**CAIRO AMMAN BANK**

**PUBLIC SHAREHOLDING LIMITED COMPANY**

**CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2022**

Ernst & Young Jordan
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**INDEPENDENT AUDITOR'S REPORT**
**To the Shareholders of Cairo Amman Bank**
**Amman – Jordan**

## Report on the Audit of the consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Cairo Amman Bank "the Bank" and its subsidiaries "the Group", which comprise of the consolidated statement of financial position as at 31 December 2022, the consolidated statement of income, 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 a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2022, and its consolidated financial performance and its consolidated 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 *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

### Other Matter

The consolidated financial statements for the year ended 31 December 2021 was audited by another auditor. An unqualified opinion was issued on these financial statements on 22 February 2022.

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**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. 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.

<table>
<tr><td colspan="2">Adequacy of Expected Credit Losses (ECL) for credit facilities<br><br>Refer to the note 11 to the consolidated financial statements</td></tr>
<tr><td>Key Audit matter<br>This is considered as a key audit matter as the group exercises significant judgement to determine when and how much to record as impairment.<br><br>The provision for credit facilities is recognized based on the Group's provisioning and impairment policy which complies with the requirements of IFRS 9.<br><br>Credit facilities form a major portion of the Group's assets, there is a risk that inappropriate impairment 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.<br><br>As at 31 December 2022, the Group's gross credit facilities amounted to JD 2,244,223,314 and the expected credit provision is JD 105,646,527. The impairment provision policy is disclosed in the accounting policies in note (2) to the consolidated financial statements.</td>
<td>How the key audit matter was addressed in the audit<br><br>Our audit procedures included the following:<br><br>• 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.<br><br>• We read the Group's impairment provisioning policy and compared it with the requirements of the IFRS (9) as well as relevant regulatory guidelines and pronouncements.<br><br>• 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.<br><br>• We examined a sample of exposures, assessed on an individual basis and performed procedures to evaluate the following:<br>  • Appropriateness of the group's staging.<br>  • Appropriateness of determining Exposure at Default, including the consideration of repayments in the</td></tr>
</table>

| | |
|---|---|
| | cash flows and the resultant arithmetical calculations<br>• Appropriateness of the PD, EAD and LGD for different exposures at different stages.<br>• Appropriateness of the internal rating and the objectivity, competence and independence of the experts involved in this exercise.<br>• Soundness and mathematical integrity of the ECL Model.<br>• 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.<br>For exposures determined to be individually impaired we re-preformed 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.<br><br>• 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.<br><br>• 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), (11) and (41) to the consolidated financial statements. |

**Other information included in the Group's 2022 annual report.**

Other information consists of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. We expect to obtain the Group's annual report subsequent to our auditor's report date. Our opinion on the consolidated financial statements does not cover the other information and we do 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 once received 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 company'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 company or to cease operations, or has no realistic alternative but to do so.

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

**Auditor's Responsibilities for the Audit of the 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 bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the bank's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the bank 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 consolidated financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

The Company 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 Waddah Barkawi; license number 591.

Amman – Jordan
21 February 2023

ERNST & YOUNG
Amman - Jordan

**CAIRO AMMAN BANK (PUBLIC SHAREHOLDING LIMITED COMPANY)**
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**AS OF 31 DECEMBER 2022**

| | Notes | 2022 | 2021 |
|---|---|---|---|
| **Assets** | | JD | JD |
| Cash and balances at Central Banks-Net | 5 | 320,698,816 | 413,494,719 |
| Balances at banks and financial institutions-Net | 6 | 123,920,745 | 121,528,244 |
| Deposits at banks and financial institutions-Net | 7 | 73,083,268 | 101,054,720 |
| Financial assets at fair value through profit or loss | 8 | 9,980,141 | 8,164,615 |
| Financial assets at fair value through other comprehensive income-Net | 9 | 71,879,372 | 65,792,741 |
| Financial assets at amortized cost-Net | 10/A | 740,827,140 | 732,404,799 |
| Financial assets at amortized cost - pledged as collaterals | 10/B | 54,538,000 | 74,203,000 |
| Direct credit facilities-Net | 11 | 2,127,194,065 | 1,951,096,855 |
| Property and equipment-Net | 12 | 43,924,827 | 43,770,756 |
| Intangible assets - Net | 13 | 5,361,339 | 5,159,688 |
| Right of use assets - Net | 48 | 23,347,071 | 24,154,362 |
| Deferred tax assets | 21 | 13,574,826 | 12,227,606 |
| Other assets | 14 | 66,644,844 | 60,756,128 |
| **Total Assets** | | 3,674,974,454 | 3,613,808,233 |
| | | | |
| **Liabilities And Shareholders' Equity** | | | |
| **Liabilities:** | | | |
| Banks and financial institutions’ deposits | 15 | 218,453,233 | 202,284,537 |
| Customers' deposits | 16 | 2,454,183,350 | 2,437,899,526 |
| Margin Accounts | 17 | 89,697,152 | 59,546,408 |
| Borrowed funds | 18 | 341,726,015 | 363,909,865 |
| Subordinated loans | 19 | 18,540,350 | 18,540,350 |
| Sundry provisions | 20 | 14,065,732 | 12,313,994 |
| Income tax provision | 21 | 23,867,415 | 19,810,355 |
| Lease liabilities | 48 | 23,137,223 | 23,325,341 |
| Deferred tax liabilities | 21 | 1,308,124 | 865,668 |
| Other liabilities | 22 | 68,178,051 | 77,913,234 |
| **Total Liabilities** | | 3,253,156,645 | 3,216,409,278 |
| | | | |
| **Shareholders' Equity** | | | |
| **Banks Shareholders Equity** | | | |
| Subscribed and paid-up capital | 23 | 190,000,000 | 190,000,000 |
| Statutory reserve | 24 | 91,364,494 | 86,711,919 |
| General banking risk reserve | 24 | 4,646,255 | 4,341,429 |
| Cyclical fluctuations reserve | 24 | 11,396,874 | 10,894,653 |
| Fair value reserve-net | 26 | 9,304,467 | 3,797,698 |
| Foreign currencies Translation Reserve | | (3,188,744) | (3,188,744) |
| Retained earnings | 27 | 97,910,555 | 94,481,206 |
| **Total Bank’s Shareholders’ Equity** | | 401,433,901 | 387,038,161 |
| Non-controlling interest | | 20,383,908 | 10,360,794 |
| **Total Shareholders' Equity** | | 421,817,809 | 397,398,955 |
| **Total Liabilities and Shareholders' Equity** | | 3,674,974,454 | 3,613,808,233 |

**The attached notes (1) to (50) form part of these consolidated financial statement**

**CAIRO AMMAN BANK (PUBLIC SHAREHOLDING LIMITED COMPANY)**
**CONSOLIDATED INCOME STATEMENT**
**FOR THE YEAR ENDED 31 DECEMBER 2022**

| | Notes | 2022 | 2021 |
|---|---|---|---|
| | | JD | JD |
| Interest income | 28 | 188,481,260 | 171,998,285 |
| Less: Interest expense | 29 | (66,781,799) | (56,111,893) |
| **Net interest income** | | **121,699,461** | **115,886,392** |
| Net commission income | 30 | 19,238,439 | 20,344,244 |
| **Net interest and commission income** | | **140,937,900** | **136,230,636** |
| Gain from foreign currencies | 31 | 4,878,641 | 4,416,809 |
| Gain from financial assets at fair value through profit or loss | 32 | 991,154 | 1,682,897 |
| Dividends from financial assets at fair value through other comprehensive income | 9 & 33 | 2,351,321 | 2,603,330 |
| Other income | 34 | 8,761,222 | 6,624,306 |
| **Gross profit** | | **157,920,238** | **151,557,978** |
| Employees' costs | 35 | 45,959,936 | 44,968,102 |
| Depreciation and amortization | 12&13 | 7,082,593 | 7,858,388 |
| Other expenses | 36 | 36,479,087 | 33,230,790 |
| Expected credit loss | 37 | 15,529,472 | 17,628,435 |
| Impairment of seized assets | 14 | 164,741 | 514,759 |
| (Released from) provision for impairment of financial assets at fair value through other comprehensive income | | - | (4,158,000) |
| Sundry provisions | | 53,063 | 207,330 |
| **Total expenses** | | **105,268,892** | **100,249,804** |
| Profit for the year before tax | | 52,651,346 | 51,308,174 |
| Income tax expense | 21 | (17,671,850) | (18,619,877) |
| **Profit for the year** | | **34,979,496** | **32,688,297** |
| Allocated to: | | | |
| Bank's shareholders | | 34,613,824 | 32,799,711 |
| Non-controlling interests | | 365,672 | (111,414) |
| **Profit for the year** | | **34,979,496** | **32,688,297** |
| | | JD/ Fils | JD/ Fils |
| Basic and diluted earnings per share (Bank's shareholders) | 38 | 0/182 | 0/173 |

**The attached notes (1) to (50) form part of these consolidated financial statement**

**CAIRO AMMAN BANK (PUBLIC SHAREHOLDING LIMITED COMPANY)**
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
**FOR THE YEAR ENDED 31 DECEMBER 2022**

| | 2022 | 2021 |
|---|---|---|
| | JD | JD |
| Profit for the year | 34,979,496 | 32,688,297 |
| **Add: Other comprehensive income items after tax that will not be reclassified subsequently to the consolidate statement of income:** | | |
| Net change in fair value reserve | 5,369,225 | 9,896,189 |
| **Total Comprehensive income for the year** | 40,348,721 | 42,584,486 |
| Total Comprehensive income for the year attributable to: | | |
| Bank's shareholders | 39,983,049 | 42,695,900 |
| Non-controlling interests | 365,672 | (111,414) |
| **Total Comprehensive income for the year** | **40,348,721** | 42,584,486 |

**The attached notes (1) to (50) form part of these consolidated financial statement**

## CAIRO AMMAN BANK (PUBLIC SHAREHOLDING LIMITED COMPANY)
## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 DECEMBER 2022

| | Authorized and Paid up Capital | Statutory Reserve | General Banking Risk Reserve* | Cyclical Fluctuations Reserve | Fair Value Reserve - Net | Foreign Currencies Translation Reserve | Retained Earnings | Total Bank Shareholders' Equity | Non-controlling Interests | Total Shareholders' Equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **For the Year Ended 31 December 2022** | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Balance at the beginning of the year | 190,000,000 | 86,711,919 | 4,341,429 | 10,894,653 | 3,797,698 | (3,188,744) | 94,481,206 | 387,038,161 | 10,360,794 | 397,398,955 |
| Total comprehensive income for the year | - | - | - | - | 5,369,225 | - | 34,613,824 | 39,983,049 | 365,672 | 40,348,721 |
| Transferred to reserves | - | 4,652,575 | 304,826 | 502,221 | - | - | (5,459,622) | - | - | - |
| Distributed cash dividends (Note 27) | - | - | - | - | - | - | (28,500,000) | (28,500,000) | - | (28,500,000) |
| Net change in Non-controlling interest (Note 2) | - | - | - | - | - | - | 2,912,691 | 2,912,691 | 9,657,442 | 12,570,133 |
| Gain from sale of financial assets at fair value through Other Comprehensive Income | - | - | - | - | 137,544 | - | (137,544) | - | - | - |
| **Balance at End of the year** | 190,000,000 | 91,364,494 | 4,646,255 | 11,396,874 | 9,304,467 | (3,188,744) | 97,910,555 | 401,433,901 | 20,383,908 | 421,817,809 |
| **For the Year Ended 31 December 2021** | | | | | | | | | | |
| Balance at the beginning of the year | 190,000,000 | 82,047,879 | 3,897,183 | 10,894,653 | (5,988,630) | (3,188,744) | 88,960,274 | 366,622,615 | 8,666,334 | 375,288,949 |
| Total comprehensive income for the year | - | - | - | - | 9,896,189 | - | 32,799,711 | 42,695,900 | (111,414) | 42,584,486 |
| Transferred to reserves | - | 4,664,040 | 444,246 | - | - | - | (5,108,286) | - | - | - |
| Distributed cash dividends (Note 27) | - | - | - | - | - | - | (22,800,000) | (22,800,000) | - | (22,800,000) |
| Net change in Non-controlling interest | - | - | - | - | - | - | 519,646 | 519,646 | 1,805,874 | 2,325,520 |
| Gain from sale of financial assets at fair value through Other Comprehensive Income | - | - | - | - | (109,861) | - | 109,861 | - | - | - |
| **Balance at End of the year** | 190,000,000 | 86,711,919 | 4,341,429 | 10,894,653 | 3,797,698 | (3,188,744) | 94,481,206 | 387,038,161 | 10,360,794 | 397,398,955 |

* The general banking risk reserve and the negative balance of the fair value reserve are restricted from use without a prior approval from the Central Bank of Jordan.

- As of 31 December 2022, the restricted retained earnings balance resulting from the early implementation of IFRS 9 amounted to JD 12,672,287.
- The retained earnings balance includes deferred tax assets amounting to JD 13,574,826 and is restricted from use in accordance with the instructions of the Central Bank of Jordan.
- The Bank cannot use a restricted amount of JD 1,155,916 which represents the remaining balance of the general banking risk reserve included in retained earnings in accordance with the instructions of the Central Bank of Jordan.
- Distributable profits amounted to JD 67,318,782 as of 31 December 2022.

**The attached notes (1) to (50) form part of these consolidated financial statement**

**CAIRO AMMAN BANK**
**CONSOLIDATED STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED 31 DECEMBER 2022**

| | Notes | 2022 | 2021 |
|---|---|---|---|
| | | JD | JD |
| **Operating Activities** | | | |
| Profit before tax for the year | | 52,651,346 | 51,308,174 |
| **Adjustments for:** | | | |
| Depreciation and amortization | 12&13&36 | 11,424,500 | 11,327,569 |
| Interest expense on leases | | 947,331 | 1,049,037 |
| Expected credit loss | 37 | 15,529,472 | 17,628,435 |
| Sundry provisions | 20 | 2,998,508 | 1,109,195 |
| Impairment of seized assets | 14 | 164,741 | 514,759 |
| Released from provision for impairment of financial assets at fair value through other comprehensive income | | - | (4,158,000) |
| Dividends from financial assets at fair value through other comprehensive income | | (2,351,321) | (2,603,330) |
| (Gain) from valuation of financial assets at fair value through profit or loss | 32 | (223,770) | (1,126,633) |
| (Gain) from sale of property and equipment | 34 | (34,010) | (87,520) |
| (Gain) from sale of repossessed assets | 34 | (2,399,178) | (780,188) |
| Effect of exchange rate changes on cash and cash equivalents | | (4,632,432) | (4,181,722) |
| **Cash flow from operating activities before changes in Assets & Liabilities** | | 74,075,187 | 69,999,776 |
| **(Increase) decrease in Assets** | | | |
| Decrease (increase) in deposits at banks and financial institutions | | 28,119,304 | (21,064,328) |
| (Increase) decrease in financial assets at fair value through profit or loss | | (1,591,756) | 368,982 |
| (Increase) in direct credit facilities | | (190,570,394) | (174,563,806) |
| Increase in other assets | | (3,626,750) | (7,466,031) |
| **Increase (decrease) in liabilities** | | | |
| (Decrease) in banks and financial institutions' deposits (maturing in more than three months) | | (59,419,642) | (3,877,300) |
| Increase in customer deposits | | 16,283,824 | 211,469,089 |
| Increase in margin accounts | | 30,150,744 | 2,588,167 |
| (Decrease) Increase in other liabilities | | (11,068,639) | 6,331,886 |
| **Net cash flows (used in) from operating activities before income tax and sundry provision** | | (117,648,122) | 83,786,435 |
| Income tax paid | 21 | (16,428,764) | (15,571,667) |
| Sundry provision' paid | 20 | (1,246,770) | (1,689,772) |
| **Net cash flows (used in) from operating activities** | | (135,323,656) | 66,524,996 |
| **Investing Activities** | | | |
| (Purchase) of financial assets at fair value through other comprehensive income | | (1,235,269) | (1,376,827) |
| Sale of financial assets at fair value through other comprehensive income | | 2,426,979 | 1,187,529 |
| Dividends from financial assets at fair value through other comprehensive income | 9 | 2,351,321 | 2,603,330 |
| (Purchase) of other financial assets at amortized cost | | (212,485,390) | (202,069,895) |
| Maturity and sale of other financial assets at amortized cost | | 223,832,728 | 208,583,755 |
| Proceeds from the sale of an investment in a subsidiary without losing control | | 1,170,133 | 2,325,520 |
| (Purchase) of property and equipment | 12 | (5,841,711) | (7,180,307) |
| Collections from sale of property and equipment - Net | | 121,774 | 116,368 |
| (Purchase) of intangible assets | 13 | (1,684,368) | (1,841,230) |
| **Net cash flows from investing activities** | | 8,656,197 | 2,348,243 |
| **Financing Activities** | | | |
| Increase in borrowed funds | | 94,702,538 | 172,415,099 |
| Borrowed funds settled | | (116,886,388) | (122,889,352) |
| Lease obligations payments | | (4,697,594) | (4,538,767) |
| Dividends distributed to shareholders | | (17,100,000) | (22,800,000) |
| **Net cash flows (used in) from financing activities** | | (43,981,444) | 22,186,980 |
| Effect of exchange rate changes on cash and cash equivalents | 31 | 4,632,432 | 4,181,722 |
| Net (Decrease) increase in cash and cash equivalents | | (166,016,471) | 95,241,941 |
| Cash and cash equivalents, beginning of the year | | 419,435,514 | 324,193,573 |
| **Cash and cash equivalents, end of the year** | 39 | 253,419,043 | 419,435,514 |

**The attached notes (1) to (50) form part of these consolidated financial statement**

## 1. General

Cairo Amman Bank was established as a public shareholding limited company registered and incorporated in Jordan in 1960 in accordance with the Jordanian Companies Laws and Regulations No. (12) For the year 1964. Its registered head office is in Amman, the Hashemite Kingdom of Jordan.

The Bank provides its banking and financial services through its head office located in Amman and 98 branches located in Jordan, and 22 branches in Palestine and 1 in Bahrain, and its subsidiaries.

The Bank's Subscribed and paid-up capital is 190,000,000 JD/share as of 31 December 2022.

The Bank's shares are listed on the Amman Stock Exchange.

The consolidated financial statements were authorized for issue by the bank's Board of Directors in their meeting held on 8 February 2023 and are subject to the approval of the General Assembly of the shareholders.

## 2. Significant Accounting Policies

### (2-1) Basis of Preparation of Consolidated Financial Statement

The accompanying consolidated financial statements of the Bank and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations (IFRICs), and in conformity with the applicable laws and regulations of the Central Bank of Jordan.

The consolidated financial statements are prepared on a historical cost basis, except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which have been measured at fair value.

The financial statements have been presented in Jordanian Dinars (JD) which is the functional currency of the Bank.

## (2-2) Basis of Consolidation of Financial Statements

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. All balances, transactions, income and expenses between the Bank and subsidiaries are eliminated.

The consolidated financial statements include the financial statements of the bank and its subsidiaries that are under their control, there is no difference in the financial year for the bank and its subsidiaries. The Bank owns the following subsidiaries as of 31 December 2022:

| Company's Name | Paid-up Capital | Ownership Percentage | Nature of Operation | Country of Operation | Ownership Date |
|---|---|---|---|---|---|
| | JD | % | | | |
| Al-Watanieh for Financial Services Company | 6,500,000 | 100 | Brokerage and investment management | Jordan | 1992 |
| Al-Watanieh Securities Company | 1,600,000 | 100 | Brokerage | Palestine | 1995 |
| Tamallak for Financial Leasing | 5,000,000 | 100 | Finance Leasing | Jordan | 2013 |
| Safa Bank* | 53,175,000 | 51 | Islamic Banking | Palestine | 2016 |

* During the year ended 31 December 2022, the bank distributed 16,078,984 shares from the bank's shares in Safa bank to Cairo Amman Bank shareholders in the same percentage that each shareholder owns in Cairo Amman Bank, in addition to that the bank has sold 1,650,399 share, hence the bank's ownership decreased from 74.64% to 51% without loss of control.

Control is achieved when the Bank is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Bank controls an investee if and only if the Bank has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and the Bank has less than a majority of the voting or similar rights of an investee, the Bank considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Bank's voting rights and potential voting rights.

The Bank re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.
Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Revenues and expenses of a subsidiary acquired or disposed of during the year are included in the interim condensed consolidated financial statements from the date the Bank gains control until the date the Bank ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Bank and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Bank's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Bank are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary without a loss of control, is accounted for as an equity transaction. If the Bank loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

## (2-3) Significant Accounting Policies

### Segmental Reporting

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

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

**Direct credit facilities**

Direct credit facilities are financial assets with fixed and determined payments provided or granted by the Bank and do not have any market value in active market and 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 arising on non-performing facilities is suspended when loans become impaired according to the Central Bank of Jordan's regulations and regulatory authorities in countries in which the bank have branches and subsidiaries.

Loans and the related allowance for credit losses are written off when collection procedures become ineffective. The excess in the allowance of possible loan losses, if any, is transferred to the consolidated income statement, and cash recoveries of loans that were previously written off are credited to the consolidated income statement.

**Fair value**

For investments and derivatives quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities.
For financial instruments where there is no active market fair value is normally based on one of the following methods:

- Comparison with the current market value of a highly similar financial instrument.
- The expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics.
- 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.

**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 in ability 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).

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**Financial assets at fair value through income statement**

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.

**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 income statement.

**Impairment in Financial Assets**

*Overview of the ECL 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 2018.

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 ECLs**

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

**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.

**Property and Equipment**

Property and equipment are measured at cost less accumulated depreciation and any impairment. Property and equipment (except land) are depreciated when ready for use using the straight-line method over their expected useful life.

The depreciation rates used are as follows:

| | % |
|---|---|
| Buildings | 2 |
| Equipment, furniture and fixtures | 9-15 |
| Vehicles | 20 |
| Computers | 12-25 |
| Other | 2-12 |

If such indication exists and when the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount, and the impairment is charged to consolidated statement of profit or loss.

The useful life of property and equipment is reviewed at each year end, and changes in the expected useful life are treated as changes in accounting estimates.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

**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.

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 a percentage of 25% annually.

**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.

**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 taxes and deferred taxes.
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 taxes are taxes 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 recognized 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).

**Recognition of Interest Income**

The effective interest rate method, is used 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 FVOCI and FVTPL, 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.

**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 financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2021 except for the adoption of new amendments on the standards effective as of 1 January 2022 shown below:

**Reference to the Conceptual Framework – Amendments to IFRS 3**
In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.
At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

These amendments had no material impact on the consolidated financial statements of the Bank.

**Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16**
In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no material impact on the consolidated financial statements of the Bank.

**Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37**

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments had no material impact on the consolidated financial statements of the Bank.

**IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter**

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no material impact on the consolidated financial statements of the Bank.

**IFRS 9 Financial Instruments – Fees in the ’10 per cent’ test for derecognition of financial liabilities**

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

These amendments had no material impact on the consolidated financial statements of the Bank.

**IAS 41 Agriculture – Taxation in fair value measurements**

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

These amendments had no material impact on the consolidated financial statements of the Bank.

## (4) Significant Accounting Judgments and Key Sources of Estimates Uncertainty

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

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

### A. Expected credit loss for financial instruments at amortized cost

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. Most important judgments and estimates used are as the following:

**The Bank's definition of default and default handling mechanism**

**Definition of default:**

The bank has adopted the definition of default according to the instructions for applying the International Financial Reporting Standard 9 No. 13/2018 in addition to the Central Bank's instructions No. 47/2009, whereby any debt instrument was considered among the bad debts if there is evidence / evidence that it has become non-performing (irregular), In the event that one or more of the qualitative indicators below are achieved, it is considered evidence of a debt instrument default:

- The debtor party is facing significant financial difficulties (severe weakness in the financial statements).
- Failure to comply with contractual conditions, such as having dues equal to or greater than (90) days.
- The bank extinguishes part of the debtor's obligations.
- The presence of clear external indicators indicating the imminent bankruptcy of the debtor party.
- The absence of an active external market for a financial instrument due to financial difficulties faced by the debtor party (the source of credit exposure / debt instrument) and its inability to fulfill its obligations.
- The acquisition (purchase or creation of) a debt instrument at a significant discount that represents a credit loss.

- **Default handling mechanism:**

The Bank monitors accounts before they reach the non-performance stage through designated departments and when accounts are classified as non-performing, they are monitored through the credit department before the initiation of legal procedures in case no final settlement with the customer has been reached. The Bank takes adequate provisions for those accounts in accordance with the instructions of the Central Bank of Jordan and the control authorities.

**1- The bank's internal credit rating system and its working mechanism:**

- <u>Corporate portfolio:</u>

It is an internal rating system for comprehensively assessing and measuring the risks of banks, financial institutions, sovereign investments, and clients of large and medium companies.

The Bank uses the (Creditlens) Systems developed by (Moody's) to measure the risk rating of customers within (7) grades for the performing accounts and (3) grades for the non-performing accounts in accordance with the instructions of the Central Bank od Jordan. The probability of default (PD) increases as risk rating increases. Three segments are adopted at each grade for performing loans - with the exception of grade (1) where grade (1) is the best and grade (10) is the worst, Where the client's risk degree linked to the client's probability of default (PD) is extracted based on financial and objective data, and the probability of default is extracted for the client's facilities through (Facility Rating).

- <u>Individual portfolio:</u>

The portfolio of individuals is classified by adopting programs with common characteristics for the clients granted through each program according to the nature of the purpose of the product (personal, housing, cars, etc.), according to the employer (Public sector, private sector) and according to the nature of the terms are set based on historical performance in terms of granting, default and collection. The scoring is periodically reviewed, and the terms are updated based on performance.

**2- The approved mechanism for calculating expected credit losses (ECL).**

The Bank has adopted (Moody's) system for calculating expected credit losses where the calculation is made by specialized systems for the corporate and retail portfolios after taking into consideration the client's level of risk and probability of default and assessment of collaterals for Jordan branches, foreign branches and the subsidiaries.

The calculation for each stage is as follows:

- **Stage (1):** the expected credit losses are calculated within the next 12 months from the date of preparing the financial statements for debt instruments within this phase and in which there has not been a significant or significant increase in its credit risk since the initial recognition of the exposure / instrument, or that it has a low credit risk at the date of preparing the financial statements.

- **Stage (2):** Expected credit losses are calculated for the entire life of the debt instrument during the remaining period of the life of the debt instrument for debt instruments that fall within this stage and for which there has been a significant or significant increase in its credit risk since its initial recognition, but it has not reached the default stage.

  Several determinants have been adopted as an indicator of the increase in credit risk to move the financial instrument from the first stage to the second stage, taking into account many indicators, including:

- The client's rating has been revised down by specific degrees from the initial rating, or he has obtained a high-risk rating.
- Appearance of any negative indicators on the account (it is in the Blacklist of returned checks in the portfolio of individuals for Jordan branches, or its classification is 3 in the money laundering list - Risk Level according to the classification of the Palestinian Monetary Authority for the portfolio of individuals in Al-Safa Bank and Palestine branches).
- There are more than 30 days of dues and less than 90 days.
- Classification of the client within the debt under control.

- **Stage (3):** Expected credit losses are computed for the entire life of the debt instrument for debt instruments that fall within this stage and for which there is evidence / evidence that they have become non-performing (irregular).

The following debt instruments are included in the calculation:

- Loans and direct and indirect credit facilities.
- Debt instruments at amortized cost.
- Financial guarantees specified according to IFRS 9.
- Receivable balances associated with leasing contracts according to IAS (17) and IFRS (16).
- Credit exposures on banks and financial institutions.

## 3- Governance of applying the requirements of the IFRS (9).

Roles and responsibilities:

The Board of Directors:

- Adopting the policy of calculating expected credit losses as per IFRS 9.
- Providing an appropriate governance structure and procedures that ensure the proper application of the standard by defining the roles of committees, departments and work units in the bank, and ensuring the integrity of work.
- Provide the appropriate infrastructure for the application.
- Ensuring that the supervisory units of the bank represented in risk management and the audit department carry out all necessary work to verify the correctness and integrity of the methodologies and systems used in the application of Standard 9 and provide the necessary support for them.

Risk Management Committee:

- Review the policies for implementing IFRS 9.
- Viewing the results of calculating the expected credit losses in the financial statements.

Facilities Committee:

- Reviewing and approving the recommendations for making any exceptions to the calculation results submitted by the Steering Committee for the implementation of Standard 9.

The Audit Committee:

- Verifying the adequacy of the expected credit losses appropriated by the bank and ensuring their adequacy on all financial statements.

IFRS 9 Steering Committee:

The committee comprises the vice credit and treasury general manager, chief treasury officer, chief financial officer, chief risk management officer, chief corporate credit and SME loans and bank pooling officer and chief credit risk officer. Its most important objectives include:

- Coordinating and giving directions to application officials in foreign branches, subsidiaries and departments of the bank.
- Coordination with central banks and external and internal supervisory bodies.
- Taking decisions regarding implementation of the standard and giving directions for its implementation
- Reviewing the calculation results to assess the exposures within the different stages and ensure that they are in line with the risks of customers and direct them to the concerned authorities.
- Recommending to the Facilitation Committee emanating from the Board of Directors the exceptional amendments to the calculation results

- Make recommendations to the concerned authorities, where necessary, regarding modification of policies or exceptions Supervising the periodic review of calculation methodologies.

Risk Management:
- Preparing the policies for implementing the IFRS 9
- Contributing to the process of calculating expected credit losses within Standard 9 at the level of Cairo Amman Bank Group in accordance with the requirements of the International Financial Reporting Standard 9 and the instructions of the Central Bank of Jordan and the supervisory authorities in the host countries.
- Reviewing and updating the calculation methodologies periodically and whenever necessary.
- Coordinate with the executive management to take appropriate measures to verify the soundness of the methodologies and systems used in calculating the expected credit losses.
- Send the results of the calculation to all concerned parties.

Financial management and shareholder affairs:
- Contributing to the calculation process with the relevant departments and reviewing the calculation results.
- Making the necessary accounting adjustments and restrictions after approving the results and verifying that all financial assets have been subject to the calculation process.
- Calculate the allocations according to IFRS 9.
- Preparing the necessary disclosures in cooperation with the concerned departments in the bank and the group in accordance with the requirements of the standard and the instructions of the Central Bank.
- Preparing the statements required from the Central Bank in cooperation with the relevant departments.
- Presenting the financial statements, including the results of calculating the provisions, to the audit committee to ensure the adequacy of the expected credit loss

Credit Management:
- Classifying clients within the internal rating classification on a periodic basis to measure clients' risk based on the rating classification
- Periodically updating data for credit facilities and guarantees within the classification system.
- Updating and evaluating the negative quantitative and qualitative indicators resulting from the high risks of customers and recommending their inclusion within the appropriate credit rating stages.
- Contribute to the review of the methodologies used and the results of calculating the credit allocations for the corporate portfolio.

- Submitting the necessary recommendations to the Steering Committee to implement Standard 9 in the event of any exception.

Internal Audit Management:

- Verifying the adequacy of methodologies and systems used in the calculation of ECL.
- Ensure that there are work procedures that include the distribution of roles and responsibilities for the General Administration, foreign branches, and subsidiary companies.

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

1. **Probability of Default (PD):**

- Individual portfolio:

The probability of default has been computed using the Bank's historical default information for the retail loans and housing loans portfolio. These rates are calculated using independent variables which affect the probability of default rate (salary, sector, age, gender, interest rate, loan duration

- Corporate portfolio:

Risk rating is calculated based on Moody's Credit rating and then mapped to the relevant assigned PD. The ECL model then converts the probity of default (PP) from a TTC into PTC based on each instrument's data taking into consideration the risk of economical and geographical segments associated with the customers.

2. **Exposure at Default (EAD):**

- One time debt instruments (direct and indirect): the balance as of the date of the financial statements is considered as the balance at the date of default after subtracting suspended interest and the actual due date of the financial instrument is assumed.

- Renewing debt instruments (direct and indirect): the balance or the ceiling as of the date of the financial statements is considered as the balance at the date of default after subtracting suspended interest and the actual due date of the financial instrument plus three years is assumed.

3. **Loss Given Default (LGD):**

- Retail portfolio:

The probability of default has been computed using the Bank's historical default information for the retail loans and housing loans portfolio. Both rates have approved at the account level for the retail portfolio.

- Corporate portfolio:

The loss ratio is calculated assuming default at the account level and after taking into account several factors and data, the most important of which are (guarantees, the economic sector, the possibility of default) The haircut rates were adopted on the guarantees according to the ratios approved by the Central Bank of Jordan, in addition to the adoption of a minimum ratio that is not less than 10%.

**5- The Bank's policy for determining common elements (criteria) that credit risk and expected credit losses on a (Collective Basis) have been measured with.**

Credit risk and expected credit losses for retail have been calculated at an individual level for each account separately and not at a collective level.

**6- Economic indicators used by the Bank in calculating expected credit losses (PD).**

A group of economic indicators have been reviewed such as (gross domestic product, equities, interest rates, unemployment, and inflation) and the following approved indicators have shown a strong correlation between the indicator value and the default rate for each portfolio using historical information:

- Corporate portfolio: gross domestic product and shares prices.
- Individual portfolio: gross domestic product, real gross domestic product, domestic product deflator and shares prices.

The following weights for scenarios were adopted by the Bank for the years 2022 and 2021 as a response to the spread of COVID-19 and as follows:

| Baseline Scenario | Downturn Scenario | Upturn Scenario |
|---|---|---|
| 30% | 60% | 10% |

The Bank manages its risks through a comprehensive strategy for risk management by which the roles and responsibilities of all parties concerned are identified. These include the Board of Directors and subcommittees such as the Risk Committee, the Investment Committee and Audit and Compliance Management Committee, in addition to the executive management and its subcommittees, such as Assets and Liabilities Committee, Procedures Development Committee, Credit committees and other specialized Departments such as the Risk Management Department, Compliance Department and the Audit Department. Furthermore, all of the Bank's business units are considered responsible for identifying the risks associated within their banking operations and committed to applying the appropriate controls and monitoring their effectiveness and maintaining integrity within the internal control system.

The process of managing the risks within the Bank's activities include the identification, measurement, assessment and monitoring of financial and non-financial risks which could negatively affect the bank's performance and reputation or its goals ensuring that the bank achieves optimum yield in return for the risks taken.

The general framework of risk management at the Bank is in line with the size, complexity and nature of its operations, and in harmony with local regulations as well as taking into account the best international practices in this regard. The Bank's set of principles include the following:

Responsibility of the board of directors:

- Adopting the policies, strategies, and general framework for risk management, including the limits of the acceptable degree of risk.

- Ensuring the existence of an effective framework for stress testing situations, in addition to adopting their own hypotheses.

- Adopting the bank's policies.

- Adopting the internal assessment methodology for the bank's capital adequacy, so that this methodology is comprehensive, effective and able to identify all the risks that the bank may face and takes into account the bank's strategic plan and capital plan, reviewing this methodology periodically and verifying its application and ensuring that the bank maintains With sufficient capital to meet all the risks it faces.

Responsibility of the Risk Management Committee emanating from the Board of Directors:

- Periodic review of policies, strategies, and risk management procedures of the bank, including setting acceptable risk limits.

- Keeping abreast of developments affecting the bank's risk management.

- Develop the process of internal assessment of capital adequacy, analyze current and future capital requirements, in line with the bank's risk structure and strategic objectives, and take measures related to this.

- Ensuring the existence of good systems to assess the types of risks faced by the bank and developing systems to link these risks to the level of capital required to cover them.

- Reviewing the policies of stress tests and placement for the Board of Directors for approval, including:

- Hypotheses and scenarios used for stress tests.
- Actions to be taken based on these findings.
- View the reports and results issued by the Central Bank of Jordan.
- Ensure that stress tests are prepared periodically and review and evaluate the results.

- Risk Management Responsibility:

- Submitting reports and the risk system to the Risk Management Committee.
- Monitoring the compliance of the various departments of the bank with the limits of acceptable risks to ensure that these risks are within the acceptable limits Risk Appetite, Risk Tolerance.

- Analyzing all types of risks, in addition to developing methodologies for measuring and controlling each type of risk.
- Implementing systems related to evaluating the types of risks faced by the bank and developing related work procedures.
- Managing and applying the Bank's ICAAP methodology in an adequate and comprehensive manner commensurate with the risk structure faced by the Bank.
- Executing stressful situations tests within the policies and methodologies approved by the Board of Directors.
- Participation in the calculation of expected credit losses within the (IFRS 9), using specialized systems by an international company.
- Coordination with the concerned authorities to carry out examinations of business continuity plans and update them periodically.

Orienting, training and guiding the bank's employees regarding the culture of risk management in the bank.

- Implementation and implementation of the Central Bank of Jordan's instructions related to risk management.
- Preparing, implementing and reviewing the (Recovery Plan).

**Acceptable risk limits**

The bank manages its risks by setting acceptable risk limits according to quantitative measurement methods and specifying them in a separate document that includes the most important indicators of risks to which the bank is exposed, where they are monitored to ensure that the bank’s performance does not deviate from the acceptable limits, in order to ensure that the bank continues to achieve its strategic objectives. Contributing to achieving corporate governance based on the corporate governance instructions issued by the Central Bank of Jordan. The performance reports associated with these limits are a tool to verify that there is no discrepancy between the actual risks taken by the Bank and the acceptable level of risks approved by the Board.

**Compression Tests**

Stress tests are an essential part of the bank's risk management process at various levels and an important tool used to measure the bank's ability to withstand shocks and the high risks that it may face, and to assess the bank's financial position under severe but possible scenarios. The Bank adopts a methodology for calculating stressful conditions tests within an approved policy.

Scenarios and tests with a future dimension are assumed in evaluating various risks based on historical data, statistical relationships, the size and nature of the risks to which the bank is exposed, and they are applied to the bank’s financial statements and their impact is reflected on the capital adequacy ratio, profits, losses and liquidity through a set of levels that fall within (moderate, medium and severe).

The stress tests constitute an essential part of the corporate governance system and the culture of risk management by assisting the board of directors and senior executive management in understanding the bank’s conditions in times of crisis and contributing to making administrative and strategic decisions and using the results of these tests in setting and determining the degree of risk tolerance at the bank and in the planning process for the bank’s head money and cash.

**B. INCOME TAX**

Income tax expenses represent accrued taxes and deferred taxes.

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 taxes are taxes 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.

## 5. Cash and balances at Central Banks-Net

The details of this balance is as follow:

| | 2022 | 2021 |
|---|---|---|
| | JD | JD |
| Cash on hand | 140,359,414 | 165,436,466 |
| **Balances at Central Banks - Net** | 180,339,402 | 248,058,253 |
| Balances at Central Banks: | | |
| Current and on-demand accounts | 10,750,494 | 50,227,537 |
| Time and notice deposits | 40,735,000 | 79,135,000 |
| Statutory cash reserve | 128,869,443 | 118,710,023 |
| **Total Balances at Central Bank** | 180,354,937 | 248,072,560 |
| Provision for expected credit losses (Central Banks) | (15,535) | (14,307) |
| **Total** | 320,698,816 | 413,494,719 |

- Restricted balances amounted to JD10,635,000 as of 31 December 2022 (JD 10,635,000 as of 31 December 2021), In addition to the statutory cash reserve as stated above.

- There are no balances that mature in a period more than three months as of 31 December 2022 and 2021.

- All balances at the Central Bank of Jordan are classified within stage 1 in accordance with the requirements of IFRS (9) and there are no transfers between stages 1, 2, and 3 or any written of balances as of 31 December 2022 and 2021.

Disclosure of the allocation of total balances at central banks according to the Bank's internal credit rating categories is as follows:

| **31 December 2022** | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Credit rating categories according to the Bank's internal policy: | | | | |
| From (Ba1) to (Caa3) | 180,354,937 | - | - | 180,354,937 |
| **Total** | 180,354,937 | - | - | 180,354,937 |

| **31 December 2021** | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Credit rating categories according to the Bank's internal policy: | | | | |
| From (Ba1) to (Caa3) | 248,072,560 | - | - | 248,072,560 |
| **Total** | 248,072,560 | - | - | 248,072,560 |

The movement on balances at central banks are as the following:

| **31 December 2022** | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance at the beginning of the year | 248,072,560 | - | - | 248,072,560 |
| New balances during the year | 27,121,002 | - | - | 27,121,002 |
| Settled balances | (94,838,625) | - | - | (94,838,625) |
| **Total balance at the end of the year** | 180,354,937 | - | - | 180,354,937 |

| **31 December 2021** | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance at the beginning of the year | 202,963,689 | - | - | 202,963,689 |
| New balances during the year | 60,987,962 | - | - | 60,987,962 |
| Settled balances | (15,879,091) | - | - | (15,879,091) |
| **Total balance at the end of the year** | 248,072,560 | - | - | 248,072,560 |

Movement on the provision for expected credit losses:

| **31 December 2022** | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance at the beginning of the year | 14,307 | - | - | 14,307 |
| New balances during the year | 11,632 | - | - | 11,632 |
| Settled balances | (10,404) | - | - | (10,404) |
| **Total balance at the end of the year** | 15,535 | - | - | 15,535 |

| **31 December 2021** | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance at the beginning of the year | 17,476 | - | - | 17,476 |
| New balances during the year | 10,727 | - | - | 10,727 |
| Settled balances | (13,896) | - | - | (13,896) |
| **Total balance at the end of the year** | 14,307 | - | - | 14,307 |

## 6. Balances at banks and financial institutions-Net

The details of this balance is as follow:

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| | JD | JD |
| **Local Banks and Financial Institutions:** | | |
| Current and demand accounts | 1,201,739 | 2,870,179 |
| Deposits maturing within 3 months or less | 39,561,570 | 48,539,000 |
| Local total | 40,763,309 | 51,409,179 |
| **Foreign Banks and Financial Institutions:** | | |
| Current and demand accounts | 48,766,712 | 59,180,520 |
| Deposits maturing within 3 months or less | 34,410,996 | 10,984,776 |
| Foreign total | 83,177,708 | 70,165,296 |
| **Total** | 123,941,017 | 121,574,475 |
| Less: provision for expected credit losses (balances at banks) | (20,272) | (46,231) |
| **Total** | 123,920,745 | 121,528,244 |

- Non-interest bearing balances at banks and financial institutions amounted to JD 38,666,236 as of 31 December 2022 and JD 77,385,789 as of 31 December 2021.

- There are no restricted balances as of 31 December 2022 and 2021.

Disclosure of the allocation of total balances at banks and financial institutions according to the bank's internal rating categories:

| **31 December 2022** | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Credit rating categories according to the Bank's internal policy: | | | | |
| From (Aaa) to (Baa3) | 95,292,433 | - | - | 95,292,433 |
| From (Ba1) to (Caa3) | 27,645,614 | - | - | 27,645,614 |
| From (1) to (6) | 1,002,970 | - | - | 1,002,970 |
| **Total** | 123,941,017 | **-** | **-** | 123,941,017 |

| **31 December 2021** | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Credit rating categories according to the Bank's internal policy: | | | | |
| From (Aaa) to (Baa3) | 81,134,491 | - | - | 81,134,491 |
| From (Ba1) to (Caa3) | 39,086,552 | - | - | 39,086,552 |
| From (1) to (6) | 1,353,432 | - | - | 1,353,432 |
| **Total** | 121,574,475 | - | - | 121,574,475 |

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

| **31 December 2022** | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance at the beginning of the year | 121,574,475 | - | - | 121,574,475 |
| New balances during the year | 14,971,566 | - | - | 14,971,566 |
| Mattured balances | (12,605,024) | - | - | (12,605,024) |
| Gross balance at the end of the year | 123,941,017 | - | - | 123,941,017 |

| **31 December 2021** | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance at the beginning of the year | 154,882,165 | - | - | 154,882,165 |
| New balances during the year | 13,927,391 | - | - | 13,927,391 |
| Matured balances | (47,235,081) | - | - | (47,235,081) |
| Gross balance at the end of the year | 121,574,475 | - | - | 121,574,475 |

Disclosure of the movement on the provision for expected credit losses:

| As on 31 December 2022 | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance at the beginning of the year | 46,231 | - | - | 46,231 |
| Expected credit loss on balances and new deposits for the year | 18,797 | - | - | 18,797 |
| Reversed credit loss on balances and settled amounts | (44,756) | - | - | (44,756) |
| **Balance at the end of the year** | 20,272 | - | - | 20,272 |

| As on 31 December 2021 | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance at the beginning of the year | 85,535 | - | - | 85,535 |
| Expected credit loss on balances and new deposits for the year | 43,840 | - | - | 43,840 |
| Reversed credit loss on balances and settled amounts | (83,144) | - | - | (83,144) |
| **Balance at the end of the year** | 46,231 | - | - | 46,231 |

## 7. Deposits at Banks and Financial Institutions - Net

The item details are as follows:

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| | JD | JD |
| **Deposits maturing within:** | | |
| More than 3 to 6 months | 56,000,000 | 33,069,913 |
| More than 6 to 9 months | 17,151,451 | 7,832,565 |
| More than 9 to 12 months | - | 17,368,277 |
| More than a year | - | 43,000,000 |
| **Total** | 73,151,451 | 101,270,755 |
| Less: provision for expected credit losses (deposits at banks) | (68,183) | (216,035) |
| **Total** | 73,083,268 | 101,054,720 |

- There are no restricted deposits as of 31 December 2022 and 31 December 2021.

The movement on deposits at banks and financial institutions during the period/ year is as follows:

| **As on 31 December 2022** | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Credit rating categories according to the Bank's internal policy: | | | | |
| From (Aaa) to (Baa3) | 63,151,451 | - | - | 63,151,451 |
| From (Ba1) to (Caa3) | 10,000,000 | - | - | 10,000,000 |
| **Total** | 73,151,451 | **-** | **-** | 73,151,451 |

| **As on 31 December 2021** | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Credit rating categories according to the Bank's internal policy: | | | | |
| From (Aaa) to (Baa3) | 72,368,276 | - | - | 72,368,276 |
| From (Ba1) to (Caa3) | 28,902,479 | - | - | 28,902,479 |
| **Total** | 101,270,755 | - | - | 101,270,755 |

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

| **As on 31 December 2022** | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance at the beginning of the year | 101,270,755 | - | - | 101,270,755 |
| New balances during the year | 1,151,451 | - | - | 1,151,451 |
| Matured balances | (29,270,755) | - | - | (29,270,755) |
| Gross balance at the end of the year | 73,151,451 | **-** | **-** | 73,151,451 |

| **As on 31 December 2021** | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance at the beginning of the year | 80,206,427 | **-** | **-** | 80,206,427 |
| New balances during the year | 24,448,220 | - | - | 24,448,220 |
| Matured balances | (3,383,892) | - | - | (3,383,892) |
| Gross balance at the end of the year | 101,270,755 | **-** | **-** | 101,270,755 |

Movement on the provision for expected credit losses:

| **As on 31 December 2022** | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance at the beginning of the year | 216,035 | - | - | 216,035 |
| Expected credit loss on balances and new deposits for the year | 1,034 | - | - | 1,034 |
| Reversed credit loss on balances and settled amounts | (14,745) | - | - | (14,745) |
| Changes resulting from adjustments | (134,141) | - | - | (134,141) |
| Balance at the end of the year | 68,183 | - | - | 68,183 |

| **As on 31 December 2021** | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance at the beginning of the year | 342,051 | - | - | 342,051 |
| Expected credit loss on balances and new deposits for the year | 15,942 | - | - | 15,942 |
| Reversed credit loss on balances and settled amounts | (5,789) | - | - | (5,789) |
| Changes resulting from adjustments | (136,169) | - | - | (136,169) |
| Balance at the end of the year | 216,035 | - | - | 216,035 |

## 8- Financial Assets at Fair Value through Profit or Loss

The details of this item are as follows:

| | 2022 | 2021 |
|---|---|---|
| | JD | JD |
| Quoted corporate shares | 9,980,141 | 8,164,615 |
| **Total** | 9,980,141 | 8,164,615 |

## 9- Financial Assets at Fair Value through Other Comprehensive Income – Net

The details of this item are as follows:

| | 2022 | 2021 |
|---|---|---|
| | JD | JD |
| Stocks with market prices available | 63,640,617 | 58,284,132 |
| Shares not available with market prices * | 8,062,416 | 7,303,740 |
| Bonds that have market prices are available | 180,769 | 209,205 |
| | 71,883,802 | 65,797,077 |
| Less: provision for expected credit losses (Bonds) | (4,430) | (4,336) |
| **Total** | 71,879,372 | 65,792,741 |

* Fair value calculation for unquoted investments are based on the most recent financial data available.

- Cash dividends on investments amounted to JD 2,351,321 for the year ended 31 December 2022 (JD 2,603,330 for the year ended 31 December 2021).

## 10/A. Financial Assets at Amortized Cost – Net

The details of this item are as follows:

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| | JD | JD |
| **Financial assets available for market prices** | | |
| Governmental treasury bills | - | 6,069,503 |
| Foreign government treasury bonds | 42,283,648 | 14,007,499 |
| Bonds and corporate loan bonds | 21,930,422 | 22,037,086 |
| **Total of financial assets available for market prices** | 64,214,070 | 42,114,088 |
| | | |
| **Financial assets that are not available with market prices** | | |
| Governmental treasury bills | 41,017,822 | 40,257,102 |
| Governmental / government guaranteed debt securities | 575,429,627 | 585,972,667 |
| Corporate debt securities | 61,000,000 | 65,000,000 |
| **Total unquoted investments** | 677,447,449 | 691,229,769 |
| | | |
| Total | 741,661,519 | 733,343,857 |
| Less: provision for expected credit losses | (834,379) | (939,058) |
| | 740,827,140 | 732,404,799 |
| | | |
| **Analysis of bonds:** | | |
| Fixed rate | 741,661,519 | 733,343,857 |
| **Total** | 741,661,519 | 733,343,857 |

## 10/B. Financial assets pledged as collaterals

The item details are as follows:

| | 31 December 2022 | | 31 December 2021 | |
|---|---|---|---|---|
| | Financial Assets Pledged as Collateral | Related Financial Liabilities | Financial Assets Pledged as Collateral | Related Financial Liabilities |
| | JD | JD | JD | JD |
| Governmental treasury bonds | 54,538,000 | 54,910,714 | 74,203,000 | 77,018,278 |
| Financial assets at amortized cost | 54,538,000 | 54,910,714 | 74,203,000 | 77,018,278 |

The assets are pledged as collateral against borrowed funds from the Central Bank of Jordan relating to repurchase agreements and small and medium sized entities lending arrangements.

Disclosure of the allocation of total financial assets at amortized cost according to the bank's internal rating categories:

| **As on 31 December 2022** | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Credit rating categories according to the Bank's internal policy: | | | | |
| From (Aaa) to (Baa3) | 700,655,532 | - | - | 700,655,532 |
| From (Ba1) to (Caa3) | 13,186,187 | - | - | 13,186,187 |
| From (1) to (6) | 82,357,800 | - | - | 82,357,800 |
| **Total** | 796,199,519 | - | - | 796,199,519 |

| **As on 31 December 2021** | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Credit rating categories according to the Bank's internal policy: | | | | |
| From (Aaa) to (Baa3) | 596,530,386 | - | - | 596,530,386 |
| From (Ba1) to (Caa3) | 124,559,271 | - | - | 124,559,271 |
| From (1) to (6) | 86,457,200 | - | - | 86,457,200 |
| **Total** | 807,546,857 | - | - | 807,546,857 |

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

| **As on 31 December 2022** | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance at the beginning of the year | 807,546,857 | - | - | 807,546,857 |
| New investments during the year | 212,485,390 | - | - | 212,485,390 |
| Accrued investments | (223,832,728) | - | - | (223,832,728) |
| **Total balance at the end of the year** | 796,199,519 | **-** | **-** | 796,199,519 |

| **As on 31 December 2021** | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance at the beginning of the year | 814,060,717 | - | - | 814,060,717 |
| New investments during the year | 202,087,060 | - | - | 202,087,060 |
| Accrued investments | (208,600,920) | - | - | (208,600,920) |
| **Total balance at the end of the year** | 807,546,857 | - | - | 807,546,857 |

The movement on the provision for expected credit losses for financial assets at amortized cost is as follows:

| **As on 31 December 2022** | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance at the beginning of the year | 939,058 | - | - | 939,058 |
| Credit losses on new investments during the year | 381,028 | - | - | 381,028 |
| Reversed from credit loss on accrued investment | (270,482) | - | - | (270,482) |
| Changes resulting from adjustments | (215,225) | - | - | (215,225) |
| Balance at the end of the year | 834,379 | **-** | **-** | 834,379 |

| **As on 31 December 2021** | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance at the beginning of the year | 1,135,611 | - | - | 1,135,611 |
| Credit losses on new investments during the year | 365,650 | - | - | 365,650 |
| Reversed from credit loss on Accrued Investment | (160,407) | - | - | (160,407) |
| Changes resulting from adjustments | (401,796) | - | - | (401,796) |
| Balance at the end of the year | 939,058 | - | - | 939,058 |

## 11. Direct Credit Facilities – Net

| | 2022 | 2021 |
|---|---|---|
| | JD | JD |
| **Consumer lending** | | |
| Overdrafts | 10,328,134 | 11,352,113 |
| Loans and bills * | 782,319,683 | 742,776,330 |
| Credit cards | 15,852,286 | 15,918,091 |
| Others | 7,390,467 | 7,334,987 |
| **Real-estate mortgages** | 316,905,071 | 292,037,120 |
| **Corporate lending** | | |
| debit current accounts | 76,648,337 | 76,804,352 |
| loans and promissory notes * | 549,654,447 | 519,538,033 |
| **Small and medium enterprises lending "SMEs"** | | |
| Overdrafts | 20,514,825 | 21,329,174 |
| Loans and bills * | 220,781,322 | 190,553,826 |
| **Lending to public and governmental sectors** | 243,828,742 | 179,626,656 |
| **Total** | 2,244,223,314 | 2,057,270,682 |
| | | |
| Less: Suspended interest | (11,382,722) | (10,625,131) |
| Less: Provision for expected credit loss | (105,646,527) | (95,548,696) |
| **Net- Direct Credit Facilities** | 2,127,194,065 | 1,951,096,855 |

* Net of interest and commissions received in advance amounting to JD 2,792,878 as of 31 December 2022 (JD 3,654,883 as of 31 December 2021).

- Non-performing credit facilities, in accordance with the instructions of the Central Bank of Jordan, amounted to JD 117,433,661 as of 31 December 2022 (JD 107,568,549 as of 31 December 2022) representing 5.23% (2021: 5.23%) of gross direct credit facilities granted.

- Non-performing credit facilities, net of suspended interest, amounted to JD 106,136,981 as of 31 December 2022 (JD 97,015,679 as of 31 December 20121), representing 4.75% (2021: 4.74%) of gross direct credit facilities granted after excluding the suspended interest.

- Credit facilities granted to the Government of Jordan amounted to JD 16,386,805 as of 31 December 2022 (JD 25,783,194 as of 31 December 2021), representing 0.73% (2021: 1.25%) of gross direct credit facilities granted.

- Credit facilities granted to the public sector in Palestine amounted to JD 71,169,122 as of 31 December 2022 (JD 79,649,701 as of 31 December 2021), representing 3.17% (2021: 3.87%) of gross direct credit facilities granted.

Disclosure on the movement of facilities at a collective level at the end of the year:

| **For the year ending 31 December 2022** | Stage 1 | | Stage 2 | | | |
|---|---|---|---|---|---|---|
| | Individual | Collective | Individual | Collective | Stage 3 | Total |
| | JD | JD | JD | JD | JD | JD |
| Gross balance at the beginning of the year | 670,432,682 | 920,836,269 | 251,752,904 | 98,965,998 | 115,282,829 | 2,057,270,682 |
| New facilities during the year | 316,316,820 | 191,860,421 | 80,755,814 | 18,481,613 | 6,014,899 | 613,429,567 |
| Settled facilities | (179,633,399) | (129,290,609) | (84,997,592) | (11,349,640) | (17,422,383) | (422,693,623) |
| Transferred to stage 1 | 31,986,316 | 41,463,502 | (31,128,917) | (33,615,397) | (8,705,504) | - |
| Transferred to stage 2 | (76,774,089) | (51,279,486) | 81,230,546 | 57,441,298 | (10,618,269) | - |
| Transferred to stage 3 | (6,034,696) | (19,924,215) | (10,888,499) | (14,229,568) | 51,076,978 | - |
| Written off facilities | - | - | - | - | (3,783,312) | (3,783,312) |
| **Gross Balance at the End of the Year** | 756,293,634 | 953,665,882 | 286,724,256 | 115,694,304 | 131,845,238 | 2,244,223,314 |

| **For the year ending 31 December 2021** | Stage 1 | | Stage 2 | | | |
|---|---|---|---|---|---|---|
| | Individual | Collective | Individual | Collective | Stage 3 | Total |
| | JD | JD | JD | JD | JD | JD |
| Gross balance at the beginning of the year | 677,476,471 | 848,232,031 | 164,739,542 | 82,096,387 | 116,287,864 | 1,888,832,295 |
| New facilities during the year | 242,729,382 | 224,228,397 | 48,229,131 | 25,891,920 | 6,348,327 | 547,427,157 |
| Settled facilities | (172,280,794) | (134,682,552) | (38,139,950) | (11,899,484) | (14,420,153) | (371,422,933) |
| Transferred to stage 1 | 4,273,038 | 29,254,976 | (2,617,002) | (22,036,026) | (8,874,986) | - |
| Transferred to stage 2 | (80,067,655) | (31,924,917) | 82,991,726 | 37,608,614 | (8,607,768) | - |
| Transferred to stage 3 | (1,697,760) | (14,271,666) | (3,450,543) | (12,695,413) | 32,115,382 | - |
| Written off facilities | - | - | - | - | (7,565,837) | (7,565,837) |
| **Gross Balance at the End of the Year** | 670,432,682 | 920,836,269 | 251,752,904 | 98,965,998 | 115,282,829 | 2,057,270,682 |

The movement on the provision for expected credit losses is as follows:

| | Consumer | Residential Loans | Corporates: Corporates | Corporates: SMEs | Government and Public Sector | Total |
|---|---|---|---|---|---|---|
| **For the year ended 31 December 2022** | JD | JD | JD | JD | JD | JD |
| Balance at the beginning of the year | 47,268,915 | 10,999,407 | 22,404,725 | 12,299,861 | 2,575,788 | 95,548,696 |
| Credit loss on new facilities during the year | 4,697,466 | 843,578 | 5,426,566 | 2,154,453 | 642,543 | 13,764,606 |
| Reversed from credit losses on settled facilities | (2,471,969) | (2,128,731) | (3,837,888) | (2,558,767) | (498,595) | (11,495,950) |
| Transferred to stage 1 | 3,509,451 | 1,285,368 | (9,444) | 507,362 | - | 5,292,737 |
| Transferred to stage 2 | 1,528,665 | (808,715) | 2,431,196 | (143,975) | - | 3,007,171 |
| Transferred to stage 3 | (5,038,116) | (476,653) | (2,421,752) | (363,387) | - | (8,299,908) |
| Effect on the provision at the end of the year - resulting from the reclassification between the three stages during the year | 4,665,272 | 718,408 | 3,666,809 | 4,910,558 | - | 13,961,047 |
| Changes resulting from adjustments | 1,000,147 | 306,701 | (1,877,844) | (1,185,523) | - | (1,756,519) |
| Written off facilities | (3,253,321) | (124,963) | (276,656) | (7,534) | - | (3,662,474) |
| Valuation differences | (455,294) | (88,542) | (70,522) | (98,521) | - | (712,879) |
| **Balance at the end of the year** | 51,451,216 | 10,525,858 | 25,435,190 | 15,514,527 | 2,719,736 | 105,646,527 |

| | Consumer | ReLoans | Corporates: Corporates | Corporates: SMEs | Government and Public Sector | Total |
|---|---|---|---|---|---|---|
| **For the year ended 31 December 2021** | JD | JD | JD | JD | JD | JD |
| Balance at the beginning of the year | 40,334,148 | 9,136,154 | 18,537,650 | 13,186,398 | 684,183 | 81,878,533 |
| Credit loss on new facilities during the year | 4,399,728 | 2,239,975 | 3,890,962 | 1,459,085 | 453,756 | 12,443,506 |
| Reversed from credit losses on settled facilities | (3,823,275) | (1,116,180) | (3,292,064) | (3,134,627) | (232,160) | (11,598,306) |
| Transferred to stage 1 | 3,117,789 | 482,557 | 2,967,480 | 890,287 | (318,696) | 7,139,417 |
| Transferred to stage 2 | 1,159,348 | 344,727 | (2,359,700) | 678,735 | 318,696 | 141,806 |
| Transferred to stage 3 | (4,277,137) | (827,284) | (607,780) | (1,569,022) | - | (7,281,223) |
| Effect on the provision at the end of the year - resulting from the reclassification between the three stages during the year | 3,323,033 | 896,285 | (1,679,000.00) | (245,063) | 1,670,009 | 3,965,264 |
| Changes resulting from adjustments | 5,389,367 | 167,044 | 5,809,307 | 1,162,253 | - | 12,527,971 |
| Written off facilities | (2,417,091) | (323,871) | (962,382) | (128,185) | - | (3,831,529) |
| Valuation differences | 63,005 | - | 100,252 | - | - | 163,257 |
| **Balance at the end of the year** | 47,268,915 | 10,999,407 | 22,404,725 | 12,299,861 | 2,575,788 | 95,548,696 |

- The amount of JD 19,336,085 was reversed due to settlements and reclassified to the facilities provision (JD 16,103,467 for the year ended 31 December 2021),

## **Suspended Interest**

The movement on suspended interest is as follows:

| | Consumer | Residential Loans | Corporates: Corporates | Corporates: SMEs | Government and Public Sector | Total |
|---|---|---|---|---|---|---|
| **For the year ended 31 December 2022** | JD | JD | JD | JD | JD | JD |
| Balance at the beginning of the year | 2,545,940 | 781,322 | 4,971,325 | 2,326,544 | - | 10,625,131 |
| Suspended interest on new exposures during the year | 410,900 | 546,943 | 811,819 | 227,333 | - | 1,996,995 |
| Suspended interest on settled exposures transferred to revenue during the year | (297,982) | (107,753) | (461,974) | (250,857) | - | (1,118,566) |
| Transferred to stage 1 | 53,427 | 26,220 | (2) | 3,190 | - | 82,835 |
| Transferred to stage 2 | 64,735 | 7,034 | 355,675 | 2,098 | - | 429,542 |
| Transferred to stage 3 | (118,162) | (33,254) | (355,673) | (5,288) | - | (512,377) |
| Suspended interest on written off exposures | (63,772) | (13,241) | (42,532) | (1,293) | - | (120,838) |
| **Balance at the end of the year** | 2,595,086 | 1,207,271 | 5,278,638 | 2,301,727 | - | 11,382,722 |

| | Consumer | Residential Loans | Corporates | | Government and Public Sector | Total |
|---|---|---|---|---|---|---|
| | | | Corporates | SMEs | | |
| **For the year ended 31 December 2021** | JD | JD | JD | JD | JD | JD |
| Balance at the beginning of the year | 2,331,972 | 621,534 | 7,949,234 | 2,179,538 | - | 13,082,278 |
| Suspended interest on new exposures during the year | 530,510 | 279,978 | 843,555 | 261,138 | - | 1,915,181 |
| Suspended interest on settled exposures transferred to | | | | | | - |
| revenue during the year | (279,455) | (102,619) | (145,478) | (110,468) | - | (638,020) |
| Transferred to stage 1 | 44,039 | 12,992 | 4,763 | 27,681 | - | 89,475 |
| Transferred to stage 2 | 32,111 | 2,180 | 33,757 | (2,859) | - | 65,189 |
| Transferred to stage 3 | (76,150) | (15,172) | (38,520) | (24,822) | - | (154,664) |
| Suspended interest on written off exposures | (37,087) | (17,571) | (3,675,986) | (3,664) | - | (3,734,308) |
| Balance at the end of the year | 2,545,940 | 781,322 | 4,971,325 | 2,326,544 | - | 10,625,131 |

The movement on suspended interest by stage:

| | Stage 1 | | Stage 2 | | | |
|---|---|---|---|---|---|---|
| | **Individual** | **Collective** | **Individual** | **Collective** | **Stage 3** | **Total** |
| **For the year ending 31 December 2022** | **JD** | **JD** | **JD** | **JD** | **JD** | **JD** |
| Balance at the beginning of the year | - | 16,244 | - | 24,910 | 10,583,977 | 10,625,131 |
| Suspended interest on new exposures during the year | - | 8,326 | 123 | 152 | 1,988,394 | 1,996,995 |
| Suspended interest on settled exposures transferred to revenue during the year | (2,176) | (99,890) | (355,960) | (98,640) | (561,900) | (1,118,566) |
| Transferred to stage 1 | 2,197 | 81,033 | - | (780) | (82,450) | - |
| Transferred to stage 2 | (4) | (212) | 355,901 | 75,047 | (430,732) | - |
| Transferred to stage 3 | (17) | (163) | - | (626) | 806 | - |
| Effect on the provision at the end of the year - resulting from the reclassification between the three stages during the year | 2,176 | 80,658 | 355,901 | 73,641 | (512,376) | - |
| Written off facilities | - | - | - | - | (120,838) | (120,838) |
| **Balance at the end of the Year** | - | 5,338 | 64 | 63 | 11,377,257 | 11,382,722 |

| | Stage 1 | | Stage 2 | | | |
|---|---|---|---|---|---|---|
| | **Individual** | **Collective** | **Individual** | **Collective** | **Stage 3** | **Total** |
| **For the year ending 31 December 2021** | **JD** | **JD** | **JD** | **JD** | **JD** | **JD** |
| Balance at the beginning of the year | - | 59,899 | 27,700 | 51,269 | 12,943,410 | 13,082,278 |
| Suspended interest on new exposures during the year | - | 910 | - | 903 | 1,913,368 | 1,915,181 |
| Suspended interest on settled exposures transferred to revenue during the year | (31,240) | (102,799) | (56,130) | (64,021) | (383,830) | (638,020) |
| Transferred to stage 1 | 31,026 | 53,115 | 77 | (194) | (84,024) | - |
| Transferred to stage 2 | 214 | (85) | 56,053 | 80,591 | (136,773) | - |
| Transferred to stage 3 | - | 5,204 | (27,700) | (43,638) | 66,134 | - |
| Effect on the provision at the end of the year - resulting from the reclassification between the three stages during the year | 31,240 | 58,234 | 28,430 | 36,759 | (154,663) | - |
| Written off facilities | - | - | - | - | (3,734,308 | (3,734,308) |
| **Balance at the end of the year** | - | 16,244 | - | 24,910 | 10,583,977 | 10,625,131 |

Below the credit facilities by portfolio and expected credit loss against it:

As of 31 December 2022

| | In accordance with IFRS (9) as adopted by the central bank of Jordan | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Stage 1 | | | Stage 2 | | | Stage 3 | | | Total | | |
| 31 December 2022 | Total | Expected Credit Losses | Suspended Interest | Total | Expected Credit Losses | Suspended Interest | Total | Expected Credit Losses | Suspended Interest | Total | Expected Credit Losses | Suspended Interest |
| | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Individuals | 697,133,236 | 7,310,513 | 5,338 | 65,844,323 | 2,131,744 | 127 | 52,913,011 | 42,008,959 | 2,589,621 | 815,890,570 | 51,451,216 | 2,595,086 |
| Real estate Mortgages | 248,926,216 | 2,348,679 | - | 48,714,964 | 1,198,490 | - | 19,263,891 | 6,978,689 | 1,207,271 | 316,905,071 | 10,525,858 | 1,207,271 |
| Corporates | 436,596,204 | 893,541 | - | 160,870,352 | 8,458,959 | - | 28,836,228 | 16,082,690 | 5,278,638 | 626,302,784 | 25,435,190 | 5,278,638 |
| SMEs | 159,942,697 | 485,271 | - | 50,521,342 | 1,954,105 | - | 30,832,108 | 13,075,151 | 2,301,727 | 241,296,147 | 15,514,527 | 2,301,727 |
| Government and Public Sector | 167,361,163 | 271,081 | - | 76,467,579 | 2,448,655 | - | - | - | - | 243,828,742 | 2,719,736 | - |
| | 1,709,959,516 | 11,309,085 | 5,338 | 402,418,560 | 16,191,953 | 127 | 131,845,238 | 78,145,489 | 11,377,257 | 2,244,223,314 | 105,646,527 | 11,382,722 |

| | In accordance with IFRS (9) as adopted by the central bank of Jordan | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Stage 1 | | | Stage 2 | | | Stage 3 | | | Total | | |
| 31 December 2021 | Total | Expected Credit Losses | Suspended Interest | Total | Expected Credit Losses | Suspended Interest | Total | Expected Credit Losses | Suspended Interest | Total | Expected Credit Losses | Suspended Interest |
| | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Individuals | 677,656,398 | 5,762,898 | 16,202 | 54,041,125 | 2,290,321 | 2,282 | 45,683,998 | 39,215,696 | 2,527,456 | 777,381,521 | 47,268,915 | 2,545,940 |
| Real estate Mortgages | 231,933,829 | 3,147,152 | 42 | 44,313,910 | 2,111,231 | 22,628 | 15,789,381 | 5,741,024 | 758,652 | 292,037,120 | 10,999,407 | 781,322 |
| Corporates | 436,855,572 | 1,655,572 | - | 128,898,145 | 3,348,290 | - | 30,588,668 | 17,400,863 | 4,971,325 | 596,342,385 | 22,404,725 | 4,971,325 |
| SMEs | 142,141,546 | 736,539 | - | 46,520,672 | 1,019,068 | - | 23,220,782 | 10,544,254 | 2,326,544 | 211,883,000 | 12,299,861 | 2,326,544 |
| Government and Public Sector | 102,681,606 | 443,763 | - | 76,945,050 | 2,132,025 | - | - | - | - | 179,626,656 | 2,575,788 | - |
| | 1,591,268,951 | 11,745,924 | 16,244 | 350,718,902 | 10,900,935 | 24,910 | 115,282,829 | 72,901,837 | 10,583,977 | 2,057,270,682 | 95,548,696 | 10,625,131 |

Disclosure on the allocation of gross facilities according to the Bank's internal rating categories for corporates:

| **As on 31 December 2022** | **Stage 1 Individual** | **Stage 2 Individual** | **Stage 3** | **Total** |
|---|---|---|---|---|
| | **JD** | **JD** | **JD** | **JD** |
| Credit rating categories according to the Bank's internal policy: | | | | |
| From (1) to (6) | 436,596,204 | 150,749,741 | 1,363,990 | 588,709,935 |
| (7) | - | 10,120,611 | - | 10,120,611 |
| From (8) to (10) | - | - | 27,472,238 | 27,472,238 |
| **Total** | 436,596,204 | 160,870,352 | 28,836,228 | 626,302,784 |

| **As on 31 December 2021** | **Stage 1 Individual** | **Stage 2 Individual** | **Stage 3** | **Total** |
|---|---|---|---|---|
| | **JD** | **JD** | **JD** | **JD** |
| Credit rating categories according to the Bank's internal policy: | | | | |
| From (1) to (6) | 436,855,572 | 104,728,181 | 1,245,278 | 542,829,031 |
| (7) | - | 24,169,964 | 2,331,740 | 26,501,704 |
| From (8) to (10) | - | - | 27,011,650 | 27,011,650 |
| **Total** | 436,855,572 | 128,898,145 | 30,588,668 | 596,342,385 |

The disclosure on the movement of facilities for corporates is as follows:

| **For the year ended 31 December 2022** | **Stage 1 Individual** | **Stage 2 Individual** | **Stage 3** | **Total** |
|---|---|---|---|---|
| | **JD** | **JD** | **JD** | **JD** |
| Gross balance as of the beginning of the year | 436,855,572 | 128,898,145 | 30,588,668 | 596,342,385 |
| New facilities during the year | 157,324,055 | 51,993,816 | 1,402,424 | 210,720,295 |
| Settled facilities | (119,430,382) | (55,121,217) | (5,889,109) | (180,440,708) |
| Transferred to stage 1 | 23,674,988 | (23,674,988) | - | - |
| Transferred to stage 2 | (59,811,034) | 64,105,992 | (4,294,958) | - |
| Transferred to stage 3 | (2,016,995) | (5,331,396) | 7,348,391 | - |
| Written off facilities | - | - | (319,188) | (319,188) |
| **Balance at the end of the year** | 436,596,204 | 160,870,352 | 28,836,228 | 626,302,784 |

| **For the year ended 31 December 2021** | **Stage 1 Individual** | **Stage 2 Individual** | **Stage 3** | **Total** |
|---|---|---|---|---|
| | **JD** | **JD** | **JD** | **JD** |
| Gross balance as of the beginning of the year | 375,100,943 | 112,154,586 | 37,585,709 | 524,841,238 |
| New facilities during the year | 157,226,559 | 33,348,035 | 1,254,905 | 191,829,499 |
| Settled facilities | (94,529,408) | (16,911,928) | (4,248,647) | (115,689,983) |
| Transferred to stage 1 | 49,142,550 | (48,774,432) | (368,118) | - |
| Transferred to stage 2 | (49,818,741) | 50,613,393 | (794,652) | - |
| Transferred to stage 3 | (266,331) | (1,531,509) | 1,797,840 | - |
| Written off facilities | - | - | (4,638,369) | (4,638,369) |
| **Balance at the end of the year** | 436,855,572 | 128,898,145 | 30,588,668 | 596,342,385 |

The disclosure on the movement of the provision for expected credit losses for facilities relating to corporates is as follows:

| **For the year ended 31 December 2022** | **Stage 1 Individual** | **Stage 2 Individual** | **Stage 3** | **Total** |
|---|---|---|---|---|
| | **JD** | **JD** | **JD** | **JD** |
| Balance at the beginning of the year | 1,655,572 | 3,348,290 | 17,400,863 | 22,404,725 |
| Credit loss on new facilities during the year | 446,792 | 4,488,901 | 490,873 | 5,426,566 |
| Reversed from credit loss on accrued facilities | (813,641) | (1,645,027) | (1,379,220) | (3,837,888) |
| Transferred to stage 1 | 457,579 | (457,579) | - | - |
| Transferred to stage 2 | (453,869) | 3,074,717 | (2,620,848) | - |
| Transferred to stage 3 | (13,154) | (185,942) | 199,096 | - |
| Effect on the provision at the end of the year - resulting from the reclassification between the three stages during the year | (385,738) | (164,401) | 4,216,948 | 3,666,809 |
| Changes resulting from adjustments | - | - | (1,877,844) | (1,877,844) |
| Written off facilities | - | - | (276,656) | (276,656) |
| Adjustments resulting from changes in exchange rates | - | - | (70,522) | (70,522) |
| **Gross balance at the end of the year** | 893,541 | 8,458,959 | 16,082,690 | 25,435,190 |

| **For the year ended 31 December 2021** | **Stage 1 Individual** | **Stage 2 Individual** | **Stage 3** | **Total** |
|---|---|---|---|---|
| | **JD** | **JD** | **JD** | **JD** |
| Balance at the beginning of the year | 458,049 | 4,372,730 | 13,706,871 | 18,537,650 |
| Credit loss on new facilities during the year | 1,009,259 | 1,724,842 | 1,156,861 | 3,890,962 |
| Reversed from credit loss on accrued facilities | (211,688) | (523,326) | (2,557,050) | (3,292,064) |
| Transferred to stage 1 | 3,018,688 | (2,896,383) | (122,305) | - |
| Transferred to stage 2 | (50,462) | 537,118 | (486,656) | - |
| Transferred to stage 3 | (746) | (435) | 1,181 | - |
| Effect on the provision at the end of the year - resulting from the reclassification between the three stages during the year | (2,568,294) | 133,744 | 755,550 | (1,679,000) |
| Changes resulting from adjustments | 766 | - | 5,808,541 | 5,809,307 |
| Written off facilities | - | - | (962,382) | (962,382) |
| Adjustments resulting from changes in exchange rates | - | - | 100,252 | 100,252 |
| **Gross balance at the end of the year** | 1,655,572 | 3,348,290 | 17,400,863 | 22,404,725 |

Disclosure on the allocation of gross facilities according to the Bank's internal rating categories for SMEs:

| **For the year ending 31 December 2022** | **Stage 1** | | **Stage 2** | | | |
|---|---|---|---|---|---|---|
| | **Individual** | **Collective** | **Individual** | **Collective** | **Stage 3** | **Total** |
| | **JD** | **JD** | **JD** | **JD** | **JD** | **JD** |
| Credit rating categories according to the Bank's internal policy: | | | | | | |
| From (1) to (6) | 152,336,267 | - | 39,157,140 | - | 114,035 | 191,607,442 |
| (7) | - | - | 10,229,185 | - | - | 10,229,185 |
| From (8) to (10) | - | - | - | - | 27,191,471 | 27,191,471 |
| Uncategorized | - | 7,606,430 | - | 1,135,017 | 3,526,602 | 12,268,049 |
| **Total** | 152,336,267 | 7,606,430 | 49,386,325 | 1,135,017 | 30,832,108 | 241,296,147 |

| **For the year ending 31 December 2021** | **Stage 1** | | **Stage 2** | | | |
|---|---|---|---|---|---|---|
| | **Individual** | **Collective** | **Individual** | **Collective** | **Stage 3** | **Total** |
| | **JD** | **JD** | **JD** | **JD** | **JD** | **JD** |
| Credit rating categories according to the Bank's internal policy: | | | | | | |
| From (1) to (6) | 130,895,504 | - | 35,452,983 | - | 311,423 | 166,659,910 |
| (7) | - | - | 10,456,726 | - | 297,395 | 10,754,121 |
| From (8) to (10) | - | - | - | - | 20,822,907 | 20,822,907 |
| Uncategorized | - | 11,246,042 | - | 610,963 | 1,789,057 | 13,646,062 |
| **Total** | 130,895,504 | 11,246,042 | 45,909,709 | 610,963 | 23,220,782 | 211,883,000 |

The disclosure on the movement of facilities for SMEs is as follows:

| **For the year ending 31 December 2022** | **Stage 1** | | **Stage 2** | | | |
|---|---|---|---|---|---|---|
| | **Individual** | **Collective** | **Individual** | **Collective** | **Stage 3** | **Total** |
| | **JD** | **JD** | **JD** | **JD** | **JD** | **JD** |
| Gross balance at the beginning of the year | 130,895,504 | 11,246,042 | 45,909,709 | 610,963 | 23,220,782 | 211,883,000 |
| New facilities during the year | 74,366,446 | 1,717,544 | 22,824,678 | 111,059 | 1442,672 | 100,462,399 |
| Settled facilities | (40,256,255) | (2,574,924) | (23,461,584) | (445,644) | (4,302,019) | (71,040,426) |
| Transferred to stage 1 | 8,311,328 | 165,641 | (7,453,929) | (140,572) | (882,468) | - |
| Transferred to stage 2 | (16,963,055) | (1,192,052) | 17,124,554 | 1,254,431 | (223,878) | - |
| Transferred to stage 3 | (4,017,701) | (1,755,821) | (5,557,103) | (255,220) | 11,585,845 | - |
| Written off facilities | - | - | - | - | (8,826) | (8,826) |
| **Total** | **152,336,267** | **7,606,430** | **49,386,325** | **1,135,017** | **30,832,108** | **241,296,147** |

| **For the year ending 31 December 2021** | **Stage 1** | | **Stage 2** | | | |
|---|---|---|---|---|---|---|
| | **Individual** | **Collective** | **Individual** | **Collective** | **Stage 3** | **Total** |
| | **JD** | **JD** | **JD** | **JD** | **JD** | **JD** |
| Gross balance at the beginning of the year | 103,499,970 | 8,150,354 | 47,288,627 | 698,661 | 25,151,109 | 184,788,721 |
| New facilities during the year | 61,652,558 | 4,345,411 | 10,869,464 | 89,201 | 1,019,611 | 77,976,245 |
| Settled facilities | (38,406,134) | (894,621) | (8,166,146) | (153,578) | (3,129,638) | (50,750,117) |
| Transferred to stage 1 | 16,483,048 | 181,635 | (15,195,130) | (143,584) | (1,325,969) | - |
| Transferred to stage 2 | (10,902,509) | (237,502) | 13,031,928 | 477,718 | (2,369,635) | - |
| Transferred to stage 3 | (1,431,429) | (299,235) | (1,919,034) | (357,455) | 4,007,153 | - |
| Written off facilities | - | - | - | - | (131,849) | (131,849) |
| **Total** | 130,895,504 | 11,246,042 | 45,909,709 | 610,963 | 23,220,782 | 211,883,000 |

The disclosure on the movement of the provision for expected credit losses for facilities relating to SMEs is as follows:

| **For the year ending 31 December 2022** | **Stage 1** | | **Stage 2** | | | |
|---|---|---|---|---|---|---|
| | **Individual** | **Collective** | **Individual** | **Collective** | **Stage 3** | **Total** |
| | **JD** | **JD** | **JD** | **JD** | **JD** | **JD** |
| Balance at the beginning of the year | 687,707 | 48,832 | 985,428 | 33,640 | 10,544,254 | 12,299,861 |
| Credit loss on new facilities during the year | 244,422 | 1,704 | 892,779 | 11,896 | 1,003,652 | 2,154,453 |
| Reversed from credit loss on accrued facilities | (364,861) | (29,385) | (85,006) | (2,605) | (2,076,910) | (2,558,767) |
| Transferred to stage 1 | 611,032 | 16,809 | (90,270) | (4,109) | (533,462) | - |
| Transferred to stage 2 | (79,530) | (5,176) | 163,190 | 41,836 | (120,320) | - |
| Transferred to stage 3 | (28,142) | (7,631) | (238,402) | (16,220) | 290,395 | - |
| Effect on the provision at the end of the year - resulting from the reclassification between the three stages during the year | (593,855) | (16,655) | 258,531 | 3,417 | 5,259,120 | 4,910,558 |
| Changes resulting from adjustments | - | - | - | - | (1,185,523) | (1,185,523) |
| Written off facilities | - | - | - | - | (7,534) | (7,534) |
| Adjustments resulting from changes in exchange rates | - | - | - | - | (98,521) | (98,521) |
| **Gross balance at the end of the year** | 476,773 | 8,498 | 1,886,250 | 67,855 | 13,075,151 | 15,514,527 |

| **For the year ending 31 December 2021** | **Stage 1** | | **Stage 2** | | | |
|---|---|---|---|---|---|---|
| | **Individual** | **Collective** | **Individual** | **Collective** | **Stage 3** | **Total** |
| | **JD** | **JD** | **JD** | **JD** | **JD** | **JD** |
| Balance at the beginning of the year | 333,905 | 12,789 | 1,958,773 | 6,606 | 10,874,325 | 13,186,398 |
| Credit loss on new facilities during the year | 495,418 | 34,746 | 293,689 | 7,666 | 627,566 | 1,459,085 |
| Reversed from credit loss on accrued facilities | (138,599) | (1,105) | (882,326) | (317) | (2,112,280) | (3,134,627) |
| Transferred to stage 1 | 917,337 | 23,809 | (632,529) | (2,253) | (306,364) | - |
| Transferred to stage 2 | (45,559) | (229) | 1,243,749 | 135,112 | (1,333,073) | - |
| Transferred to stage 3 | (4,306) | (765) | (61,583) | (3,761) | 70,415 | - |
| Effect on the provision at the end of the year - resulting from the reclassification between the three stages during the year | (864,385) | (23,129) | (934,345) | (109,413) | 1,686,209 | (245,063) |
| Changes resulting from adjustments | (6,104) | 2,716 | - | - | 1,165,641 | 1,162,253 |
| Written off facilities | - | - | - | - | (128,185) | (128,185) |
| **Gross balance at the end of the year** | 687,707 | 48,832 | 985,428 | 33,640 | 10,544,254 | 12,299,861 |

Disclosure on the allocation of gross facilities according to the Bank's internal rating categories for individuals:

| **As on 31 December 2022** | Stage 1 Collective | Stage 2 Collective | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Credit rating categories according to the Bank's internal policy: | | | | |
| Uncategorized | 697,133,236 | 65,844,323 | 52,913,011 | 815,890,570 |
| **Total** | 697,133,236 | 65,844,323 | 52,913,011 | 815,890,570 |

| **As on 31 December 2021** | Stage 1 Collective | Stage 2 Collective | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Credit rating categories according to the Bank's internal policy: | | | | |
| Uncategorized | 677,656,398 | 54,041,125 | 45,683,998 | 777,381,521 |
| **Total** | 677,656,398 | 54,041,125 | 45,683,998 | 777,381,521 |

The disclosure on the movement of facilities for individuals is as follows:

| For the year ending 31 December 2022 | Stage 1 Collective | Stage 2 Collective | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Gross balance at the beginning of the year | 677,656,398 | 54,041,125 | 45,683,998 | 777,381,521 |
| New facilities during the year | 138,814,528 | 9,804,195 | 2,030,753 | 150,649,476 |
| Settled facilities | (96,670,413) | (7,765,108) | (4,387,811) | (108,823,332) |
| Transferred to stage 1 | 23,321,933 | (17,136,040) | (6,185,893) | - |
| Transferred to stage 2 | (30,533,457) | 35,246,842 | (4,713,385) | - |
| Transferred to stage 3 | (15,455,753) | (8,346,691) | 23,802,444 | - |
| Written off facilities | - | - | (3,317,095) | (3,317,095) |
| **Gross balance at the end of the year** | 697,133,236 | 65,844,323 | 52,913,011 | 815,890,570 |

| | 2021 | | | |
|---|---|---|---|---|
| For the year ending 31 December 2021 | Stage 1 Collective | Stage 2 Collective | Stage 3 | Total |
| | JD | JD | JD | JD |
| Gross balance at the beginning of the year | 636,160,092 | 48,957,926 | 40,015,268 | 725,133,286 |
| New facilities during the year | 162,354,749 | 10,298,194 | 2,550,377 | 175,203,320 |
| Settled facilities | (108,483,171) | (7,720,519) | (4,297,219) | (120,500,909) |
| Transferred to stage 1 | 21,182,559 | (15,684,586) | (5,497,973) | - |
| Transferred to stage 2 | (21,809,374) | 24,963,915 | (3,154,541) | - |
| Transferred to stage 3 | (11,748,457) | (6,773,805) | 18,522,262 | - |
| Written off facilities | - | - | (2,454,176) | (2,454,176) |
| **Gross balance at the end of the year** | 677,656,398 | 54,041,125 | 45,683,998 | 777,381,521 |

The disclosure on the movement of the provision for expected credit losses for facilities relating to individuals is as follows:

| For the year ending 31 December 2022 | Stage 1 Collective | Stage 2 Collective | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance at the beginning of the year | 5,762,898 | 2,290,321 | 39,215,696 | 47,268,915 |
| Credit loss on new facilities during the year | 1,628,329 | 365,631 | 2,703,506 | 4,697,466 |
| Reversed from credit loss on accrued facilities | (1,736,938) | (502,758) | (232,273) | (2,471,969) |
| Transferred to stage 1 | 4,086,558 | (752,627) | (3,333,931) | - |
| Transferred to stage 2 | (383,513) | 2,755,507 | (2,371,994) | - |
| Transferred to stage 3 | (193,594) | (474,215) | 667,809 | - |
| Effect on the provision at the end of the year - resulting from the reclassification between the three stages during the year | (3,850,792) | (1,550,115) | 10,066,179 | 4,665,272 |
| Changes resulting from adjustments | 1,997,565 | - | (997,418) | 1,000,147 |
| Written off facilities | - | - | (3,253,321) | (3,253,321) |
| Adjustments resulting from changes in exchange rates | - | - | (455,294) | (455,294) |
| **Gross balance at the end of the year** | 7,310,513 | 2,131,744 | 42,008,959 | 51,451,216 |

| For the year ending 31 December 2021 | Stage 1 Collective | Stage 2 Collective | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance at the beginning of the year | 6,689,840 | 1,626,590 | 32,017,718 | 40,334,148 |
| Credit loss on new facilities during the year | 1,643,467 | 590,378 | 2,165,883 | 4,399,728 |
| Reversed from credit loss on accrued facilities | (2,249,906) | (185,457) | (1,387,912) | (3,823,275) |
| Transferred to stage 1 | 3,707,506 | (496,407) | (3,211,099) | - |
| Transferred to stage 2 | (396,443) | 2,024,970 | (1,628,527) | - |
| Transferred to stage 3 | (193,274) | (369,215) | 562,489 | - |
| Effect on the provision at the end of the year - resulting from the reclassification between the three stages during the year | (3,438,298) | (900,538) | 7,661,869 | 3,323,033 |
| Changes resulting from adjustments | 6 | - | 5,389,361 | 5,389,367 |
| Written off facilities | - | - | (2,417,091) | (2,417,091) |
| Adjustments resulting from changes in exchange rates | - | - | 63,005 | 63,005 |
| **Gross balance at the end of the year** | 5,762,898 | 2,290,321 | 39,215,696 | 47,268,915 |

Disclosure on the allocation of gross facilities according to the Bank's internal rating categories for residential loans:

| As on 31 December 2022 | Stage 1 Collective | Stage 2 Collective | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Credit rating categories according to the Bank's internal policy: | | | | |
| Uncategorized | 248,926,216 | 48,714,964 | 19,263,891 | 316,905,071 |
| **Total** | 248,926,216 | 48,714,964 | 19,263,891 | 316,905,071 |

| As on 31 December 2021 | Stage 1 Collective | Stage 2 Collective | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Credit rating categories according to the Bank's internal policy: | | | | |
| Uncategorized | 231,933,829 | 44,313,910 | 15,789,381 | 292,037,120 |
| **Total** | 231,933,829 | 44,313,910 | 15,789,381 | 292,037,120 |

The disclosure on the movement of facilities for residential loans is as follows:

| For the year ending 31 December 2022 | Stage 1 Collective | Stage 2 Collective | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Gross balance at the beginning of the year | 231,933,829 | 44,313,910 | 15,789,381 | 292,037,120 |
| New facilities during the year | 51,328,349 | 8,566,359 | 1,139,050 | 61,033,758 |
| Settled facilities | (30,045,272) | (3,138,888) | (2,843,444) | (36,027,604) |
| Transferred to stage 1 | 17,975,928 | (16,338,785) | (1,637,143) | - |
| Transferred to stage 2 | (19,553,977) | 20,940,025 | (1,386,048) | - |
| Transferred to stage 3 | (2,712,641) | (5,627,657) | 8,340,298 | - |
| Written Off Facilities | - | - | (138,203) | (138,203) |
| **Gross balance at the end of the year** | 248,926,216 | 48,714,964 | 19,263,891 | 316,905,071 |

| For the year ending 31 December 2021 | Stage 1 Collective | Stage 2 Collective | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Gross balance at the beginning of the year | 203,921,585 | 32,439,800 | 13,535,778 | 249,897,163 |
| New facilities during the year | 57,528,237 | 15,504,525 | 1,523,434 | 74,556,196 |
| Settled facilities | (25,304,760) | (4,025,387) | (2,744,649) | (32,074,796) |
| Transferred to stage 1 | 7,890,782 | (6,207,856) | (1,682,926) | - |
| Transferred to stage 2 | (9,878,041) | 12,166,981 | (2,288,940) | - |
| Transferred to stage 3 | (2,223,974) | (5,564,153) | 7,788,127 | - |
| Written Off Facilities | - | - | (341,443) | (341,443) |
| **Gross balance at the end of the year** | 231,933,829 | 44,313,910 | 15,789,381 | 292,037,120 |

The disclosure on the movement of the provision for expected credit losses for facilities relating to Real-estate Mortgages is as follows:

| For the year ending 31 December 2022 | Stage 1 Collective | Stage 2 Collective | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Gross balance at the beginning of the year | 3,147,152 | 2,111,231 | 5,741,024 | 10,999,407 |
| Credit loss on new facilities during the year | 434,045 | 160,757 | 248,776 | 843,578 |
| Reversed from credit loss on accrued facilities | (1,194,999) | (199,076) | (734,656) | (2,128,731) |
| Transferred to stage 1 | 1,577,564 | (1,114,466) | (463,098) | - |
| Transferred to stage 2 | (242,707) | 661,064 | (418,357) | - |
| Transferred to stage 3 | (49,489) | (355,313) | 404,802 | - |
| Effect on the provision at the end of the year - resulting from the reclassification between the three stages during the year | (1,324,596) | (65,707) | 2,108,711 | 718,408 |
| Changes resulting from adjustments | 1,709 | - | 304,992 | 306,701 |
| Written Off Facilities | - | - | (124,963) | (124,963) |
| Adjustments resulting from changes in exchange rates | - | - | (88,542) | (88,542) |
| **Gross balance at the end of the year** | 2,348,679 | 1,198,490 | 6,978,689 | 10,525,858 |

| For the year ending 31 December 2021 | Stage 1 Collective | Stage 2 Collective | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Gross balance at the beginning of the year | 2,759,327 | 1,207,376 | 5,169,451 | 9,136,154 |
| Credit loss on new facilities during the year | 969,867 | 920,337 | 349,771 | 2,239,975 |
| Reversed from credit loss on accrued facilities | (503,458) | (125,532) | (487,190) | (1,116,180) |
| Transferred to stage 1 | 710,090 | (298,430) | (411,660) | - |
| Transferred to stage 2 | (176,260) | 972,583 | (796,323) | - |
| Transferred to stage 3 | (51,273) | (329,426) | 380,699 | - |
| Effect on the provision at the end of the year - resulting from the reclassification between the three stages during the year | (561,273) | (235,677) | 1,693,235 | 896,285 |
| Changes resulting from adjustments | 132 | - | 166,912 | 167,044 |
| Written Off Facilities | - | - | (323,871) | (323,871) |
| Adjustments resulting from changes in exchange rates | - | - | - | - |
| **Gross balance at the end of the year** | 3,147,152 | 2,111,231 | 5,741,024 | 10,999,407 |

Disclosure on the allocation of gross facilities according to the Bank's internal rating categories for the government and public sector:

| As on 31 December 2022 | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Credit rating categories according to the Bank's internal policy: | | | | |
| From (1) to (6) | 167,361,163 | 69,977,087 | - | 237,338,250 |
| (7) | - | 6,490,492 | - | 6,490,492 |
| **Total** | 167,361,163 | 76,467,579 | - | 243,828,742 |

| As on 31 December 2021 | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Credit rating categories according to the Bank's internal policy: | | | | |
| From (1) to (6) | 102,681,606 | 69,875,549 | - | 172,557,155 |
| (7) | | 7,069,501 | - | 7,069,501 |
| **Total** | 102,681,606 | 76,945,050 | - | 179,626,656 |

The disclosure on the movement of facilities for the government and public sector loans is as follows:

| For the year ending 31 December 2022 | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Gross balance at the beginning of the year | 102,681,606 | 76,945,050 | - | 179,626,656 |
| New facilities during the year | 84,626,319 | 5,937,320 | - | 90,563,639 |
| Settled facilities | (19,946,762) | (6,414,791) | - | (26,361,553) |
| Transferred to stage 1 | - | - | - | - |
| Transferred to stage 2 | - | - | - | - |
| Transferred to stage 3 | - | - | - | - |
| **Gross balance at the end of the year** | 167,361,163 | 76,467,579 | - | 243,828,742 |

| For the year ending 31 December 2021 | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Gross balance at the beginning of the year | 198,875,558 | 5,296,329 | - | 204,171,887 |
| New facilities during the year | 23,850,265 | 4,011,632 | - | 27,861,897 |
| Settled facilities | (39,345,252) | (13,061,876) | - | (52,407,128) |
| Transferred to stage 1 | (61,352,560) | 61,352,560 | - | - |
| Transferred to stage 2 | (19,346,405) | 19,346,405 | - | - |
| Transferred to stage 3 | - | - | - | - |
| **Gross balance at the end of the year** | 102,681,606 | 76,945,050 | - | 179,626,656 |

The disclosure on the movement of the provision for expected credit losses for facilities relating to the government and public sector is as follows:

| For the year ending 31 December 2022 | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance at the beginning of the year | 443,763 | 2,132,025 | - | 2,575,788 |
| Credit loss on new facilities during the year | 149,680 | 492,863 | - | 642,543 |
| Reversed from credit loss on accrued facilities | (322,362) | (176,233) | - | (498,595) |
| Transferred to stage 1 | - | - | - | - |
| Transferred to stage 2 | - | - | - | - |
| Transferred to stage 3 | - | - | - | - |
| Effect on the provision at the end of the year - resulting from the reclassification between the three stages during the year | - | - | - | - |
| Changes resulting from adjustments | - | - | - | - |
| **Gross balance at the end of the year** | 271,081 | 2,448,655 | - | 2,719,736 |

| For the year ending 31 December 2021 | Stage 1 Individual | Stage 2 Individual | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Balance at the beginning of the year | 516,324 | 167,859 | - | 684,183 |
| Credit loss on new facilities during the year | 382,986 | 70,770 | - | 453,756 |
| Reversed from credit loss on accrued facilities | (136,851) | (95,309) | - | (232,160) |
| Transferred to stage 1 | (176,476) | 176,476 | - | - |
| Transferred to stage 2 | (142,220) | 142,220 | - | - |
| Transferred to stage 3 | - | - | - | - |
| Effect on the provision at the end of the year - resulting from the reclassification between the three stages during the year | - | 1,670,009 | - | 1,670,009 |
| Changes resulting from adjustments | - | - | - | - |
| **Gross balance at the end of the year** | 443,763 | 2,132,025 | - | 2,575,788 |

## 12- Property and Equipment – Net

The details of this item are as follows:

| | Land | Buildings | Tools, Furniture & Fixtures | Vehicles | Computers | Projects in Progress | Total |
|---|---|---|---|---|---|---|---|
| **For the year ended 31 December 2022** | **JD** | **JD** | **JD** | **JD** | **JD** | **JD** | **JD** |
| Cost: | | | | | | | |
| Beginning Balance | 4,879,584 | 25,504,025 | 47,494,305 | 1,496,371 | 34,796,931 | 3,207,099 | 117,378,315 |
| Additions | 130,000 | 40,592 | 2,613,723 | 262,643 | 1,396,921 | 1,397,832 | 5,841,711 |
| Transfers | - | - | 2,627,760 | - | 478,163 | (3,105,923) | - |
| Disposals | - | - | (2,696,696) | (340,786) | (2,327,674) | - | (5,365,156) |
| **Balance at the end of the year** | 5,009,584 | 25,544,617 | 50,039,092 | 1,418,228 | 34,344,341 | 1,499,008 | 117,854,870 |
| **Accumulated Depreciation:** | | | | | | | |
| Balance at the beginning of the year | - | 6,622,696 | 38,921,994 | 1,333,781 | 26,729,088 | - | 73,607,559 |
| Depreciation for the year | - | 580,370 | 2,088,016 | 81,765 | 2,849,725 | - | 5,599,876 |
| Disposals | - | - | (2,635,141) | (334,482) | (2,307,769) | - | (5,277,392) |
| **Balance at the end of the year** | - | 7,203,066 | 38,374,869 | 1,081,064 | 27,271,044 | - | 73,930,043 |
| **Net book value at the end of the year** | 5,009,584 | 18,341,551 | 11,664,223 | 337,164 | 7,073,297 | 1,499,008 | 43,924,827 |
| **For the year ended 31 December 2021** | | | | | | | |
| Cost: | | | | | | | |
| Beginning Balance | 4,879,584 | 25,496,094 | 47,011,280 | 1,585,957 | 31,225,132 | 1,417,294 | 111,615,341 |
| Additions | - | 7,931 | 983,288 | 130,500 | 3,696,592 | 2,361,996 | 7,180,307 |
| Transfers | - | - | 289,217 | - | 282,974 | (572,191) | - |
| Disposals | - | - | (789,480) | (220,086) | (407,767) | - | (1,417,333) |
| **Balance at the end of the year** | 4,879,584 | 25,504,025 | 47,494,305 | 1,496,371 | 34,796,931 | 3,207,099 | 117,378,315 |
| Accumulated Depreciation: | | | | | | | |
| Balance at the beginning of the year | - | 6,040,892 | 37,331,910 | 1,466,144 | 24,173,436 | - | 69,012,382 |
| Depreciation for the year | - | 581,804 | 2,351,943 | 87,713 | 2,962,202 | - | 5,983,662 |
| Disposals | - | - | (761,859) | (220,076) | (406,550) | - | (1,388,485) |
| Balance at the end of the year | - | 6,622,696 | 38,921,994 | 1,333,781 | 26,729,088 | - | 73,607,559 |
| **Net book value at the end of the year** | 4,879,584 | 18,881,329 | 8,572,311 | 162,590 | 8,067,843 | 3,207,099 | 43,770,756 |

Fully depreciated property and equipment amounted to JD 56,974,108 as of 31 December 2022 (JD 55,071,457 as of 31 December 2021) and are still being used by the Bank.

The estimated cost to complete of the projects under construction amounted to JD 1,539,125 as of 31 December 2022.

## 13- Intangible Assets – Net

The details of this item are as follows:

| | Software Computer | |
|---|---|---|
| | **2022** | **2021** |
| | **JD** | **JD** |
| Balance at the beginning of the year | 5,159,688 | 5,193,184 |
| Additions | 1,684,368 | 1,841,230 |
| Amortization for the year | (1,482,717) | (1,874,726) |
| **Balance at the end of the year** | 5,361,339 | 5,159,688 |

## 14- Other Assets

The details of this item are as follows:

| | 31 December | |
|---|---|---|
| | 2022 | 2021 |
| | JD | JD |
| Accrued income | 24,407,275 | 17,148,232 |
| Prepaid expenses | 8,722,241 | 8,411,098 |
| Repossessed Assets – Net * | 18,454,850 | 14,401,475 |
| Accounts receivable – Net | 4,484,719 | 4,443,816 |
| Clearing checks | 3,459,376 | 10,920,101 |
| Settlement guarantee fund | 39,000 | 39,000 |
| Refundable deposits | 913,990 | 609,971 |
| Deposits at Visa International | 1,595,271 | 3,062,901 |
| Others | 4,568,122 | 1,719,534 |
| **Total** | 66,644,844 | 60,756,128 |

* The instruction of the Central Bank of Jordan require the Bank to dispose the assets it seizes during a maximum period of two years from the acquisition date, the Central Bank of Jordan might provide an exceptional exemption for an additional period of 2 years.

Movement on repossessed assets as a settlement against defaulted facilities details during the year is as follows:

| | 2022 | 2021 |
|---|---|---|
| | JD | JD |
| Balance - beginning of the year | 16,628,415 | 12,556,317 |
| Additions | 7,656,935 | 5,349,503 |
| Disposals | (3,484,615) | (1,277,405) |
| **Total** | 20,800,735 | 16,628,415 |
| Impairment of repossessed assets | (2,345,885) | (2,226,940) |
| **Balance - end of the year** | 18,454,850 | 14,401,475 |

A summary of the movement on repossessed assets previous:

| | 2022 | 2021 |
|---|---|---|
| | JD | JD |
| Balance-beginning of the year | 2,226,940 | 1,712,181 |
| Additions | 164,741 | 514,759 |
| Disposals | (45,796) | - |
| **Balance - end of the year** | **2,345,885** | **2,226,940** |

## 15- Banks and financial institutions' deposits

The details of this item are as follows:

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Inside Jordan | Outside Jordan | Total | Inside Jordan | Outside Jordan | Total |
| | JD | JD | JD | JD | JD | JD |
| Current and call accounts | 4,449,289 | 5,273,763 | 9,723,052 | 1,118,210 | 4,632,490 | 5,750,700 |
| Deposits maturing within 3 months or less | 109,506,515 | 61,371,758 | 170,878,273 | 62,899,158 | 36,363,129 | 99,262,287 |
| Deposits maturing within more than 3 months to 6 months | 30,000,000 | 56,720 | 30,056,720 | 30,000,000 | 30,000,000 | 60,000,000 |
| Deposits maturing within more than 6 months to 12 months | 6,000,000 | 460,850 | 6,460,850 | 21,000,000 | 15,598,000 | 36,598,000 |
| Deposits maturing within more than a year | - | 1,334,338 | 1,334,338 | - | 673,550 | 673,550 |
| **Total** | 149,955,804 | 68,497,429 | 218,453,233 | 115,017,368 | 87,267,169 | 202,284,537 |

## 16- Customers' Deposits

The details of this item are as follows:

| | **Consumer** | **Corporates** | **SMEs** | **Government and Public Sector** | **Total** |
|---|---|---|---|---|---|
| | **JD** | **JD** | **JD** | **JD** | **JD** |
| **For 31 December 2022** | | | | | |
| Current and demand accounts | 358,673,308 | 98,070,076 | 68,756,139 | 82,200,584 | 607,700,107 |
| Saving deposits | 590,037,525 | 9,363,911 | 9,414,144 | 63,051 | 608,878,631 |
| Time and notice deposits | 521,199,696 | 429,488,232 | 44,191,135 | 242,725,549 | 1,237,604,612 |
| **Total** | **1,469,910,529** | **536,922,219** | **122,361,418** | **324,989,184** | **2,454,183,350** |

| | Consumer | Corporates | SMEs | Government and Public Sector | Total |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| **For 31 December 2021** | | | | | |
| Current and demand accounts | 371,868,503 | 139,086,704 | 70,417,626 | 135,953,491 | 717,326,324 |
| Saving deposits | 603,705,970 | 10,293,976 | 10,555,649 | 200,117 | 624,755,712 |
| Time and notice deposits | 513,703,740 | 322,091,429 | 42,362,723 | 217,659,598 | 1,095,817,490 |
| **Total** | 1,489,278,213 | 471,472,109 | 123,335,998 | 353,813,206 | 2,437,899,526 |

The Government of Jordan and the public sector deposits inside the Kingdom amounted to JD 307,303,950 equivalent to 12.5 % of total deposits as of 31 December 2022 (JD 341,267,864, equivalent to 14% of total deposits of 31 December 2021).

There are no restricted deposits as of 31 December 2022 and 2021.

Non-interest-bearing deposits amounted to JD 534,120,314 equivalent to 21.76% of total deposits as of 31 December 2022 (JD 599,643,817 equivalent to 24.6% of total deposits as of 31 December 2021).

Dormant accounts amounted to JD 47,445,416 as of 31 December 2022 (JD 58,323,012 as of 31 December 2021).

## 17- Margin Accounts

The details of this item are as follows:

| | 31 December | |
|---|---|---|
| | 2022 | 2021 |
| | JD | JD |
| Margins on direct credit facilities | 41,194,481 | 23,864,583 |
| Margins on indirect credit facilities | 37,894,883 | 25,096,399 |
| Deposits against brokerage margin accounts | 3,412,260 | 3,074,854 |
| Other margin amount | 7,195,528 | 7,510,572 |
| **Total** | **89,697,152** | **59,546,408** |

## 18- Borrowed Funds

The details of this item are as follows:

| | Amount JD | No. of Installments Total | No. of Installments Outstanding | Payment frequency | Maturity Date | Collaterals | Interest Rate |
|---|---|---|---|---|---|---|---|
| **31 December 2022** | | | | | | | |
| Amounts borrowed from overseas investment company (OPIC) | 15,598,000 | ١ | ١ | At maturity | 2034 | None | 4.8-4.845% |
| Amounts borrowed from French Development Agency | 886,250 | ٢٠ | ٥ | Semi- annually | 2025 | None | ٪٣,٣٥٨ |
| Amounts borrowed from Central Bank of Jordan* | 4,750,000 | 20 | 10 | Semi- annually | 2027 | None | 2.93٪ |
| Amounts borrowed from Central Bank of Jordan** | 89,629,417 | 605 | 605 | At maturity / per Loan | 2023-2035 | Treasury Bills | 0.5%-1.75% |
| Amounts borrowed from Central Bank of Jordan** | 36,961,787 | 423 | 423 | At maturity / per Loan | 2023-2028 | None | - |
| Amounts borrowed from Central Bank of Jordan* | 551,888 | 14 | 4 | Semi- annually | 2024 | None | 2.48% |
| Amounts borrowed from European Bank for Reconstruction and Development (EBRD) | 2,025,714 | 7 | 1 | Semi- annually | 2023 | None | 5.5% |
| Amounts borrowed from European Bank for Reconstruction and Development (EBRD) | 3,075,000 | 20 | 14 | Semi- annually | 2030 | None | 2.8% |
| Amounts borrowed from Central Bank of Jordan* | 4,809,757 | 34 | 34 | Semi- annually | 2039 | None | 3% |
| Jordan Mortgage Refinance Company *** | 10,000,000 | 1 | 1 | At maturity | 2024 | None | 7.3% |
| Jordan Mortgage Refinance Company *** | 30,000,000 | 1 | 1 | At maturity | 2024 | None | 5.75% |
| Amounts borrowed from Central Bank of Jordan | 10,000,000 | 1 | 1 | At maturity | 2025 | None | 4.9% |
| Jordan Mortgage Refinance Company *** | 10,000,000 | 1 | 1 | At maturity | 2028 | None | 4.75% |
| Jordan Mortgage Refinance Company *** | 4,000,000 | 1 | 1 | At maturity | 2026 | None | 4.65% |
| Jordan Mortgage Refinance Company *** | 16,666,667 | 1 | 1 | At maturity | 2023 | Treasury Bills | 6% |
| Amounts borrowed from Central Bank of Jordan | 8,333,333 | 1 | 1 | At maturity | 2023 | Treasury Bills | 6.5% |
| Amounts borrowed from Central Bank of Jordan | 14,285,714 | 1 | 1 | At maturity | 2023 | Treasury Bills | 4.5% |
| Amounts borrowed from Central Bank of Jordan | 15,625,000 | 1 | 1 | At maturity | 2023 | Treasury Bills | 6% |
| Amounts borrowed from Central Bank of Jordan | 506,429 | 7 | 1 | Semi- annually | 2023 | None | 5.80% |
| Amounts borrowed from Central Bank of Jordan | 5,672,000 | 7 | 7 | Semi- annually | 2027 | None | 5.62% |
| Amounts borrowed from European Bank for Reconstruction and Development (EBRD) | 8,302,743 | 20 | 17 | Semi- annually | 2031 | None | 4.222% |
| Amounts borrowed from French Development Agency | 3,938,936 | - | - | Monthly | - | None | ٪3.0 |
| Palestine Monetary Authority | 7,000,000 | 8 | 8 | Quarterly | 2024 | None | 5.0% |
| Etihad Bank | 6,000,000 | 8 | 8 | Quarterly | 2024 | None | 6.50% |
| Housing Bank for Trade and Finance | 30,990,360 | Overdraft | - | - | 2023 | None | 5.75% |
| Arab Jordan Investment Bank | 1,042,796 | Overdraft | - | - | 2023 | None | 5.750% |
| Amounts borrowed from International Financial Markets (FMI) | 1,074,224 | - | 1 | ١ | - | None | None |
| **Total** | **341,726,015** | | | | | | |

| | Amount | No. of Installments | | Payment | Maturity | | Interest |
|---|---|---|---|---|---|---|---|
| | | Total | Outstanding | frequency | Date | Collaterals | Rate |
| | JD | | | | | | |
| **31 December 2021** | | | | | | | |
| Amounts borrowed from overseas investment company (OPIC) | 15,598,000 | 1 | 1 | At maturity | 2034 | None | -٪4.845 ٪4.895 |
| Amounts borrowed from French Development Agency | 1,240,750 | 20 | 7 | Semi- annually | 2025 | None | 3.358% |
| Amounts borrowed from Central Bank of Jordan* | 5,700,000 | 20 | 12 | annually -Semi | 2028 | None | 2.700% |
| Amounts borrowed from Central Bank of Jordan** | 85,560,776 | 437 | 437 | At maturity / per Loan | 2022-2035 | Treasury Bills | ٪ - 1.75٪0.5 |
| Amounts borrowed from Central Bank of Jordan** | 32,539,540 | 391 | 391 | At maturity / per Loan | 2024 - 2022 | None | 0.000% |
| Amounts borrowed from Central Bank of Jordan* | 888,000 | 14 | 6 | Semi- annually | 2024 | None | 2.500% |
| Amounts borrowed from European Bank for Reconstruction and Development (EBRD) | 14,180,000 | 3 | 2 | Semi- annually | 2022 | None | 2.020% |
| Amounts borrowed from European Bank for Reconstruction and Development (EBRD) | 6,077,143 | 7 | 3 | Semi- annually | 2023 | None | 5.500% |
| Amounts borrowed from Central Bank of Jordan* | 3,485,000 | 20 | 16 | Semi- annually | 2030 | None | ٪2.8 |
| Jordan Mortgage Refinance Company *** | 10,000,000 | 1 | 1 | At maturity | 2024 | None | 5.000% |
| Jordan Mortgage Refinance Company *** | 30,000,000 | 1 | 1 | At maturity | 2024 | None | 5.750% |
| Amounts borrowed from Central Bank of Jordan | 3,941,315 | 34 | 34 | Semi- annually | 2039 | None | 3.000% |
| Jordan Mortgage Refinance Company *** | 10,000,000 | 1 | 1 | At maturity | 2022 | None | 5.350% |
| Jordan Mortgage Refinance Company *** | 10,000,000 | 1 | 1 | At maturity | 2026 | None | 4.750% |
| Jordan Mortgage Refinance Company *** | 4,000,000 | 1 | 1 | At maturity | 2028 | None | 4.650% |
| Amounts borrowed from Central Bank of Jordan | 12,658,228 | 1 | 1 | At maturity | 2022 | Treasury Bills | 2.000% |
| Amounts borrowed from Central Bank of Jordan | 6,250,000 | 1 | 1 | At maturity | 2022 | Treasury Bills | 2.000% |
| Amounts borrowed from Central Bank of Jordan | 34,188,034 | 1 | 1 | At maturity | 2022 | Treasury Bills | 2.000% |
| Amounts borrowed from Central Bank of Jordan | 14,662,757 | 1 | 1 | At maturity | 2022 | Treasury Bills | 2.000% |
| Amounts borrowed from Central Bank of Jordan | 9,259,259 | 1 | 1 | At maturity | 2022 | Treasury Bills | 2.000% |
| Amounts borrowed from European Bank for Reconstruction and Development (EBRD) | 1,519,286 | 7 | 3 | Semi- annually | 2023 | None | 2.200% |
| Amounts borrowed from French Development Agency | 9,948,638 | 20 | 19 | Semi- annually | 2031 | None | 1.273% |
| Palestine Monetary Authority | 4,263,488 | 1 | 1 | - | None | None | 0.500% |
| Etihad Bank | 6,000,000 | 8 | 8 | annually -Semi | 2024 | None | 3.750% |
| Housing Bank for Trade and Finance | 30,815,178 | Overdraft | - | - | 2022 | None | 3.500% |
| Arab Jordan Investment Bank | 60,249 | Overdraft | - | - | 2022 | None | 5.750% |
| Amounts borrowed from International Financial Markets (FMI) | 1,074,224 | 1 | 1 | -` | None | None | - |
| **Total** | **363,909,865** | | | | | | |

* The borrowed funds from Central Bank of Jordan for SMEs loans were re-lent on an average interest rate of 8%.(2021:8.5%)

** The borrowed funds from Central Bank of Jordan for industrial, energy, agriculture and tourism financing loans were re-lent on an average interest rate of 2% to 4% (2021:3.5%-4%).

*** Residential loans acquired from Jordan Mortgage Refinance Company amounted to JD 56,727,072 as of 31 December 2022 at a fixed rate of 7%. (2021:JD 47,777,150 and at fixed rate of 5.84%)

## 19- Subordinated loan

The details of this item are as follows:

| . | Amount | No. of Installments Total | No. of Installments Outstanding | Payment frequency | Maturity Date | Collaterals | Interest Rate |
|---|---|---|---|---|---|---|---|
| **31 December 2022** | **JD** | | | | | | |
| Green for Growth Fund | 7,905,350 | 1 | 1 | At maturity | 2026 | None | 7.03% |
| Sanad fund for MSME | 10,635,000 | 1 | 1 | At maturity | 2027 | None | 4.75% |
| **Total** | 18,540,350 | | | | | | |

| . | Amount | No. of Installments Total | No. of Installments Outstanding | Payment frequency | Maturity Date | Collaterals | Interest Rate |
|---|---|---|---|---|---|---|---|
| **31 December 2021** | **JD** | | | | | | |
| Green for Growth Fund | 7,905,350 | 1 | 1 | At maturity | 2026 | None | 4.32% |
| Sanad fund for MSME | 10,635,000 | 1 | 1 | At maturity | 2027 | None | 4.66% |
| **Total** | **18,540,350** | | | | | | |

## 20- Sundry Provisions

The details of this item are as follows:

| | Balance - Beginning of the Year | Additions during the Year | Paid during the Year | Balance - End of the Year |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **For the year ending 31 December 2022** | | | | |
| Provision for lawsuits against the Bank | 1,876,281 | 50,000 | (64,542) | 1,861,739 |
| Provision for end of service indemnity (Note 35) | 10,414,779 | 2,945,445 | (1,182,228) | 12,177,996 |
| Provision for other obligations | 22,934 | 3,063 | - | 25,997 |
| Total | 12,313,994 | 2,998,508 | (1,246,770) | 14,065,732 |

| | Balance - Beginning of the Year | Additions during the Year | Paid during the Year | Balance - End of the Year |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **For the year ending 31 December 2021** | | | | |
| Provision for lawsuits against the Bank | 2,746,501 | 200,000 | (1,070,220) | 1,876,281 |
| Provision for end of service indemnity (Note 35) | 10,131,832 | 901,865 | (618,918) | 10,414,779 |
| Provision for other obligations | 16,238 | 7,330 | (634) | 22,934 |
| Total | 12,894,571 | 1,109,195 | (1,689,772) | 12,313,994 |

## 21- Income Tax

### A- Income Tax Provision

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

| | For the year ended 31 December | |
|---|---|---|
| | 2022 | 2021 |
| | JD | JD |
| Balance - beginning of the year | 19,810,355 | 16,002,794 |
| Income tax paid | (16,428,764) | (15,571,667) |
| Income tax payable | 20,485,824 | 19,379,228 |
| **Balance - end of the year** | 23,867,415 | 19,810,355 |

### B- Income tax disclosed in the income statement represents the following:

| | **2022** | **2021** |
|---|---|---|
| | **JD** | **JD** |
| Income tax for the year | 20,485,824 | 19,379,228 |
| Deferred Tax liabilities | (20,852) | (32,377) |
| Deferred Tax Assets | (2,793,122) | (726,974) |
| **Income tax for the year's profits** | 17,671,850 | 18,619,877 |

The statutory tax rate on banks in Jordan is 38%,and the statutory tax rate on foreign branches and subsidiaries range between 0%-31% (income tax rate for banks in Palestine is 15% plus VAT of 16%).

The Bank reached a final settlement with the Income and Sales Tax Department for the year ended 31 December 2018 for the branches in Jordan & have nor reviewed the files for the year 2019, 2020 & 2021.

A final settlement was reached with the tax authorities for Palestine branches for the year ended 31 December 2017, and the department has not reviewed the accounts for the year 2018, 2019, 2020 and 2021.

Al-Watanieh Financial Services Company reached a final settlement with the Income and Sales Tax Department up to the year 2014. The Income and Sales Tax Department has reviewed the years 2015,2016, 2017 and 2018 records and estimated the tax payable for these years at JD1,361,990 for the amounts paid. This decision was objected by the Company to the tax court of appeal. The Income and Sales Tax Department accepted the self assessment return submitted by the company for the years 2020 and 2019. and the income & sales department has not reviewed the accounts for the year 2020 and 2021.

Al-Watanieh Securities Company – Palestine reached a final settlement with the income tax Department till the end of the year 2020.

Tamallak for leasing Company financial statements has reached a final settlement with the Income and Sales tax Department for the year 2018 and the department has not reviewed the accounts for the year 2018, 2019,2020 and 2021 .

In the opinion of the Bank's management, income tax provisions as of 31 December 2022 are sufficient to face any future tax liabilities.

## C - Deferred Tax Assets and Liabilities

The details of this item are as follows:

| | For the year ended 31 December 2022 | | | | | As of 31 December 2021 |
|---|---|---|---|---|---|---|
| | Balance-beginning of the Year | Released Amounts | Added Amounts | Balance - End of the Year | Deferred Tax | Deferred Tax |
| | JD | JD | JD | JD | JD | JD |
| **Deferred tax assets** | | | | | | |
| Provision for expected credit losses | 24,198,368 | - | 6,688,495 | 30,886,863 | 11,247,671 | 8,780,591 |
| Interest in suspense | 867,098 | - | 517,184 | 1,384,282 | 387,599 | 242,787 |
| Sundry provisions | 1,533,723 | (64,542) | 400,000 | 1,869,181 | 710,289 | 582,815 |
| Impairment on repossessed assets | 2,185,900 | (4,756) | 164,741 | 2,345,885 | 874,962 | 830,642 |
| Unrealized Losses – financial assets at FVTOCI | 951,194 | (951,194) | - | - | - | 1,436,466 |
| Foreign currency translation effects | 3,543,049 | - | - | 3,543,049 | 354,305 | 354,305 |
| | 33,279,332 | (1,020,492) | 7,770,420 | 40,029,260 | 13,574,826 | 12,227,606 |
| **Deferred tax liabilities** | | | | | | |
| Unrealized Gain – financial assets at FVTOCI | 3,625,979 | (257,772) | 6,713,120 | 10,081,327 | 776,860 | 313,552 |
| Unrealized gain – financial assets at FVTPL (early IFRS 9 implementation) | 5,146,625 | (161,363) | - | 4,985,262 | 531,264 | 552,116 |
| | 8,772,604 | (419,135) | 6,713,120 | 15,066,589 | 1,308,124 | 865,668 |

The movement on deferred tax assets / liabilities is as follows:

| | For the year ended 31 December 2022 | | For the year ended 31 December 2022 | |
|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities |
| | JD | JD | JD | JD |
| Balance - beginning of the year | 12,227,606 | 865,668 | 13,316,167 | 808,967 |
| Additions | 2,810,020 | 466,445 | 835,415 | 104,804 |
| Disposal | (1,462,800) | (23,989) | (1,923,976) | (48,103) |
| **Balance - end of the year** | 13,574,826 | 1,308,124 | 12,227,606 | 865,668 |

Deferred tax is calculated using the tax rates that are expected to be applied when the deferred tax asset will be realized, or the deferred tax liability will be settled.

### D- Summary of Reconciliation between Accounting Profits and Taxable Profits:

| | 2022 | 2021 |
|---|---|---|
| | JD | JD |
| Accounting profit | 52,651,346 | 51,308,174 |
| Non-taxable profit | (5,652,967) | (9,408,334) |
| Non-deductible expenses | 1,320,592 | 9,801,123 |
| Taxable profit | 48,318,971 | 51,700,963 |
| Effective rate of income tax | 33.56% | 36.29% |

## 22- Other Liabilities

The details of this item are as follows:

| | 2022 | 2021 |
|---|---|---|
| | JD | JD |
| Accrued interest | 11,807,002 | 10,688,461 |
| Accrued income | 460,739 | 406,018 |
| Accounts payable | 5,153,434 | 9,039,589 |
| Accrued expenses | 10,325,963 | 9,968,439 |
| Temporary deposits | 24,465,104 | 30,022,864 |
| Checks and withdrawals | 7,712,928 | 9,862,144 |
| Others | 3,445,840 | 4,452,134 |
| | 63,371,010 | 74,439,649 |
| Provision for expected credit losses | 4,807,041 | 3,473,585 |
| | 68,178,051 | 77,913,234 |

Disclosure on the movement of indirect credit facilities at a collective level at the end of the year:

| **For the year ending 31 December 2022** | **Stage 1** | | **Stage 2** | | | |
|---|---|---|---|---|---|---|
| | **Collective** | **Individual** | **Collective** | **Individual** | **Stage 3** | **Total** |
| | **JD** | **JD** | **JD** | **JD** | **JD** | **JD** |
| Gross balance at the beginning of the year | 20,102,040 | 378,588,060 | 1,800,173 | 52,788,934 | 951,616 | 454,230,823 |
| New exposures during the year | 2,987,277 | 142,312,844 | 228,085 | 36,721,523 | 286,286 | 182,536,015 |
| Accrued exposures | (10,855,324) | (201,092,042) | (955,703) | (28,722,555) | (593,980) | (242,219,604) |
| Transferred to stage 1 | 537,864 | 16,229,626 | (472,311) | (16,227,626) | (67,553) | - |
| Transferred to stage 2 | (348,880) | (28,548,568) | 373,907 | 28,648,568 | (125,027) | - |
| Transferred to stage 3 | (119,999) | (133,611) | (63,241) | (409,000) | 725,851 | - |
| **Gross balance at the end of the year** | 12,302,978 | 307,356,309 | 910,910 | 72,799,844 | 1,177,193 | 394,547,234 |

| **For the year ending 31 December 2021** | **Stage 1** | | **Stage 2** | | | |
|---|---|---|---|---|---|---|
| | **Collective** | **Individual** | **Collective** | **Individual** | **Stage 3** | **Total** |
| | **JD** | **JD** | **JD** | **JD** | **JD** | **JD** |
| Gross balance at the beginning of the year | 22,180,289 | 286,385,560 | 1,165,564 | 42,163,336 | 436,827 | 352,331,576 |
| New exposures during the year | 3,739,256 | 183,001,677 | 534,942 | 14,524,477 | 239,767 | 202,040,119 |
| Accrued exposures | (5,084,500) | (83,846,844) | (394,446) | (10,627,527) | (187,555) | (100,140,872) |
| Transferred to stage 1 | 307,414 | 2,725,857 | (266,529) | (2,593,357) | (173,385) | - |
| Transferred to stage 2 | (764,663) | (9,583,690) | 822,375 | 9,586,690 | (60,712) | - |
| Transferred to stage 3 | (275,756) | (94,500) | (61,733) | (264,685) | 696,674 | - |
| **Gross balance at the end of the year** | 20,102,040 | 378,588,060 | 1,800,173 | 52,788,934 | 951,616 | 454,230,823 |

The disclosure on the movement of the provision for expected credit losses for indirect facilities at a collective level is as follows:

| **For the year ending 31 December 2022** | **Stage 1** | | **Stage 2** | | | |
|---|---|---|---|---|---|---|
| | **Collective** | **Individual** | **Collective** | **Individual** | **Stage 3** | **Total** |
| | **JD** | **JD** | **JD** | **JD** | **JD** | **JD** |
| beginning of the year Balance at the | 796,805 | 901,014 | 169,157 | 1,221,199 | 385,410 | 3,473,585 |
| Credit loss on new exposures during the year | 151,362 | 398,900 | 36,204 | 1,355,289 | 167,066 | 2,108,821 |
| Credit loss on accrued exposures | (437,604) | (447,505) | (59,739) | (218,273) | (185,029) | (1,348,150) |
| Transferred to stage 1 | 89,164 | 451,496 | (59,933) | (450,306) | (30,421) | - |
| Transferred to stage 2 | (19,226) | (65,453) | 33,084 | 115,242 | (63,647) | - |
| Transferred to stage 3 | (6,520) | (37) | (8,394) | (25,901) | 40,852 | - |
| Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year | (57,313) | (397,266) | 1,697 | 621,889 | 307,300 | 476,307 |
| Changes resulting from adjustments | 48 | 48,014 | 17 | 45,249 | 3,150 | 96,478 |
| **Gross balance at the end of the year** | 516,716 | 889,163 | 112,093 | 2,664,388 | 624,681 | 4,807,041 |

| **For the year ending 31 December 2021** | **Stage 1** | | **Stage 2** | | | |
|---|---|---|---|---|---|---|
| | **Collective** | **Individual** | **Collective** | **Individual** | **Stage 3** | **Total** |
| | **JD** | **JD** | **JD** | **JD** | **JD** | **JD** |
| beginning of the year Balance at the | 671,283 | 816,885 | 70,446 | 1,040,909 | 223,356 | 2,822,879 |
| Credit loss on new exposures during the year | 298,763 | 553,703 | 76,905 | 394,874 | 40,638 | 1,364,883 |
| Credit loss on accrued exposures | (165,678) | (495,421) | (29,123) | (445,507) | (26,152) | (1,161,881) |
| Transferred to stage 1 | 32,880 | 111,802 | (21,217) | (22,866) | (100,599) | - |
| Transferred to stage 2 | (42,814) | (7,993) | 59,507 | 9,768 | (18,468) | - |
| Transferred to stage 3 | (11,161) | (404) | (5,154) | (12,257) | 28,976 | - |
| Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year | (14,842) | (108,798) | 15,049 | 245,161 | 240,783 | 377,353 |
| Changes resulting from adjustments | 28,374 | 31,240 | 2,744 | 11,117 | (3,124) | 70,351 |
| **Gross balance at the end of the year** | 796,805 | 901,014 | 169,157 | 1,221,199 | 385,410 | 3,473,585 |

Disclosure on the allocation of letters of credit and acceptances according to the Bank's internal rating policy:

| **As on 31 December 2022** | **Stage 1** | | **Stage 2** | | | |
|---|---|---|---|---|---|---|
| | **Collective** | **Individual** | **Collective** | **Individual** | **Stage 3** | **Total** |
| | **JD** | **JD** | **JD** | **JD** | **JD** | **JD** |
| Credit rating categories according to the Bank's internal policy: | | | | | | |
| From (Aaa) to (Baa3) | - | - | - | - | - | - |
| From (Ba1) to (Caa3) | - | 28,422,992 | - | - | - | 28,422,992 |
| From (1) to (6) | - | 34,394,014 | - | 5,706,342 | - | 40,100,356 |
| (٧) | - | - | - | 2,247,296 | - | 2,247,296 |
| **Total** | **-** | **62,817,006** | **-** | **7,953,638** | **-** | **70,770,644** |

| **As on 31 December 2021** | **Stage 1** | | **Stage 2** | | | |
|---|---|---|---|---|---|---|
| | **Collective** | **Individual** | **Collective** | **Individual** | **Stage 3** | **Total** |
| | **JD** | **JD** | **JD** | **JD** | **JD** | **JD** |
| Credit rating categories according to the Bank's internal policy: | | | | | | |
| From (Ba1) to (Caa3) | - | 22,569,289 | - | - | - | 22,569,289 |
| From (1) to (6) | - | 70,221,278 | - | 1,586,761 | - | 71,808,039 |
| (٧) | - | - | - | 401,508 | - | 401,508 |
| **Total** | - | 92,790,567 | - | 1,988,269 | - | 94,778,836 |

Disclosure on the movement of indirect facilities relating to letters of credit and acceptances:

| **For the year ending 31 December 2022** | **Stage 1** | | **Stage 2** | | | |
|---|---|---|---|---|---|---|
| | **Collective** | **Individual** | **Collective** | **Individual** | **Stage 3** | **Total** |
| | **JD** | **JD** | **JD** | **JD** | **JD** | **JD** |
| Gross balance at the beginning of the year | - | 92,790,567 | - | 1,988,269 | - | 94,778,836 |
| New exposures during the year | - | 47,885,214 | - | 5,785,374 | - | 53,670,588 |
| Accrued exposures | - | (74,954,760) | - | (2,724,020) | - | (77,678,780) |
| Transferred to stage 1 | - | - | - | - | - | - |
| Transferred to stage 2 | - | (2,904,015) | - | 2,904,015 | - | - |
| **Gross balance at the end of the year** | - | 62,817,006 | - | 7,953,638 | - | 70,770,644 |

| **For the year ending 31 December 2021** | **Stage 1** | | **Stage 2** | | | |
|---|---|---|---|---|---|---|
| | **Collective** | **Individual** | **Collective** | **Individual** | **Stage 3** | **Total** |
| | **JD** | **JD** | **JD** | **JD** | **JD** | **JD** |
| Gross balance at the beginning of the year | - | 56,549,654 | - | 1,141,988 | - | 57,691,642 |
| New exposures during the year | - | 74,348,695 | - | 1,297,714 | - | 75,646,409 |
| Accrued exposures | - | (38,052,784) | - | (506,431) | - | (38,559,215) |
| Transferred to stage 1 | - | - | - | - | - | - |
| Transferred to stage 2 | - | (54,998) | - | 54,998 | - | - |
| **Gross balance at the end of the year** | - | 92,790,567 | - | 1,988,269 | - | 94,778,836 |

The disclosure on the movement of the provision for expected credit losses is as follows:

| **For the year ending 31 December 2022** | **Stage 1** | | **Stage 2** | | | |
|---|---|---|---|---|---|---|
| | **Collective** | **Individual** | **Collective** | **Individual** | **Stage 3** | **Total** |
| | **JD** | **JD** | **JD** | **JD** | **JD** | **JD** |
| beginning of the year Balance at the | - | 533,713 | - | 18,448 | - | 552,161 |
| Credit loss on new exposures during the year | - | 87,332 | - | 332,971 | - | 420,303 |
| Credit loss on accrued exposures | - | (317,954) | - | (9,306) | - | (327,260) |
| Transferred to stage 1 | - | - | - | - | - | - |
| Transferred to stage 2 | - | (11,898) | - | 11,898 | - | - |
| Transferred to stage 3 | - | - | - | - | - | - |
| Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year | - | - | - | 33,415 | - | 33,415 |
| Changes resulting from adjustments | - | 73,793 | - | - | - | 73,793 |
| **Gross balance at the end of the year** | - | 364,986 | - | 387,426 | - | 752,412 |

| For the year ending 31 December 2021 | Stage 1 | | Stage 2 | | | |
|---|---|---|---|---|---|---|
| | Collective | Individual | Collective | Individual | Stage 3 | Total |
| | JD | JD | JD | JD | JD | JD |
| beginning of the year Balance at the | - | 440,812 | - | 31,780 | - | 472,592 |
| Credit loss on new exposures during the year | - | 388,500 | - | 8,205 | - | 396,705 |
| Credit loss on accrued exposures | - | (295,518) | - | (22,129) | - | (317,647) |
| Transferred to stage 1 | - | - | - | - | - | - |
| Transferred to stage 2 | - | (81) | - | 81 | - | - |
| Transferred to stage 3 | - | - | - | - | - | - |
| Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year | - | - | - | 511 | - | 511 |
| Changes resulting from adjustments | - | - | - | - | - | - |
| **Gross balance at the end of the year** | - | 533,713 | - | 18,448 | - | 552,161 |

## Disclosure on the allocation of letters of guarantee according to the Bank's internal rating policies:

| For the year ending 31 December 2022 | Stage 1 | | Stage 2 | | | |
|---|---|---|---|---|---|---|
| | Collective | Individual | Collective | Individual | Stage 3 | Total |
| | JD | JD | JD | JD | JD | JD |
| Credit rating categories according to the Bank's internal policy: | | | | | | |
| From (Aaa) to (Baa3) | - | 7,527,385 | - | - | - | 7,527,385 |
| From (Ba1) to (Caa3) | - | 3,124,684 | - | - | - | 3,124,684 |
| From (1) to (6) | - | 42,350,944 | - | 13,042,210 | - | 55,393,154 |
| (7) | - | - | - | 2,469,981 | - | 2,469,981 |
| From (8) to (10) | - | - | - | - | 591,392 | 591,392 |
| **Total** | - | 53,003,013 | - | 15,512,191 | 591,392 | 69,106,596 |

| For the year ending 31 December 2021 | Stage 1 | | Stage 2 | | | |
|---|---|---|---|---|---|---|
| | Collective | Individual | Collective | Individual | Stage 3 | Total |
| | JD | JD | JD | JD | JD | JD |
| Credit rating categories according to the Bank's internal policy: | | | | | | |
| From (Aaa) to (Baa3) | - | 7,830,361 | - | - | - | 7,830,361 |
| From (Ba1) to (Caa3) | - | 855,884 | - | - | - | 855,884 |
| From (1) to (6) | - | 42,523,839 | - | 9,052,177 | - | 51,576,016 |
| (7) | - | - | - | 2,250,349 | - | 2,250,349 |
| From (8) to (10) | - | - | - | - | 411,961 | 411,961 |
| **Total** | - | 51,210,084 | - | 11,302,526 | 411,961 | 62,924,571 |

## Disclosure on the movement of indirect facilities:

| For the year ending 31 December 2022 | Stage 1 | | Stage 2 | | | |
|---|---|---|---|---|---|---|
| | Collective | Individual | Collective | Individual | Stage 3 | Total |
| | JD | JD | JD | JD | JD | JD |
| Gross balance at the beginning of the year | - | 51,210,084 | - | 11,302,526 | 411,961 | 62,924,571 |
| New exposures during the year | - | 16,698,876 | - | 5,190,805 | 5,000 | 21,894,681 |
| Accrued exposures | - | (10,881,718) | - | (4,677,621) | (153,317) | (15,712,656) |
| Transferred to stage 1 | - | 4,212,025 | - | (4,210,025) | (2000) | - |
| Transferred to stage 2 | - | (8,102,643) | - | 8,202,643 | (100,000) | - |
| Transferred to stage 3 | - | (133,611) | - | (296,137) | 429,748 | - |
| **Gross balance at the end of the year** | - | 53,003,013 | - | 15,512,191 | 591,392 | 69,106,596 |

| For the year ended 31 December 2021 | Stage 1 | | Stage 2 | | | |
|---|---|---|---|---|---|---|
| | Collective | Individual | Collective | Individual | Stage 3 | Total |
| | JD | JD | JD | JD | JD | JD |
| Gross balance at the beginning of the year | - | 50,725,248 | - | 7,528,080 | 258,213 | 58,511,541 |
| New exposures during the year | - | 10,485,823 | - | 2,884,123 | 24,895 | 13,394,841 |
| Accrued exposures | - | (7,598,633) | - | (1,345,346) | (37,832) | (8,981,811) |
| Transferred to stage 1 | - | 458,297 | - | (325,797) | (132,500) | - |
| Transferred to stage 2 | - | (2,826,151) | - | 2,826,151 | - | - |
| Transferred to stage 3 | - | (34,500) | - | (264,685) | 299,185 | - |
| **Gross balance at the end of the year** | - | 51,210,084 | - | 11,302,526 | 411,961 | 62,924,571 |

The disclosure on the movement of the provision for expected credit losses is as follows:

| For the year ending 31 December 2022 | Stage 1 | | Stage 2 | | | |
|---|---|---|---|---|---|---|
| | Collective | Individual | Collective | Individual | Stage 3 | Total |
| | JD | JD | JD | JD | JD | JD |
| beginning of the year Balance at the | - | 214,799 | - | 246,212 | 178,044 | 639,055 |
| Credit loss on new exposures during the year | - | 43,945 | - | 382,703 | 9,605 | 436,253 |
| Credit loss on accrued exposures | - | (65,562) | - | (50,131) | (41,878) | (157,571) |
| Transferred to stage 1 | - | 68,042 | - | (66,852) | (1,190) | - |
| Transferred to stage 2 | - | (40,651) | - | 90,441 | (49,790) | - |
| Transferred to stage 3 | - | (37) | - | (20,056) | 20,093 | - |
| Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year | - | (58,858) | - | 96,168 | 205,012 | 242,322 |
| Changes resulting from adjustments | - | (50,621) | - | 35,524 | 3,150 | (11,947) |
| **Gross balance at the end of the year** | - | 111,057 | - | 714,009 | 323,046 | 1,148,112 |

| For the year ending 31 December 2021 | Stage 1 | | Stage 2 | | | |
|---|---|---|---|---|---|---|
| | Collective | Individual | Collective | Individual | Stage 3 | Total |
| | JD | JD | JD | JD | JD | JD |
| beginning of the year Balance at the | - | 115,330 | - | 191,619 | 171,812 | 478,761 |
| Credit loss on new exposures during the year | - | 97,759 | - | 114,814 | 10,913 | 223,486 |
| Credit loss on accrued exposures | - | (30,585) | - | (79,558) | (9,825) | (119,968) |
| Transferred to stage 1 | - | 99,211 | - | (10,275) | (88,936) | - |
| Transferred to stage 2 | - | (2,549) | - | 2,549 | - | - |
| Transferred to stage 3 | - | (77) | - | (12,257) | 12,334 | - |
| Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year | - | (97,525) | - | 44,765 | 84,870 | 32,110 |
| Changes resulting from adjustments | - | 33,235 | - | (5,445) | (3,124) | 24,666 |
| **Gross balance at the end of the year** | - | 214,799 | - | 246,212 | 178,044 | 639,055 |

Disclosure on the allocation of unutilized ceilings according to the Bank's internal rating policy:

| For the year ending 31 December 2022 | Stage 1 | | Stage 2 | | | |
|---|---|---|---|---|---|---|
| | Collective | Individual | Collective | Individual | Stage 3 | Total |
| | JD | JD | JD | JD | JD | JD |
| Credit rating categories according to the Bank's internal policy: | | | | | | |
| From (1) to (6) | - | 191,536,290 | - | 42,257,920 | - | 233,794,210 |
| (7) | - | - | - | 7,076,095 | - | 7,076,095 |
| From (8) to (10) | - | - | - | - | 327,049 | 327,049 |
| Uncategorized | 12,302,978 | - | 910,910 | - | 258,752 | 13,472,640 |
| **Total** | 12,302,978 | 191,536,290 | 910,910 | 49,334,015 | 585,801 | 254,669,994 |

| For the year ended 31 December 2021 | Stage 1 | | Stage 2 | | | |
|---|---|---|---|---|---|---|
| | Collective | Individual | Collective | Individual | Stage 3 | Total |
| | JD | JD | JD | JD | JD | JD |
| Credit rating categories according to the Bank's internal policy: | | | | | | |
| From (1) to (6) | - | 234,587,409 | - | 33,026,739 | - | 267,614,148 |
| (7) | - | - | - | 6,471,400 | - | 6,471,400 |
| From (8) to (10) | - | - | - | - | 48,056 | 48,056 |
| Uncategorized | 20,102,040 | - | 1,800,173 | - | 491,599 | 22,393,812 |
| **Total** | 20,102,040 | 234,587,409 | 1,800,173 | 39,498,139 | 539,655 | 296,527,416 |

## Disclosure on the movement of indirect facilities relating to unutilized limits:

| For the year ending 31 December 2022 | Stage 1 | | Stage 2 | | | |
|---|---|---|---|---|---|---|
| | Collective | Individual | Collective | Individual | Stage 3 | Total |
| | JD | JD | JD | JD | JD | JD |
| Gross balance at the beginning of the year | 20,102,040 | 234,587,409 | 1,800,173 | 39,498,139 | 539,655 | 296,527,416 |
| New exposures during the year | 2,987,277 | 77,728,754 | 228,085 | 25,745,344 | 281,286 | 106,970,746 |
| Accrued exposures | (10,855,324) | (115,255,564) | (955,703) | (21,320,914) | (440,663) | (148,828,168) |
| Transferred to stage 1 | 537,864 | 12,017,601 | (472,311) | (12,017,601) | (65,553) | - |
| Transferred to stage 2 | (348,880) | (17,541,910) | 373,907 | 17,541,910 | (25,027) | - |
| Transferred to stage 3 | (119,999) | - | (63,241) | (112,863) | 296,103 | - |
| **Gross balance at the end of the year** | 12,302,978 | 191,536,290 | 910,910 | 49,334,015 | 585,801 | 254,669,994 |

| For the year ending 31 December 2021 | Stage 1 | | Stage 2 | | | |
|---|---|---|---|---|---|---|
| | Collective | Individual | Collective | Individual | Stage 3 | Total |
| | JD | JD | JD | JD | JD | JD |
| Gross balance at the beginning of the year | 22,180,289 | 179,110,658 | 1,165,564 | 33,493,268 | 178,614 | 236,128,393 |
| New exposures during the year | 3,739,256 | 98,167,159 | 534,942 | 10,342,640 | 214,872 | 112,998,869 |
| Accrued exposures | (5,084,500) | (38,195,427) | (394,446) | (8,775,750) | (149,723) | (52,599,846) |
| Transferred to stage 1 | 307,414 | 2,267,560 | (266,529) | (2,267,560) | (40,885) | - |
| Transferred to stage 2 | (764,663) | (6,702,541) | 822,375 | 6,705,541 | (60,712) | - |
| Transferred to stage 3 | (275,756) | (60,000) | (61,733) | - | 397,489 | - |
| **Gross balance at the end of the year** | 20,102,040 | 234,587,409 | 1,800,173 | 39,498,139 | 539,655 | 296,527,416 |

## The disclosure on the movement of the provision for expected credit losses is as follows:

| | Stage 1 | | Stage 2 | | | |
|---|---|---|---|---|---|---|
| **For the year ending 31 December 2022** | Collective | Individual | Collective | Individual | Stage 3 | Total |
| | JD | JD | JD | JD | JD | JD |
| beginning of the year Balance at the | 796,805 | 152,502 | 169,157 | 956,539 | 207,366 | 2,282,369 |
| Credit loss on new exposures during the year | 151,362 | 267,623 | 36,204 | 639,615 | 157,461 | 1,252,265 |
| Credit loss on accrued exposures | (437,604) | (63,989) | (59,739) | (158,836) | (143,151) | (863,319) |
| Transferred to stage 1 | 89,164 | 383,454 | (59,933) | (383,454) | (29,231) | - |
| Transferred to stage 2 | (19,226) | (12,904) | 33,084 | 12,903 | (13,857) | - |
| Transferred to stage 3 | (6,520) | - | (8,394) | (5,845) | 20,759 | - |
| Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year | (57,313) | (338,408) | 1,697 | 492,306 | 102,288 | 200,570 |
| Changes resulting from adjustments | 48 | 24,842 | 17 | 9,725 | - | 34,632 |
| **Gross balance at the end of the year** | 516,716 | 413,120 | 112,093 | 1,562,953 | 301,635 | 2,906,517 |

| For the year ending 31 December 2021 | Stage 1 | | Stage 2 | | | |
|---|---|---|---|---|---|---|
| | Collective | Individual | Collective | Individual | Stage 3 | Total |
| | JD | JD | JD | JD | JD | JD |
| beginning of the year Balance at the | 671,283 | 260,743 | 70,446 | 817,510 | 51,544 | 1,871,526 |
| Credit loss on new exposures during the year | 298,763 | 67,444 | 76,905 | 271,855 | 29,725 | 744,692 |
| Credit loss on accrued exposures | (165,678) | (169,318) | (29,123) | (343,820) | (16,327) | (724,266) |
| Transferred to stage 1 | 32,880 | 12,591 | (21,217) | (12,591) | (11,663) | - |
| Transferred to stage 2 | (42,814) | (5,363) | 59,507 | 7,138 | (18,468) | - |
| Transferred to stage 3 | (11,161) | (327) | (5,154) | - | 16,642 | - |
| Effect on the provision at the end of the year - resulting from the reclassification between the three stages at the end of the year | (14,842) | (11,273) | 15,049 | 199,885 | 155,913 | 344,732 |
| Changes resulting from adjustments | 28,374 | (1,995) | 2,744 | 16,562 | - | 45,685 |
| **Gross balance at the end of the year** | 796,805 | 152,502 | 169,157 | 956,539 | 207,366 | 2,282,369 |

## 23- Subscribed Paid-up Capital

Authorized and paid-in capital amounted to JD 190 million divided into 190 million shares at a par value of JD 1 per share as of 31 December 2022 and 31 December 2021.

## 24- Reserves

### Statutory Reserve

This reserve represents amounts transferred from income before tax at the rates that applies in the areas where the bank operates during the year and the previous year's according to the Bank's Law and company's Law. The statutory reserve may not be distributed to shareholders.

### General Banking Risk Reserve

This reserve represents the general banking risks reserve according to the regulations of the Central Bank of Jordan.

### Cyclical Fluctuations Reserve

This item represents what has been transferred from the annual net profits for the Palestine branches and Al Safa Bank in accordance with the instructions of the Palestinian Monetary Authority.

Restricted reserves are as follows:

| Reserve | Amount | Regulation |
|---|---|---|
| | JD | |
| Statutory | 91,364,494 | Banking law and corporate law |
| General banking risk | 4,646,255 | Palestinian Monetary Authority instructions |
| Cyclical fluctuations | 11,396,874 | Palestinian Monetary Authority instructions |

## 25- Suggested Dividends to be distributed

In its ordinary meeting held on February 8, 2022 the board of directors has recommended the approval by the general assembly on the distribution of 10% cash dividends amounting to JOD 19,000,000 million dinar (each share is 0.1 JD), this recommendation is subject to the approval of the Central Bank of Jordan, Palestinian Monetary Authority, other regulators and General Assembly of the shareholders.

## 26- Fair Value Reserve – Net

The details of this item are as follows:

| | 2022 | 2021 |
|---|---|---|
| | JD | JD |
| **Beginning balance** | 3,797,698 | (5,988,630) |
| Unrealized gains | 7,268,999 | 11,744,228 |
| Gain (Loss) from sale of financial assets at fair value through other comprehensive income transferred to Retained Earnings due to sale | 137,544 | (109,861) |
| Deferred tax assets | (1,436,466) | (1,758,961) |
| Deferred tax liability | (463,308) | (89,078) |
| **Ending balance** | 9,304,467 | 3,797,698 |

The fair value reserve appears in net of deferred tax liabilities amounted to JD 776,860.

## 27- Retained Earnings

The details of this item are as follows:

| | 31 December | |
|---|---|---|
| | 2022 | 2021 |
| | JD | JD |
| Beginning balance | 94,481,206 | 88,960,274 |
| Profit for the year | 34,613,824 | 32,799,711 |
| Transferred to statutory reserve | (4,652,575) | (4,664,040) |
| Transferred (to) general banking risk reserve | (304,826) | (444,246) |
| Transferred (to) Cyclical fluctuations | (502,221) | - |
| Cash dividends to shareholders | (28,500,000) | (22,800,000) |
| Net change in non-controlling interest | 2,912,691 | 519,646 |
| Transferred due to sale of financial assets at fair value through other comprehensive income | (137,544) | 109,861 |
| **Ending balance** | 97,910,555 | 94,481,206 |

- The General Assembly of Shareholders decided in its ordinary meeting held on 24 April 2022 to approve the distribution of cash dividends to shareholders at 90 Fils per share i.e 9% of the par value per share amounting to 1 JD. In addition, they approved the distribution of 16,078,984 shares of Safa Bank/Palestine owned by the Cairo Amman Bank to Cairo Amman Bank Shareholders on a pro rata basis of the shareholders ownership in Cairo Amman Bank's Capital as dividends for the year 2021.
- Retained earnings balance as of 31 December 2022 includes JD 12,672,287 resulting from the early implementation of IFRS 9. This amount is not available for distribution in accordance with the Securities Commission instructions, except for the amounts realized through sale transactions.

- Retained earnings include deferred tax assets amounting to JD 13,574,826 as of 31 December 2022 (JD 12,227,606 as of 31 December 2021), which is not available for distribution in accordance with the Central Bank of Jordan instructions.

- The amount JD 1,155,916 is restricted from use, and it represents the remaining balance of the general banking risk reserve included within the retained earnings as per the Central Bank of Jordan instructions.

## 28- Interest Income

The details of this item are as follows:

| | 2022 | 2021 |
|---|---|---|
| | JD | JD |
| Direct Credit Facilities: | | |
| **Individuals (retail)** | | |
| Overdrafts | 1,148,994 | 1,751,368 |
| Loans and bills | 61,358,880 | 56,482,391 |
| Credit cards | 2,821,536 | 2,841,390 |
| Margin accounts – financial services | 491,819 | 909,847 |
| **Residential mortgages** | 16,638,058 | 13,958,062 |
| **Corporates** | | |
| **Large Corporate** | | |
| Overdrafts | 7,724,923 | 6,771,899 |
| Loans and bills | 30,731,253 | 26,931,154 |
| **Small and medium enterprises** | | |
| Overdrafts | 1,860,118 | 1,547,420 |
| Loans and bills | 10,117,098 | 7,404,659 |
| **Public and governmental sectors** | 12,313,065 | 12,503,043 |
| Balances at Central Banks | 385,901 | 55,705 |
| Balances and deposits at banks and financial institutions | 4,346,792 | 2,752,876 |
| Financial assets at amortized cost | 38,542,823 | 38,088,471 |
| **Total** | 188,481,260 | 171,998,285 |

## 29- Interest Expense

The details of this item are as follows:

| | 2022 | 2021 |
|---|---|---|
| | JD | JD |
| Banks and financial institutions' deposits | 8,609,401 | 6,052,314 |
| **Customers' deposits:** | | |
| Current and demand accounts | 1,709,086 | 2,102,527 |
| Savings' accounts | 1,398,269 | 1,272,913 |
| Time and notice deposits | 39,992,990 | 34,482,146 |
| Cash Margin | 297,559 | 422,968 |
| Borrowed funds | 10,974,200 | 8,952,019 |
| Deposit guarantee fees | 3,800,294 | 2,827,006 |
| **Total** | 66,781,799 | 56,111,893 |

## 30- Net Commission Income

The details of this item are as follows:

| | 2022 | 2021 |
|---|---|---|
| | JD | JD |
| Direct credit facilities' commissions | 4,953,995 | 5,060,164 |
| Indirect credit facilities' commissions | 2,676,572 | 2,459,476 |
| Other commissions | 11,776,452 | 12,980,172 |
| Less: commission expense | (168,580) | (155,568) |
| **Total net commission** | **19,238,439** | **20,344,244** |

## 31- Gain from Foreign Currencies

The details of this item are as follows:

| | 2022 | 2021 |
|---|---|---|
| | JD | JD |
| Trading/ operations in foreign currencies | 246,209 | 235,087 |
| Revaluation of foreign currencies | 4,632,432 | 4,181,722 |
| **Total** | **4,878,641** | **4,416,809** |

## 32- Gain from Financial Assets at Fair Value through Profit or Loss

The details of this item are as follows:

| | Realized Gains | Unrealized Gains | Stock Dividends | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **For the year ended 31 December 2022** | | | | |
| corporate stocks | 309,041 | 223,770 | 458,343 | 991,154 |
| **Total** | 309,041 | 223,770 | 458,343 | 991,154 |

| | Realized Gains | Unrealized Gains | Stock Dividends | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **For the year ended 31 December 2021** | | | | |
| corporate stocks | 268,983 | 1,126,633 | 287,281 | 1,682,897 |
| **Total** | 268,983 | 1,126,633 | 287,281 | 1,682,897 |

## 33- Dividends from Financial Assets at Fair Value through Other Comprehensive Income

The details of this item are as follows:

| | 2022 | 2021 |
|---|---|---|
| | JD | JD |
| Dividends from companies' stocks | 2,351,321 | 2,603,330 |
| **Total** | 2,351,321 | 2,603,330 |

## 34- Other Income

The details of this item are as follows:

| | 2022 | 2021 |
|---|---|---|
| | JD | JD |
| Suspended interest transferred to revenue | 923,109 | 447,445 |
| Safety boxes' rental income | 126,320 | 126,137 |
| Sold check books | 40,688 | 42,255 |
| Recovery of written off debts | 1,306,387 | 1,513,163 |
| Income from ATM and credit cards | 2,963,284 | 2,284,738 |
| Gains from sale of property and equipment | 34,010 | 87,520 |
| Gains from sale of repossessed assets | 2,399,178 | 780,188 |
| Buildings' rent revenue | 22,000 | 26,257 |
| Brokerage commissions | 850,596 | 1,148,557 |
| Other | 95,650 | 168,046 |
| **Total** | 8,761,222 | 6,624,306 |

## 35- Employees' Costs

The details of this item are as follows:

| | 2022 | 2021 |
|---|---|---|
| | JD | JD |
| Employees' salaries, benefits, and remuneration | 36,389,802 | 36,689,877 |
| Bank's contribution to social security | 2,742,054 | 2,758,392 |
| Bank's contribution to savings fund | 540,758 | 487,392 |
| Employees' end of service compensation (note 20) | 2,945,445 | 901,865 |
| Employees' end of service indemnity | 7,522 | 744,658 |
| Medical expenses | 2,814,948 | 2,881,456 |
| Employees' training | 230,167 | 164,473 |
| Employees' uniforms | 199,875 | 283,193 |
| Other employees' costs | 89,365 | 56,796 |
| **Total** | 45,959,936 | 44,968,102 |

## 36- Other Expenses

The details of this item are as follows:

| | 2022 | 2021 |
|---|---|---|
| | JD | JD |
| Rent | 109,416 | 755,213 |
| Depreciation of right of use assets | 4,341,907 | 3,469,181 |
| Leases' interest expense | 947,331 | 1,049,037 |
| Maintenance and cleaning | 2,287,154 | 2,053,310 |
| Electricity, water, and heating | 2,528,220 | 2,624,961 |
| License and governmental fees | 1,354,604 | 1,269,485 |
| Printings and stationery | 669,982 | 621,717 |
| Donations and subvention | 1,174,691 | 751,189 |
| Insurance expenses | 1,438,799 | 1,501,833 |
| Subscriptions | 810,052 | 825,347 |
| Telecommunications | 473,691 | 608,897 |
| Legal fees and expenses | 1,831,204 | 858,455 |
| Professional fees | 1,151,846 | 1,165,958 |
| Money and mail transportation expenses | 805,773 | 788,594 |
| Advertising and publicity expenses | 3,449,418 | 3,072,189 |
| Board of directors' expenses and remuneration | 1,288,753 | 1,137,093 |
| Information systems expenses and compensation | 8,812,588 | 7,900,112 |
| Travel and transportation expenses | 543,974 | 495,995 |
| Consultation expenses | 401,439 | 419,348 |
| Safeguarding expenses | 474,230 | 821,507 |
| Outsourcing expenses | 920,017 | 402,769 |
| Other expenses | 663,998 | 638,600 |
| **Total** | **36,479,087** | **33,230,790** |

## 37- Provision for Expected Credit Losses

The details of this item are as follows:

| | 2022 | 2021 |
|---|---|---|
| | JD | JD |
| Balances at central banks | 1,228 | (3,169) |
| Balances at banks and financial institutions | (25,959) | (39,304) |
| Deposits at banks and financial institutions | (147,852) | (126,016) |
| Financial assets at fair value through OCI | 94 | 4,336 |
| Financial assets at amortized cost | (104,679) | (196,553) |
| Direct credit facilities | 14,473,184 | 17,338,435 |
| Indirect credit facilities | 1,333,456 | 650,706 |
| **Total** | 15,529,472 | 17,628,435 |

## 38- Earnings per Share for bank's shareholders

The details of this item are as follows:

| | 2022 | 2021 |
|---|---|---|
| | JD | JD |
| Profit for the year attributable to bank's shareholders (JD) | 34,613,824 | 32,799,711 |
| Weighted average number of shares (share) | 190,000,000 | 190,000,000 |
| | Fils/JD | Fils/JD |
| Basic and diluted earnings per share - (Bank's Shareholders) | 0/182 | 0/173 |

The weighted average for earnings per shares was calculated from the basic and diluted profit attributable to the shareholders of the bank based on the number of shares authorized for the years ended 31 December 2022 and 2021, and in accordance with the requirements of the International Accounting Standard (33).

## 39- Cash and Cash Equivalents

The details of this item are as follows:

| | 2022 | 2021 |
|---|---|---|
| | JD | JD |
| Cash and balances with Central Banks maturing within 3 months | 320,714,351 | 413,509,026 |
| Add: Balances at banks and financial institutions' maturing within 3 months | 123,941,017 | 121,574,475 |
| Less: Banks and financial institutions' deposits maturing within 3 months | 180,601,325 | 105,012,987 |
| Less: Restricted cash balances | 10,635,000 | 10,635,000 |
| **Total** | 253,419,043 | 419,435,514 |

## 40- Balances and Transactions with Related Parties

The accompanying consolidated financial statements of the Bank include the following subsidiaries:

| Company Name | Ownership | Capital Paid in 2022 | Capital Paid in 2021 |
|---|---|---|---|
| | % | JD | JD |
| Al-Watanieh Financial Services Company Limited Liability | 100 | 6,500,000 | 5,500,000 |
| Al-Watanieh Securities Company private shareholding | 100 | 1,600,000 | 1,600,000 |
| Tamallak for Financial Leasing Company | 100 | 5,000,000 | 5,000,000 |
| Safa Bank | 51 | 53,175,000 | 53,175,000 |

The Bank entered transactions with subsidiaries, major shareholders, directors, senior management and their related concerns in the ordinary course of business at commercial interest and commission rates. All the credit facilities to related parties are performing facilities and are free of any provision.

The following related party transactions took place during the year:

| | Parties Related | | | | Total | |
|---|---|---|---|---|---|---|
| | Board of Directors and Relatives | Main shareholder | Executive Management | Other * | 2022 | 2021 |
| | JD | JD | JD | JD | JD | JD |
| **Statement of Financial Position Items:** | | | | | | |
| Direct credit facilities | 28,110,060 | 15,715,044 | 3,432,812 | 22,148,381 | 69,406,297 | 42,612,401 |
| Deposits at the Bank | 33,778,096 | 5,807,256 | 3,032,305 | 19,404,467 | 62,022,124 | 118,203,631 |
| Margin accounts | 138,348 | - | 76 | 192,103 | 330,527 | 949,346 |
| **Off Statement of Financial Position Items:** | | | | | | |
| Indirect credit facilities | 3,201,017 | 329,300 | 7,390 | 637,703 | 4,175,410 | 2,197,851 |
| | | | | | **2022** | **2021** |
| **Income Statements Items:** | | | | | **JD** | **JD** |
| Interest and commission income | 573,402 | 257,989 | 141,624 | 2,384,624 | 3,357,639 | 2,969,714 |
| Interest and commission expense | 1,215,339 | 91,745 | 54,226 | 294,383 | 1,655,693 | 2,604,508 |

- Others include the rest of bank employees and their relatives up to the third degree.

- Credit interest rates on credit facilities in Jordanian Dinar range between 2% 15.90%.

- Credit interest rates on credit facilities in foreign currency range between 4.25% 7.50%.

- Debit interest rates on deposits in Jordanian Dinar range between zero% 6%.

- Debit interest rates on deposits in foreign currency range between zero% 3.25%.

Salaries, wages and bonuses of executive management amounted to JD 3,394,081 as of 31 December 2022 (JD 3,269,359 as of 31 December 2021).

## 41- Risk Management

The bank is exposed to many risks, the following are the main risk categories:

- Credit Risk
- Market Risk
- Liquidity Risk
- Operational Risk
- Compliance Risk

### Credit Risk:-

Credit risk is the risk that may result from a lack of commitment or the inability of the other party of the financial instrument to fulfil its obligations to the Bank, leading to a financial loss. The bank manages its credit risk through the design and development of various policies that identify and address all aspects of granting and maintenance of credit, in addition to determining the limits of credit facilities granted to clients and total credit facilities for each sector and geographical region. The general framework for Credit Risk Management consists of the following:

### Credit Policies:

The Bank manages its credit risk through the annual policies set by the board of Directors in their credit policy including credit ceilings and various credit conditions, which are renewed annually according to several changing factors, results of the analysis, and studies which are approved by the board of directors. These policies generally include principles of granting in the bank, stating authorities, collaterals, credit monitoring management, and the main frame of the Credit Risk Management. Moreover, these policies define maximum credit limits given to any customer and / or group of related customers in addition to the distribution of credit according to geographical regions and different economic sectors. The Bank considers the diversification of portfolios as an important risk mitigation factor of credit risks.

**Customer Rating:**

In order to develop credit risk Management at the bank, credit risks are performed internally which consists of customer credit risk rating; customers are rated according to their creditworthiness and ability to pay, in addition to assessing the quality of the facilities granted to clients, in terms of account activity and regularity of payment of principal and interest. The collaterals are classified according to type and coverage percentage for the risk of granted and/or existing facilities. Moreover, the Bank periodically monitors the bank's portfolio and its diversification, according to several classifications.

**Mitigation Methodologies:**

The Bank follows different procedures to mitigate risks, including determining the acceptable types of collaterals and their conditions, whereby good collaterals that can be liquidated at a reasonable time and value when the bank needs to do so, and taking into consideration that the value of the collateral is not related to the business of the customer. Moreover, the Bank requires insurance policies on certain portfolios and additional provisions as a means of mitigating risks. The management monitors the market value of the collaterals on a regular basis. In case the value of the collaterals decreased, the bank will ask for additional collaterals to make up for the shortage.

**Managing Credit Granting:**

The Bank adopts the principle of segregation of duties related to Risk Management in the Bank in line with best practices in this regard, clarifying the roles and responsibilities of each of these duties whereas the decision to grant is segregated from implementation to ensure a strong control and monitor over credit granting operations.

Credit decisions are checked against the credit policies and authority limits according to credit size and the collaterals against it, all documentations and contracts are reviewed before executing the credit to ensure the segregation of duties.

Prior to granting facilities, legal documentation is completed on the credit contracts and other documents related to the facilities, collaterals are checked against the credit conditions and legal condition per the terms of the agreement to retain the Bank's rights.

**Maintenance and Follow-up of Credit:**

The performance of the credit portfolio is continuously monitored to make sure it is within the acceptable risk limits and economic sector limits that is determined by the board of directors to identify any primary indicators of increasing risk levels.
The Bank continuously monitors its nonperforming portfolios to identify any need for additional provisions.

There are specialized and independent departments responsible for managing irregular credit and handling the task of managing and collecting irregular credit facilities. The Bank has allocated several monitoring departments to monitor and follow up on credit and report any early warning indicators for follow-up and correction.

## 1- Reclassified credit exposures

## A- Gross reclassified credit exposures

**As of 31 December 2022**

| Item | Stage 2 | | Stage 3 | | | |
|---|---|---|---|---|---|---|
| | Gross exposure amount | Reclassified exposures | Gross exposure amount | Reclassified exposures | Gross reclassified exposures | Percentage of reclassified exposures |
| | JD | JD | JD | JD | JD | % |
| Direct credit facilities | 402,418,560 | 138,671,844 | 131,845,238 | 51,076,978 | 263,198,640 | ٪11.73 |
| **Total** | 402,418,560 | 138,671,844 | 131,845,238 | 51,076,978 | 263,198,640 | |
| Financial guarantees | 15,512,191 | 8,202,643 | 591,392 | 429,748 | 12,844,416 | ٪18.59 |
| Letters of credit | 7,953,638 | 2,904,015 | - | - | 2,904,015 | ٪4.10 |
| Other liabilities | 50,244,925 | 17,915,817 | 585,801 | 296,103 | 30,767,386 | ٪12.08 |
| **Total** | 476,129,314 | 167,694,319 | 133,022,431 | 51,802,829 | 309,714,457 | |

**As of 31 December 2021**

| Item | Stage 2 | | Stage 3 | | | |
|---|---|---|---|---|---|---|
| | Gross exposure amount | Reclassified exposures | Gross exposure amount | Reclassified exposures | Gross reclassified exposures | Percentage of reclassified exposures |
| | JD | JD | JD | JD | JD | % |
| Direct credit facilities | 350,718,905 | 120,600,340 | 115,282,830 | 32,115,382 | 186,243,736 | %9.05 |
| **Total** | 350,718,905 | 120,600,340 | 115,282,830 | 32,115,382 | 186,243,736 | |
| Financial guarantees | 11,302,526 | 2,826,151 | 411,961 | 299,185 | 3,583,633 | %5.70 |
| Letters of credit | 1,988,269 | 54,998 | - | - | 54,998 | %0.06 |
| Other liabilities | 41,298,313 | 7,527,916 | 539,655 | 397,489 | 10,500,379 | %3.54 |
| **Total** | 405,308,013 | 131,009,405 | 116,234,446 | 32,812,056 | 200,382,746 | |

## B- Expected credit losses for Reclassified Exposures:

**As of 31 December 2022**

| Item | Reclassified Exposures | | | Expected credit losses for Reclassified Exposures | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | Stage 2 | | Stage 3 | | |
| | Gross exposures reclassified to stage 2 | Gross exposures reclassified to stage 3 | Gross reclassified exposures | Individual | Collective | Individual | Collective | Total |
| | JD | JD | JD | JD | JD | JD | JD | JD |
| Direct credit facilities | 138,671,844 | 51,076,978 | 263,198,640 | 3,237,914 | 3,458,399 | 1,562,102 | - | 8,258,415 |
| **Total** | 138,671,844 | 51,076,978 | 263,198,640 | 3,237,914 | 3,458,399 | 1,562,102 | - | 8,258,415 |
| Financial guarantees | 8,202,643 | 429,748 | 12,844,416 | 90,441 | - | 20,093 | - | 110,534 |
| Letters of credit | 2,904,015 | - | 2,904,015 | 11,898 | - | - | - | 11,898 |
| Other liabilities | 17,915,817 | 296,103 | 30,767,386 | 12,903 | 33,084 | 20,759 | - | 66,746 |
| **Total** | 167,694,319 | 51,802,829 | 309,714,457 | 3,353,156 | 3,491,483 | 1,602,954 | - | 8,447,593 |

**As of 31 December 2021**

| Item | Reclassified Exposures | | | Expected credit losses for Reclassified Exposures | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | Stage 2 | | Stage 3 | | |
| | Gross exposures reclassified to stage 2 | Gross exposures reclassified to stage 3 | Gross reclassified exposures | Individual | Collective | Individual | Collective | Total |
| | JD | JD | JD | JD | JD | JD | JD | JD |
| Direct credit facilities | 120,600,340 | 32,115,382 | 186,243,736 | 1,923,092 | 3,132,660 | 1,014,784 | - | 6,070,536 |
| **Total** | 120,600,340 | 32,115,382 | 186,243,736 | 1,923,092 | 3,132,660 | 1,014,784 | - | 6,070,536 |
| Financial guarantees | 2,826,151 | 299,185 | 3,583,633 | 2,549 | - | 12,334 | - | 14,883 |
| Letters of credit | 54,998 | - | 54,998 | 81 | - | - | - | 81 |
| Other liabilities | 7,527,916 | 397,489 | 10,500,379 | 7,138 | 59,507 | 16,642 | - | 83,287 |
| **Total** | 131,009,405 | 32,812,056 | 200,382,746 | 1,932,860 | 3,192,167 | 1,043,760 | - | 6,168,787 |

## 2- Allocation of exposures according to industrial sectors:

## A- Allocation of exposures according to financial instruments - net

| As of 31 December 2022 | Financial | Industrial | Commercial | Real Estate* | Agricultural | Trading | Consumer | Public Sector | Total |
|---|---|---|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Balances at central banks | - | - | - | - | - | - | - | 180,339,402 | 180,339,402 |
| Balances at banks and financial institutions | 123,920,745 | - | - | - | - | - | - | - | 123,920,745 |
| Deposits at banks and financial institutions | 73,083,268 | - | - | - | - | - | - | - | 73,083,268 |
| Direct credit facilities | 117,373,960 | 151,241,237 | 348,956,741 | 389,655,237 | 24,424,596 | 21,862,231 | 830,877,448 | 242,802,615 | 2,127,194,065 |
| Financial assets at amortized cost | 61,443,103 | - | 21,357,800 | - | - | - | - | 712,564,237 | 795,365,140 |
| Other assets | 8,548,806 | 2,736,393 | 6,729,184 | 285,616 | 402,536 | 293,273 | 6,830,337 | 8,420,496 | 34,246,641 |
| **Total Assets** | 384,369,882 | 153,977,630 | 377,043,725 | 389,940,853 | 24,827,132 | 22,155,504 | 837,707,785 | 1,144,126,750 | 3,334,149,261 |
| Financial guarantees | 14,365,568 | 7,253,825 | 27,047,910 | 16,900,114 | 618,740 | - | - | 1,772,327 | 67,958,484 |
| Letters of credit | 14,961,923 | 12,462,052 | 32,307,379 | - | - | - | - | 10,286,878 | 70,018,232 |
| Other liabilities | 44,990,039 | 14,959,642 | 129,933,004 | 7,171,736 | 1,664,502 | 3,509,974 | 11,204,917 | 38,329,663 | 251,763,477 |
| **Total** | 458,687,412 | 188,653,149 | 566,332,018 | 414,012,703 | 27,110,374 | 25,665,478 | 848,912,702 | 1,194,515,618 | 3,723,889,454 |

| As of 31 December 2021 | Financial | Industrial | Commercial | Real Estate* | Agricultural | Trading | Consumer | Public Sector | Total |
|---|---|---|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Balances at central banks | - | - | - | - | - | - | - | 248,058,253 | 248,058,253 |
| Balances at banks and financial institutions | 121,528,244 | - | - | - | - | - | - | - | 121,528,244 |
| Deposits at banks and financial institutions | 101,054,720 | - | - | - | - | - | - | - | 101,054,720 |
| Direct credit facilities | 96,866,271 | 132,586,532 | 411,223,642 | 264,353,939 | 19,115,239 | 29,022,357 | 703,815,024 | 294,113,851 | 1,951,096,855 |
| Financial assets at amortized cost | 65,259,304 | - | 20,951,917 | - | - | - | - | 720,396,578 | 806,607,799 |
| Other assets | 8,692,751 | 3,570,699 | 12,615,585 | 179,287 | 665,423 | 451,058 | 2,190,450 | 7,209,797 | 35,575,050 |
| **Total Assets** | 393,401,290 | 136,157,231 | 444,791,144 | 264,533,226 | 19,780,662 | 29,473,415 | 706,005,474 | 1,269,778,479 | 3,263,920,921 |
| Financial guarantees | 13,191,308 | 10,073,255 | 22,513,790 | 14,624,098 | 574,789 | - | - | 1,308,276 | 62,285,516 |
| Letters of credit | 22,227,303 | 16,974,094 | 50,423,154 | - | - | - | - | 4,602,124 | 94,226,675 |
| Other liabilities | 26,380,298 | 36,560,713 | 146,686,171 | 10,892,932 | 1,430,292 | - | 24,237,288 | 48,057,353 | 294,245,047 |
| **Total** | 455,200,199 | 199,765,293 | 664,414,259 | 290,050,256 | 21,785,743 | 29,473,415 | 730,242,762 | 1,323,746,232 | 3,714,678,159 |

*** The industrial sector of real estate includes loans granted to corporates and residential loans.**

## B. Allocation of exposures according to IFRS (9) stage categories:

| As of 31 December 2022 | Stage 1 | | Stage 2 | | | |
|---|---|---|---|---|---|---|
| Item | Individual | Collective | Individual | Collective | Stage 3 | Total |
| | JD | JD | JD | JD | JD | JD |
| Financial | 433,244,246 | 8,804,747 | 16,638,401 | - | 18 | 458,687,412 |
| Industrial and mining | 136,034,023 | 3,799,873 | 44,870,845 | 123,980 | 3,824,428 | 188,653,149 |
| General Commercial | 317,106,265 | 34,127,801 | 183,094,835 | 26,813,139 | 5,189,978 | 566,332,018 |
| Real estate purchase financing | 200,547,651 | 163,656,908 | 10,845,510 | 23,498,698 | 15,463,936 | 414,012,703 |
| Agricultural | 15,995,749 | 578,728 | 9,634,892 | 3,400 | 897,605 | 27,110,374 |
| Trading | 16,187,212 | 5,610,423 | 3,561,392 | 15,582 | 290,869 | 25,665,478 |
| Consumer | 196,730 | 767,633,689 | 61,085 | 63,838,660 | 17,182,538 | 848,912,702 |
| Government and public sector | 1,112,167,387 | 8,162,267 | 74,160,332 | - | 25,632 | 1,194,515,618 |
| **Total** | 2,231,479,263 | 992,374,436 | 342,867,292 | 114,293,459 | 42,875,004 | 3,723,889,454 |

| As of 31 December 2021 | Stage 1 | | Stage 2 | | | |
|---|---|---|---|---|---|---|
| Item | Individual | Collective | Individual | Collective | Stage 3 | Total |
| | JD | JD | JD | JD | JD | JD |
| Financial | 440,702,709 | 4,924,490 | 7,362,307 | - | 2,210,693 | 455,200,199 |
| Industrial and mining | 157,124,449 | 5,378,383 | 34,635,507 | 66,874 | 2,560,080 | 199,765,293 |
| General Commercial | 486,023,898 | 40,391,810 | 128,876,278 | 2,565,164 | 6,557,109 | 664,414,259 |
| Real estate purchase financing | 92,430,890 | 139,245,503 | 23,232,222 | 25,427,552 | 9,714,089 | 290,050,256 |
| Agricultural | 12,900,336 | 910,243 | 7,614,618 | 19,497 | 341,049 | 21,785,743 |
| Trading | 10,944,638 | 5,527,366 | 12,705,377 | 21,323 | 274,711 | 29,473,415 |
| Consumer | 1,352,087 | 661,093,946 | 1,070,093 | 56,095,486 | 10,631,150 | 730,242,762 |
| Government and public sector | 1,121,109,904 | 109,269,476 | 81,352,083 | 11,941,016 | 73,753 | 1,323,746,232 |
| **Total** | 2,322,588,911 | 966,741,217 | 296,848,485 | 96,136,912 | 32,362,634 | 3,714,678,159 |

## 3- Allocation of exposures according to geographical locations:

## A. Allocation of exposures according to geographical regions – net:

| As of 31 December 2022 | Inside Jordan | Other Middle Eastern Countries | Europe | Asia * | Americas | Other Countries | Total |
|---|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD | JD |
| Balances at central banks | 82,042,939 | 98,296,463 | - | | | | 180,339,402 |
| Balances at banks and financial institutions | 40,763,309 | 29,973,972 | 34,972,096 | 546,104 | 17,639,988 | 25,276 | 123,920,745 |
| Deposits at banks and financial institutions | 71,933,817 | 1,149,451 | - | - | - | - | 73,083,268 |
| Direct credit facilities | 1,528,573,384 | 588,390,399 | 2,304,413 | - | 7,925,869 | - | 2,127,194,065 |
| Financial assets at amortized cost | 753,001,107 | 41,798,232 | 565,801 | - | - | - | 795,365,140 |
| Other assets | 28,364,585 | 4,252,904 | 1,625,056 | - | 4,096 | - | 34,246,641 |
| **Gross assets** | 2,504,679,141 | 763,861,421 | 39,467,366 | 546,104 | 25,569,953 | 25,276 | 3,334,149,261 |
| Financial guarantees | 47,289,570 | 15,886,761 | 4,270,801 | 298,702 | 212,650 | - | 67,958,484 |
| Letters of credit and acceptances | 43,801,725 | 26,216,507 | - | - | - | - | 70,018,232 |
| Other liabilities | 205,931,697 | 45,831,780 | - | - | - | - | 251,763,477 |
| **Total** | 2,801,702,133 | 851,796,469 | 43,738,167 | 844,806 | 25,782,603 | 25,276 | 3,723,889,454 |

| As of 31 December 2022 | Inside Jordan | Other Middle Eastern Countries | Europe | Asia * | Americas | Other Countries | Total |
|---|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD | JD |
| Balances at central banks | 145,940,892 | 102,117,361 | - | - | - | - | 248,058,253 |
| Balances at banks and financial institutions | 51,409,179 | 16,705,096 | 34,827,705 | 636,468 | 17,722,674 | 227,122 | 121,528,244 |
| Deposits at banks and financial institutions | 99,752,487 | 1,302,233 | | - | | - | 101,054,720 |
| Direct credit facilities | 1,384,704,029 | 553,463,646 | 12,405,474 | - | 523,706 | - | 1,951,096,855 |
| Financial assets at amortized cost | 763,132,105 | 42,898,788 | 576,906 | - | - | - | 806,607,799 |
| Other assets | 25,886,399 | 6,453,889 | 3,171,071 | - | 63,691 | - | 35,575,050 |
| **Gross assets** | 2,470,825,091 | 722,941,013 | 50,981,156 | 636,468 | 18,310,071 | 227,122 | 3,263,920,921 |
| Financial guarantees | 44,597,237 | 13,734,314 | 3,414,688 | 298,702 | 240,575 | - | 62,285,516 |
| Letters of credit and acceptances | 65,707,333 | 28,519,342 | - | - | - | - | 94,226,675 |
| Other liabilities | 249,697,785 | 44,547,262 | - | - | - | - | 294,245,047 |
| **Total** | 2,830,827,446 | 809,741,931 | 54,395,844 | 935,170 | 18,550,646 | 227,122 | 3,714,678,159 |

## B. Allocation of exposures according IFRS (9) stage categories:

| | Stage 1 | | Stage 2 | | | |
|---|---|---|---|---|---|---|
| **As of December 31, 2022** | **Individual** | **Collective** | **Individual** | **Collective** | **Stage 3** | **Total** |
| | **JD** | **JD** | **JD** | **JD** | **JD** | **JD** |
| Inside Jordan | 1,656,796,625 | 797,186,500 | 246,027,453 | 66,819,119 | 34,872,436 | 2,801,702,133 |
| Other Middle Eastern Countries | 505,887,057 | 193,592,665 | 96,839,839 | 47,474,340 | 8,002,568 | 851,796,469 |
| Europe | 42,142,896 | 1,595,271 | - | - | - | 43,738,167 |
| Asia | 844,806 | - | - | - | - | 844,806 |
| Americas | 25,782,603 | - | - | - | - | 25,782,603 |
| Other Countries | 25,276 | - | - | - | - | 25,276 |
| **Total** | 2,231,479,263 | 992,374,436 | 342,867,292 | 114,293,459 | 42,875,004 | 3,723,889,454 |

| | Stage 1 | | Stage 2 | | | |
|---|---|---|---|---|---|---|
| **As of December 31, 2021** | **Individual** | **Collective** | **Individual** | **Collective** | **Stage 3** | **Total** |
| | **JD** | **JD** | **JD** | **JD** | **JD** | **JD** |
| Inside Jordan | 1,759,460,506 | 786,260,138 | 192,347,495 | 67,233,956 | 25,525,351 | 2,830,827,446 |
| Other Middle Eastern Countries | 492,082,524 | 177,418,178 | 104,500,990 | 28,902,956 | 6,837,283 | 809,741,931 |
| Europe | 51,332,943 | 3,062,901 | - | - | - | 54,395,844 |
| Asia | 935,170 | - | - | - | - | 935,170 |
| Americas | 18,550,646 | - | - | - | - | 18,550,646 |
| Other Countries | 227,122 | - | - | - | - | 227,122 |
| **Total** | 2,322,588,911 | 966,741,217 | 296,848,485 | 96,136,912 | 32,362,634 | 3,714,678,159 |

**4- Credit risk (net of impairment allowances and suspended interest and returns, and before collaterals and other risk mitigators):**

| | 31 December | |
|---|---|---|
| | 2022 | 2021 |
| | JD | JD |
| **On- Consolidated Statement of Financial Position Items** | | |
| Balances at Central Banks | 180,339,402 | 248,058,253 |
| Balances at banks and financial institutions | 123,920,745 | 121,528,244 |
| Deposits at banks and financial institutions | 73,083,268 | 101,054,720 |
| Direct credit facilities: | | |
| Individuals | 761,844,268 | 727,566,666 |
| Residential mortgages | 305,171,942 | 280,256,391 |
| Large corporations | 595,588,956 | 568,966,335 |
| Small and medium enterprises | 223,479,893 | 197,256,595 |
| Government and public sectors | 241,109,006 | 177,050,868 |
| Financial assets held at amortized cost, net | 795,365,140 | 806,607,799 |
| Other assets | 34,246,641 | 35,575,050 |
| **Total on- consolidated statement of financial position items** | 3,334,149,261 | 3,263,920,921 |
| **Off-Statement of Financial Position Items** | | |
| Letters of credit & Acceptances | 70,018,232 | 94,226,675 |
| Letters of guarantee | 67,958,484 | 62,285,516 |
| Un-utilized credit facilities limits | 251,763,477 | 294,245,047 |
| **Total off- consolidated statement of financial position items** | 389,740,193 | 450,757,238 |
| **Total on & off- consolidated statement of financial position items** | 3,723,889,454 | 3,714,678,159 |

The above table represents the maximum credit risk for the bank as of 31 December 2022 and 2021 without taking the collaterals or the effect of risk mitigators into consideration.

The exposure mentioned above for on-Consolidated statement of financial position items is based on the balance shown in the Consolidated statement of financial position.

Types of collaterals against loans and credit facilities are as follows:

- Real estate properties.
- Financial instruments (equities and bonds).
- Bank guarantees.
- Cash collateral.
- Government guarantees.

The management monitors the market value of these guarantees periodically and if the value of collateral decreased, the bank requests additional collaterals to cover the deficit. In addition, the bank assesses the collaterals against non-performing credit facilities periodically.

**Rescheduled Loans during the year:**

These represent loans previously classified as non-performing loans and reclassified as other than non-performing loans according to proper scheduling to watch list loans they amounted to JD21,362,142 as of the current year against JD 20,887,637 as of 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 during the year:**

Restructuring means to rearrange facilities instalments or by increasing their duration postpone some instalments or increase the grace period…etc,. The value of these loans amounted to about JD 98,695,148 as of 31 December 2022 against JD 18,514,268 as of 31 December 2021.

**5. Debt Securities and Treasury Bonds & Bills**

The schedule below shows the distribution of bonds, bills, and other according to the international agency's classification:

| Rating grade | Rating Agency | Financial Assets at Amortized Cost and Financial Assets Pledged as Collateral |
|---|---|---|
| | | JD |
| BAA3 | Moody's | 213,510 |
| B1 | Moody's | 3,538,317 |
| B2 | Moody's | 2,496,162 |
| Ba3 | Moody's | 10,607,711 |
| Un-rated | | 82,357,800 |
| Governmental | | 696,986,019 |
| **Total** | | 796,199,519 |

## Development of Credit Risk Measurement and Management System

It is established by being up to date on the best practices for credit management specifically relating to risk measurement and the required capital evaluation implementing the instructions of the Central Bank of Jordan and related to implementing Basel III.

## Market Risk

Market risks are the risks that the bank may be exposed to due to the existence of open financial positions on and off-balance sheet as a result of any changes in market price such as changes in interest rates, foreign currency risks, and the risks of changes in stock prices. These risks are monitored according to specific policies and procedures and through specialized committees and concerned departments.

Market risk is measured and monitored through many techniques including maturity schedule/re-pricing, Stress Tests, and Stop loss Limits.

## Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the Bank's profits or the value of financial instruments. The bank is exposed to interest rate risk as a result of inconsistency or a gap in the amounts of assets and liabilities according to multiple time periods or a review of interest rates in a specific time period and the Bank manages these risks by reviewing interest rates on assets and liabilities through the risk management strategy.

The Asset and Liability Committee (ALCO) reviews interest rate sensitivity gaps through its periodic meetings and studies the extent to which the bank's profitability is affected in light of the existing gaps with any changes in interest rates.

## Interest Rate Risk Management

The Bank seeks to obtain long-term financing to fund long-term investments at fixed rates whenever possible. Furthermore, the Bank uses hedging instruments such as interest rate swaps to reduce any negative effects.

The following table demonstrates the sensitivity analysis of interest rates:

| **Currency** | Increase Change in interest rate | Sensitivity of interest income (profit or loss) | Change (decrease) in interest price | Sensitivity of interest income (profit or loss) |
|---|---|---|---|---|
| | Basis points | JD | Basis points | JD |
| **2022** | | | | |
| USD | 100 | 1,214,399 | 100 | (1,214,399) |
| EURO | 100 | (94,881) | 100 | 94,881 |
| GBP | 100 | (2,541) | 100 | 2,541 |
| JPY | 100 | - | 100 | - |
| Other Currencies | 100 | 1,302,953 | 100 | (1,302,953) |
| **2021** | | | | |
| USD | 100 | 1,201,099 | 100 | (1,201,099) |
| EURO | 100 | 3,077 | 100 | (3,077) |
| GBP | 100 | 18,273 | 100 | (18,273) |
| JPY | 100 | - | 100 | - |
| Other Currencies | 100 | 113,118 | 100 | (113,118) |

## Interest Rate Re-Pricing Gap

The classification is based on the interest re-pricing periods or maturities whichever is earlier.

| As of 31 December 2022 | Less than One Month | Until 3 Months | Till 6 Months | Till One Year | 3 Years | More than 3 Years | Non-Interest Bearing | Total |
|---|---|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD | JD | JD |
| **Assets** | | | | | | | | |
| Cash and balances at Central Bank of Jordan – Net | 38,635,000 | - | - | - | - | - | 282,063,816 | 320,698,816 |
| Balances at banks and financial institutions – Net | 84,775,792 | 478,717 | - | | | | 38,666,236 | 123,920,745 |
| Deposits at banks and financial institutions – Net | - | - | 55,938,100 | 17,145,168 | | | | 73,083,268 |
| Financial assets at fair value through profit or loss | - | - | - | - | - | - | 9,980,141 | 9,980,141 |
| Financial assets at fair value through Other Comprehensive Income | - | - | - | - | - | 176,339 | 71,703,033 | 71,879,372 |
| Financial assets at amortized cost – Net | 17,998,339 | 44,412,605 | 55,789,226 | 72,627,172 | 324,035,289 | 280,502,509 | - | 795,365,140 |
| Direct credit facilities - Net | 547,340,255 | 942,795,212 | 156,022,384 | 214,935,293 | 116,955,728 | 149,145,193 | - | 2,127,194,065 |
| Property and equipment | - | - | - | - | - | - | 43,924,827 | 43,924,827 |
| Intangible assets | - | - | - | - | - | - | 5,361,339 | 5,361,339 |
| Deferred tax assets | - | - | - | - | - | - | 13,574,826 | 13,574,826 |
| Other assets | - | - | - | - | - | - | 98,991,915 | 98,991,915 |
| **Total assets** | 688,749,386 | 987,686,534 | 267,749,710 | 304,707,633 | 440,991,017 | 429,824,041 | 555,266,133 | 3,674,974,454 |
| **Liabilities** | | | | | | | | |
| Banks and financial institutions' deposits | 161,429,482 | - | 30,000,000 | 6,000,000 | - | - | 21,023,751 | 218,453,233 |
| Customers' deposits | 634,383,478 | 368,739,348 | 271,333,560 | 446,566,680 | 139,961,698 | 59,078,272 | 534,120,314 | 2,454,183,350 |
| Margin accounts | 4,176,208 | 4,499,278 | 6,554,693 | 5,753,115 | 7,720,458 | 9,891,206 | 51,102,194 | 89,697,152 |
| Borrowed funds | 38,380,089 | 36,505,745 | 28,365,797 | 10,003,865 | 124,192,845 | 103,203,450 | 1,074,224 | 341,726,015 |
| Subordinated Loans | - | - | - | - | - | 18,540,350 | - | 18,540,350 |
| Sundry provisions | - | - | - | - | - | - | 14,065,732 | 14,065,732 |
| Income tax provision | - | - | - | - | - | - | 23,867,415 | 23,867,415 |
| Deferred tax liabilities | - | - | - | - | - | - | 1,308,124 | 1,308,124 |
| Other liabilities | - | - | - | - | - | - | 91,315,274 | 91,315,274 |
| **Total liabilities** | 838,369,257 | 409,744,371 | 336,254,050 | 468,323,660 | 271,875,001 | 190,713,278 | 737,877,028 | 3,253,156,645 |
| **Interest rate re-pricing gap** | (149,619,871) | 577,942,163 | (68,504,340) | (163,616,027) | 169,116,016 | 239,110,763 | (182,610,895) | 421,817,809 |

| As of 31 December 2021 | Less than One Month | Until 3 Months | Till 6 Months | Till One Year | 3 Years | More than 3 Years | Non-Interest Bearing | Total |
|---|---|---|---|---|---|---|---|---|
| **Total assets** | 620,799,250 | 879,136,630 | 323,709,561 | 250,794,269 | 479,871,949 | 416,434,375 | 643,062,199 | 3,613,808,233 |
| **Total liabilities** | 807,208,706 | 370,069,998 | 359,557,981 | 477,274,627 | 247,926,932 | 174,133,061 | 780,237,973 | 3,216,409,278 |
| **Interest rate re-pricing gap** | (186,409,456) | 509,066,632 | (35,848,420) | (226,480,358) | 231,945,017 | 242,301,314 | (137,175,774) | 397,398,955 |

## Currency Risk:

Foreign currency risk is the risk of change in value of financial instruments due to the change in the foreign currency prices. The Bank's functional currency is the Jordanian Dinar. The Board of Directors identifies the set of currencies in which it is acceptable to take positions in and the limits of these positions for each currency annually. Foreign currencies positions are monitored on a daily basis to make sure that the Bank will not exceed those acceptable levels that could lead to the bank enduring more risk than the acceptable levels. Strategic policies are followed to maintain the position in the acceptable level.

The following table shows the effect of the possible change in the Jordanian dinar's exchange against foreign currencies on the statement of Profit or Loss, with all other variables remaining constant:

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Change in Exchange Rate | Effect on Profit or Loss | Effect on Equity | Change in Exchange Rate | Effect on Profit or Loss | Effect on Equity |
| | % | JD | JD | % | JD | JD |
| EURO | +1 | (532) | - | +1 | 342 | - |
| GBP | +1 | 378 | - | +1 | (3.040) | - |
| YEN | +1 | - | - | +1 | 5 | - |
| Other | +1 | 155.910 | - | +1 | 234.949 | - |

- In case of negative change in the interest price, the effect will be equal to the change above with an opposite sign.

## Concentration in foreign currency risk:

| As of 31 December 2022 | US Dollar | Sterling Pound | Japanese Yen | Euro | Other Currencies | Total |
|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD |
| **Assets** | | | | | | |
| Cash and balances at Central Banks – net | 65,334,735 | 575,868 | - | 2,566,702 | 104,746,351 | 173,223,656 |
| Balances at banks and financial institutions – net | 34,903,599 | 6,104,869 | 509,537 | 55,385,336 | 12,422,892 | 109,326,233 |
| Deposits at banks and financial institutions – net | - | - | - | - | 1,150,647 | 1,150,647 |
| Direct credit facilities - net | 350,214,385 | 3 | 7,547 | 4,705,056 | 291,489,106 | 646,416,097 |
| Financial assets at fair value through profit or loss | 55,886 | - | - | - | - | 55,886 |
| Financial assets at fair value through Other Comprehensive Income | 5,659,925 | - | - | 60,284 | 14,278,567 | 19,998,776 |
| Financial assets at amortized cost | 152,270,022 | - | - | 1,563,856 | - | 153,833,878 |
| Property and equipment - net | 9,191,021 | - | - | - | 1,803 | 9,192,824 |
| Intangible assets | 594,333 | - | - | - | - | 594,333 |
| Other assets | 8,103,134 | 3,492 | - | 102,042 | 1,556,447 | 9,765,115 |
| **Total assets** | 626,327,040 | 6,684,232 | 517,084 | 64,383,276 | 425,645,813 | 1,123,557,445 |
| **Liabilities** | | | | | | |
| Banks and financial institution deposits | 35,709,129 | - | - | 10,637,810 | 8,736,479 | 55,083,418 |
| Customers' deposits | 504,800,131 | 5,795,788 | 455,967 | 37,171,916 | 323,552,098 | 871,775,900 |
| Cash margins | 39,403,254 | 11 | 54,636 | 11,134,726 | 15,482,529 | 66,075,156 |
| Borrowed funds | 27,169,410 | - | - | 8,809,172 | - | 35,978,582 |
| Subordinated loans | 18,540,350 | - | - | - | - | 18,540,350 |
| Sundry provisions | 926,654 | - | - | - | - | 926,654 |
| Income tax liability | 364,090 | - | - | - | 4,570,713 | 4,934,803 |
| Other liabilities | 25,412,894 | 74,130 | - | 649,651 | 1,292,617 | 27,429,292 |
| **Total liabilities** | 652,325,912 | 5,869,929 | 510,603 | 68,403,275 | 353,634,436 | 1,080,744,155 |
| **Net concentration on consolidated statement of financial position** | (25,998,872) | 814,303 | 6,481 | (4,019,999) | 72,011,377 | 42,813,290 |
| **Contingent liabilities off consolidated statement of financial position** | 91,897,162 | - | 695,176 | 25,371,093 | 21,677,643 | 139,641,074 |
| **As of 31 December 2021** | | | | | | |
| **Total Assets** | 593,967,228 | 10,526,030 | 13,668,885 | 59,983,979 | 447,847,960 | 1,125,994,082 |
| **Total Liabilities** | 627,520,885 | 5,712,885 | 535,468 | 59,545,769 | 348,339,492 | 1,041,654,499 |
| **Net concentration on consolidated statement of financial position** | (33,553,657) | 4,813,145 | 13,133,417 | 438,210 | 99,508,468 | 84,339,583 |
| **Contingent liabilities off the consolidated statement of financial position** | 105,535,013 | 99,407 | - | 29,958,907 | 25,891,171 | 161,484,498 |

**Risks of Changes in Stock Price:**

Risks of changes in stock price arise from changes in fair values of investments in stocks. The Bank manages this risk through diversification of investments in terms of geographical distribution and industry concentration. The majority of the Bank's investments are quoted on Amman Stock Exchange and the Palestine Securities Exchange.

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| Market Indices | Change in Index | Effect on Profit or Loss | Effect on Equity | Change in Equity Price | Effect on Profit or Loss | Effect on Equity |
| | % | JD | JD | % | JD | JD |
| Amman Stock Exchange | 5+ | 305,689 | 501,972 | 5+ | 251,031 | 435,885 |
| Palestine Stock Exchange | 5+ | - | 1,461,815 | 5+ | - | 1,300,652 |
| Other Markets | 5+ | 6,124 | 642,536 | 5+ | 4,237 | 665,093 |

In case of negative change in the index, the effect will be equal to the change above with an opposite sign.

**Liquidity Risk**

Liquidity risk is the risk that the Bank will be unable to meet its payment obligations on their maturity dates, without incurring high costs or losses, the Bank adopts the following principles for the management of liquidity risk.

Diversification of funding sources

Bank's management seeks to diversify sources of funding and prevent the concentration in the funding sources. In addition to the capital base and customer deposits, the bank also borrows from institutions and local and foreign banks which would provide sources of funding at appropriate costs and maturities.

The bank had also established a Liquidity Contingency Plan, which provides the basic framework for liquidity management in crisis time and keep it from deteriorating. This includes defining an effective mechanism to manage liquidity shortages during times of crisis, within reasonable costs and preserving the rights of depositors, borrowers, and shareholders.

The Liquidity Contingency Plan is regularly reviewed and updated by the Assets and Liabilities Committee (ALCO).

Analyzing and monitoring the maturities of assets and liabilities

The Bank studies the liquidity of its assets and liabilities and monitors the major liquidity ratios, as well as any changes that occur on them on a daily basis. The Bank seeks through the Assets and Liabilities Committee to match between the maturities of its assets and liabilities and control the liquidity gaps within the limits defined in the Bank’s policies.

Measure and manage market risk according to the standard requirements of Basel II and Basel III

Based on best practices in managing market risk and liquidity risk, the Bank is pursuing a policy to manage these risks as approved by the board of directors and that by relying on several methodologies and techniques and models to measure and assess and monitor these risks on an ongoing basis, in addition to estimating the required capital for market risk and other applications of the instructions of the Central Bank of Jordan and the standards for the application of Basel II. The Bank takes into account the implementation of the best practice and techniques concurred by Basel III.

**Operational Risk**

Operational risk is the risk of loss arising from deficient or failure of internal procedures, employees, internal systems, or external events.

The general framework for the operational risk management:

Managing operational risk is the responsibility of all employees in the bank at all levels through the proper application of internal policies and procedures that would curb these risks and exposures that arise during daily operations.

As a result of the willingness of the bank management to keep pace with technology in internal policies and procedures continuously, the general framework for the operational risk management is implemented by dedicated staff that aims to facilitate and support all the Bank's departments to carry out their duties in managing these risks.

The Bank implements several operational risk measurement methodologies aimed at identifying and assessing the risks to which the Bank may be exposed, in order to take appropriate control measures that facilitate the decision making process in reducing these risks, the most important of which are self-assessment of risks and control measures, review the actual and potential losses resulting from ongoing operations, monitor and follow up key risk indicators to develop control and avoid future losses.

**Compliance Risk**

Pursuant to Central Bank of Jordan instruction and in line with the international directions and updates as well as Basel’s regulations, with the aim to ensure compliance of the bank and its internal policies and procedures with all applicable laws, regulations, international banking standards and best practices as well as safe and sound banking practices disseminated by local and international regulatory and supervisory official authorities, this Compliance and AML/CFT Policy is issued with the approval of the Board of Directors in addition to the internal AML/CFT Manual. In addition, the Compliance and AML/CFT Division was restructured to consist of two departments; Compliance Department and AML/CFT Department to monitor the bank’s compliance with applicable laws and regulations and best practices issued by regulatory official authorities through well devised monitoring programs and internal procedures oriented towards a Risk Based Approach.

The main objectives of the compliance department are as follows:

- Identify, assess, and manage compliance risks.
- Prepare and make available applicable laws and regulation files governing the nature and scope of work of all relevant divisions and departments on the bank intranet and update these regularly to stay current with legal and regulatory updates; support and assist executive management to manage compliance risks.
- Advise and assist the bank’s management with all laws and regulations in relation to compliance risks.
- Advice and guidance to the bank's management on the applicable laws, regulations and standards and any amendments thereto.
- Monitor compliance risks through regulatory databases, which contain all laws and regulations issued by regulatory and official authorities and which is updated and amended regularly in accordance with the latest regulatory updates that should be adhered to.
- Review and assess all pre-existing and new banking products and services, as well as internal policies and procedures to ensure that they are in strict compliance with applicable laws and regulations.
- Submit reports directly to the compliance committee, formed by the board of directors, regarding the scope and level of compliance of the bank and its international branches and subsidiaries.

With regards to Anti-Money Laundering, an independent AML Department was formed and restructured within the Compliance and AML/CFT Division. The division recruits highly qualified and trained staff on the automated AML/CFT Systems and Software Solutions to perform its work in accordance with policies and procedures approved by the board of directors and in accordance with Anti-Money Laundering and Terrorist Financing Law No.46/2007 and its amendments, together with AML/CFT instructions issued by Central Bank of Jordan and international banking best practice in this regard to lessen and mitigate the risks involved with those transactions; the aim of which is to identify the procedures applicable and appropriate to financial transactions and to apply due diligence measures to identify pre-existing and potential customers and to understand their legal and personal capacity and status and the ultimate beneficial owner and the ongoing monitoring and reviewing of such transactions during the period of the banking relationship.

The main objectives of the AML Department are as follows:

1. Ensure the bank's compliance with all Anti Money Laundering and Combating Terrorist Financing Policies and procedures as approved by the competent authority within the bank.
2. Ensure the bank's compliance with all applicable laws and regulations issued by the Official Authorities.
3. Prohibit and protect the bank's reputation and image from any allegation of involvement with money laundering and terrorist financing.
4. Prohibit the use of banking products and services in money laundering and terrorist financing transactions.
5. Participate in national and international efforts and initiatives relevant to anti-money laundering and combating terrorism financing.
6. Protect the bank and its employees from being exposed to Anti Money Laundering and Terrorist Financing risks which might lead to material financial losses or regulatory, legal, administrative, civil and criminal sanctions and liability.

Cash reserves with Financial Regulatory Authority

The Bank maintains statutory cash reserve with the Financial Regulatory Authority amounting to JD 128,869,443.

First: The table below summarizes the distribution of the Bank's financial liabilities (undiscounted) based on the contractual maturity period as of the date of the financial statements:

| **As of 31 December 2022** | **Less than One Month** | **From 1 to 3 Months** | **From 3 to 6 Months** | **From 6 to 12 Months** | **From 1 to 3 Years** | **More than 3 Years** | **No Fixed Maturity** | **Total** |
|---|---|---|---|---|---|---|---|---|
| | **JD** | **JD** | **JD** | **JD** | **JD** | **JD** | **JD** | **JD** |
| **Liabilities** | | | | | | | | |
| Banks and financial institution deposits | 182,834,073 | - | 30,424,654 | 6,169,862 | - | - | - | 219,428,589 |
| Customers' deposits | 838,429,629 | 461,691,147 | 349,042,252 | 518,256,238 | 249,944,284 | 59,842,427 | - | 2,477,205,977 |
| Cash margins | 17,950,916 | 10,386,103 | 19,091,059 | 13,484,333 | 18,554,854 | 10,496,817 | - | 89,964,082 |
| Borrowed funds | 38,393,779 | 36,595,369 | 28,750,211 | 10,027,297 | 129,950,787 | 121,527,451 | 1,074,224 | 366,319,118 |
| Subordinated loans | - | - | - | - | - | 22,729,743 | - | 22,729,743 |
| Sundry provisions | 35,633 | 425,986 | 502,325 | 1,859,394 | 2,097,323 | 9,145,071 | - | 14,065,732 |
| Income tax liabilities | 5,440,529 | 1,259,654 | 14,266,897 | 2,900,335 | - | - | - | 23,867,415 |
| Deferred tax liabilities | - | - | - | - | - | - | 1,308,124 | 1,308,124 |
| Other liabilities | 30,016,864 | 11,449,289 | 8,117,253 | 19,909,062 | 8,029,716 | 17,845,471 | 77,488 | 95,445,143 |
| **Total Liabilities** | **1,113,101,423** | **521,807,548** | **450,194,651** | **572,606,521** | **408,576,964** | **241,586,980** | **2,459,836** | **3,310,333,923** |
| **Total assets (as per their expected maturities)** | 608,148,376 | 206,126,580 | 283,112,762 | 359,579,464 | 934,229,693 | 1,142,171,682 | 141,605,897 | 3,674,974,454 |

| **As of 31 December 2021** | **Less than One Month** | **From 1 to 3 Months** | **From 3 to 6 Months** | **From 6 to 12 Months** | **From 1 to 3 Years** | **More than 3 Years** | **No Fixed Maturity** | **Total** |
|---|---|---|---|---|---|---|---|---|
| | **JD** | **JD** | **JD** | **JD** | **JD** | **JD** | **JD** | **JD** |
| **Liabilities** | | | | | | | | |
| Banks and financial institution deposits | 80,999,079 | 24,951,197 | 60,658,622 | 37,401,475 | - | - | - | 204,010,373 |
| Customers' deposits | 864,312,949 | 425,533,124 | 353,004,639 | 472,524,180 | 280,284,870 | 62,564,031 | - | 2,458,223,793 |
| Cash margins | 5,205,309 | 7,591,520 | 12,916,532 | 17,300,666 | 11,966,014 | 4,813,697 | - | 59,793,738 |
| Borrowed funds | 100,036,253 | 21,448,041 | 30,260,076 | 39,823,546 | 89,545,898 | 99,771,371 | 1,074,224 | 381,959,409 |
| Subordinated loans | - | - | - | - | - | 22,656,022 | - | 22,656,022 |
| Sundry provisions | 35,968 | 104,258 | 390,256 | 1,479,049 | 2,062,598 | 8,241,865 | - | 12,313,994 |
| Income tax liabilities | 5,665,471 | 1,468,867 | 10,685,551 | 200,000 | 1,790,466 | - | - | 19,810,355 |
| Deferred tax liabilities | - | - | - | - | - | - | 865,668 | 865,668 |
| Other liabilities | 31,267,740 | 13,357,115 | 10,875,990 | 21,076,407 | 8,485,801 | | 20,013,031 | 105,076,084 |
| **Total liabilities** | 1,087,522,769 | 494,454,122 | 478,791,666 | 589,805,323 | 394,135,647 | 198,046,986 | 21,952,923 | 3,264,709,436 |
| **Total assets (as per their expected maturities)** | 655,866,724 | 172,316,602 | 319,638,967 | 319,936,163 | 851,012,025 | 1,161,722,600 | 133,315,152 | 3,613,808,233 |

Second: Off consolidated statement of financial position:

| **As of 31 December 2022** | **Up to One Year** | **From One to Five Years** | **More than 5 Years** | **Total** |
|---|---|---|---|---|
| | **JD** | **JD** | **JD** | **JD** |
| Acceptances and letters of credit | 63,488,328 | - | - | 63,488,328 |
| Letters of guarantee | 65,477,744 | 3,628,852 | - | 69,106,596 |
| Unutilized limits | 222,194,088 | - | - | 222,194,088 |
| **Total** | 351,160,160 | 3,628,852 | - | 354,789,012 |

| **As of 31 December 2021** | **Up to One Year** | **From One to Five Years** | **More than 5 Years** | **Total** |
|---|---|---|---|---|
| | **JD** | **JD** | **JD** | **JD** |
| Acceptances and letters of credit | 94,778,836 | - | - | 94,778,836 |
| Letters of guarantee | 58,906,200 | 4,018,371 | - | 62,924,571 |
| Unutilized limits | 246,203,611 | - | - | 246,203,611 |
| **Total** | 399,888,647 | 4,018,371 | - | 403,907,018 |

## 42- Segment Information

A. Information on the Bank's Activities:

- For management purposes, the Bank’s sectors are measured according to the reports used by the general manager and key decision maker at the bank, through the following major sectors:

- Retail banking: handling individual customers’ deposits, and providing consumer type loans, overdrafts, credit cards facilities and other services.

- Corporate banking: handling deposits, loans, credit facilities and other banking services for corporate customers.

- Treasury: this segment includes providing trading and treasury services, as well as the management of the Bank’s money and investments.

Following is information on the Bank's business segments:

| | Retail Banking | Corporate Banking | Treasury | Other | Total For the Year Ended 31 December 2022 | Total For the Year Ended 31 December 2021 |
|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD |
| Total revenues | 99,639,719 | 68,229,068 | 51,628,315 | 5,204,935 | 224,702,037 | 207,669,871 |
| Provision for expected credit losses | 7,630,875 | 8,175,766 | (277,169) | - | 15,529,472 | 17,628,435 |
| (Released from) Provision for impairment of financial assets at fair value through comprehensive income | - | - | - | - | - | (4,158,000) |
| Sundry provisions | - | - | - | 53,063 | 53,063 | 207,330 |
| Provision of repossessed assets | - | - | - | 164,741 | 164,741 | 514,759 |
| Segment business results | 69,603,135 | 37,374,177 | 30,208,519 | 4,987,131 | 142,172,962 | 137,365,454 |
| Unallocated expenses | | | | | (89,521,616) | (86,057,280) |
| Profit before tax | | | | | 52,651,346 | 51,308,174 |
| Income tax | | | | | (17,671,850) | (18,619,877) |
| Net profit | | | | | 34,979,496 | 32,688,297 |
| **Other information** | | | | | | |
| Segment Total Assets | 1,067,016,210 | 1,060,177,855 | 1,408,502,308 | 139,278,081 | 3,674,974,454 | 3,613,808,233 |
| Segment Total Liabilities | 1,117,764,512 | 1,303,835,987 | 702,307,724 | 129,248,422 | 3,253,156,645 | 3,216,409,278 |
| Capital expenditures | | | | | 7,526,079 | 9,021,537 |
| Depreciation and amortization | | | | | 7,082,593 | 7,858,388 |

Following is information on the Bank's business segments:

## B- Geographical Information:

This note represents the geographical distribution of the bank's business. The bank carries out its activities mainly in the Kingdom, which represent local business. Also, the bank carries out its activities in Palestine and Bahrain.

This note represents the geographical distribution of the bank's business. The bank carries out its activities mainly in the Kingdom of Jordan, which represent local business.

Below is the distribution of the revenues, assets, and capital expenditures of the bank as per the geographical sector:

| | Inside Kingdom | | Outside Kingdom | | Total | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | JD | JD | JD | JD | JD | JD |
| **Total revenues** | 172,206,212 | 162,146,378 | 52,495,825 | 45,523,493 | 224,702,037 | 207,669,871 |
| **Capital expenditures** | 5,731,945 | 6,881,401 | 1,794,134 | 2,140,136 | 7,526,079 | 9,021,537 |

| | Inside Kingdom December 31 | | Outside Kingdom December 31 | | Total December 31 | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | JD | JD | JD | JD | JD | JD |
| **Total assets** | 2,723,867,894 | 2,741,752,016 | 951,106,560 | 872,056,217 | 3,674,974,454 | 3,613,808,233 |

## 43- Capital Management

The Bank maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision ("BIS rules/ratios") that is adopted by the Central Bank of Jordan.

According to Central Bank of Jordan regulation (52/2010), the minimum paid in capital of Jordanian banks should be JD 100 million before the end of 2011. In addition, the regulation requires a minimum leverage ratio of 4%.

As per the Central Bank of Jordan the capital adequacy ratio must not be lower than 14.5%.

The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. No changes were made in the objectives, policies and processes from previous years.

**Description of what is considered capital**

As per Central Bank of Jordan regulations, capital consists of Tier 1 capital, which comprises share capital, share premium, reserves, declared reserves, retained earnings, non-controlling interest allowed to be recognized, other comprehensive income items less proposed dividends, goodwill, cost of treasury stocks, deficit in requested provisions, deferred tax assets related to non-performing loans and any other restricted amounts. The other component of regulatory capital is Tier 2 capital, which includes subordinated long term debt that may be transferred to shares, preference shares not accrued interest and non-controlling allowed to be recognized. The third component of capital is Tier 3 (which is aid to Tier 2 capital) which is used against market risk. Investments in the capital of banks and other financial institutions are deducted from regulatory capital if not consolidated in addition to investments in the capital of insurance companies. Also, excess over 10% of the Bank's capital if invested in an individual company investee as per the Central Bank of Jordan regulations.

On 31 November 2016, the Central Bank of Jordan issued instructions regarding capital adequacy in accordance with Basel III and canceled the instructions of regulatory capital adequacy according to Basel II.

The capital adequacy percentage is calculated in accordance with the Central Bank of Jordan according to Basel. The below Capital Adequacy percentage is according to Basel III:

| | 31 December | |
|---|---|---|
| | 2022 | 2021 |
| | JD | JD |
| **Ordinary Shares' Rights** | | |
| Paid in capital | 190,000,000 | 190,000,000 |
| Retained earnings after subtracting the expected distributions | 78,910,555 | 65,981,207 |
| Fair value reserve -Net | 9,304,467 | 3,797,698 |
| Statutory reserve | 91,364,494 | 86,711,919 |
| Other reserves approved by the Central Bank | 11,396,874 | 10,894,653 |
| Foreign Currencies translation reserve | (3,188,744) | (3,188,744) |
| Minority rights allowed to be recognized | 10,490,434 | 10,052,233 |
| **Total ordinary shares' capital** | 388,278,080 | 364,248,966 |
| | | |
| **Regulatory Adjustments (Deductible from capital)** | | |
| Intangible assets | (5,361,339) | (5,159,688) |
| Deferred tax assets that should be deducted | (13,574,826) | (12,174,930) |
| **Net ordinary shareholders' equity** | 369,341,915 | 346,914,348 |
| | | |
| **Net primary capital (Tier I)** | 369,341,915 | 346,914,348 |
| **Tier II Capital** | | |
| Subordinated loans | 13,251,210 | 16,959,280 |
| General banking risk reserve | 4,646,255 | 4,341,429 |
| Required provisions against debt instruments for stage 1 according to IFRS (9) | 13,653,697 | 14,663,713 |
| Minority rights allowed to be recognized | 4,662,415 | 4,467,659 |
| **Tier II Capital Total** | 36,213,577 | 40,432,081 |
| **Oversight Adjustment (deducted from capital)** | | |
| **Net Tier II** | 36,213,577 | 40,432,081 |
| **Regulatory capital** | 405,555,492 | 387,346,429 |
| Total risk weighted assets | 2,601,650,465 | 2,552,300,954 |
| Capital adequacy percentage (%) | **15.59%** | **15.18%** |
| Primary capital percentage (%) | **14.20%** | **13.59%** |
| Subordinated capital percentage (%) | **1.39%** | **1.58%** |

The details of the Bank's Liquidity Coverage Ratio were as follows:

| | As of 31 December | |
|---|---|---|
| | 2022 | 2021 |
| | JD | JD |
| Gross high quality liquid assets | 994,379,267 | 1,120,360,489 |
| Gross high quality liquid assets after deduction and subtracting maximum adjustments | 994,379,267 | 1,120,360,489 |
| Net cash outflow | 456,470,162 | 461,531,452 |
| **Liquidity coverage ratio (LCR)** | **217.8%** | **242.7%** |

- The average liquidity coverage ratio reached 209.37%.

## 44- Maturity Analysis of Assets and Liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled:

| | Up to 1 Year | More than 1 Year | Total |
|---|---|---|---|
| **31 December 2022** | **JD** | **JD** | **JD** |
| **Assets** | | | |
| Cash and balances at Central Banks - Net | 320,698,816 | - | 320,698,816 |
| Balances at banks and financial institutions - Net | 123,920,745 | - | 123,920,745 |
| Deposits at banks and financial institutions - Net | 73,083,268 | - | 73,083,268 |
| Financial assets at fair value through profit or loss | 9,980,141 | - | 9,980,141 |
| Financial assets at fair value through other comprehensive income | - | 71,879,372 | 71,879,372 |
| Financial assets at amortized cost- Net | 190,827,342 | 604,537,798 | 795,365,140 |
| Direct credit facilities- Net | 711,123,332 | 1,416,070,733 | 2,127,194,065 |
| Property and equipment- Net | 5,719,000 | 38,205,827 | 43,924,827 |
| Intangible assets- Net | 1,500,000 | 3,861,339 | 5,361,339 |
| Deferred tax assets | 3,784,737 | 9,790,089 | 13,574,826 |
| Other assets | 44,165,499 | 45,826,416 | 89,991,915 |
| **Total assets** | 1,484,802,880 | 2,190,171,574 | 3,674,974,454 |
| **Liabilities** | | | |
| Banks and financial institutions' deposits | 218,453,233 | - | 218,453,233 |
| Customers' deposits | 2,116,280,245 | 337,903,105 | 2,454,183,350 |
| Cash margins | 60,869,614 | 28,827,538 | 89,697,152 |
| Borrowed funds | 78,649,370 | 263,076,645 | 341,726,015 |
| Subordinated loans | - | 18,540,350 | 18,540,350 |
| Sundry provisions | 2,823,338 | 11,242,394 | 14,065,732 |
| Income tax provision | 23,867,415 | - | 23,867,415 |
| Deferred tax liabilities | 1,308,124 | - | 1,308,124 |
| Other liabilities | 68,725,722 | 22,589,552 | 91,315,274 |
| **Total liabilities** | 2,570,977,061 | 682,179,584 | 3,253,156,645 |
| **Net** | (1,086,174,181) | 1,507,991,990 | 421,817,809 |

| **31 December 2021** | **Up to 1 Year**<br>**JD** | **More than 1 Year**<br>**JD** | **Total**<br>**JD** |
|---|---|---|---|
| **Assets** | | | |
| Cash and balances at Central Banks-Net | 413,494,719 | - | 413,494,719 |
| Balances at banks and financial institutions - Net | 121,528,244 | - | 121,528,244 |
| Deposits at banks and financial institutions - Net | 66,254,363 | 34,800,357 | 101,054,720 |
| Financial assets at fair value through profit or loss | 8,164,615 | - | 8,164,615 |
| Financial assets at fair value through other comprehensive income | - | 65,792,741 | 65,792,741 |
| Financial assets at amortized cost- Net | 217,680,016 | 588,927,783 | 806,607,799 |
| Direct credit facilities- Net | 606,814,982 | 1,344,281,873 | 1,951,096,855 |
| Property and equipment- Net | 6,194,000 | 37,576,756 | 43,770,756 |
| Intangible assets- Net | 2,000,000 | 3,159,688 | 5,159,688 |
| Deferred tax assets | 3,385,066 | 8,842,540 | 12,227,606 |
| Other assets | 49,237,623 | 35,672,867 | 84,910,490 |
| **Total assets** | 1,494,753,628 | 2,119,054,605 | 3,613,808,233 |
| **Liabilities** | | | |
| Banks and financial institutions' deposits | 202,284,537 | - | 202,284,537 |
| Customers' deposits | 2,062,291,624 | 375,607,902 | 2,437,899,526 |
| Cash margins | 42,952,764 | 16,593,644 | 59,546,408 |
| Borrowed funds | 153,741,396 | 210,168,469 | 363,909,865 |
| Subordinated loans | - | 18,540,350 | 18,540,350 |
| Sundry provisions | 2,009,531 | 10,304,463 | 12,313,994 |
| Income tax provision | 18,019,889 | 1,790,466 | 19,810,355 |
| Deferred tax liabilities | 865,668 | - | 865,668 |
| Other liabilities | 75,796,958 | 25,441,617 | 101,238,575 |
| **Total liabilities** | 2,557,962,367 | 658,446,911 | 3,216,409,278 |
| **Net** | (1,063,208,739) | 1,460,607,694 | 397,398,955 |

## 45- Accounts Managed on Behalf of Customers

Accounts Managed on Behalf of Customers amounted to JD 558,559 as of 31 December 2022 compared to JD 479,949 as of 31 December 2021. These accounts are not presented in the bank's assets and liabilities on the financial statements.

## 46- Contingent Commitments and Liabilities

A. Credit commitments and liabilities:

| | 2022 | 2021 |
|---|---|---|
| | JD | JD |
| **Letters of credit:** | | |
| Issued | 56,758,889 | 70,742,768 |
| Acceptances | 6,729,439 | 24,036,068 |
| **Letters of guarantee:** | | |
| Payments | 30,719,570 | 27,079,626 |
| Performance | 19,714,916 | 19,156,735 |
| Other | 18,672,110 | 16,688,210 |
| Unutilized direct credit facilities ceilings | 222,194,088 | 246,203,611 |
| | **354,789,012** | **403,907,018** |

B. Contractual Obligations:

| | 2022 | 2021 |
|---|---|---|
| | JD | JD |
| Contracts to purchase property and equipment | **1,539,125** | **2,471,528** |

## 47. Lawsuits raised against the Bank

In the normal course of business, the Bank appears as a defendant in several lawsuits amounting to JD 27,427,909 and JD 20,060,128 as of 31 December 2022 and as of 31 December 2021. Provision for possible legal obligations amounted to JD 1,861,739 and JD 1,876,281 as of 31 December 2022 and as of 31 December 2021 respectively.

In the opinion of the management and Bank's attorney, the bank will not be liable for more than the recorded provision for the possible legal obligations in regards to these lawsuits.

On 1 January 2019, multiple civil lawsuits have been filed at US courts against multiple banks and financial institutions claiming financial compensation using the US antiterrorism law for damages allegedly resulting from attacks by groups listed under the US sanctions list in 2001. These lawsuits have been filed at courts hours before their filing deadline and have been filed by an attorney office which has filed several similar complaints against other banking institutions on behalf of the same plaintiffs that are claiming the damages. Cairo Amman Bank is one of the banks that the aforementioned lawsuit has been filed against. The lawsuit is still in the preliminary and discussion phases.

In the opinion of the group's management, no provisions should be recorded for the lawsuits filed at US courts against the Bank as of 31 December 2022 as the Bank has consulted with legal consultants specialized in US courts and concluded that the legal status of the lawsuits is in favor of the Bank and that there is no legal or judicial grounds for the lawsuits. Therefore, there is no need to records any provisions for this lawsuit in the meantime, as there is no legal basis and the position of Cairo Amman Bank Group is strong. In the opinion of the legal consultant, the legal position of the lawsuit falls in favor of the bank based on the possibility of dismissal of all complaints raised for the aforementioned reasons above. Also, based on the opinion of the legal consultant the amount of the complaint cannot be estimated as no specific amount was set against the bank.

## 48. Lease Contracts

The bank leases many assets, including lands and buildings, the average lease term is 5 years, and the following is the movement over the right to use assets during the year:

| | For the year ended at 31 December 2022 | | For the year ended 31 December 2021 | |
|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities |
| | JD | JD | | |
| Beginning balance | 24,154,362 | 23,325,341 | 27,432,242 | 26,266,292 |
| Add: additions during the year | 3,645,366 | 3,677,980 | 514,409 | 999,886 |
| Less: depreciation for the year | (4,341,907) | - | (3,469,181) | - |
| Cancelled contracts | (110,750) | (115,835) | (323,108) | (451,107) |
| Paid during the year | - | (4,697,594) | - | (4,538,767) |
| Interest during the year | - | 947,331 | - | 1,049,037 |
| Balance at 31 December 2022 | 23,347,071 | 23,137,223 | 24,154,362 | 23,325,341 |

| Maturity of lease obligations' analysis: | For the Year Ended 31 December | |
|---|---|---|
| | 2022 | 2021 |
| | JD | JD |
| Up to a year | 3,991,211 | 3,688,931 |
| From one to 5 years | 12,768,148 | 14,326,277 |
| More than 5 years | 6,377,864 | 5,310,133 |
| Total | 23,137,223 | 23,325,341 |

## 49. Fair Value Hierarchy

Some financial assets and liabilities of the Company are measured at fair value at the end of each fiscal period. The following table shows information about how the fair value of these financial assets and liabilities is determined (valuation methods and inputs used).

| Financial assets / financial liabilities | Fair Value December 31 2022 | Fair Value December 31 2021 | The Level of Fair Value | Valuation Method and Inputs Used | Important Intangible Inputs |
|---|---|---|---|---|---|
| | JD | JD | | | |
| **Financial assets at fair value through profit or loss** | | | | | |
| Equity securities | 9,980,141 | 8,164,615 | Level I | Prices listed in stock exchanges | Not Applicable |
| **Total** | 9,980,141 | 8,164,615 | | | |
| **Financial assets at fair value through other comprehensive income** | | | | | |
| Quoted shares | 63,640,617 | 58,284,132 | Level I | Prices listed in stock exchanges | Not Applicable |
| Unquoted shares | 8,062,416 | 7,303,740 | Level III | Equity method and using latest available financial information | Not Applicable |
| Quoted bonds | 176,339 | 204,869 | Level I | Prices listed in stock exchanges | Not Applicable |
| **Total** | 71,879,372 | 65,792,741 | | | |
| Gross financial assets at fair value | 81,859,513 | 73,957,356 | | | |

There were no transfers between the first level and second level during 2022.

**Fair value of financial assets and financial liabilities of the Bank with non-specific fair value on an ongoing basis**:

Except as set out in the table below, we believe that the carrying value of financial assets and financial liabilities in the financial statements of the Bank approximates their fair value, as the Bank's management believes that the carrying value of the items listed below approximate their fair value due to either their short-term maturity or repricing of interest rates during the year.

| | 31 December 2022 | | 31 December 2021 | | |
|---|---|---|---|---|---|
| | Book Value | Fair Value | Book Value | Fair Value | Fair Value Level |
| | JD | JD | JD | JD | |
| **Financial Assets with an unspecified fair value** | | | | | |
| Balances at Central Banks - Net | 180,339,402 | 180,827,761 | 248,058,253 | 248,065,416 | Level II |
| Balances at Banks and other Financial Institutes - Net | 123,920,745 | 124,081,446 | 121,528,244 | 121,627,102 | Level II |
| Deposits at Banks and other Financial Institutes - Net | 73,083,268 | 75,210,513 | 101,054,720 | 102,697,913 | Level II |
| Financial assets at amortized costs | 795,365,140 | 805,297,635 | 806,607,799 | 815,543,829 | Level I and II |
| Direct credit facilities - net | 2,127,194,065 | 2,138,892,540 | 1,951,096,855 | 1,957,559,843 | Level II |
| **Total financial assets with an unspecified fair value** | 3,299,902,620 | 3,324,309,895 | 3,228,345,871 | 3,245,494,103 | |
| **Financial liabilities with an unspecified fair value** | | | | | |
| Banks and financial institutions' deposits | 218,453,233 | 219,095,392 | 202,284,537 | 204,092,559 | Level II |
| Customers Deposits | 2,454,183,350 | 2,463,995,097 | 2,437,899,526 | 2,445,538,713 | Level II |
| Cash margins | 89,697,152 | 89,697,152 | 59,546,408 | 59,546,408 | Level II |
| Borrowed funds | 341,726,015 | 342,822,161 | 363,909,865 | 364,901,553 | Level II |
| Subordinated loans | 18,540,350 | 18,797,300 | 18,540,350 | 18,789,914 | Level II |
| **Total financial liabilities with an unspecified fair value** | 3,122,600,100 | 3,134,407,102 | 3,082,180,686 | 3,092,869,147 | |

For the above-mentioned items, the second level financial liabilities and financial assets have been determined at fair value according to the agreed-upon pricing model, which reflects the credit risk of the parties dealt with.

## 50. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

**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.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

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

In January 2020, 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.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Company 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 Company.

**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 for annual reporting periods beginning on or after 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 Company.

**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 to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's accounting policy disclosures.