,739)	6,016,738	-	-
Net effect resulted by changes on categories of stages	(368,074)	(64,112)	273,627	(158,559)	(110,879)
Changes from adjustments	-	-	-	-	-
Transferred to off balance sheet	(84,699)	(360,465)	(1,412,470)	(1,857,634)	(3,357,876)
Written off balances	-	-	(50,159)	(50,159)	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December	223,110,717	17,077,322	7,151,488	247,339,527	235,338,165

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Movement on expected credit losses of individual facilities:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January	3,318,108	522,638	1,242,410	5,083,156	6,672,600
Expected credit losses on balances resulted from acquisition of SCB Jordan branch	39,678	187,560	108,211	335,449	-
Expected credit losses on balances resulted from acquisition of NBK Jordan branch	-	-	-	-	8,624
Expected credit losses on new balances through the year	1,803,278	157,072	1,942,890	3,903,240	840,430
Expected credit losses on repaid balances	(635,898)	(141,955)	(71,984)	(849,837)	(1,410,301)
Net transferred in stage 1	89,544	(38,932)	(50,612)	-	-
Net transferred in stage 2	(90,084)	104,504	(14,420)	-	-
Net transferred in stage 3	(87,824)	(63,423)	151,247	-	-
Net effect on expected credit losses resulted by changes on categories of stages	(77,800)	109,333	1,372,808	1,404,341	300,916
Changes on expected credit losses from adjustments	(42,044)	(114,158)	(12,956)	(169,158)	(4,360)
Transferred to off balance sheet	(40,895)	-	(467,198)	(508,093)	(1,090,870)
Written off balances	-	-	(50,159)	(50,159)	(233,883)
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December	4,276,063	722,639	4,150,237	9,148,939	5,083,156
Rate of provision coverage	1.92%	4.23%	58.03%	3.70%	2.16%

Direct credit facilities of Small and medium companies distributed into Credit rating categories based on Bank's internal system:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk (2-6)	38,445,913	-	-	38,445,913	34,208,579
Acceptable risk (7)	-	10,917,506	-	10,917,506	10,567,355
High risk (8-10)	-	-	6,308,655	6,308,655	4,126,778
Total	38,445,913	10,917,506	6,308,655	55,672,074	48,902,712

- The probability of default for the low risk ranges from 0.05% - 5.40% compared to from 0.04% - 5.67% in the prior year.
- The probability of default for the acceptable risk ranges from 0.11% - 22.88% compared to 0.95% - 21.36% in the prior year.
- The probability of high risks default is 100% compared to 100% in the previous year.

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Movement on the direct credit facilities for small and medium companies:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January	34,208,579	10,567,355	4,126,778	48,902,712	40,528,782
Transferred balances resulted from the acquisition of SCB Jordan branch	3,450,901	-	1,266,687	4,717,588	-
Transferred balances resulted from the acquisition of NBK Jordan branch	-	-	-	-	-
New balances through the year	11,857,912	2,543,530	344,217	14,745,659	17,469,793
Repaid balances	(5,945,848)	(1,859,507)	(5,479)	(7,810,834)	(7,348,551)
Net transferred in stage 1	569,015	(569,015)	-	-	-
Net transferred in stage 2	(3,873,931)	3,873,931	-	-	-
Net transferred in stage 3	(195,659)	(1,788,844)	1,984,503	-	-
Net effect resulted by changes on categories of stages	(5,856)	(919,108)	193,341	(731,623)	(566,983)
Changes from adjustments	(1,619,200)	(20,279)	-	(1,639,479)	(326,591)
Transferred to off balance sheet	-	(910,557)	(1,601,392)	(2,511,949)	(853,738)
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December	38,445,913	10,917,506	6,308,655	55,672,074	48,902,712

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Movement on expected credit losses of small and medium compaines facilities:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January	1,321,779	558,911	1,077,120	2,957,810	3,565,587
Expected credit losses on balances resulted from acquisition of SCB Jordan branch	-	-	615,526	615,526	-
Expected credit losses on balances resulted from acquisition of NBK Jordan branch	-	-	-	-	-
Expected credit losses on new balances through the year	173,099	126,780	1,195,424	1,495,303	27,016
Expected credit losses on repaid balances	(77,947)	(193,606)	(85,222)	(356,775)	(24,655)
Net transferred in stage 1	-	-	-	-	-
Net transferred in stage 2	(7,954)	7,954	-	-	-
Net transferred in stage 3	(1,422)	(151,938)	153,360	-	-
Net effect on expected credit losses resulted by changes on categories of stages	-	13,222	302,629	315,851	232,440
Changes on expected credit losses from adjustments	(51,873)	(201,525)	-	(253,398)	25,946
Transferred to off balance sheet	-	-	(1,194,033)	(1,194,033)	(868,524)
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December	1,355,682	159,798	2,064,804	3,580,284	2,957,810
Rate of provision coverage	3.53%	1.46%	32.73%	6.43%	6.05%

Direct credit facilities of corporate distributed into Credit rating categories based on Bank's internal system:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk (2-6)	285,169,145	-	-	285,169,145	290,366,221
Acceptable risk (7)	-	93,973,539	-	93,973,539	53,743,283
High risk (8-10)	-	-	-	-	-
Total	285,169,145	93,973,539	-	379,142,684	344,109,504

- The probability of default for the low risk ranges between 0.05% - 5.08% compared to 0 - 5.13% in the prior year.
- The probability of default for the acceptable risk ranges between 0.75% - 15.43% compared to 1.91% - 48.76% in the prior year.

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Movement on the direct credit facilities for corporate:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January	290,366,221	53,743,283	-	344,109,504	459,839,512
Transferred balances resulted from the acquisition of SCB Jordan branch	15,875,781	14,941,120	-	30,816,901	-
Transferred balances resulted from the acquisition of NBK Jordan branch	-	-	-	-	3,838,014
New balances through the year	61,028,738	11,498,238	-	72,526,976	31,801,045
Repaid balances	(60,062,038)	(14,920,564)	-	(74,982,602)	(126,088,995)
Net transferred in stage 1	282,043	(282,043)	-	-	-
Net transferred in stage 2	(29,204,792)	29,204,792	-	-	-
Net transferred in stage 3	-	-	-	-	-
Net effect resulted by changes on categories of stages	(200,004)	(666,862)	-	(866,866)	(3,206,713)
Changes from adjustments	7,083,196	916,124	-	7,999,320	(18,852,732)
Transferred to off balance sheet	-	-	-	-	(3,220,627)
Written off balances	-	(460,549)	-	(460,549)	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December	285,169,145	93,973,539	-	379,142,684	344,109,504

Movement on expected credit losses of corporate facilities:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January	875,540	3,161,582	-	4,037,122	6,816,431
Expected credit losses on balances resulted from acquisition of SCB Jordan branch	-	793,789	-	793,789	-
Expected credit losses on balances resulted from acquisition of NBK Jordan branch	-	-	-	-	131,555
Expected credit losses on new balances through the year	-	4,110,282	-	4,110,282	570,638
Expected credit losses on repaid balances	(368,198)	(748,952)	-	(1,117,150)	(150,605)
Net transferred in stage 1	24,468	(24,468)	-	-	-
Net transferred in stage 2	(162,953)	162,953	-	-	-
Net transferred in stage 3	-	-	-	-	-
Net effect on expected credit losses resulted by changes on categories of stages	(24,455)	140,380	-	115,925	51,397
Changes on expected credit losses from adjustments	(79,260)	(525,792)	-	(605,052)	(206,388)
Transferred to off balance sheet	-	-	-	-	(3,175,906)
Written off balances	-	(460,549)	-	(460,549)	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December	265,142	6,609,225	-	6,874,367	4,037,122
Rate of provision coverage	0,09%	7,03%	0,00%	1,81%	1,17%

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Direct credit facilities of real estate loans distributed into Credit rating categories based on Bank's internal system:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk (2-6)	99,694,410	-	-	99,694,410	106,102,300
Acceptable risk (7)	-	30,401,267	-	30,401,267	20,535,323
High risk (8-10)	-	-	3,963,531	3,963,531	3,177,950
Total	99,694,410	30,401,267	3,963,531	134,059,208	129,815,573

- The probability of default for the low risk ranges between 0.09% - 2.70% compared to 0 - 5.09% in the prior year.
- The probability of default for the acceptable risk ranges between 1.25% - 8.01% compared to 0.81% - 9.09 % in the prior year.
- The probability of default for the high risk is 100% compared to 100% from the prior year.

Movement on the direct credit facilities for real estate loans:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January	106,102,300	20,535,323	3,177,950	129,815,573	114,486,754
Transferred balances resulted from the acquisition of SCB Jordan branch	6,069,912	3,315,910	2,310,173	11,695,995	-
Transferred balances resulted from the acquisition of NBK Jordan branch	-	-	-	-	4,118,171
New balances through the year	12,860,503	695,254	-	13,555,757	28,389,584
Repaid balances	(15,973,230)	(703,920)	(696,701)	(17,373,851)	(16,688,284)
Net transferred in stage 1	3,478,087	(3,469,070)	(9,017)	-	-
Net transferred in stage 2	(12,066,769)	12,488,509	(421,740)	-	-
Net transferred in stage 3	(441,508)	(904,870)	1,346,378	-	-
Net effect resulted by changes on categories of stages	45,984	(1,507,591)	56,528	(1,405,079)	644,756
Changes from adjustments	(370,471)	-	-	(370,471)	(601,327)
Transferred to off balance sheet	-	(48,278)	(1,800,040)	(1,848,318)	(534,081)
Written off balances	(10,398)	-	-	(10,398)	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December	99,694,410	30,401,267	3,963,531	134,059,208	129,815,573

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Movement on expected credit losses of real estate loans facilities:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January	481,463	416,854	789,165	1,687,482	1,902,079
Expected credit losses on balances resulted from acquisition of SCB Jordan branch	-	50,511	1,512,754	1,563,265	-
Expected credit losses on balances resulted from acquisition of NBK Jordan branch	-	-	-	-	109,116
Expected credit losses on new balances through the year	141,231	1,355,696	-	1,496,927	326,231
Expected credit losses on repaid balances	(104,858)	(144,279)	(472,682)	(721,819)	(427,615)
Net transferred in stage 1	55,980	(54,566)	(1,414)	-	-
Net transferred in stage 2	(37,489)	129,170	(91,681)	-	-
Net transferred in stage 3	(1,450)	(31,640)	33,090	-	-
Net effect on expected credit losses resulted by changes on categories of stages	(51,282)	(56,961)	301,931	193,688	218,582
Changes on expected credit losses from adjustments	4,382	-	-	4,382	(4,763)
Transferred to off balance sheet	-	(426)	(790,328)	(790,754)	(436,148)
Written off balances	(10,398)	-	-	(10,398)	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December	477,579	1,664,359	1,280,835	3,422,773	1,687,482
Rate of provision coverage	0.48%	5.47%	32.32%	2.55%	1.30%

Direct credit facilities of government and public sector distributed into Credit rating categories based on Bank's internal system:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk (2-6)	55,238,888	-	-	55,238,888	68,141,345
Acceptable risk (7)	-	2,930,973	-	2,930,973	4,143,096
High risk (8-10)	-	-	-	-	-
Total	55,238,888	2,930,973	-	58,169,861	72,284,441

- The probability of default for the low risk ranges between zero compared to 0 - 1.23% in the prior year.
- The probability of default for the acceptable risk ranges between 1.37% compared to 1.37% - 1.71 % in the prior year.

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Movement on the direct credit facilities for government and public sector:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January	68,141,345	4,143,096	-	72,284,441	95,222,767
New balances through the year	1,339,200	-	-	1,339,200	8,822,476
Repaid balances	(14,241,657)	(1,212,123)	-	(15,453,780)	(31,760,802)
Net transferred in stage 1	-	-	-	-	-
Net transferred in stage 2	-	-	-	-	-
Net transferred in stage 3	-	-	-	-	-
Net effect resulted by changes on categories of stages	-	-	-	-	-
Changes from adjustments	-	-	-	-	-
Transferred to off balance sheet	-	-	-	-	-
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December	55,238,888	2,930,973	-	58,169,861	72,284,441

Movement on expected credit losses of government and public sector loans facilities:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January	-	54,845	-	54,845	54,845
Expected credit losses on new balances through the year	-	-	-	-	-
Expected credit losses on repaid balances	-	-	-	-	-
Net transferred in stage 1	-	-	-	-	-
Net transferred in stage 2	-	-	-	-	-
Net transferred in stage 3	-	-	-	-	-
Net effect on expected credit losses resulted by changes on categories of stages	-	-	-	-	-
Changes on expected credit losses from adjustments	-	-	-	-	-
Transferred to off balance sheet	-	-	-	-	-
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December	-	54,845	-	54,845	54,845
Rate of provision coverage	0.00%	1.87%	0.00%	0.09%	0.08%

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Total direct credit facilities distributed into Credit rating categories based on Bank's internal system:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk (2-6)	701,659,073	-	-	701,659,073	719,949,733
Acceptable risk (7)	-	155,300,607	-	155,300,607	100,981,132
High risk (8-10)	-	-	17,423,674	17,423,674	9,519,530
Total	701,659,073	155,300,607	17,423,674	874,383,354	830,450,395

- The probability of default for the low risk ranges 0 - 8.62% compared to 0 - 8.62% in the prior year.
- The probability of default for the acceptable risk ranges from 0.11% - 84.12% compared to 0.81% - 87.86% in the prior year.
- The probability of default for the high risk is 100% compared to 100% in the prior year.

Movement on the collective direct credit facilities:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January	719,949,733	100,981,132	9,519,530	830,450,395	886,144,294
Transferred balances resulted from the acquisition of SCB Jordan branch	29,506,763	19,119,771	3,768,464	52,394,998	-
Transferred balances resulted from the acquisition of NBK Jordan branch	-	-	-	-	8,821,950
New balances through the year	131,489,025	19,026,724	836,656	151,352,405	203,735,097
Repaid balances	(133,660,169)	(21,228,696)	(1,013,813)	(155,902,678)	(237,264,155)
Net transferred in stage 1	5,303,549	(5,090,668)	(212,881)	-	-
Net transferred in stage 2	(50,202,140)	50,683,474	(481,334)	-	-
Net transferred in stage 3	(5,198,166)	(4,149,453)	9,347,619	-	-
Net effect resulted by changes on categories of stages	(527,950)	(3,157,673)	523,494	(3,162,129)	(3,239,819)
Changes from adjustments	5,093,525	895,845	-	5,989,370	(19,780,650)
Transferred to off balance sheet	(84,699)	(1,319,300)	(4,813,902)	(6,217,901)	(7,966,322)
Written off balances	(10,398)	(460,549)	(50,159)	(521,106)	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December	701,659,073	155,300,607	17,423,674	874,383,354	830,450,395

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Movement on expected credit losses of collective direct credit facilities :

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January	5,996,890	4,714,830	3,108,695	13,820,415	19,011,542
Expected credit losses on balances resulted from acquisition of SCB Jordan branch	39,678	1,031,860	2,236,491	3,308,029	-
Expected credit losses on balances resulted from acquisition of NBK Jordan branch	-	-	-	-	249,295
Expected credit losses on new balances through the year	2,117,608	5,749,830	3,138,314	11,005,752	1,764,315
Expected credit losses on repaid balances	(1,186,901)	(1,228,792)	(629,888)	(3,045,581)	(2,013,176)
Net transferred in stage 1	169,992	(117,966)	(52,026)	-	-
Net transferred in stage 2	(298,480)	404,581	(106,101)	-	-
Net transferred in stage 3	(90,696)	(247,001)	337,697	-	-
Net effect on expected credit losses resulted by changes on categories of stages	(153,537)	205,974	1,977,368	2,029,805	803,335
Changes on expected credit losses from adjustments	(168,795)	(841,475)	(12,956)	(1,023,226)	(189,565)
Transferred to off balance sheet	(40,895)	(426)	(2,451,559)	(2,492,880)	(5,571,448)
Written off balances	(10,398)	(460,549)	(50,159)	(521,106)	(233,883)
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December	<u>6,374,466</u>	<u>9,210,866</u>	<u>7,495,876</u>	<u>23,081,208</u>	<u>13,820,415</u>
Rate of provision coverage	0.91%	5.93%	43.02%	2.64%	1.66%

Interest in suspense:

The following is the movement on the interest in suspense:

	Individual	Real Estate Loans	Corporate	Small and medium companies	Government and Public Sector	Total
	JD	JD	JD	JD	JD	JD
<u>For the year ended 31 December 2023</u>						
Balance at the beginning of the year	785,065	1,109,703	-	593,348	-	2,488,116
Transferred balances resulted from the acquisition of SCB Jordan branch	551,407	1,520,942	-	247,140	-	2,319,489
<u>Add:</u> Interest suspended during the year	425,637	501,637	-	1,073,159	-	2,000,433
<u>Less:</u> Interest in suspense reversed to revenues	(285,121)	(286,165)	-	(20,195)	-	(591,481)
<u>Less:</u> Interest in suspense written off	(252,597)	(1,369,013)	-	(867,321)	-	(2,488,931)
Balance at the end of the year	<u>1,224,391</u>	<u>1,477,104</u>	<u>-</u>	<u>1,026,131</u>	<u>-</u>	<u>3,727,626</u>

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	Individual	Real Estate Loans	Corporate	Small and medium companies	Government and Public Sector	Total
<u>For the year ended 31 December 2022</u>	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	1,009,191	1,402,234	35,116	778,072	-	3,224,613
<u>Add:</u> Interest suspended during the year	598,325	183,657	-	229,393	-	1,011,375
<u>Less:</u> Interest in suspense reversed to revenues	(177,060)	(354,741)	-	(58,955)	-	(590,756)
<u>Less:</u> Interest in suspense transferred to off - statement of financial position accounts	(645,391)	(121,447)	(35,116)	(355,162)	-	(1,157,116)
Balance at the end of the year	<u>785,065</u>	<u>1,109,703</u>	<u>-</u>	<u>593,348</u>	<u>-</u>	<u>2,488,116</u>

Following is the economic distribution of credit facilities - net:

	31 December 2023			31 December 2022
	Inside Jordan	Outside Jordan	Total	Total
	JD	JD	JD	JD
Financial	1,492,359	-	1,492,359	7,944,085
Industrial	144,977,355	-	144,977,355	120,747,425
Trading	250,003,519	16,504,838	266,508,357	248,508,992
Real Estate	126,663,008	2,492,439	129,155,447	127,018,388
Equities	1,028,366	-	1,028,366	928,710
Retail	234,885,097	2,081,100	236,966,197	229,469,944
Governmental and public sector	58,115,016	-	58,115,016	72,229,596
Transportation and Freight	5,478,107	-	5,478,107	3,977,839
Tourism and Hotels	3,853,316	-	3,853,316	3,316,885
Total	<u>826,496,143</u>	<u>21,078,377</u>	<u>847,574,520</u>	<u>814,141,864</u>

Following is the geographical distribution of credit facilities- net:

	31 December 2023	31 December 2022
	JD	JD
Inside Jordan	826,496,143	790,648,140
Asia	16,498,252	18,557,296
Europe	4,580,125	4,936,428
Total	<u>847,574,520</u>	<u>814,141,864</u>

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11. Financial Assets at Amortized Cost - Net

This item consists of the following:

	31 December 2023 JD	31 December 2022 JD
Quoted financial assets		
Foreign government bonds	1,465,983	1,480,982
Companies bonds	5,820,641	9,464,460
Total quoted financial assets	<u>7,286,624</u>	<u>10,945,442</u>
Unquoted financial assets		
Governmental bonds and with their guarantee	722,226,383	759,170,146
Companies bonds	320,000	1,320,000
Total unquoted financial assets	<u>722,546,383</u>	<u>760,490,146</u>
	<u>729,833,007</u>	<u>771,435,588</u>
Less: Provision for expected credit losses	(559,143)	(2,394,063)
Total	<u><u>729,273,864</u></u>	<u><u>769,041,525</u></u>

Debt instruments analysis - Net

	2023 JD	2022 JD
Fixed rate	729,273,864	769,041,525
Variable rate	-	-
Total	<u><u>729,273,864</u></u>	<u><u>769,041,525</u></u>

Financial assets at amortized cost classifications based on the Bank's internal credit rating:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Credit rating categories based on Bank's internal system:					
Low risk (2-6)	728,779,352	-	-	728,779,352	768,841,683
Acceptable risk (7)	-	733,655	-	733,655	2,273,905
High risk (8-10)	-	-	320,000	320,000	320,000
Total	<u>728,779,352</u>	<u>733,655</u>	<u>320,000</u>	<u>729,833,007</u>	<u>771,435,588</u>

- The probability of default for the low risk classification ranges between 0 - 2.68% compared to 0 - 3.58% in the prior year.
- The probability of default for the acceptable risk ranges from 8.13% compared to 7.30% - 7.89% in the prior year.
- The probability of default for the high risk is 100% compared to 100% in the prior year.

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

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January	768,841,683	2,273,905	320,000	771,435,588	735,157,824
Transferred balances resulted from the acquisition of SCB Jordan branch	94,595,602	-	-	94,595,602	-
Transferred balances resulted from the acquisition of NBK Jordan branch	-	-	-	-	78,061,094
New balances during the year	76,712,000	-	-	76,712,000	122,323,614
Paid balances	(210,628,508)	(1,814,678)	-	(212,443,186)	(163,742,181)
Net transferred in stage 1	-	-	-	-	-
Net transferred in Stage 2	(741,425)	741,425	-	-	-
Net transferred in Stage 3	-	-	-	-	-
Written off balances	-	(525,341)	-	(525,341)	(182,500)
Net effect resulted by changes on categories of stages	-	(7,770)	-	(7,770)	(30,246)
Adjustments result from foreign exchange	-	66,114	-	66,114	(152,017)
Total balance as of 31 December	728,779,352	733,655	320,000	729,833,007	771,435,588

The movement of the expected credit losses of the financial assets at amortized cost is as follows:

	2023				2022
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total Balances as of 1 January 2023	154,063	2,000,000	240,000	2,394,063	468,203
Expected credit losses on balances resulted from acquisition of SCB Jordan branch	1,714,734	-	-	1,714,734	-
New balances	40,413	70,900	80,000	191,313	2,108,360
Paid balances	(1,740,967)	(1,474,659)	-	(3,215,626)	-
Written off balances	-	(525,341)	-	(525,341)	(182,500)
Total Balances as of 31 December 2023	168,243	70,900	320,000	559,143	2,394,063

12. Investment in Associate Company

The following is the movement on the investment in the associate company:

	<u>2023</u>	<u>2022</u>
	JD	JD
Balance at the beginning of the year	17,950,200	22,169,467
The Bank's share in the associate company's profit	969,501	709,931
Foreign currency translation adjustments	1,027,714	(2,289,741)
Cash Dividend	-	(2,639,457)
Fair Value reserve	98,309	-
Balance at the end of the year	<u>20,045,724</u>	<u>17,950,200</u>

- Investment in associate company represents the Bank's share in Jordan International Bank/ London (United Kingdom, which amounts to 25% of capital (GBP 65,000,000)), the Bank's share in net income for the year ended 31 December 2023 was calculated based on latest unaudited available financial statements as of 31 December 2023, in addition to Bank's share percentage which is 25%.
- The Bank's right to vote on the General Assembly's decisions regarding this investment is based on the ownership percentage in the investment.

The Bank's share in the associate company's assets, liabilities, and revenues is as follows:

	<u>2023</u>	<u>2022</u>
	JD	JD
Total assets	401,123,857	376,052,251
Total liabilities	320,940,961	304,251,451
Net assets	<u>80,182,896</u>	<u>71,800,800</u>
The Bank's share in net assets	<u>20,045,724</u>	<u>17,950,200</u>
Net income for the year	<u>3,878,004</u>	<u>2,839,724</u>
The Bank's share in net income for the year	<u>969,501</u>	<u>709,931</u>

The Bank's share of 25% in the assets and liabilities and net profit of Jordan International Bank/ London has been calculated for the year 2023 as shown above according to the latest unaudited financial statements available on 31 December 2023.

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13. Property and Equipment - Net

This item consists of the following:

	Land		Buildings		Equipment furniture and fixtures		Vehicles		Computers		Solar energy plant		Others		Payments to acquire property and equipments		Total		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
<i>For the year-ended 31 December 2023</i>																			
<i>Cost</i>																			
Balance at the beginning of the year	24,805,514	41,620,765	12,795,052	1,787,990	3,834,384	4,395,227	9,185,810	2,204,212	100,628,854										
Additions	-	-	309,547	285,000	623,646	-	557,987	1,078,389	2,854,569										
Disposals	(639,500)	(980,201)	(897,630)	(338,790)	(430,424)	-	(152,117)	-	(3,438,762)										
Transfers*	-	-	104,026	-	167,492	-	191,279	-	(188,565)										
Transferred balances resulted from the acquisition of SCB Jordan branch	2,203,590	4,527,675	939,780	114,600	464,321	-	250,380	-	8,500,346										
Balance at the end of the Year	26,369,504	45,188,239	13,250,775	1,848,700	4,659,419	4,395,227	10,033,339	2,631,239	108,356,442										
<i>Accumulated depreciation :</i>																			
Balance at the beginning of the year	-	(6,646,268)	(8,489,140)	(1,330,842)	(3,199,874)	(897,221)	(5,958,323)	-	(26,521,668)										
Depreciation for the year	-	(903,337)	(789,471)	(212,914)	(439,620)	(219,761)	(536,360)	-	(3,101,463)										
Disposals	-	503,728	876,440	338,789	429,666	-	151,096	-	2,299,719										
Transferred balances resulted from the acquisition of SCB Jordan branch	-	(2,588,937)	(735,971)	(114,600)	(429,704)	-	(147,155)	-	(4,016,367)										
Balance at the end of the year	-	(9,634,814)	(9,138,142)	(1,319,567)	(3,639,532)	(1,116,982)	(6,490,742)	-	(31,339,779)										
Net property and equipment at the end of the year	26,369,504	35,533,425	4,112,633	529,133	1,019,887	3,278,245	3,542,597	2,631,239	77,016,663										
<i>For the year-ended 31 December 2022</i>																			
<i>Cost</i>																			
Balance at the beginning of the year	22,555,514	38,954,046	11,779,850	1,693,096	3,516,957	4,395,227	8,456,790	841,426	92,194,806										
Additions	-	-	204,428	169,534	133,055	-	433,655	1,490,680	2,431,352										
Disposals	-	-	(111,649)	(110,740)	(79,372)	-	-	-	(301,761)										
Transfers*	-	-	24,824	-	2,199	-	-	(127,894)	(100,871)										
Transferred balances resulted from the acquisition of NBK Jordan branch	2,250,000	2,666,719	897,599	36,000	261,645	-	293,365	-	6,405,328										
Balance at the end of the Year	24,805,514	41,620,765	12,795,052	1,787,890	3,834,384	4,395,227	9,185,810	2,204,212	100,628,854										
<i>Accumulated depreciation :</i>																			
Balance at the beginning of the year	-	(5,487,118)	(7,007,939)	(1,222,867)	(2,667,769)	(677,460)	(5,214,323)	-	(22,277,476)										
Depreciation for the year	-	(846,169)	(775,148)	(194,819)	(330,591)	(219,761)	(509,259)	-	(2,875,747)										
Disposals	-	-	106,659	110,739	41,584	-	-	-	256,982										
Transferred balances resulted from the acquisition of NBK Jordan branch	-	(312,981)	(812,712)	(23,895)	(243,098)	-	(234,741)	-	(1,627,427)										
Balance at the end of the year	-	(6,646,268)	(8,489,140)	(1,330,842)	(3,199,874)	(897,221)	(5,958,323)	-	(26,521,668)										
Net property and equipment at the end of the year	24,805,514	34,974,497	4,305,912	457,048	634,510	3,498,006	3,227,487	2,204,212	74,107,186										

* Transfers represents an amount of JD 188,565 which has been transferred to intangible assets- note (14) during 2023.
- Property and equipment consists of assets that has been fully depreciated amounting to 19,421,673 as of 31 December 2023 (JD 16,036,945 as of 31 December 2022).

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14. Intangible Assets - Net

This item consists of the following:

2023	Software	Customer Relationships	Total
Balance at the beginning of the year	1,475,026	-	1,475,026
Additions	616,125	-	616,125
Additions - Intangible assets resulted from the NBK Acquisitions (Note 53-B)	-	2,900,000	2,900,000
Additions - Intangible assets resulted from the SBC Acquisitions (Note 53-A)	-	10,400,000	10,400,000
Transfers*	188,565	-	188,565
Transfers from Standard Chartered Bank	1,701,385	-	1,701,385
Disposals	(12,731)	-	(12,731)
Amortization for the year	(851,672)	(1,736,667)	(2,588,339)
Transfers from Standard Chartered Bank	(1,626,135)	-	(1,626,135)
Balance at the end of the year	1,490,563	11,563,333	13,053,896

2022	Software	Customer Relationships	Total
Balance at the beginning of the year	1,743,276	-	1,743,276
Additions	429,689	-	429,689
Transfers*	100,871	-	100,871
Disposals	(5,543)	-	(5,543)
Amortization for the year	(850,013)	-	(850,013)
Payments on software purchases	56,746	-	56,746
Balance at the end of the year	1,475,026	-	1,475,026

* This represents what has been transferred from payments to acquire property and equipment during the year 2022 and 2023.

* An amount of 749,306 JD was transferred from NBK, which is fully amortized software with a net book value of zero.

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15. Other Assets

This item consists of the following:

	2023	2022
	JD	JD
Accrued interest and commissions revenue	19,047,658	19,373,790
Prepaid expenses	2,214,887	2,328,872
Assets seized by the Bank *	14,900,280	22,535,602
Stationery and printing	314,751	315,269
Refundable deposits	430,078	467,451
Cheque clearing	1,244,384	290,065
Others	1,391,279	1,233,401
Total	39,543,317	46,544,450

* The following is the movement on the assets seized by the Bank:

	2023	2022
	JD	JD
Balance at the beginning of the year	25,201,594	23,571,040
Additions	716,170	1,908,235
Disposals*	(10,317,400)	(277,681)
	15,600,364	25,201,594
Less: Provision for assets seized by the Bank **	(700,084)	(2,665,992)
Balance at the end of the year	14,900,280	22,535,602

— According to Central Bank of Jordan's Law, buildings and plots of land that were foreclosed by the Bank against debts due from clients should be sold within two years from the foreclosure date, however this period could be extended for two more years in exceptional cases by the Central Bank of Jordan.

** The movement on provision for assets seized by the Bank is as follows:

	2023	2022
	JD	JD
Balance at the beginning of the year	2,665,992	1,839,000
Transferred balances resulted from the acquisition of NBK Jordan branch	-	426,992
Additions during the year	260,624	400,000
Provision excluded during the year	(2,226,532)	-
Balance at the end of the year	700,084	2,665,992

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16. Banks and Financial Institutions' Deposits

This item consists of the following:

	2023			2022		
	Inside the Kingdom	Outside the Kingdom	Total	Inside the Kingdom	Outside the Kingdom	Total
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	121,940	8,622,077	8,744,017	93,184	15,244,670	15,337,854
Time deposits due within 3 months	129,044,223	226,588,022	355,632,245	168,510,219	246,648,072	415,158,291
Time deposits 3-6 months	-	4,254,000	4,254,000	-	21,979,000	21,979,000
Time deposits 9-12 months	-	7,090,000	7,090,000	-	-	-
Total	129,166,163	246,554,099	375,720,262	168,603,403	283,871,742	452,475,145

17. Customers' Deposits

This item consists of the following:

	Individual	Large companies	Small and medium companies	Government and Public Sector	Total
	JD	JD	JD	JD	JD
31 December 2023					
Current accounts and demand deposits	140,812,134	36,396,534	132,022,601	8,242,366	317,473,635
Saving accounts	149,222,126	1,624,640	4,759,241	163,987	155,769,994
Time deposits	738,437,538	132,969,486	167,945,232	70,066,166	1,109,418,422
Total	1,028,471,798	170,990,660	304,727,074	78,472,519	1,582,662,051
31 December 2022					
Current accounts and demand deposits	104,189,299	86,527,831	49,845,984	10,562,073	251,125,187
Saving accounts	163,035,449	1,940,654	1,941,337	193,669	167,111,109
Time deposits	633,153,279	164,932,384	26,502,002	91,737,920	916,325,585
Total	900,378,027	253,400,869	78,289,323	102,493,662	1,334,561,881

- Deposits of the government and the general public sector inside the kingdom of Jordan amounted to JD 78,472,519 equivalent to 4.96% from the total deposits as of 31 December 2023 (JD 102,493,662 equivalent to 7.68% as of 31 December 2022).
- Non-interest bearing deposits amounted to JD 307,991,880 equivalent to 19.46% of total deposits as of 31 December 2023 (JD 241,883,689 equivalent to 18.12% as of 31 December 2022).
- Restricted deposits amounted to JD 13,717,258 equivalent to 0.87% of total deposits as of 31 December 2023 of which JD 3,414 is at Cyprus branch and JD 13,713,844 at Jordan Branches (JD 6,356,232 equivalent to 0.48% as of 31 December 2022 of which JD 3,276 is at Cyprus branch and JD 6,352,956 at Jordan branches).
- Dormant deposits amounted to JD 2,212,603 as of 31 December 2023 (JD 8,951,567 as of 31 December 2022).

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18. Borrowed Money from the Central Bank of Jordan

This item consists of the following:

	Amount	Maturity date	Collaterals	Payment terms	Interest rates	Reborrowing rate
31 December 2023						
Central Bank of Jordan	200,000,000	2 December 2024	Treasury Bonds	One payment	8.25%	7.25%
Central Bank of Jordan- productive projects funding	15,624,613	-	Demand bills of exchange	As periodic maturity	0.5 - 1%	3.5 - 4.5%
Central Bank of Jordan - national program facing covid-19 crisis	17,334,636	-	Demand bills of exchange	As periodic maturity	0%	2%
Central Bank of Jordan - National Program stand up	242,742	-	Demand bills of exchange	Monthly Payment	1%	4.5%
Total	233,201,991					
31 December 2022						
Central Bank of Jordan	16,666,667	2 January 2023	Treasury Bonds	One payment	6%	5%
Central Bank of Jordan	8,333,334	4 January 2023	Treasury Bonds	One payment	6.5%	5.5%
Central Bank of Jordan	200,000,000	4 January 2023	Treasury Bonds	One payment	7.25%	6.25%
Central Bank of Jordan	14,285,716	19 February 2023	Treasury Bonds	One payment	4.5%	3.5%
Central Bank of Jordan	15,625,000	16 May 2023	Treasury Bonds	One payment	6%	5%
Central Bank of Jordan- productive projects funding	12,458,197	-	Demand bills of exchange	As periodic maturity	1% - 0.5%	3.5 - 4.5%
Central Bank of Jordan - national program facing covid-19 crisis	18,727,126	-	Bills of Exchange	Monthly payments	0%	2%
Central Bank of Jordan - National Program stand up	319,702	-	Bills of Exchange	Monthly payments	1%	4.5%
Total	286,415,742					

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19. Cash Margins

This item consists of the following:

	2023	2022
	JD	JD
Cash margins against direct credit facilities	53,277,214	40,452,881
Cash margins against indirect credit facilities	12,567,625	7,986,629
Total	65,844,839	48,439,510

20. Sundry Provisions

This item consists of the following:

	2023				
	Beginning balance	Ttansferred balances from the acquisition of Standard Chartered Bank Jordan branch	Provided during the year	Used during the year	Ending balance
	JD	JD	JD	JD	JD
Provision for end of service indemnity	524,363	464,785	88,897	(136,642)	941,403
Lawsuits provision	390,687	-	90,000	(4,296)	476,391
Other provisions	9,000	-	50,000	-	59,000
Total	924,050	464,785	228,897	(140,938)	1,476,794

	2022				
	Beginning balance	Ttansferred balances from the acquisition of Standard Chartered Bank Jordan branch	Provided during the year	Used during the year	Ending balance
	JD	JD	JD	JD	JD
Provision for end of service indemnity	505,488	-	77,479	(58,604)	524,363
Lawsuits provision	270,687	-	120,000	-	390,687
Other provisions	20,077	-	9,000	(20,077)	9,000
Total	796,252	-	206,479	(78,681)	924,050

21. Income Tax

A- Income tax provision

The movement on the income tax provision is as follows:

	2023	2022
	JD	JD
Balance at the beginning of the year	9,380,725	8,649,454
Income tax paid	(9,786,423)	(10,179,076)
Accrued income tax expense	8,282,972	10,910,347
Balance at the end of the year	7,877,274	9,380,725

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B - Income tax in the consolidated statement of income represents the following:

	2023	2022
	JD	JD
Accrued Income tax expense for the year	8,282,972	10,910,347
Amortization of deferred tax assets	11,149	5,975
Total	<u>8,294,121</u>	<u>10,916,322</u>

C - Tax situation

The Bank has reached a final settlement with the Income and Sales Tax Department for all previous years up to 2020.

The Bank has submitted its tax returns for the year 2021, 2022 noting that the income and sales tax department did not review the company data until the date of issuance of these financial statements.

United Arab Jordan Company for Investment and Financial Brokerage (subsidiary) has reached a final settlement with the Income and Sales Tax Department in Jordan up to the year 2018, In addition the company has submitted its tax returns for the years 2019, 2020, 2021 and 2022 noting that the income tax department did not review the company data for these years up until the date of issuance of these financial statements, All tax balances due were paid by the Bank.

Al-Kawthar Company for Financial Leasing has submitted its tax returns for the year 2022 on its legal submission date and paid the declared taxes and has not yet been reviewed by the income tax department.

A final tax settlement has been reached for the bank in Qatar up to the year 2022.

A final tax settlement has been reached for Cyprus branch up to the year 2022.

The Bank has booked a provision against any expected tax liabilities for the declared years which includes the above-mentioned years, in the opinion of the bank's management and its tax consultant the income tax provision booked in the consolidated financial statement is sufficient to cover any future tax liabilities that may arise.

D- Deferred tax assets

The details of this item are as follows:

	2023				2022		
	Beginning of the year	Transferred balance from the acquisition of SCB Jordan branch	Amount released	Additional amounts	End of the year	Deferred tax	Deferred tax
	JD	JD	JD	JD	JD	JD	JD
<u>Accounts Included</u>							
Provision for impairment of direct credit facilities	8,687,414	-	-	-	8,687,414	3,301,217	3,301,217
Provision for employee end-of-service Indemnity*	49,171	464,786	(117,522)	11,241	407,676	7,537	18,686
Total	<u>8,736,585</u>	<u>464,786</u>	<u>(117,522)</u>	<u>11,241</u>	<u>9,095,090</u>	<u>3,308,754</u>	<u>3,319,903</u>

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* Deferred tax assets has not been calculated on the total balance of end-of-service indemnity provision as a part of this balance relates to Arab Jordan Investment Bank – Qatar.

The movement on deferred tax assets is as follows:

	<u>2023</u>	<u>2022</u>
	JD	JD
Balance at the beginning of the year	3,319,903	3,325,878
Addition	4,272	3,348
Released	<u>(15,421)</u>	<u>(9,323)</u>
Balance at the end of the year	<u>3,308,754</u>	<u>3,319,903</u>

E- Reconciliation between accounting profit and taxable profit is as follows:

	<u>2023</u>	<u>2022</u>
	JD	JD
Accounting profit	28,480,138	30,397,944
Non-taxable income	(13,916,046)	(3,795,796)
Non- deductible expenses	<u>10,222,699</u>	<u>3,634,342</u>
Taxable profit	<u>24,786,791</u>	<u>30,236,490</u>
Effective income tax rate	<u>29.12%</u>	<u>35.91%</u>

According to the Income Tax Law No, (38) for the year 2018 which has come effective from 1 January 2019 income tax expense was calculated at tax rate of 35% and 3% social contribution, as of 31 December 2023 and for the year 31 December 2022.

The tax rate on the Bank's branch in Cyprus is 12.5 % and the subsidiary in Qatar is 10% and 28% for the subsidiary in Jordan.

Deferred tax assets are calculated by 38% of provision for impairment, end of service provision and other provisions as of 31 December 2023, where the management thinks that the deferred taxes are due in future periods.

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22. Other Liabilities

This item consists of the following:

	<u>2023</u>	<u>2022</u>
	JD	JD
Accrued interest expense	13,419,891	8,758,606
Accounts payable	3,182,563	29,054,088
Accrued unpaid expenses	3,869,882	2,082,823
Transfers and checks payable	394,302	381,927
Bank cheques issued	4,531,036	2,528,134
Safe boxes deposits	179,882	173,381
Other deposits	312,553	240,709
Creditors	274,417	264,850
Dividends payable	183,175	157,938
Due to income tax	1,331,693	1,059,030
Restricted deposits	41,013	41,013
Expected credit losses (Indirect credit facilities)	1,123,215	916,740
Prepaid Revenues	649,197	520,586
Others	1,083,334	382,612
Total	<u><u>30,576,153</u></u>	<u><u>46,562,437</u></u>

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Indirect credit facilities classification based on the Bank's internal credit rating is as follows:

	31 December 2023						31 December 2022								
	Letters of guarantee			Letters of credit			Acceptances			Unused balance					
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total		
Low risk (2-6)	105,620,468	-	-	105,620,468	10,461,118	-	-	10,461,118	45,335,756	-	-	45,335,756	154,159,397	315,576,739	314,698,269
Acceptable risk (7)	-	-	-	-	-	-	-	-	-	-	-	-	7,413,280	7,413,280	3,151,879
High risk (8-10)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as of 31 December 2023	105,620,468	-	-	105,620,468	10,461,118	-	-	10,461,118	45,335,756	-	-	45,335,756	154,159,397	322,990,019	317,848,148

- The probability of default for the low risk classification ranges between 0 - 5.0% compared to 0% - 5.21% in the prior year.

- The probability of default for the acceptable risk classification ranges between 0.85% - 10.90% compared to 1.19% - 11.29 % in the prior year.

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The movement on the indirect credit facilities is as follows:

	31 December 2023												31 December 2022		
	Letters of guarantee			Letters of credit			Acceptances			Unused balance			Total	Total	
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total			
Balance as of 1 January 2023	80,387,956	-	-	80,387,956	10,892,568	-	-	10,892,568	38,280,249	185,135,495	3,151,878	-	189,287,373	317,848,146	255,566,587
Transferred balances resulted from the acquisition of SCB	54,867,679	-	-	54,867,679	753,054	-	-	753,054	-	25,737,756	-	-	25,737,756	81,358,489	-
Jordan branch	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred balances resulted from the acquisition of NBK	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,686,070
Jordan branch	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New balances	9,678,226	-	-	9,678,226	1,174,907	-	-	1,174,907	7,750,266	13,381,403	1,335,466	-	14,716,898	33,320,298	76,789,183
Paid balances	(39,313,393)	-	-	(39,313,393)	(2,359,411)	-	-	(2,359,411)	(694,759)	(65,748,478)	(710,266)	-	(66,458,744)	(106,826,307)	(39,394,033)
Net transferred in stage 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net transferred in stage 2	-	-	-	-	-	-	-	-	-	(1,313,999)	1,313,999	-	-	-	-
Net transferred in stage 3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total impacts on the balances result from the classification changes between stages	-	-	-	-	-	-	-	-	-	-	293,163	-	293,163	293,163	1,251,639
Changes from adjustment	-	-	-	-	-	-	-	-	-	(3,032,780)	2,029,010	-	(1,003,770)	(1,003,770)	14,928,700
Balance as of 31 December 2023	105,920,468	-	-	105,920,468	10,461,118	-	-	10,461,118	45,335,756	154,159,397	7,413,280	-	161,572,677	322,990,019	317,848,146

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The following is the movement on the provision for expected credit losses of indirect credit facilities:

	31 December 2023										31 December 2022							
	Letters of guarantee			Letters of credit			Acceptances			Unused balance			Total					
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total						
Balance as of 1 January 2023	227,107	-	-	227,107	64,027	-	-	64,027	275,606	-	-	275,606	230,000	120,000	-	350,000	916,740	916,740
Transferred balance from the acquisition of SCB Jordan branch	50,000	-	-	50,000	3,602	-	-	3,602	-	-	-	-	-	150,000	-	150,000	203,602	-
New balances	-	-	-	-	5,000	-	-	5,000	-	-	-	-	-	-	-	-	5,000	-
Paid balances	(2,127)	-	-	(2,127)	-	-	-	-	-	-	-	-	-	-	-	-	(2,127)	-
Balance as of 31 December 2023	274,980	-	-	274,980	72,629	-	-	72,629	275,606	-	-	275,606	230,000	270,000	-	500,000	1,123,215	916,740

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23. Paid-in Capital

The paid-in capital of the Bank is JD 150,000,000 divided into 150,000,000 shares at a par value of one Jordanian Dinar each as of 31 December 2022 and 2023.

24. Statutory Reserve

The amount accumulated in this account is transferred from the annual income at 10% during the year and previous years according to the companies Law, this reserve cannot be distributed to shareholders.

The restricted reserves are as follows:

Reserve	Amount JD	Nature of restriction
Statutory reserve	42,292,126	According to companies laws

25. Foreign Currency Translation Adjustments

This represents differences resulting from the translation of the net investment in associates and foreign branches outside of Jordan upon consolidation of the financial statements of the Bank and the movement for this account is the following:

	2023 JD	2022 JD
Balance at the beginning of the year	(4,171,605)	(2,384,872)
Movement during the year	1,027,714	(2,289,741)
Loss of foreign currency translation associate company	-	503,008
Balance at the end of the year	(3,143,891)	(4,171,605)

26. Fair Value Reserve- Net

The details of fair value reserve for financial assets at fair value through other comprehensive income according to IFRS 9 are as follows:

	2023 JD	2022 JD
Balance at the beginning of the year	2,133,996	(973,193)
Unrealized (Losses) gains	(402,739)	3,237,360
Realized losses – associate company	-	(130,171)
Adjustments	5,796	-
Balance at the end of the year	1,737,053	2,133,996

- There are no hedging derivatives.

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27. Retained Earnings

The movement on retained earnings account as the following:

	<u>2023</u>	<u>2022</u>
	JD	JD
Balance at the beginning of the year	26,177,753	26,204,376
Profit for the year	18,576,406	18,059,241
Losses from Foreign Currency Translation Adjustments	-	(503,008)
Adjustments	(5,796)	-
Others	-	(41,477)
Accumulated changes in affiliates	-	130,171
Transferred to reserves	(2,388,610)	(2,671,550)
Distributed dividends to shareholders (Note 28)	(15,000,000)	(15,000,000)
Balance at the end of the year	<u>27,359,753</u>	<u>26,177,753</u>

- Retained earnings include an amount of JD 3,308,754 as of 31 December 2023 (JD 3,319,903 as of 31 December 2022) restricted against deferred tax assets according to the Central Bank instructions.

28. Proposed Distribution of Dividends to the General Assembly

The Board of Directors of the General Assembly of Shareholders recommended the distribution of 10% of capital as cash dividends to the shareholders equivalent to JD 15,000,000 subject to the approval of the General Assembly of Shareholder. (The share's portion of distributed profits is 0.10 JD)

29. Non - Controlling Interest

This item represents other shareholders' interest of 50% (minus two shares) as of 31 December 2023 from the net shareholders' equity of Arab Jordan Investment Bank in Qatar (subsidiary company).

30. Interest Income

This item consists of the following:

	<u>2023</u>	<u>2022</u>
	JD	JD
<u>Direct credit facilities:</u>		
Individuals (retail):		
Loans	23,310,943	15,257,655
Credit cards	1,213,401	1,043,807
Real estate loans	7,686,161	5,409,604
Large companies		
Loans	20,978,285	16,999,405
Overdraft	6,238,580	7,021,970
Small and medium companies		
Loans	4,142,898	4,112,997
Overdraft	1,375,217	1,239,678
Government and public sector	4,393,542	4,681,308
Balances at the Central Bank of Jordan	3,643,615	822,810
Balances and deposits at banks and financial institutions	11,952,688	3,194,174
Financial assets at amortized cost	40,543,199	40,101,205
Total	<u>125,478,529</u>	<u>99,884,613</u>

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31. Interest expense

This item consists of the following:

	<u>2023</u>	<u>2022</u>
	JD	JD
Deposits from banks and financial institutions	14,220,424	8,857,124
Borrowed money	1,230,139	2,436,570
Customers' deposits:		
Current accounts and demand deposits	1,292,135	1,486,345
Saving accounts	756,743	658,569
Time and notice deposits	52,188,665	30,610,157
Lease interest (Note 42)	103,352	109,366
Cash margins	890,786	588,588
Deposits guarantee	983,000	1,422,862
Total	<u>71,665,244</u>	<u>46,169,581</u>

32. Net Commissions income

This item consists of the following:

	<u>2023</u>	<u>2022</u>
	JD	JD
Commissions income:		
Direct credit facilities	2,176,192	2,110,465
Indirect credit facilities	7,313,601	7,322,334
<u>Less: Commissions expense</u>	<u>(2,677,257)</u>	<u>(2,401,160)</u>
Net commissions income	<u>6,812,536</u>	<u>7,031,639</u>

33. Foreign currencies income

This item consists of the following:

	<u>2023</u>	<u>2022</u>
	JD	JD
Resulting from trading	4,491,007	4,136,536
Resulting from revaluation	72,114	56,025
Total	<u>4,563,121</u>	<u>4,192,561</u>

34. Gains (Losses) from financial assets at fair value through profit or loss

The details of gains on financial assets of fair value through profit and loss in accordance with IFRS (9) are as follows:

	<u>Realized gains</u>	<u>Unrealized losses</u>	<u>Cash dividends</u>	<u>Total</u>
	JD	JD	JD	JD
<u>For the year ended 31 December 2023</u>				
Corporate equity shares	47,621	-	-	47,621
Total	<u>47,621</u>	<u>-</u>	<u>-</u>	<u>47,621</u>

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	Realized losses	Unrealized losses	Cash dividends	Total
<u>For the year ended 31 December 2022</u>	JD	JD	JD	JD
Corporate equity shares	(65,356)	(298,365)	25,440	(338,281)
Total	<u>(65,356)</u>	<u>(298,365)</u>	<u>25,440</u>	<u>(338,281)</u>

35. Cash dividends from financial assets at fair value through other comprehensive income

This item consists of the following:

	<u>2023</u>	<u>2022</u>
	JD	JD
Dividends from financial assets - shares	815,823	446,372
Total	<u>815,823</u>	<u>446,372</u>

36. Provision for Expected Credit Losses

	Stage 1		Stage 2		Stage 3		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Banks and financial institutions	14,889	-	-	-	-	-	14,889	-
Bonds at amortized cost	40,413	28,360	70,900	2,000,000	80,000	80,000	191,313	2,108,360
Direct credit facilities	1,000,000	1,909	3,871,249	-	4,749,824	422,000	9,621,073	423,909
Indirect credit facilities	5,000	-	-	-	-	-	5,000	-
Total	<u>1,060,302</u>	<u>30,269</u>	<u>3,942,149</u>	<u>2,000,000</u>	<u>4,829,824</u>	<u>502,000</u>	<u>9,832,275</u>	<u>2,532,269</u>

37. Other income

This item consists of the following:

	<u>2023</u>	<u>2022</u>
	JD	JD
Gains from acquisitions of SCB Jordan branch (Note 53-A)	4,728,000	-
Gains from acquisitions of NBK Jordan branch (Note 53-B)	2,900,000	1,534,364
Released from provision for expected credit losses	3,900,436	79,077
Returns from shares trading on behalf of customers	513,654	245,380
Recovered revenues from bad debts	490,608	469,108
Gains from sale of property and equipment	284,533	12,374
Revenues from credit cards sponsorship	68,966	60,185
Commission of salary transfer	46,328	43,622
Returns from managed portfolios	9,145	8,801
Losses from sales of repossessed assets	-	(9,680)
Other revenues	724,502	611,951
Total	<u>13,666,172</u>	<u>3,055,182</u>

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38. Employees expenses

This item consists of the following:

	<u>2023</u>	<u>2022</u>
	JD	JD
Salaries, bonuses and employees benefits	15,367,268	13,861,273
Bank's contribution in social security	1,741,777	1,546,267
Bank's contribution in saving fund	481,019	464,554
Employees' life insurance	158,908	164,117
Medical expenses	895,465	791,688
Staff training	23,452	15,350
Travel expenses	166,176	129,378
Other	176,016	161,479
Total	<u>19,010,081</u>	<u>17,134,106</u>

39. Other expenses

This item consists of the following:

	<u>2023</u>	<u>2022</u>
	JD	JD
Short - term rent	1,697,999	1,438,248
Stationery and printing	394,237	368,181
Subscriptions	1,092,076	980,269
Legal and audit fees	312,298	398,242
Telephone, telex, postage and stamps	877,006	772,229
Insurance expenses	323,859	288,570
Maintenance and repair	789,552	812,064
General services	813,161	514,048
Swift services	150,384	165,047
Security	279,511	259,766
Donations	489,900	842,800
Board of directors remunerations	55,000	55,000
Board of directors expenses	1,113,830	1,111,473
Foreign currency trading fees	173,445	186,024
Registration and governmental fees	231,271	243,037
Mortgage and insurance fees	1,300,113	841,990
Consultations	224,000	323,001
Automated clearing (offset) expenses	123,207	95,240
Property tax fees	245,103	176,593
Marketing and advertising expenses	869,765	807,317
Computers and ATMs expenses	2,557,810	1,907,246
Other expenses	2,267,497	1,015,119
Total	<u>16,381,024</u>	<u>13,601,504</u>

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40. Basic and diluted earnings per share from profit for the year (bank's shareholder) JD/ Share

This item consists of the following:	<u>2023</u>	<u>2022</u>
	JD	JD
Income for the year	18,576,406	18,059,241
Weighted average number of shares	150,000,000	150,000,000
Basic and diluted earnings per share (Bank shareholders) JD/ share	<u>0.12</u>	<u>0.12</u>

41. Cash and cash equivalents

This item consists of the following:	<u>2023</u>	<u>2022</u>
	JD	JD
Cash and balances at the Central Bank of Jordan maturing within 3 months	451,145,248	341,688,653
Add: balances at banks and other financial institutions maturing within 3 months	291,947,824	304,065,666
Less: deposits from banks and financial institutions maturing within 3 months	<u>(364,376,262)</u>	<u>(430,496,145)</u>
Total	<u>378,716,810</u>	<u>215,258,174</u>

42. Right of use assets and lease liabilities

The movement of right of use assets and lease liabilities - long term was as follows:

	<u>31 December 2023</u>		<u>31 December 2022</u>	
	Right of use assets	Lease liabilities	Right of use assets	Lease liabilities
	JD	JD	JD	JD
Balance at the beginning of the year	2,724,869	2,451,070	2,411,923	2,173,412
Addition during the year	896,395	896,395	1,127,320	1,127,320
Disposals	-	-	-	-
Amortization during the year	(805,218)	-	(814,374)	-
Finance costs	-	103,352	-	109,366
Paid during the year	-	(929,947)	-	(959,028)
Balance as at the end of the year	<u>2,816,046</u>	<u>2,520,870</u>	<u>2,724,869</u>	<u>2,451,070</u>

* Details of lease contracts liabilities as follows:

	<u>2023</u>	<u>2022</u>
	JD	JD
Lease liabilities less than a year	557,005	742,584
Lease liabilities more than a year	1,963,865	1,708,486
Total	<u>2,520,870</u>	<u>2,451,070</u>

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43. Related Parties Transactions

The following is a summary of the transactions with related parties during the year:

	Related party					Total	
	Subsidiaries companies	Board of directors members	Management executives	Associate company	Other*	31 December	
						2023	2022
	JD	JD	JD	JD	JD	JD	
Statement of Financial Position Items:							
Total deposits for related parties	63,729,660	144,622,603	468,833	94,410	3,743,727	212,659,233	216,082,074
Total Bank deposits with related parties	61,513,936	1,288,946	-	20,879,421	-	83,682,303	74,160,628
Loans and credit facilities granted to related parties	-	-	1,199,318	-	6,641,352	7,840,670	5,802,982
Off-Statement of Financial Position Items:							
Letter of credit and guarantee	3,405,687	-	-	-	-	3,405,687	5,025,530
Managed account	6,449,384	-	-	-	-	6,449,384	7,892,290
Statement of Income Items:							
Credit interest and commission	2,388,984	-	66,208	897,953	297,533	3,650,678	1,176,482
Debit interest and commission	3,543,653	6,767,777	17,204	448,006	257,381	11,034,021	4,909,612

* This item represents employees' deposits and facilities for other than Board of Directors and executive management.

- Revenues and expenses balances and transactions between the Bank and the subsidiaries are eliminated.
- Interest expense rates ranges from 0 - 6.75% (current accounts included).
- Interest revenue rates ranges from 2% - 7%.
- All credit facilities granted to related parties are considered performing and consequently no related provisions have been booked.

The following is a summary of the benefits (salaries and remunerations plus other benefits) of the executive management of the Bank:

	2023	2022
	JD	JD
Salaries, remunerations and other benefits	1,401,668	1,344,456
Travel and transportation	46,947	26,137
Total	1,448,615	1,370,593

44. Risk Management

Risks are a fundamental part of banking operations. The bank manages risk-related challenges within a comprehensive and general framework. This framework focuses on identifying, understanding, and evaluating the risks that the bank is exposed to, ensuring that they remain within defined and acceptable limits. Necessary measures are taken to reduce risks, aiming to achieve the optimal balance between risk factors and returns.

The comprehensive risk management framework includes the risk tolerance document, which is approved by the board of directors and specifies the acceptable risk levels and the degree of bearing such risks (Risk Tolerance). Meanwhile, the risk management team conducts stress tests at the portfolio level to assess the bank's ability to withstand shocks and high risks, complying with regulatory requirements. Reports on the results of these tests and the impact evaluation on the capital and profits are submitted to the Risk Management Committee formed by the Board of Directors. Based on that, a periodic review is conducted to ensure the policy's adequacy aligns with the current situation.

The Risk Department at the bank is responsible for risk management based on strategies and policies approved by the Board of Directors, abiding by the following principles:

- Regular updating of the bank's risk management policies to identify, analyze, measure these risks, set risk limits and controls, and monitor risks through the risk information system.
- Reviewing the general framework and risk management systems to reflect any developments in banking that align with the best international practices before approval by the Board of Directors.
- Submitting regular reports to the Risk Committee formed by the Board of Directors, who review the bank's risk management operations, and to the Board of Directors, indicating the extent to which existing risks comply with approved policies and acceptable risk levels.

In this process, the Asset and Liability Management Committee and the Investment Committee are integral parts. Moreover, all business centers are responsible for identifying risks associated with their areas of operation and implementing appropriate control measures. The most significant types of risks include credit risks, liquidity risks, operational risks, and market risks, which consist of interest rate risks and currency risks.

Credit Risk

Credit risk arises from the probable default or inability of the borrower or third party to fulfil its obligations to the Bank. Moreover, this risk is one of the most important risks the Bank faces during the conduct of its activities. Therefore the Bank manages credit risk continuously. This risk relates to items such as loans, bonds and activity investments in debt instruments in addition to credit risk related to off-balance sheet financial position items such as unutilized loans, guarantees and documentary credits.

Measurement of Credit Risk:

Credit risks refer to the possibility of losses due to the other party's default or inability to meet its obligations to the bank. These risks are among the primary challenges faced by the bank's operations. Therefore, the management exercises caution in handling exposures to credit risks, which mainly originate from loan activities and investment in debt instruments, in addition to credit risks associated with off-balance-sheet financial instruments like unused loan commitments, credits, and guarantees.

The management of credit risks, to ensure they remain within the bank's acceptable levels, is conducted through:

- **Credit Policy:** This policy establishes the fundamentals of granting credit, acceptable collateral, as well as the principles and procedures for credit monitoring.

- **Credit Risk Measurement:** The bank uses an internal rating system, (CreditLens) from (Moody's), to assess the risk levels of corporate clients, contributing to credit decisions. For measuring credit exposure risks for debt instruments, the bank uses external ratings issued by international rating agencies like (Standard & Poor) and (Moody's), or their equivalents, according to the specified ratings and in line with the instructions of the regulatory authorities.
- **Credit Monitoring:** The bank manages caps and oversees credit concentration risks at the client level (individual or institution) and the size of credit exposure for each sector or geographical area. The bank sets acceptable credit risk levels by establishing caps for the amount of acceptable risk with each borrower or borrower group and for each sector or geographic area.
- **Credit Risk Mitigation:** The bank relies on various methods and practices to alleviate credit risks, including securing guarantees. These guarantees are accepted according to approved criteria and principles. The most prominent types of guarantees against loans and facilities include:
 - Real estate mortgages.
 - Mortgages of financial instruments such as shares.
 - Bank guarantees.
 - Cash Collaterals.
 - Government guarantees.

Moreover, the Bank adopts the following methods to improve the quality of credit and mitigate risks:

- A system of three approvals for granting a credit.
 - Credit approval authority that varies from one management level to another depending on the volume of the customer's portfolio extent of exposure maturity and customer's risk degree
 - Complete segregation between credit management departments (business) credit control and analysis departments.
- The continual training and development of credit review staff is crucial to ensure the presence of credit analysis expertise capable of properly understanding these risks.

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Second: quantitative disclosures:

(44/A) credit risk

1-A Exposure to credit risks (after provision for impairment and interest in suspense and before collaterals and any other risk decreasing factors).

	<u>2023</u>	<u>2022</u>
	JD	JD
Statement of Financial Position items:		
Cash and balances at Central Bank of Jordan	429,105,936	321,401,386
Balances at banks and financial institutions - net	291,847,547	303,959,667
Deposits at banks and financial Institutions - net	28,547,873	5,809,910
Direct credit Facilities - net:		
Individual	236,966,197	229,469,944
Real-estate loans	129,159,331	127,018,388
Large companies	372,268,317	340,072,382
Small and medium companies	51,065,659	45,351,554
Government & public sector	58,115,016	72,229,596
Bonds and Treasury Bills:		
Financial assets at amortized cost - net	729,273,864	769,041,525
Other assets	19,047,658	19,373,790
Total	<u>2,345,397,398</u>	<u>2,233,728,142</u>
Contingent liabilities:		
Letters of guarantee	105,620,468	80,387,956
Letters of credit	10,461,118	10,892,568
Acceptances	45,335,756	38,280,249
Un-utilized facilities	161,572,677	188,287,373
Grand total	<u>322,990,019</u>	<u>317,848,146</u>
Total	<u>2,668,387,417</u>	<u>2,551,576,288</u>

The Bank obtains cash and in-kind collaterals representing real estates and shares to mitigate credit risks to which the Bank might be exposed.

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1-B Distribution of credit exposure (Direct credit facilities):

	Classification category based on (47/2009) instruction	Total exposure amount	Expected credit losses (ECL)	Probability of default (PD)	Rating according to external rating institutions	Exposure at default (EAD)	Loss given default (LGD)
		JD	JD				
2-7	Performing	856,959,680	15,585,332	3.9%	Moody's	856,959,680	25.5%
8-10	Non performing	17,423,674	7,495,876	100%	Moody's	17,423,674	20.7%

Regarding assets items within consolidated financial statements, the exposure mentioned above is based on the balance presented in the consolidated financial statements.

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2- A Distribution of fair value of collateral against total credit exposures:

Item	Fair value of collaterals																			
	Gross exposure amount				Accepted banking guarantees				Vehicles and machines				Others		Gross collateral amount		Net exposure after collaterals		Expected credit losses (ECL)	
	JD	JD	Cash margins	Quoted shares	JD	JD	Housing	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
Balances at central bank	429,105,936	-	-	-	-	-	-	-	-	-	-	-	-	-	-	429,105,936	-	-	-	
Balances at banks and financial institutions	291,947,824	-	-	-	-	-	-	-	-	-	-	-	-	-	-	291,947,824	-	-	100,277	
Deposits at banks and financial institutions	28,570,223	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28,570,223	-	-	22,350	
Credit facilities:																				
Retail	247,339,527	16,031,981	-	60,000	-	-	128,629,552	-	-	-	-	-	-	-	144,721,533	102,617,994	-	-	9,148,939	
Real Estate Loans	134,059,208	79,594	-	947,998	-	-	101,168,934	-	-	-	477,617	-	-	102,674,143	31,385,065	-	-	-	3,422,773	
Corporate																				
Large Corporate	379,142,684	6,830,944	-	45,902,172	-	-	217,908,379	-	-	-	24,207,500	-	-	296,593,135	82,549,549	-	-	-	6,874,367	
Small and medium companies	55,672,074	2,129,870	-	14,122,164	-	-	28,053,717	-	-	-	-	-	-	44,305,751	11,366,323	-	-	-	3,580,284	
Government and public sector	58,169,861	-	-	-	-	-	-	-	-	-	29,541,677	-	-	29,541,677	28,628,184	-	-	-	54,845	
Bonds and bills:																				
Financial assets at amortized cost - net	729,833,007	-	-	-	-	-	320,000	-	-	-	-	-	-	320,000	729,513,007	-	-	-	559,143	
Other assets	19,047,658	-	-	-	-	-	-	-	-	-	-	-	-	-	19,047,658	-	-	-	-	
Total	2,372,888,002	25,072,389	-	61,032,334	-	-	476,080,582	-	-	-	54,226,794	-	-	618,156,239	1,754,731,763	23,762,978	-	-	24,886,193	
Letters of guarantee	105,620,468	-	-	-	-	-	-	-	-	-	-	-	-	-	105,620,468	-	-	-	274,980	
Letters of credit	10,461,118	-	-	-	-	-	-	-	-	-	-	-	-	-	10,461,118	-	-	-	72,629	
Acceptances	45,335,756	-	-	-	-	-	-	-	-	-	-	-	-	-	45,335,756	-	-	-	275,606	
Unutilized facilities	161,572,677	-	-	-	-	-	-	-	-	-	-	-	-	-	161,572,677	-	-	-	500,000	
Grand total	2,695,878,021	25,072,389	-	61,032,334	-	-	476,080,582	-	-	-	54,226,794	-	-	618,156,239	2,077,721,782	24,886,193	-	-	24,886,193	
Total comparative figures	2,570,397,531	21,481,141	-	27,125,050	-	-	502,869,942	-	-	-	83,222,561	-	-	637,442,834	1,932,954,697	17,249,867	-	-	17,249,867	

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2- B The fair value of collateral against total stage 3 credit exposures

Item	Fair value for collaterals										
	Gross exposure stage 3	Cash margins	Quoted shares	Accepted banking guarantees	Housing	Vehicles and machines	Others	Gross collateral amount	Net exposure after collaterals	Expected credit losses (ECL)	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
Balances at central bank	-	-	-	-	-	-	-	-	-	-	
Balances at banks and financial institutions	-	-	-	-	-	-	-	-	-	-	
Deposits at banks and financial institutions	-	-	-	-	-	-	-	-	-	-	
Credit facilities:											
Retail	7,151,488	-	163,992	-	1,114,309	-	-	1,278,301	5,873,187	4,150,237	
Real Estate Loans	3,963,531	-	-	-	5,340,440	-	-	5,340,440	(1,376,909)	1,280,835	
Corporate:											
Large corporate	6,308,655	22,443	-	-	22,368,198	-	-	22,390,641	(16,081,986)	2,064,804	
Small and medium companies	-	-	-	-	-	-	-	-	-	-	
Government and public sector	-	-	-	-	320,000	-	-	320,000	-	320,000	
Bonds and bills:	320,000	-	-	-	-	-	-	-	-	-	
Financial assets at amortized cost - net	-	-	-	-	-	-	-	-	-	-	
Other assets	-	-	-	-	-	-	-	-	-	-	
Total	17,743,674	22,443	163,992	-	29,142,947	-	-	29,329,382	(11,585,708)	7,815,876	
Letters of guarantee	-	-	-	-	-	-	-	-	-	-	
Letters of credit	-	-	-	-	-	-	-	-	-	-	
Acceptances	-	-	-	-	-	-	-	-	-	-	
Unutilized facilities	-	-	-	-	-	-	-	-	-	-	
Grand total	17,743,674	22,443	163,992	-	29,142,947	-	-	29,329,382	(11,585,708)	7,815,876	
Total comparative figures	9,839,530	38,217	241,515	-	25,719,590	-	-	25,999,322	(16,159,792)	3,348,695	

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3-A Total reclassified exposures

Item	Stage 2		Stage 3		Total reclassified exposures	Reclassified exposures
	Total exposure amount	Reclassified exposures	Total exposure amount	Reclassified exposures		
	JD	JD	JD	JD		
Total exposures	146,752,496	50,941,648	9,927,798	9,009,922	59,951,570	38%

3-B Expected credit losses for reclassified facilities

Item	Reclassified exposures				ECL for reclassified exposures	
	Reclassified exposures Stage 2	Reclassified exposures Stage 3	Total reclassified exposures	Stage 2 individual	Stage 3 individual	Total
	JD	JD	JD	JD	JD	JD
Total exposures	50,941,648	9,009,922	59,951,570	475,481	337,697	813,178

Rescheduled loans:

These represent loans classified previously as non-performing and reclassified as performing but taken out therefrom according to proper scheduling and classified as watch list loans they amounted to JD 3,013,850 for the current year (JD 1,877,484 for the previous year).

The balance of the rescheduled loans represents the loans which were rescheduled either still classified as watch list or transferred to performing.

Restructured loans:

Restructuring means to rearrange facilities instalments or by increasing their duration postpone some instalments or increase the grace period... etc, they are classified as a watch-list debt and the restructuring for the current year 43,832,408 JD and 15,371,031 JD in previous year.

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4. Bills bonds and debentures

4-A The table below shows the classification of bills bonds and debentures according to external rating agencies:

Risk rating class	Rating agency	Included in assets at amortized cost
		JD
Government guaranteed bonds	Moody's	715,809,048
Government guaranteed bonds B1	Moody's	6,417,337
Government guaranteed bonds Ba1	Moody's	709,204
Companies Bond B1	Moody's	2,929,867
Companies Bond (Governmental) Caa1	Moody's	641,655
Companies Bond without classification	Moody's	2,766,753
Total		<u>729,273,864</u>

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5-A The schedule below shows the geographical distribution of the credit risk exposure:

	Inside the Kingdom		Other Middle East		Europe		Asia		Africa		America		Total	
	Jordan		Countries		JD		JD		JD		JD		JD	
	JD		JD		JD		JD		JD		JD		JD	
Balance at Central Bank of Jordan	429,105,936	-	-	-	-	-	-	-	-	-	-	-	-	429,105,936
Balances at banks and financial institutions - net	51,115,989	177,603,587	47,014,559	1,058,174	1,058,174	2,771,026	12,284,302	291,847,547						
Deposits at banks and financial institutions - net	-	10,635,000	17,912,873	-	-	-	-	28,547,873						
Direct Credit facilities - net:	826,496,143	16,498,252	4,580,125	-	-	-	-	847,574,520						
Bonds and bills:														
Financial assets at amortized cost	724,993,136	-	-	709,204	641,657	2,929,867	729,273,864							
Other assets	16,391,233	1,945,204	541,211	47,854	45,847	76,309	19,047,658							
Total current year	2,048,102,347	206,682,043	70,048,768	1,815,232	3,458,530	15,290,478	2,345,397,398							
Letters of guarantee	97,640,506	7,955,082	24,860	-	-	-	105,620,468							
Letters of credit	7,928,835	2,532,283	-	-	-	-	10,461,118							
Acceptances	44,844,207	491,549	-	-	-	-	45,335,756							
Un-utilized facilities	160,762,869	809,808	-	-	-	-	161,572,677							
Grand total	2,359,278,764	218,470,765	70,073,648	1,815,232	3,458,530	15,290,478	2,668,387,417							
Total comparative figures	2,198,931,439	225,489,508	60,933,658	3,151,197	1,115,770	61,944,716	2,551,576,288							

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Exposure distribution according to IFRS 9- Net:

Item	Stage 1		Stage 1		Stage 2		Stage 2		Stage 3		Total JD
	Individual JD	Collective JD	Individual JD	Collective JD	Individual JD	Collective JD	Individual JD	Collective JD	Individual JD		
Inside Jordan	1,931,845,780	279,555,720	125,466,023	18,407,838	4,003,403	2,359,278,764					
Other middle east countries	217,420,176	-	1,050,589	-	-	218,470,765					
Europe	45,489,337	-	20,806,931	-	3,777,380	70,073,648					
Asia	1,815,232	-	-	-	-	1,815,232					
Africa	2,816,875	-	641,655	-	-	3,458,530					
America	15,290,478	-	-	-	-	15,290,478					
Total	2,214,677,878	279,555,720	147,965,198	18,407,838	7,780,783	2,668,387,417					
Total Comparative Figures	2,135,763,442	296,021,553	102,010,677	12,182,968	5,597,648	2,551,576,288					

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5-B The schedule below shows the credit risk exposure according to financial instruments:

Item	Finance		Industrial		Trade		Real estate		Shares		Retail		Transportation		Hotels and Tourism		Government and public sector		Total	
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at Central Bank of Jordan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	429,105,936	-	429,105,936
Balances at banks and financial institutions - net	291,847,547	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	291,847,547
Deposits at banks and financial institutions- net	28,547,873	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28,547,873
Direct credit facilities - net	1,492,359	144,977,355	266,508,357	129,155,447	1,028,366	236,966,197	5,478,107	3,853,316	58,115,016	847,574,520	-	-	-	-	-	-	-	-	-	-
Bonds and bills:																				
Financial assets at amortized cost - net	2,766,753	2,929,867	-	-	-	-	-	-	-	-	-	-	-	-	-	-	723,577,244	-	723,577,244	
Other assets	397,079	1,642,094	1,590,401	1,705,996	52,416	1,252,449	302,514	125,874	11,978,835	19,047,658	-	-	-	-	-	-	-	-	-	-
Total current year	325,051,611	149,549,316	268,098,758	130,861,443	1,080,782	238,218,646	5,780,621	3,979,190	1,222,777,031	2,345,397,398	-	-	-	-	-	-	-	-	-	-
Letters of guarantee	-	-	105,620,468	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	105,620,468
Letters of credit	-	-	10,461,118	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,461,118
Acceptances	-	-	45,335,756	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	45,335,756
Un- utilized ceilings	-	-	161,572,677	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	161,572,677
Grand total	325,051,611	149,549,316	591,088,777	130,861,443	1,080,782	238,218,646	5,780,621	3,979,190	1,222,777,031	2,668,387,417	-	-	-	-	-	-	-	-	-	-
Total comparative figures	322,592,086	127,479,491	568,333,050	127,793,111	953,924	229,864,067	4,028,053	3,340,466	1,167,192,040	2,551,576,288	-	-	-	-	-	-	-	-	-	-

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The distribution of the risk exposure according to the staging classification as per IFRS (9) - net

Item	Stage 1		Stage 2		Stage 2		Stage 3		Total	
	Individual	Collective	Individual	Collective	Individual	Collective	Individual	Collective	Individual	Collective
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Finance	303,989,916	-	21,061,695	-	-	-	-	-	-	325,051,611
Industry	112,148,366	-	37,360,058	-	-	-	40,892	-	-	149,549,316
Trade	528,022,497	-	59,524,464	-	-	-	3,541,816	-	-	591,088,777
Real estate	24,407,073	76,449,315	24,802,357	3,486,472	1,716,226	3,486,472	-	-	-	130,861,443
Shares	1,080,782	-	-	-	-	-	-	-	-	1,080,782
Retail	16,970,547	203,106,405	738,479	14,921,366	2,481,849	14,921,366	-	-	-	238,218,646
Transportation	4,891,570	-	889,051	-	-	-	-	-	-	5,780,621
Hotels and Tourism	3,907,879	-	71,311	-	-	-	-	-	-	3,979,190
Government and public sector	1,219,259,248	-	3,517,783	-	-	-	-	-	-	1,222,777,031
Total	2,214,677,878	279,555,720	147,965,198	18,407,838	7,780,783	18,407,838	7,780,783	5,997,648	5,997,648	2,668,387,417
Total comparative figures	2,135,763,442	296,021,553	102,010,677	12,182,968	5,597,648	12,182,968	5,597,648	5,597,648	5,597,648	2,551,576,288

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44/B Market risks:

Market risk is the risk of the fluctuation in the fair value or cash flows of financial instruments due to changes in market prices such as interest rates, currency rates and stock prices, The risks subject to this requirement are foreign currency, risk price risk, commodity risk and market risks arise due to open positions for interest rate, foreign currency exchange rate, investment rate and share prices, These risks are controlled according to predetermined policies and procedures and through specialized committees and work centers.

Sensitivity analysis is based on estimating the loss risk in fair value due to changes in interest rate and exchange rate, Moreover, fair value is calculated according to the current value of future cash flows that will be affected by price changes.

1-Interest rate risks:

Interest rate risk arises from the probable impact of changes in interest rates on the value of other financial assets, The Bank is exposed to the risk of interest rates due to a mismatch or a gap in the amounts of assets and liabilities according to the various time limits or review of interest rates in a certain period, Moreover, the Bank manages these risks through reviewing the interest rates on assets and liabilities based on the risk management strategy, The Bank will study all the factors that have an effect on the interest rates whether they are local regional or global in addition to studying the interest rate gap and their future expectations to determine the degree of risk in the short and long term so as to be able to put a suitable future plan and make the right decisions such as amending the maturity date and repricing the deposits and loans and the purchase and sale of the financial investments.

Sensitivity Analysis 2023

<u>Currency</u>	<u>Change increase in interest rate (%)</u>	<u>Sensitivity of interest revenue profit and loss</u> JD	<u>Sensitivity of shareholders' equity</u> JD
	1	755,469	-
US Dollar	1	225,758	-
Euro	1	(3,818)	-
British Pound	1	(808)	-
Japanese Yen	1	18,221	-
Others			

<u>Currency</u>	<u>Change decreased in interest rate (%)</u>	<u>Sensitivity of interest revenue profit and loss</u> JD	<u>Sensitivity of shareholders' equity</u> JD
	1	(755,469)	-
US Dollar	1	(225,758)	-
Euro	1	3,818	-
British Pound	1	808	-
Japanese Yen	1	(18,221)	-
Others			

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Sensitivity Analysis 2022

<u>Currency</u>	<u>Change increase in interest rate (%)</u>	<u>Sensitivity of interest revenue profit and loss</u> JD	<u>Sensitivity of shareholders' equity</u> JD
	1	(147,187)	-
US Dollar	1	283,790	-
Euro	1	(95,495)	-
British Pound	1	(693)	-
Japanese Yen	1	72,739	-
Others			

<u>Currency</u>	<u>Change decreased in interest rate (%)</u>	<u>Sensitivity of interest revenue profit and loss</u> JD	<u>Sensitivity of shareholders' equity</u> JD
	1	147,187	-
US Dollar	1	(283,790)	-
Euro	1	95,495	-
British Pound	1	693	-
Japanese Yen	1	(72,739)	-
Others			

2- Foreign currencies risk

This is the risk that results from the changes in foreign exchange rates with potential impact on the Bank's assets and liabilities in foreign currencies. The Bank prepares a sensitivity analysis to monitor the changes in exchange rates at (\pm 5%) of net profits and losses.

Sensitivity analysis 2023

<u>Currency</u>	<u>Change in currency exchange rate (%)</u>	<u>Effect on profits and losses</u> JD	<u>Sensitivity of shareholders' equity</u> JD
Euro	5	5,765	-
British Pound	5	48,475	948,896
Japanese Yen	5	(3,067)	-
Other currencies	5	33,679	-

Sensitivity analysis 2022

<u>Currency</u>	<u>Change in currency exchange rate (%)</u>	<u>Effect on profits and losses</u> JD	<u>Sensitivity of shareholders' equity</u> JD
Euro	5	1,214	-
British Pound	5	35,460	861,362
Japanese Yen	5	4	-
Other currencies	5	517,640	-

In case the decrease in the currency exchange rate amounts to 5% the same financial effect will result with an opposite sign.

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3. Shares prices risks

Is the risk arising from changes in the prices of stocks within the portfolio of financial assets at fair value through the statement of income and comprehensive income, The Bank manages the risks of stock prices by analysing value at losses.

Sensitivity analysis 2023

<u>Indicator</u>	Change in equity prices (%)	Effect on profit and losses	Effect on shareholders
		JD	JD
Amman Stock Exchange	5	-	830,922

Sensitivity Analysis 2022

<u>Indicator</u>	Change in equity prices (%)	Effect on profit and losses	Effect on shareholders
		JD	JD
Amman Stock Exchange	5	33,195	866,762

If the stock exchanges indicator decreases by the same percentage, the same financial effect will arise but with an opposite sign.

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4. Interest rate sensitivity gap

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

	Less than 1 month		From 1 to 3 months		From 3 to 6 months		From 6 months to 1 year		From 1 to 3 years		Over 3 years		Non - interest bearing items		Total	
	JD		JD		JD		JD		JD		JD		JD		JD	
31 December 2023																
Assets																
Cash and balances at Central Bank of Jordan	451,145,248	-	-	-	-	-	-	-	-	-	-	-	-	-	-	451,145,248
Balances at banks and financial institutions - Net	235,588,373	27,952,383	-	-	-	-	-	-	-	-	-	-	-	28,306,791	-	291,847,547
Deposits at banks and financial institutions - Net	-	-	-	-	-	-	28,547,873	-	-	-	-	-	-	-	-	28,547,873
Financial assets at fair value through other comprehensive income- Net	-	-	-	-	-	-	-	-	-	-	-	-	-	33,326,152	-	33,326,152
Direct credit facilities- Net	30,362,075	67,411,498	110,774,321	59,869,083	-	-	-	-	152,055,396	427,102,147	-	-	-	-	-	847,574,520
Financial assets at amortized cost- Net	7,999,912	23,567,960	28,338,792	13,341,422	-	-	-	-	389,604,011	266,421,767	-	-	-	-	-	729,273,864
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments in associate company	-	-	-	-	-	-	-	-	-	-	-	-	-	20,045,724	-	20,045,724
Property and equipment - Net	-	-	-	-	-	-	-	-	-	-	-	-	-	77,016,663	-	77,016,663
Intangible assets - Net	-	-	-	-	-	-	-	-	-	-	-	-	-	13,053,896	-	13,053,896
Right of use Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	2,816,046	-	2,816,046
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-	3,308,754	-	3,308,754
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	39,543,317	-	39,543,317
Total assets	725,095,608	118,931,841	139,113,113	101,758,378	541,659,407	693,523,914	217,417,343	2,537,499,604	375,720,262	1,582,662,051	233,201,991	65,844,839	1,476,794	7,877,274	2,520,870	30,576,153
Liabilities																
Banks and financial institution deposits	301,275,262	63,101,000	4,254,000	7,090,000	-	-	-	-	-	-	-	-	-	-	-	375,720,262
Customers' deposits	680,173,062	243,962,298	210,493,060	139,342,672	657,642	41,437	-	-	657,642	41,437	-	-	-	307,991,880	-	1,582,662,051
Borrowed funds from the Central Bank of Jordan	200,694,619	37,498	168,809	1,951,831	7,358,505	22,990,729	-	-	7,358,505	22,990,729	-	-	-	-	-	233,201,991
Cash margins	24,420,211	11,209,241	7,144,104	9,519,711	366,196	472,033	-	-	366,196	472,033	-	-	-	12,713,343	-	65,844,839
Sundry provisions	-	-	-	-	-	-	-	-	-	-	-	-	-	1,476,794	-	1,476,794
Income tax provision	-	-	-	-	-	-	-	-	-	-	-	-	-	7,877,274	-	7,877,274
Lease Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	2,520,870	-	2,520,870
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	30,576,153	-	30,576,153
Total Liabilities	1,206,563,154	318,310,037	222,059,973	157,904,214	8,382,343	23,504,199	363,156,314	2,299,880,234	237,619,370	1,445,738,971	272,381,366	2,414,436,938	2,181,210,560	2,520,870	30,576,153	2,299,880,234
Interest rate sensitivity gap	(481,467,546)	(199,378,196)	(82,946,860)	(56,145,836)	533,277,064	670,019,715	(145,738,971)	237,619,370	237,619,370	237,619,370	237,619,370	237,619,370	237,619,370	237,619,370	237,619,370	237,619,370
31 December 2022																
Total Assets	528,556,668	188,187,294	128,432,726	89,415,577	309,307,620	898,155,687	272,381,366	2,414,436,938	2,181,210,560	2,520,870	30,576,153	2,299,880,234	237,619,370	2,299,880,234	2,299,880,234	2,299,880,234
Total Liabilities	1,272,733,812	261,065,678	170,982,459	121,212,547	42,178,328	15,161,041	297,876,695	2,181,210,560	2,181,210,560	2,181,210,560	2,181,210,560	2,181,210,560	2,181,210,560	2,181,210,560	2,181,210,560	2,181,210,560
Interest rate sensitivity gap	(744,177,144)	(72,878,384)	(42,549,733)	(31,796,970)	267,129,292	882,994,646	(25,495,329)	233,226,378	233,226,378	233,226,378	233,226,378	233,226,378	233,226,378	233,226,378	233,226,378	233,226,378

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5. Concentration of foreign currency risks:

Item/Currency	USD	Euro	Sterling Pounds	Japanese Yen	Other	Total
31 December 2023						
Assets:						
Cash and balances at Central Bank of Jordan	28,791,099	1,123,454	502,690	377	627,965	31,045,585
Balances and deposits at banks and financial institutions	156,226,982	67,788,343	10,650,653	344,234	32,901,716	267,911,928
Direct credit facilities	217,817,925	4,706,678	-	-	16,862,734	239,387,337
Financial securities at amortized cost	202,798,830	1,566,640	-	-	-	204,365,470
Financial assets through Comprehensive Income	35,672	-	-	-	-	35,672
Investments in associate company	-	-	20,045,724	-	-	20,045,724
Property and equipment - net	1,187,286	-	-	-	-	1,187,286
Right of use assets	639,724	-	-	-	-	639,724
Other assets	20,395,306	353,281	86,811	-	(5,218,134)	15,617,264
Total Assets	627,892,824	75,538,396	31,285,878	344,611	45,174,281	780,235,990
Liabilities:						
Banks and financial institutions deposits	182,840,882	33,350,158	296,376	-	709,319	217,196,735
Customers' deposits	423,917,704	41,638,630	10,562,239	405,956	41,248,864	517,773,393
Cash Margins	8,593,527	199,894	256,222	-	2,055,819	11,105,462
Sundry provisions	533,727	-	-	-	-	533,727
Income Tax Provision	368,687	-	-	-	-	368,687
Lease Liabilities	593,522	-	-	-	-	593,522
Other liabilities	5,430,928	234,408	100,449	-	486,694	6,252,479
Retained earnings	54,080	-	-	-	-	54,080
Non - Controlling Interest	19,374,329	-	-	-	-	19,374,329
Total Liabilities	641,707,386	75,423,090	11,215,286	405,956	44,500,696	773,252,414
Net concentration on - balance sheet for the current year	(13,814,562)	115,306	20,070,592	(61,345)	673,585	6,983,576
Contingent liabilities off - balance sheet for the current year	162,221,785	11,958,733	20,423	139,295	24,802,703	199,142,939
31 December 2022						
Total Assets	567,541,715	93,577,512	41,744,231	257,138	60,294,568	763,415,164
Total Liabilities	571,876,253	93,553,223	23,777,415	257,061	49,941,777	739,405,729
Net concentration on - balance sheet for the current year	(4,334,538)	24,289	17,966,816	77	10,352,791	24,009,435
Contingent liabilities off - balance sheet for the current year	140,622,558	9,942,077	61,237	445,366	21,358,730	172,429,968

(44/C) Liquidity risk

Liquidity risk is defined as the Bank's inability to provide the necessary funding to cover its obligations at the due date, Liquidity risk is managed through the following:

- Funding requirements are managed through daily oversight of future cash flows to ensure the possibility of meeting them and the Bank maintains a presence in the market of cash that allows the bank to achieve it.
- Holding highly marketable assets that can be easily liquidated to meet any unexpected liquidity requirements.
- Monitoring the liquidity ratios according to the internal requirements and the requirements of the regulatory authorities.
- Managing concentrations in assets / liabilities and their maturities.
- Maintaining a portion of customers' deposits as a cash reserve at the Central Bank of Jordan; this reserve cannot be disposed of except for certain conditions as specified by the Central Bank of Jordan.

Liquidity is measured on the basis of normal and emergency conditions, this includes analyzing the remaining period of the contractual maturity and financial assets on the basis of the expected recoverability, also the liquidity ratio is controlled by the bank management and the CBJ is informed with all related issues half-yearly.

The treasury Department at the bank oversees this aspect, while also considering unused loans and facilities and potential obligations related to credits and guarantees.

The following table shows the components of liquidity coverage ratio as of 31 December 2023:

	2023		2022	
	Before applying average cash flow	After applying average cash flow*	Before applying average cash flow	After applying average cash flow*
High Quality Liquid Assets	1,132,415,681	1,124,106,466	1,068,786,317	1,059,764,109
Cash Outflows	1,915,170,726	696,467,393	1,946,589,256	762,940,110
Cash Inflows	542,273,225	296,477,717	600,053,203	303,918,269
Net cashflow	1,372,897,501	399,989,676	1,346,536,053	459,021,841

- * The flow rates represent the weighting weights for each of the items related to the liquidity coverage ratio according to the liquidity coverage ratio instructions No, (5/2022) issued by the Central Bank of Jordan.

The liquidity coverage ratio is 281.0% as of 31 December 2023 (230.9% as of 31 December 2022).

According to the Central Bank's instructions, the minimum liquidity coverage ratio is 100%. Accordingly, the monthly average (from 1 January 2023 to 31 December 2023) of the total currencies of the banking group amounted to 248.31% (188.16% as of 31 December 2022) .

The treasurer is in charge of controlling the liquidity of the Bank taking into consideration loans and any related commitments letters of credit and guarantees.

Sources of funds

The Bank diversifies its funding sources according to geographical areas, currencies customers, and products in order to achieve financial flexibility and reduce funding costs, It also endeavors to maintain stable and reliable funding sources, Moreover the Bank has a large customer base including individual customers companies and corporations.

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1- The table below summarizes the distribution of liabilities (not deducted) on the basis of the remaining period of contractual maturity on the date of the financial statements

	Less than 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	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	
31 December 2023															
Liabilities:															
Banks' and financial institution's deposits	301,319,621	63,267,463	4,938,828	7,421,753	-	-	-	-	-	-	-	-	-	-	376,947,665
Customers' deposits	680,945,636	244,069,135	211,431,852	152,152,949	683,483	-	-	-	-	-	-	-	-	-	1,597,332,503
Borrowed funds from the Central Bank of Jordan	200,694,619	37,498	168,809	1,951,831	7,358,505	-	-	-	-	-	-	-	-	-	233,201,991
Cash margins	24,677,525	11,211,746	7,145,464	9,521,747	368,248	-	-	-	-	-	-	-	-	-	66,149,005
Sundry provisions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,476,794
Income tax provision	2,152,251	4,620,102	-	-	-	-	-	-	-	-	-	-	-	-	7,877,274
Lease Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,520,870
Other liabilities	13,419,891	-	-	-	-	-	-	-	-	-	-	-	-	-	30,576,153
Total	1,223,209,543	323,205,944	223,684,953	171,048,280	8,410,236	23,559,229	342,964,070	217,417,343	2,316,082,255	2,537,499,604	2,537,499,604	2,537,499,604	2,537,499,604	2,537,499,604	2,537,499,604
Total assets (according to expected maturities)	1,435,676,200	96,930,521	110,774,321	59,869,083	188,379,129	428,453,007	217,417,343	2,537,499,604	2,537,499,604	2,537,499,604	2,537,499,604	2,537,499,604	2,537,499,604	2,537,499,604	2,537,499,604
31 December 2022															
Liabilities:															
Banks' and financial institution's deposits	405,599,058	25,568,653	22,741,153	-	-	-	-	-	-	-	-	-	-	-	453,908,864
Customers' deposits	622,313,845	209,738,396	126,940,465	113,116,922	30,304,041	-	-	-	-	-	-	-	-	-	1,344,356,964
Borrowed funds from the Central Bank of Jordan	225,012,907	14,285,716	15,989,635	5,016,566	12,389,114	-	-	-	-	-	-	-	-	-	286,415,742
Cash margins	11,266,058	12,152,629	6,563,025	10,132,744	303,608	-	-	-	-	-	-	-	-	-	48,705,123
Sundry provisions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	924,050
Income tax provision	2,278,385	6,091,215	-	-	-	-	-	-	-	-	-	-	-	-	9,380,725
Lease Liabilities	-	264,266	129,401	348,917	674,446	-	-	-	-	-	-	-	-	-	2,451,070
Other liabilities	8,758,606	-	-	-	-	-	-	-	-	-	-	-	-	-	46,562,437
Total	1,275,228,859	268,100,875	172,363,679	128,615,149	43,671,209	15,218,109	289,507,095	2,192,704,975							
Total assets (according to expected maturities)	1,281,292,115	96,792,296	88,165,975	58,928,577	158,875,314	458,001,295	272,381,366	2,414,436,938	2,414,436,938	2,414,436,938	2,414,436,938	2,414,436,938	2,414,436,938	2,414,436,938	2,414,436,938

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2- The following table summarizes forward currency contracts based on the remaining period to the contractual maturity date on the date of the financial statements:

	Up to 1 Month		1 to 3 Months		3 to 6 Months		6 Months to 1 Year		1 to 3 Years		Over 3 Years		Total	Fair Value
	JD		JD		JD		JD		JD		JD			
<u>31 December 2023</u>														
Forward currency contracts	4,264,500		-		8,433,590		7,151,426		-		-		19,849,516	37,091
<u>31 December 2022</u>														
Forward currency contracts	2,133,000		2,678,861		13,307,523		17,615,463		-		-		35,734,847	50,457

Off - the statement of financial position items:

	Up to 1 Year		More than 1-5 Years		Over 5 Years		Total
	JD		JD		JD		
2023							
Letters of credit and acceptances / issued	56,356,797		-		-		56,356,797
Un-utilized facilities	161,572,677		-		-		161,572,677
Letters of guarantee	85,049,110		20,548,358		23,000		105,620,468
Total	302,978,584		20,548,358		23,000		323,549,942
2022							
Letters of credit and acceptances / issued	57,198,551		-		-		57,198,551
Un-utilized facilities	188,287,373		-		-		188,287,373
Letters of guarantee	74,990,484		5,374,472		23,000		80,387,956
Total	320,476,408		5,374,472		23,000		325,873,880

45. Segment Analysis

A. Information about the Bank's Business Segments

The Bank is organized for administrative purposes to the following four main business segments:

1- Individual accounts:

Include following up on individual customers accounts, real estate loans, overdrafts, credit cards facilities and transfer facilities.

2- Institutions and corporate:

The loans and the credit facilities, other sector services, deposits, current accounts related to the customers of the corporations and institutions.

3- Treasury:

Principally providing money market trading and treasury services as well as management of the Bank's funding operations through treasury bills, and bond government securities placements, and acceptances with other banks and that is through treasury and banking services.

4- Institutional financing:

This sector relates to finance structure special arrangements and share issuance.

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A- The Following represents information about the bank's sector activities:

	Individual bank sector activities		Corporate bank sector activities		Treasury		Others		2023		2022	
	JD	(In Thousands)	JD	(In Thousands)	JD	(In Thousands)	JD	(In Thousands)	JD	(In Thousands)	JD	(In Thousands)
Gross revenues	33,562		37,129		61,302		19,391		151,384		114,272	
Bank's share in the income of associate company	-		-		970		-		970		710	
Provision for expected credit losses	(4,301)		(5,325)		(206)		-		(9,832)		(2,532)	
Segment results	29,261		31,804		62,066		19,391		142,522		112,450	
Undistributed expenses									(114,042)		(82,052)	
Income before tax									28,480		30,398	
Income tax expense									(8,294)		(10,916)	
Net income for the period									20,186		19,482	
Capital expenditures									3,471		2,918	
Depreciation and amortization									6,495		4,540	
									2023		2022	
									JD		JD	
Segment's assets	329,505		518,069		1,534,141		-		2,381,715		2,268,316	
Investments in associate company	-		-		20,046		-		20,046		17,950	
Undistributed assets	-		-		-		135,739		135,739		128,171	
Total assets	329,505		518,069		1,554,187		135,739		2,537,500		2,414,437	
Segment's liabilities	1,065,803		582,704		608,922		-		2,257,429		2,121,893	
Undistributed liabilities	-		-		-		42,451		42,451		59,318	
Total Liabilities	1,065,803		582,704		608,922		42,451		2,299,880		2,181,211	

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(B) Geographical Information

This item represents the geographical distribution of the Bank's activities. Moreover, the Bank conducts its activities mainly in Jordan representing local activities, additionally, the Bank performs its international activities through its branch in Cyprus, and its subsidiary in Qatar.

The following table shows the distribution of the Bank's operating income, total assets and capital expenditure by geographical segment:

	Inside Jordan		Outside Jordan		Total	
	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD
Total revenues	141,287,077	108,068,235	11,066,226	6,913,782	152,353,303	114,982,017
Capital expenditure	3,430,383	2,690,880	40,311	226,907	3,470,694	2,917,787
	Inside Jordan		Outside Jordan		Total	
2023	2022	2023	2022	2023	2022	
JD	JD	JD	JD	JD	JD	JD
Total Assets	2,185,541,124	2,033,840,685	351,958,480	380,596,253	2,537,499,604	2,414,436,938

46. Capital Management:

The Bank seeks to achieve the following goals:

- Compliance with the Central Bank of Jordan requirements relating to share capital.
- Maintaining the ability to continue as a going concern.
- Maintaining a strong capital base for supporting the expansion and development of the Bank's activities.

Capital adequacy is monitored and reviewed by the Bank's management moreover the Bank provides the Central Bank of Jordan with quarterly reports on the adequacy of its capital.

According to the Central Bank of Jordan instructions the minimum requirements for the capital adequacy ratio is 12%, Moreover, banks are classified into five categories the best one having an average capital adequacy ratio equal to or more than 14%. Additionally the Bank's capital adequacy ratio is 16.24% as of 31 December 2023 (17.8% as of 31 December 2022).

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The schedule below shows capital components total risk weighted assets and capital adequacy ratio according to the Central Bank of Jordan instructions in accordance with Basel III 2023 Committee regulations:

	2023	2022
	JD	JD
	In Thousands	In Thousands
<u>Primary capital according to bank's management requirements</u>		
Paid-up capital	150,000	150,000
Retained Earnings	12,360	11,178
Profit for the year after tax and deducting expected distributions		
Other Comprehensive income items:		
Cumulative change in fair value	1,737	2,134
Foreign currency translation adjustments	(3,144)	(4,172)
Share Issuance Premium	-	-
Statutory Reserve	42,292	39,904
Authorized minority rights	4,461	3,206
Total Ordinary Share Capital	207,706	202,250
Total regulatory Adjustments (deductions from capital)		
Goodwill and Intangible assets	(13,054)	(1,476)
Deferred tax assets resulting from provisions of credit facilities	(3,309)	(3,320)
Investment in Bank's Capital and financial institutions and insurance companies Outside the scope of regulatory consolidation and where the bank owns more than 10%	(911)	-
Net Ordinary Shareholders	190,432	197,454
Additional Capital	-	-
Total primary Capital	190,432	197,454
Secondary Capital		
General banking risk reserve	-	-
Provision required against credit facilities/ credit compensation in stage 1	7,446	7,004
Total Stable Capital	7,446	7,004
Net stable capital	7,446	7,004
Total regulatory capital	197,878	204,458
Total risk weighted assets	1,218,751	1,148,606
Capital adequacy ratio %	16.24%	17.80%
Primary capital ratio %	15.63%	17.19%

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47. Accounts managed on behalf of customers

This item represents the accounts managed by the Bank on behalf of its customers but are not considered part of the bank's assets and its balances as of 31 December 2023 was JD 108,297,049 (JD 83,463,223 as of 31 December 2022), The fees and commissions on such accounts are stated in the consolidated statement of Income.

48. Assets and Liabilities maturity analysis:

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

	Up to 1 year	Over 1 year	Total
	JD	JD	JD
<u>31 December 2023</u>			
Assets:			
Cash and balances at Central Bank of Jordan	451,145,248	-	451,145,248
Balances at banks and financial institutions - net	291,847,547	-	291,847,547
Deposits at banks and financial institutions - net	28,547,873	-	28,547,873
Financial assets at fair value through other comprehensive income	33,326,152	-	33,326,152
Financial assets at fair value through Profit or Loss	-	-	-
Direct Credit facilities - net	366,938,449	480,636,071	847,574,520
Financial assets at amortized cost	720,147,145	9,126,719	729,273,864
Investments in associate company	-	20,045,724	20,045,724
Property and equipment- net	-	77,016,663	77,016,663
Intangible assets- net	-	13,053,896	13,053,896
Right of use assets	-	2,816,046	2,816,046
Deferred tax assets	-	3,308,754	3,308,754
Other assets	-	39,543,317	39,543,317
Total assets	1,891,952,414	645,547,190	2,537,499,604
Liabilities:			
Banks and financial institutions' deposits	375,720,262	-	375,720,262
Customers' deposits	1,201,817,760	380,844,291	1,582,662,051
Borrowed money from Central Bank of Jordan	202,852,757	30,349,234	233,201,991
Cash margins	65,006,610	838,229	65,844,839
Sundry provisions	-	1,476,794	1,476,794
Income tax provision	6,772,353	1,104,921	7,877,274
Lease Liabilities	557,005	1,963,865	2,520,870
Other liabilities	13,419,891	17,156,262	30,576,153
Total liabilities	1,866,146,638	433,733,596	2,299,880,234
Net	25,805,776	211,813,594	237,619,370

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	Up to 1 year	Over 1 year	Total
	JD	JD	JD
31 December 2022			
Assets:			
Cash and balances at Central Bank of Jordan	341,688,653	-	341,688,653
Balances at banks and financial institutions - net	303,959,667	-	303,959,667
Deposits at banks and financial institutions - net	5,809,910	-	5,809,910
Financial assets at fair value through other comprehensive income	663,897	-	663,897
Financial assets at fair value through Profit or Loss	33,009,788	-	33,009,788
Direct Credit facilities - net	309,352,187	504,789,677	814,141,864
Financial assets at amortized cost	755,476,066	13,565,459	769,041,525
Investments in associate company	-	17,950,200	17,950,200
Property and equipment- net	-	74,107,186	74,107,186
Intangible assets- net	-	1,475,026	1,475,026
Right of use assets	-	2,724,869	2,724,869
Deferred tax assets	-	3,319,903	3,319,903
Other assets	-	46,544,450	46,544,450
Total assets	1,749,960,168	664,476,770	2,414,436,938
Liabilities:			
Banks and financial institutions' deposits	452,475,145	-	452,475,145
Customers' deposits	925,563,722	408,998,159	1,334,561,881
Borrowed money from Central Bank of Jordan	260,304,824	26,110,918	286,415,742
Cash margins	47,772,492	667,018	48,439,510
Sundry provisions	-	924,050	924,050
Income tax provision	8,369,600	1,011,125	9,380,725
Lease Liabilities	742,584	1,708,486	2,451,070
Other liabilities	8,758,606	37,803,831	46,562,437
Total liabilities	1,703,986,973	477,223,587	2,181,210,560
Net	45,973,195	187,253,183	233,226,378

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49. Fair Value Hierarchy

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 financial 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 assets and financial liabilities are determined (valuation techniques and key inputs).

	Fair Value as at		Fair Value Hierarchy	Valuation techniques and key inputs	Significant Intangible	Intangible inputs to fair value
	2023	2022				
Financial assets/ financial Liabilities						
Financial assets at fair value						
Financial assets at fair value through profit or loss						
Quoted corporate equity shares	-	663,897	level 1	Quoted rates in financial markets instruments	Not Applicable	Not Applicable
Total	-	663,897				
Financial assets at fair value through comprehensive income						
Quoted shares	16,618,430	17,335,234	level 1	Quoted rates in financial markets	Not Applicable	Not Applicable
Unquoted shares	16,707,722	15,674,554	level 2	Compare to similar financial instruments	Not Applicable	Not Applicable
Total	33,326,152	33,009,788				

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

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

Except what is detailed in following table we believe that the carrying amounts of financial assets recognized in the Company's financial statements approximate their fair values, due to that the bank's management believes that the item's book value are equals to the fair value which is due to its Short term maturity or to the interest rates being revaluated during the year.

	2023		2022		Fair value hierarchy
	Book value	Fair value	Book value	Fair value	
	JD	JD	JD	JD	
Financial assets not measured at fair value					
Balances at central bank	429,105,936	429,239,292	321,401,386	321,567,249	level 2
Balances at banks and financial institutions - net	291,847,547	293,124,696	303,959,667	304,627,270	level 2
Deposits at banks and financial institutions - net	28,547,873	28,649,148	5,809,910	5,857,163	level 2
Direct credit facilities - net	847,574,520	852,639,476	814,141,864	820,567,673	level 2
Financial assets at amortized costs	729,273,864	740,793,648	769,041,525	780,752,339	level 1&2
Total Financial assets not measured at fair value	<u>2,326,349,740</u>	<u>2,344,446,260</u>	<u>2,214,354,352</u>	<u>2,233,371,694</u>	
Financial liabilities not measured at fair value					
Banks and financial institution deposits	375,720,262	376,914,911	452,475,145	453,449,883	level 2
Customer deposits	1,582,662,051	1,593,241,863	1,334,561,881	1,341,748,340	level 2
Borrowed money from the central bank of Jordan	233,201,991	286,415,742	286,415,742	286,415,742	level 2
Cash margins	65,844,839	66,207,577	48,439,510	48,686,125	level 2
Total Liabilities not measured at Fair Value	<u>2,257,429,143</u>	<u>2,322,780,093</u>	<u>2,121,892,278</u>	<u>2,130,300,090</u>	

The fair values of the financial assets included in level 2 and 3 categories above have been determined in accordance with the generally accepted pricing.

50. Commitments and Contingent Liabilities (Off-Statement of Financial Position)

A. Contingent liabilities:

	<u>2023</u>	<u>2022</u>
	JD	JD
Letters of credit		
Export	8,711,666	10,144,701
Import (backed)	1,749,452	747,867
Import (not backed)	21,774,474	16,052,788
Acceptance		
Export / letter of credit	45,335,756	38,280,249
Export / policies	2,309,375	8,773,601
Import (not backed)	15,974,886	3,182,202
Letters of guarantee		
Payments	38,815,186	33,609,434
Performance	46,112,796	26,481,835
Other	20,692,486	20,296,687
Forward contracts	19,849,516	35,734,847
Un-utilized facilities	161,572,677	188,287,373
Total	<u>382,898,270</u>	<u>381,591,584</u>

B. There are no contractual commitments to purchase fixed assets or constructional contracts.

C. There are no guarantees provided against contractual obligations.

D. Operating and finance lease contracts.

The minimum capital lease payment is as follows:

	<u>2023</u>	<u>2022</u>
	JD	JD
Within one year	94,698	119,176
Total	<u>94,698</u>	<u>119,176</u>

51. Lawsuits Against the Bank

Lawsuits raised against the Bank are to repeal third party claims and to settle seized assets matters applying for malfunctional and damage as well, amounted to JD 4,034,669 as of 31 December 2023 (JD 4,578,818 as of 31 December 2022), In the opinion of the management and the Bank's lawyer, the Bank will not incur any significant amount against these lawsuits except for the booked provision which amounted to JD 476,391 as of 31 December 2023 (JD 390,687 as of 31 December 2022). Moreover, the amounts paid by the Bank against concluded or settled lawsuits are taken to the consolidated income statement upon payment.

52. Comparative Figures

Some amounts were reclassified from the comparative figures in order to align with the figures for the year ending 31 December 2023, with no effect on profit or equity in the period.

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53. ACQUISITION OF THE BANKING BUSINESS OF THE STANDARD CHARTERED BANK JORDAN BRANCH AND NATIONAL BANK OF KUWAIT JORDAN BRANCH

A- Standard Chartered Bank Jordan branch

On 26 March 2023, the bank has signed an agreement with Standard Chartered Bank to acquire their banking operation in Jordan after obtaining the approvals of the board of directors of Arab Jordan Investment Bank and the Central Bank of Jordan. Arab Jordan Investment Bank has acquired the assets and liabilities of Standard Chartered Bank on 10 August 2023 which have been transferred to Arab Jordan Investment Bank records as per the below:

	Book value at acquisition (10 August 2023)	Adjustments	Fair value at acquisition (10 August 2023)
	JD	JD	JD
<u>Assets</u>			
Cash and balances at the Central Bank of Jordan	94,272,511	-	94,272,511
Balances at banks and financial institutions	23,918,420	-	23,918,420
Direct credit facilities - net	46,767,478	-	46,767,478
Financial assets at amortized cost - net	92,880,868	-	92,880,868
Financial assets through profit or loss	85,631	-	85,631
Property and equipment - net	4,559,229	-	4,559,229
Other assets	3,645,337	-	3,645,337
Total Assets	<u>266,129,474</u>	<u>-</u>	<u>266,129,474</u>
<u>Liabilities and Equity</u>			
Liabilities -			
Banks and financial institutions' deposits	14,142,134	-	14,142,134
Customers' deposits	170,905,310	-	170,905,310
Cash margins	5,679,382	-	5,679,382
Other provision	464,785	-	464,785
Other liabilities	3,606,934	-	3,606,934
Total Liabilities	<u>194,798,545</u>	<u>-</u>	<u>194,798,545</u>
Net assets acquired	71,330,929	-	71,330,929
Provisional goodwill	5,672,000	-	5,672,000
Paid acquisition price	77,002,929	-	77,002,929
Analysis of cash flow at acquisition			
Net cash acquired	104,048,797	-	104,048,797
Paid acquisition price	77,002,929	-	77,002,929
Acquisition - Net cash received	27,045,868	-	27,045,868

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Management has distributed the acquisition price as shown in the above disclosure. The acquisition resulted in a provisional goodwill amounting to JD 5,672,000 which was recorded in intangible assets for the period ended 30 September 2023.

In the last quarter of 2023, an independent third party has prepared a Purchase Price Allocation (PPA) for the allocation of assets and liabilities of Standard Chartered Bank - Jordan Branch. The study resulted in an intangible asset related to customer relationships amounting to JOD 10,400,000. Accordingly, the Bank amortized the value of provisional goodwill and recorded JOD 4,728,000 in other revenues for the year ending on 31 December 2023. As detailed below:

	<u>10 August 2023</u>
	JD
Intangible Assets (Customer Relationships)	10,400,000
Amortize provisional goodwill	<u>(5,672,000)</u>
	<u>4,728,000</u>

Acquisition expenses:

	<u>10 August 2023</u>
	JD
Consulting services	809,056
Rewards and indemnity	<u>150,000</u>
Total expenses	<u>959,056</u>

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B- National Bank of Kuwait Jordan branch

At 17 February 2023, the bank has signed an agreement with National Bank of Kuwait to acquire their banking operation in Jordan after obtaining the approvals of the board of directors of Arab Jordan Investment Bank and the Central Bank of Jordan. Arab Jordan Investment Bank has acquired the entire assets and liabilities of National Bank of Kuwait - Jordan at 25 May 2023 and all assets and liabilities have been transferred to Arab Jordan Investment Bank records as below:

	Book value at acquisition (25 May 2023)	Adjustments	Fair value at acquisition (25 May 2023)
	JD	JD	JD
Assets			
Cash and balances at Central Bank of Jordan	27,546,789	-	27,546,789
Balances at banks and financial institutions- net	2,055,423	-	2,055,423
Financial assets at fair value through other comprehensive income	8,558,882	-	8,558,882
Direct credit facilities - net	75,869,863	-	75,869,863
Financial assets at amortized cost - net	458,956	-	458,956
Property and equipment - net	4,777,899	-	4,777,899
Intangible assets - net	-	-	-
Right of use	93,913	-	93,913
Other assets	2,208,019	-	2,208,019
Total Assets	121,569,744	-	121,569,744
Liabilities and Equity			
Liabilities:			
Banks and financial institutions' deposits	353,122	-	353,122
Customers' deposits	56,433,729	-	56,433,729
Borrowed money from the Central Bank of Jordan	1,711,473	-	1,711,473
Cash margins	674,748	-	674,748
Income tax provision	-	-	-
Lease liabilities	82,764	-	82,764
Other liabilities	691,789	-	691,789
Total Liabilities	59,947,625	-	59,947,625
Net assets acquired	61,622,119	-	61,622,119
Paid acquisition price	59,772,119	-	59,772,119
Gain from acquisition	1,850,000	-	1,850,000
Cash flow			
Net cash acquired	29,249,090	-	29,249,090
Paid acquisition price	59,772,119	-	59,772,119
Acquisition – Net paid acquisition price	30,523,029	-	30,523,029

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Management has distributed the acquisition price as shown in the disclosure. The acquisition resulted in gain amounted to JD 1,850,000 which were recorded in the other revenues for the period ended 30 June 2023.

In the second quarter of 2023, an independent third party has prepared a Purchase Price Allocation (PPA) for the allocation of assets and liabilities of Standard Chartered Bank - Jordan Branch. The study resulted in an intangible asset related to customer relationships amounting to JOD 2,900,000. Accordingly, the Bank recorded JOD 2,900,000 in other revenues for the year ending on 31 December 2023.

Acquisition Expenses:

	<u>25 May 2023</u>
	JD
Consulting Services	223,509
Rewards and Indemnity	<u>92,127</u>
Total	<u><u>315,636</u></u>

54. New International Financial Reporting Standards and its explanations and issued amendments and not implemented yet

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, 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 Group 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.