

Capital Bank of Jordan

Consolidated Financial Statements

31 December 2022



Independent auditor's report
To the shareholders of Capital Bank of Jordan - Public Shareholding Company
Amman- the Hashemite Kingdom of Jordan

Report on the Audit of the Consolidated Financial Statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Capital Bank of Jordan (the "Bank") and its subsidiaries (together the "Group") as at 31 December 2022, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as amended by the Central Bank of Jordan instructions.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of income for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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



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As of 31 December 2022

Our audit approach

Overview

Key Audit Matters

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

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

Key audit matters

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



Independent auditor's report
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As of 31 December 2022

Key audit matter	How our audit addressed the key audit matter
<p><i>Measurement of Expected Credit Losses</i></p> <p>The Group applies the Expected Credit Loss model (ECL) on all its financial instruments measured at amortised cost, debt instruments measured at fair value through other comprehensive income and financial guarantee contracts including financing commitments in accordance with International Financial Reporting Standards as amended by the Central Bank of Jordan instructions.</p> <p>The Group exercises significant judgement and makes a number of assumptions in developing its ECL models, which includes probability of default computation separately for retail and corporate portfolios, determining loss given default and exposure at default for both funded and unfunded exposures, forward looking adjustments, staging criteria and movement between stages.</p> <p>For defaulted exposures, the Group exercises judgements to estimate the expected future cash flows related to individual exposures, including the value of collateral.</p> <p>The Group's impairment policy under IFRS 9 as amended by the Central Bank of Jordan Instructions is presented in notes (4 and 2) to the consolidated financial statements, and which is related to the differences between IFRS 9 as should be implemented and what was implemented based on the Central Bank of Jordan instructions, and the significant accounting policies implemented when calculating the expected credit loss. The group also presents the credit risk management polices in note (45-A).</p> <p>Measurement of ECL is considered as a key audit matter as the Group applies significant judgments and makes a number of assumptions in the staging criteria applied to the financial instruments as well as in developing ECL models for calculating its impairment provisions.</p>	<p>We performed the following audit procedures on the computation of the ECL included in the Group's consolidated financial statements for the year ended 31 December 2022:</p> <ul style="list-style-type: none"> ➤ We assessed and tested the design and operating effectiveness of the controls over the calculation of the excepted credit losses model. ➤ We tested the completeness and accuracy of the data used in the calculation of ECL. ➤ For a sample of exposures, we checked the appropriateness of the Group's application of the staging criteria. ➤ We involved our internal specialists to assess the following areas: <ul style="list-style-type: none"> • Conceptual framework used for developing the Group's impairment policy in the context of its compliance with the requirements of IFRS 9 as amended by the Central Bank of Jordan instructions. • ECL modelling methodology and calculations used to compute the probability of default (PD), loss given default (LGD), and exposure at default (EAD) for the Group's classes of financial instruments. • Reasonableness of the assumptions made in developing the modelling framework including assumptions used for estimating forward looking scenarios and significant increase in credit risk. • Recalculation of the expected credit losses for a sample of the impaired financial assets at each stage.



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- In addition, for the Stage 3 corporate portfolio, the appropriateness of provisioning assumptions were independently assessed for a sample of exposures selected on the basis of risk and the significance of individual exposures. An independent view was formed on the levels of provisions recognised, based on the detailed loan and counterparty information available in the credit file. For the Stage 3 retail portfolio, assumptions were independently assessed for each product category and an independent view was formed on the levels of provisions recognised at each category level.
 - We recalculated the provision for non-performing loans in accordance with the Central Bank of Jordan Instructions Number (47/2009).
 - We compared the expected credit loss calculated in accordance with IFRS 9 as amended by the Central Bank of Jordan Instructions with the provision for expected credit losses calculated in accordance with the instructions of the Central Bank of Jordan No. (47/2009) and ensured that the Group has recorded whichever is higher.
 - We assessed the consolidated financial statement disclosures to ensure compliance with IFRS 7 and IFRS 9 as amended by the Central Bank of Jordan Instructions. We have also ensured completeness and accuracy of the disclosures by verifying the information to accounting records.
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As of 31 December 2022

Business Combination

On 28 March 2022 and as indicated in note (52) to the consolidated financial statements, Capital Bank of Jordan completed the acquisition of Société Générale Bank of Jordan (SGBJ) for a total purchase consideration of JOD 138 million and completed the merger procedures on 30 September 2022. This transaction has been accounted for in accordance with IFRS 3 Business Combinations ("IFRS 3") using the acquisition method.

During 2022, management finalized the purchase price allocation ("PPA") exercise carried out as part of the business combination, which in accordance with IFRS 3 must be finalized within a period of 12 months following the acquisition date. As a result, the Group recognized a gain of JD 25 million as a bargain purchase at the consolidated financial statements.

The PPA required significant management judgment in determining the fair values of assets acquired and liabilities assumed.

We consider business combination as a key audit matter because of:

- the scale of the merger transaction and the PPA exercise conducted.
- the subjectivity and judgment inherent in determining the fair values of the assets acquired and the liabilities assumed; and the accuracy and completeness of the data used to calculate the components of the provisional PPA; and the related consolidated financial statement disclosures.

We have performed the following audit procedures for the years ended 31 December 2022:

- Obtain the merger agreements and its related reports and reviewed the key terms in the agreement and updated our understanding.
 - Reconciling the assets and liabilities balances of the financial statements of Société Générale Bank of Jordan (SGBJ) with the balances included in the financial due diligence and PPA prepared by a third party and the final balances merged in the consolidated financial statements of the group at the date of the acquisition.
 - We assessed the design and implementation of the key controls around:
 - the modelling process, including governance over the model and approval of key assumptions;
 - the integrity of data inputs into the valuation models.
 - We reviewed and compared the Bank's valuation methodology with the requirements of IFRS 3 and involved our valuation specialists to assist in the review of the valuation methodology and the key underlying assumptions for the PPA.
 - We reviewed the valuation reports and relevant board minutes and held discussions with management to assess whether the identification of the goodwill was in line with the requirements of the acquisition as per IFRS 3.
 - We assessed the adequacy of the disclosures in the consolidated financial statements as per IFRS 3.
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To the shareholders of Capital Bank of Jordan - Public Shareholding Company
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Other information

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

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

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

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

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

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as modified by the Central Bank of Jordan instructions, and with other identified applicable laws in the Hashemite Kingdom of Jordan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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



Independent auditor's report
To the shareholders of Capital Bank of Jordan - Public Shareholding Company
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As of 31 December 2022

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



Independent auditor's report
To the shareholders of Capital Bank of Jordan - Public Shareholding Company
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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

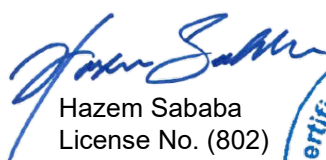
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on other legal and regulatory requirements

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

For and on behalf of PricewaterhouseCoopers "Jordan"


Hazem Sababa
License No. (802)

Amman, Jordan
6 February 2023



Capital Bank of Jordan
Consolidated Statement of Financial Position
As at 31 December 2022

	Notes	2022	2021
		JD	JD
Assets			
Cash and balances with central banks	5	780,556,681	425,840,132
Balances at banks and financial institutions	6	220,054,411	312,546,731
Financial assets at fair value through other comprehensive income	7	113,829,676	195,500,838
Loans valued at fair value through the income statement	8	-	82,883,298
Direct credit facilities, net amortized cost	9	3,264,579,905	2,031,147,338
Financial assets at amortized cost	10	1,852,667,584	987,021,419
Pledged Financial Assets	11	258,287,955	-
Property and equipment, net	12	113,311,566	66,322,336
Intangible assets, net	13	58,375,636	30,502,672
Right-of-use leased assets	18	14,517,014	10,577,712
Deferred tax assets	22	36,915,178	19,350,284
Other assets	14	244,676,307	149,612,655
Total Assets		6,957,771,913	4,311,305,415
Liabilities And Equity			
Liabilities			
Banks and financial institutions' deposits	15	149,051,575	381,144,289
Customers' deposits	16	4,859,863,577	2,770,807,278
Margin accounts	17	409,734,448	233,663,764
Loans and borrowings	19	739,692,023	414,265,782
Income tax provision	22	4,341,637	4,484,833
Deferred tax liabilities	22	2,748,976	2,881,882
Sundry provisions	21	3,927,945	2,497,992
Expected credit losses provision against off-balance sheet items	50	8,236,731	4,889,017
Lease liabilities	18	15,804,949	11,863,620
Other liabilities	23	96,596,997	64,296,322
Subordinated loans	20	15,172,600	28,360,000
Total Liabilities		6,305,171,458	3,919,154,779
Equity			
Equity attributable to the Bank's shareholders			
Paid in capital	25	263,037,121	200,000,000
Additional paid in capital	1&25	68,872,350	709,472
Perptual bonds	24	70,900,000	-
Statutory reserve	27	62,375,552	56,114,618
Foreign currency translation adjustments	28	(16,540,837)	(16,540,837)
Fair value reserve	29	1,780,249	813,120
Retained earnings	31	166,923,467	121,913,754
Net equity attributable to the Bank's shareholders		617,347,902	363,010,127
Non-controlling interest		35,252,553	29,140,509
Total Equity		652,600,455	392,150,636
Total Liabilities and Equity		6,957,771,913	4,311,305,415

The accompanying notes from 1 to 52 are an integrated part of these consolidated financial statements.

Capital Bank Of Jordan
Consolidated Statement Of Income
For the Year Ended 31 December 2022

	Notes	2022	2021
		JD	JD
Interest income	32	320,508,547	180,718,962
Less: Interest expense	33	161,361,628	78,712,392
Net interest income		159,146,919	102,006,570
Commission income		47,220,448	31,238,988
Less: commission expense		11,580,632	6,296,656
Net commission income	34	35,639,816	24,942,332
Gain from foreign currencies	35	8,174,396	4,414,507
Dividends income from financial assets at fair value through other comprehensive income	7	361,212	337,276
(Loss)Gain from sale of financial assets at fair value through other comprehensive income -debt instruments	7	(1,920,738)	21,019
Loss on revaluation of loans at fair value through income statement	8	-	(763,000)
Gain from sale of financial assets at amortized cost	10	887,677	-
Other income	36	8,278,005	6,543,772
Net Income		210,567,287	137,502,476
Employees' expenses	37	49,112,718	32,744,132
Depreciation and amortization	15&13&12	15,319,399	10,276,339
Other expenses	38	42,750,148	28,505,367
(Gain) Loss on sale of seized assets	14	(99,603)	687,287
Expected credit losses on financial assets	A-1-45	28,623,934	19,955,072
Reversal of impairment on seized assets	14	(1,183,572)	(67,416)
Sundry provisions	21	3,853,712	42,202
Total expenses		138,376,736	92,142,983
Result of acquisition	52	25,508,629	28,077,962
Expenses of acquisition	52	(763,952)	(2,701,444)
Income before tax		96,935,228	70,736,011
Less: Income tax expense	22	6,085,101	9,729,187
Net profit for the year		90,850,127	61,006,824
Attributable to:			
Bank's shareholders		86,820,143	78,813,333
Non - controlling interest		4,029,984	(17,806,509)
		90,850,127	61,006,824
		JD/Fils	JD/Fils
Basic and diluted earnings per share	39	0.384	0.394

The accompanying notes from 1 to 52 are an integrated part of these consolidated financial statements.

Capital Bank of Jordan

Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2022

	2022	2021
	JD	JD
Income for the year	90,850,127	61,006,824
Add: items that may be reclassified to profit or loss in subsequent years after excluding the impact of tax		
Change in the fair value of financial instruments at fair value through other comprehensive income - debt instruments	(2,009,298)	(2,945,734)
Loss (Gain) from sale of debt instruments at fair value through other comprehensive income moved to income statement	1,920,738	(21,019)
Add: items that will not be reclassified to profit or loss in subsequent years after excluding the impact of tax		
Change in the fair value of financial instruments at fair value through other comprehensive income-equity instruments	67,540	1,017,575
Total other comprehensive income for the year net of tax	(21,020)	(1,949,178)
Total comprehensive income for the year	90,829,107	59,057,646
Attributable to:		
Bank's shareholders	87,096,584	76,525,313
Non-controlling interest	3,732,523	(17,467,667)
	90,829,107	59,057,646

The accompanying notes from 1 to 52 are an integrated part of these consolidated financial statements.

Capital Bank Of Jordan
Consolidated Statement of Cash Flows
For the Year Ended 31 December 2022

	Notes	2022	2021
		JD	JD
<u>Operating Activities</u>			
Profit before income tax		96,935,228	70,736,011
<u>Adjustments for Non-Cash Items</u>			
Depreciation and amortization	15&13&12	15,319,399	10,276,339
Expected credit losses on financial assets	A-1-45	28,623,934	19,955,072
Reversal of impairment on seized assets	14	(1,183,572)	(67,416)
Result of acquisition	52	(25,508,629)	(28,077,962)
Sundry provisions paid	21	3,853,712	42,202
Net accrued interest (receivable) payable		(13,765,127)	(6,211,637)
Effect of exchange rate changes on cash and cash equivalents	35	(5,120,250)	(2,001,617)
<u>Cash flows from operating activities before changes in assets and liabilities</u>		99,154,695	64,650,992
<u>Changes in assets and liabilities -</u>			
Restricted balances		924,586	(213,110)
Restricted balances at central banks		3,533,681	(18,943,388)
Banks and financial institutions' deposits		8,545,000	5,000,000
Financial assets at fair value through Income statement		82,883,298	-
Direct credit facilities at amortized cost		(583,575,224)	(484,675,432)
Other assets		(46,459,886)	(3,495,557)
Customers' deposits		833,166,203	708,714,395
Margin accounts		86,955,826	13,824,934
Other liabilities		5,677,261	3,206,141
Paid sundry provisions		(2,489,695)	(1,062,691)
<u>Net cash flow from operating activities before income tax</u>		488,315,745	287,006,284
Income tax paid	22	(13,773,947)	(7,282,792)
<u>Net cash flow from operating activities</u>		474,541,798	279,723,492
<u>Investing Activities</u>			
Purchase of financial assets at fair value through other comprehensive income		(48,189,718)	(132,361,325)
Sale of financial assets at fair value through other comprehensive income		131,888,475	25,328,519
Cash as a result of acquisition		281,668,748	78,106,643
Purchase of financial assets at amortized cost		(1,161,964,981)	(390,891,818)
Sale / maturity of financial assets at amortized cost		273,531,026	121,786,057
Change in financial assets pledged as collateral		258,287,955	32,599,621
Purchase of property and equipment		(20,684,083)	(18,017,951)
Purchase of intangible assets		(33,033,955)	(10,208,555)
<u>Net cash flow used in investing activities</u>		(318,496,533)	(293,658,809)
<u>Financing Activities</u>			
Proceeds from loans and borrowings		285,927,901	190,163,728
Repayment of loans and borrowings		(97,562,775)	(112,880,236)
Obligations repaid during the year		(13,187,400)	(1,808,449)
Treasury Shares		-	5,109,406
Additional paid in capital	1&25	68,162,878	-
Perpetual bonds	24	70,900,000	-
Expenses related to Issuance of perpetual bonds		(201,592)	-
Interest related to Perputual Bonds , net of tax		(2,508,233)	-
Increase in authorised issued paid in capital		63,037,121	-
Capital increase fees and related expenses after deducting withholding tax		(2,148,983)	-
Repayments of lease liabilities		(2,526,910)	1,808,449
Cash dividends		(29,694,636)	(27,705,253)
<u>Net cash flow from financing activities</u>		340,197,371	54,687,645
Net cash and cash equivalents		496,242,636	40,752,328
Effect of exchange rate changes on cash and cash equivalents		5,120,250	2,001,617
Cash and cash equivalent at the beginning of the year	41	305,786,594	263,032,649
<u>Cash and cash equivalent at the end of the year</u>	41	807,149,480	305,786,594

The accompanying notes from 1 to 52 are an integrated part of these consolidated financial statements.

Capital Bank of Jordan
Consolidated Statement of Changes in Owners Equity
For the Year Ended 31 December 2022

	Authorized, issued and paid in capital	Additional paid in capital	Perpetual bonds	Statutory Reserve	Treasury Shares	Foreign currency translation adjustments	Fair value reserve	Retained earnings*	Equity attributable to the Bank's shareholders	Non-controlling interest	Total equity
31 December 2022	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at 1 January 2022	200,000,000	709,472	-	56,114,618	-	(16,540,837)	813,120	121,913,754	363,010,127	29,140,509	392,150,636
Profit for the year	-	-	-	-	-	-	-	86,820,143	86,820,143	4,029,984	90,850,127
Change in financial assets at fair value through other comprehensive income - debt instruments	-	-	-	-	-	-	(1,708,528)	-	(1,708,528)	(300,770)	(2,009,298)
Realized loss from selling debt instruments at fair value through other comprehensive income moved to income statement	-	-	-	-	-	-	1,920,738	-	1,920,738	-	1,920,738
Change in fair value of financial assets at fair value through other comprehensive income - equity instruments	-	-	-	-	-	-	64,231	-	64,231	3,309	67,540
Total other comprehensive income	-	-	-	-	-	-	276,441	86,820,143	87,096,584	3,732,523	90,829,107
Transferred to retained earnings from losses on sale of equity instruments at fair value through other comprehensive income (note 7 & 29)	-	-	-	-	-	-	690,688	(690,688)	-	-	-
Issuance of perpetual bonds and related expenses after dducting withholding tax (Note 24)	-	-	70,900,000	-	-	-	-	(201,592)	70,698,408	-	70,698,408
Interest related to Perputual Bonds after dudcting withholding tax (Note 24)	-	-	-	-	-	-	-	(2,508,233)	(2,508,233)	-	(2,508,233)
Capital increase fees and related expenses after deducting withholding tax	63,037,121	68,162,878	-	-	-	-	-	(2,148,983)	129,051,016	-	129,051,016
Transferred to reserves	-	-	-	6,260,934	-	-	-	(6,260,934)	-	-	-
Non-controlling interest for subsidiaries	-	-	-	-	-	-	-	-	-	2,379,521	2,379,521
Dividends (note 26)	-	-	-	-	-	-	-	(30,000,000)	(30,000,000)	-	(30,000,000)
Balance at 31 December 2022	263,037,121	68,872,350	70,900,000	62,375,552	-	(16,540,837)	1,780,249	166,923,467	617,347,902	35,252,553	652,600,455
	Authorized, issued and paid in capital	Additional paid in capital	Perpetual bonds	Statutory Reserve	Treasury Shares	Foreign currency translation adjustments	Fair value reserve	Retained earnings*	Equity attributable to the Bank's shareholders	Non-controlling interest	Total equity
31 December 2021	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance at 1 January 2021	200,000,000	709,472	-	44,186,425	(2,707,491)	(16,540,837)	3,619,029	78,096,479	307,363,077	48,324,233	355,687,310
Profit for the year	-	-	-	-	-	-	-	78,813,333	78,813,333	(17,806,509)	61,006,824
Change in financial assets at fair value through other comprehensive income - debt instruments	-	-	-	-	-	-	(3,231,773)	-	(3,231,773)	286,039	(2,945,734)
Realized gains from selling financial assets at fair value through other comprehensive income moved to income statement	-	-	-	-	-	-	(21,019)	-	(21,019)	-	(21,019)
Change in fair value of financial assets at fair value through other comprehensive income - equity instruments	-	-	-	-	-	-	964,772	-	964,772	52,803	1,017,575
Total comprehensive income for the year	-	-	-	-	-	-	(2,288,020)	78,813,333	76,525,313	(17,467,667)	59,057,646
Transferred to retained earnings from losses on sale of equity instruments at fair value through other comprehensive income (note 7 - 29)	-	-	-	-	-	-	(517,889)	517,889	-	1,527	1,527
Transferred to reserves	-	-	-	11,928,193	-	-	-	(11,928,193)	-	-	-
Sale of treasury shares for subsidiaries	-	-	-	-	2,707,491	-	-	414,246	3,121,737	1,987,669	5,109,406
Dividends (note 26)	-	-	-	-	-	-	-	(24,000,000)	(24,000,000)	(3,705,253)	(27,705,253)
Balance at 31 December 2021	200,000,000	709,472	-	53,129,684	2,707,491	(5,223,143)	(1,169,112)	123,222,124	373,376,516	38,271,109	383,942,372

* Retained earnings include JD 36.915.178 which represents deferred tax assets as at 31 December 2022 against JD 19,350,284 as at 31 December 2021, according to the Central Bank of Jordan's regulations and securities and exchange commission these balances are restricted.

* Retained earnings include JD 958,330 as at 31 December 2022 against JD 958,330 as at 31 December 2021, this amount represents unrealized gain as a result of early adoption of IFRS9 related to classification and measurement. This amount is not available for distribution according to the Securities and Exchange Commission regulations until the amount becomes realized .

- An amount equal to the negative balance of fair value reserve is restricted within retained earning and cannot be utilized, unless approval is taken from the Central Bank.

- The general banking risks reserve is a restricted reserve that cannot be utilized without prior approval of the Central Bank of Jordan. Regarding the implementation of IFRS 9 the Central Bank of Jordan issued Circular No.10/1/1359 on 25 January 2018 , allowing banks to transfer the balance of general banking risk reserve to retained earnings to reflect the impact of IFRS 9 on the opening balance of retained earnings as at 1 January 2018. The Circular also stipulates that the balance of a general bank risk reserve item is a restricted balance. Dividends may not be distributed as dividends to shareholders and may not be used for any other purpose except with the approval of the Central Bank of Jordan. The unutilized balance amounted to 8,840,593

The accompanying notes from 1 to 52 are an integrated part of these consolidated financial statements.

Capital Bank of Jordan
Notes to the Consolidated Financial Statements
31 December 2022

(1) General Information

The Bank is a public shareholding company registered and incorporated in Jordan on 30 August 1995 in accordance with the Companies Law No. 1 of (1989) and its number is 291 . Its registered office is in Amman.

The Bank provides its banking services through its thirty six branches located in Amman - Jordan and its subsidiaries Capital Investment and Brokerage Company in Jordan Ltd, National Bank of Iraq in Iraq, Capital Investment Fund Company in Bahrain, and Capital Bank Corporate Advisory (Dubai International Finance Center) Ltd ,and Capital leasing Company.

The Bank has subsequently increased its capital during prior years from JD 20 million to reach JD 200 million. The increases in capital were effected through capitalizing its distributable reserves, retained earning and private placements to shareholders.

During the month of June 2022, the Bank signed an agreement with the Saudi Investment Fund (a strategic partner), through which the Bank listed it as one of the Bank's shareholders by paying an amount of 131,200,000 JOD, which was distributed as an increase in the capital by issuing new shares at a value of 63,037,121 JOD at a price of one dinars per share. The authorized, subscribed and paid up capital becomes 263,037,121 JOD, and the difference as a premium is 68,162,878 JOD

The shares of Capital Bank are fully listed on the Amman Stock Exchange - Jordan.

The bank also issued perpetual bonds (Tier 1) worth 70,900,000 dinars (\$100 million), which are listed on the Dubai Financial Market.

The consolidated financial statements were approved by the bank's board of directors at its meeting No. 01/2023 on January 23, 2023 and are subject to the approval of the Central Bank and the General Assembly of Shareholders.

(2) Basis of the preparation of the consolidated financial statements

The consolidated financial statements for the year ended 31 December 2022 for the Bank and its subsidiaries (together "the Group") were prepared in accordance with the standards issued by the International Accounting Standards Board and the interpretations issued by the International Financial Reporting Interpretations Committee affiliated to the International Accounting Standards Board, as amended by the Central Bank of Jordan.

(2-1) The main differences between the IFRSs as they must be applied and what has been approved by the Central Bank of Jordan are the following: ☐

a) Provisions for expected credit losses are formed in accordance with the instructions of the Central Bank of Jordan (No. 13/ 2018) "Application of the IFRS (9)" dated 6 June 2018 and in accordance with the instructions of the supervisory authorities in the countries in which the bank operates, whichever is stricter. The significant differences are as follows:

- Debt instruments issued or guaranteed by the Jordanian government are excluded, so that credit exposures are treated and guaranteed by the Jordanian government without credit losses.

- When calculating credit losses against credit exposures as per IFRS 9 instructions, the calculation results are compared with the Central Bank of Jordan instructions No. (47/2009) of 10 December 2009 for each stage separately and the stricter results are taken.☐

-Sometimes, the Central Bank of Jordan may request additional expected credit loss provisions in total, as a portfolio, stage, or as an individual form. the Central Bank of Jordan may also allow the Bank to calculate a provision for certain exposures by distributing them over more than one year.

As stated in Central Bank of Jordan (CBJ) instructions for classification of credit facilities and calculating impairment provision No. (47/2009) dated 10 December 2009, the credit facilities are classified into the following categories:

a) Low Risk Credit Facilities, no provisions calculated on:

The credit facilities that have any of the following characteristics:

- 1) Granted to and Guaranteed by the Jordanian Government and to the governments of countries in which the Jordanian banks have foreign branches, provided that such facilities are held in the host country's currency.
- 2) 100% collateralized by cash margin (of the any-time outstanding amount).
- 3) 100% guaranteed by an acceptable bank guarantee

b) Acceptable Risk Credit Facilities, no provisions calculated on:

The credit facilities that have the following characteristics:

- 1) Strong financial positions and adequate cash flows.
- 2) Legally documented and well covered by acceptable collaterals.
- 3) Good alternative cash resources for repayment.
- 4) Active movement of the relative account and timely payment of principal and interest.
- 5) Competent management of the obligor.

c) Watch-List Credit Facilities (Requiring special attention), impairment provisions are calculated on the below at a rate between 1.5% and 15%:

The credit facilities that have any of the following characteristics:

- 1) The existence of past dues of principal and/or interest for a year exceeding (60) days but less than (90) days.
- 2) Overdraft exceeding the approved limit by (10%) or more for a year exceeding (60) days but less than (90) days.
- 3) Credit facilities which were previously classified as non-performing loans, and then reclassified as performing loans according to rescheduling.
- 4) Acceptable risk credit facilities which have been restructured twice within 12 months.
- 5) Credit facilities that are more than (60) days old and less than (90) days have passed since their expiry date and have not been renewed.

The above is in addition to the conditions mentioned in details in the instructions.

d) Non-Performing Credit Facilities

The credit facilities that have any of the following characteristics:

- 1) The maturity of the credit facilities or of one of its installments, irregularity of repaying of principal and/or interest of credit facilities and / or dormant overdraft have been past due for the following years:

Category	Days Overdue	Percentage of provision for the first year for the value not covered by the guarantee.
Substandard	90 - 179 days	25%
Doubtful	180 - 359 days	50%
Loss	More than 360 days	100%

- 2) Overdraft facilities exceeding approved limits by (10%) or more for a year of (90) days or more.
- 3) Credit facilities which have matured and become invalid for a year of (90) days or more and have not been renewed.
- 4) Credit facilities extended to any obligor who went bankrupt, or to companies which were subjected to liquidation.
- 5) Credit facilities which have been restructured for three times within 12 months.
- 6) Overdrawn current and on demand accounts for a year of (90) days or more.
- 7) Guarantees claimed by the beneficiary and paid by the bank on behalf of the clients, where their values have not been debited to their accounts and are still unpaid for a year of (90) days or more.

- A low provision is calculated on credit facilities according to the instructions of 47/2009 for this category of facilities according to the above rates and the amount of the facilities not covered by acceptable guarantees during the first year, while the provision is completed for the amount covered by 25% over a year of four years.

- Interest and commissions are suspended on non-performing credit facilities and facilities classified as third stage granted to clients in accordance with the instructions of the Central Bank of Jordan and in accordance with the instructions of the supervisory authorities in the countries in which the bank operates, whichever is stricter.

- Assets that have been reverted to the Bank appear in the consolidated statement of financial position within other assets at the amount of which they were reverted to the Bank or the fair value, whichever is less, and are reassessed on the date of the consolidated financial statements individually. Any impairment in their value is recorded as a loss in the consolidated statement of profit or loss and the increase is not recorded as revenue. The subsequent increase is taken to the consolidated statement of profit or loss to the extent that it does not exceed the value of the previously recorded impairment. As of the beginning of 2015, a gradual provision was made for real estate acquired for more than 4 years against debts according to the Circular of the Central Bank of Jordan No. 4076/1/15 dated 27 March 2014 and No. 2510/1/10 dated 14 February 2017. Noting that the Central Bank of Jordan issued Circular No. 13967/1/10 dated 25 October 2018, in which the Circular No. 16607/1/10 dated 17 December 2017 was approved for extension. The Central Bank of Jordan also confirmed postponing the calculation of the provision until the end of the year 2019. According to the Central Bank's Circular No. 16239/1/10 dated 21 November 2019, deduction of the required provisions against real estate acquired is made at the rate of (5%) of the total book values of these properties (regardless of the period of violation) as of the year 2021, so that the required percentage of 50% of these properties are reached by the end of the year. Based on the circular received from the Central Bank of Jordan No. 16234/3/10, it was decided to cancel the work of item (Second) of Circular No. (4076/1/10) dated March 27, 2014 related to a request for deduction of a provision against the expropriated real estate in violation of the provisions of the Banking Law No. (28) for the year 2000 and its amendments, and based on what was mentioned in the circular, it stipulates the necessity of maintaining the allocations for the expropriated properties in violation of the provisions of the Banking Law, and that only the allocated allocation is released against any of the violating properties that are disposed of.

- Additional provisions are calculated in the consolidated financial statements against some of the Bank's external investments in some neighboring countries, if any, according to the Central Bank of Jordan.

- Disclosures about the consolidated financial statements of the group have been presented according to the instructions issued and the required forms required by the Central Bank of Jordan.

- The notes about the consolidated financial statement were presented in accordance with the instructions and the securities, by the central Bank of Jordan.

- Some items are classified and presented in the Consolidated Statement of Financial Position, Consolidated Statement of Income and the Consolidated Statement of Cash Flows and the related disclosure, , such as credit facilities, interest in suspense, expected credit losses, investments, fair value levels, segments classification and disclosures related to risks and others, are presented and disclosed in accordance with the requirements of the Central Bank of Jordan, its instructions and circulated guidance which might not include all the requirements of IFRS such as IFRS 7, 9 and 13.

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

The accounting policies used in preparation of the consolidated financial statements for the year ended 31 December 2022 are consistent with the accounting policies adopted for the year ended 31 December 2021 except as mentioned in Note 3-a & 3-b.

(2-2) The foundations of unifying the consolidated financial statements

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries (together the "The Group"). Control exists when the bank controls the subsidiaries and relevant activities, and is exposed, or has right, to variable returns from its involvement with the subsidiaries, and has the ability to affect those returns.

All intra-company balances, transactions, income and expenses and profits and losses resulting from intra-company transactions that are recognized in assets or liabilities, between the Bank and the following subsidiaries are eliminated in full:

1- Capital Investment and Brokerage Company Limited; of which the Bank owns 100% of its paid-in-capital amounted to JD 10,000,000 as at 31 December 2022. The company provides Brokerage services. The company was established on 16 May 2005.

2- National Bank of Iraq (NBI); of which the Bank owns 61.85% of its paid-in-capital of IQD 250 billion equivalent to JD 121,404,110 as at 31 December 2022. The Bank provides banking services, National Bank of Iraq was acquired effective 1 January 2005.

3- Capital Investment Fund Company Bahrain; of which the Bank owns 100% of its paid-in-capital of BHD 1,000 equivalent to JD 1,888 as at 31 December 2022. The purpose of the company is to manage mutual funds and it has not started its operations as of the date of preparing these consolidated financial statements.

4- Capital Investments (DIFC) UAE; of which the bank owns 100% of its paid in capital of USD 250,000 (JD 177,250) as at 30 December 2022. The purpose of the company is to offer financial consulting services. The company was registered and incorporated on 23 February 2015.

5-Leasing company limited and the bank's ownership amounts to 100% of its capital amounting to 8,009,481 Jordanian dinars as of December 31, 2022. The company carries out financial leasing activities, and it is a company that the bank acquired from Societe Generale Bank of Jordan during the year 2022 when it acquired a bank Societe Generale Jordan and its activities during the year 2022.

The result of operations of the subsidiaries are consolidated in the consolidated statement of income from the acquisition date which is the date on which control over the subsidiaries is gained by the Bank. The results of operations of the disposed subsidiaries are consolidated in the consolidated statement of income up to the disposal date which is the date the bank loses control over the subsidiaries.

Non-controlling interests represent the portion of shareholders' equity not owned by the Bank in the subsidiaries.

(2-3) Segment information

The business sector represents a group of assets and operations that jointly provide products or services that are subject to risks and returns that differ from those related to other business sectors and which are measured according to the reports used by the executive directors and key decision makers of the bank.

The geographical segment provides services and products in a certain economic environment that is subject to returns and risks that differ from other segments that operate in other economical environments.

(2-4) Net interest income

Interest income and expense for all financial instruments with the exception of those classified as held for trading or measured at fair value is recognized through the consolidated statement of income in "net interest income" as interest income and interest expense using the Effective interest method. Interest on financial instruments measured at fair value through the consolidated statement of income is also included in the fair value movement during the year.

An effective interest rate is the rate at which the estimated future cash flows of a financial instrument are discounted during the expected life of the financial instrument or, when appropriate, for a shorter year, to the net carrying amount of the financial asset or financial liabilities. Future cash flows are estimated by taking into account all contractual terms for the instrument.

Interest income / interest expense is calculated by applying the effective interest rate principle on the total carrying value of financial assets that are not credit impaired (i.e. on the basis of the amortized cost of the financial asset before settlement for any expected credit loss allowance) or to the amortized cost of financial liabilities. With regard to low credit financial assets (the third stage), interest will continue to be calculated and suspended during the same year in accordance with the instructions of the Central Bank of Jordan regarding the application of IFRS9. As for financial assets that have arisen or have been acquired and are of low credit rating, the effective interest rate reflects the expected credit losses in determining the future cash flows expected to be received from the financial asset.

Interest income and expense in the bank's consolidated statement of income also includes the effective portion of fair value changes to derivatives that are designated as hedging instruments in the cash flow hedges of interest rate risk. With regard to fair value hedges of interest rate risk around interest expenses and income, the effective portion of fair value changes for specific derivatives are also included, and fair value changes to the specific risk for the hedged item are also included in interest income and expense, and interest expense also includes the value of interest versus rental contract obligations.

(2-5) Net commission income

Net commission income and expense includes fees other than the fees that are an integral part of the effective interest rate. The commissions included in this part of the bank's consolidated income list also include commissions charged for the loan service, non-use commissions related to loan obligations when this is unlikely to result in a specific arrangement for lending and co-financing of loans.

For contracts with clients that result in recognition of financial instruments, part of which may be related to IFRS 9 or 15, case commissions are recognized in the part that relates to IFRS 9 and the remainder is recognized according to the International Financial Reporting Standard No. (15).

(2-6) Net trading income (Gains on financial assets at fair value through income statement)

Net trading income includes all gains and losses from changes in the fair value of financial assets and financial liabilities held for trading. The Bank has elected to display the full fair value movement of the trading assets and liabilities in the trading income, including any related revenue, expenses and dividends.

(2-7) Net income from other financial instruments at fair value through income statement

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

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

(2-8) Dividend income

Dividend income is recognized when the right to receive payment is established, which is the preceding date for listed dividends, and usually the date on which shareholders agree to unquoted dividends.

The distribution of dividends in the consolidated statement of profits or losses depends on the classification and measurement of investment in shares, that is:

- In respect of equity instruments held for trading, dividend income is included in the statement of income in the statement of financial assets (losses) at fair value through the statement of income;
- For equity instruments classified at fair value through other comprehensive income, dividends are included in the statement of income in the item of dividends from financial assets at fair value through other comprehensive income
- For equity instruments not classified at fair value through other comprehensive income and not held for trading purposes, dividend income is recognized as net income from other instruments at fair value through the statement of income.

(2-9) Financial instruments

Initial Recognition and Measurement:

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, and transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to the fair value of the financial assets or financial liabilities, or deducted from them, as necessary, upon initial recognition, and the transaction costs directly related to the acquisition of financial assets are also recorded. Or financial liabilities at fair value through income statement directly in the income statement.

If the transaction price differs from the fair value at initial recognition, the bank addresses this difference as follows:

- If the fair value is established at a specified price in an active market for identical assets or liabilities or based on a valuation technique that uses only observable inputs in the market, the difference in income is recognized using initial recognition (i.e. income on the first day);
- In all other cases, the fair value is adjusted to match the transaction price (i.e. the first day's income will be deferred by being included in the initial carrying amount of the asset or liability).

After initial recognition, the deferred income will be taken to the statement of income on a logical basis, only to the extent that it arises from a change in a factor (including time) that market participants take into account when pricing the asset or liability or when the recognition is revoked of this tool.

(2-10) Financial assets

A) Initial Recognition

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. Transaction costs that are directly attributable to the acquisition of financial assets designated at fair value through income are recognized in the consolidated statement of income.

B) Subsequent measurement

All recognized financial assets that fall within the scope of IFRS (9) later are required to be measured at amortized cost or fair value based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial assets, specifically the following:

- The financing instruments maintained in the business model that aims to collect contractual cash flows, and which have contractual cash flows that are only principal and interest payments on the principal outstanding, are subsequently measured at amortized cost;
- Funding instruments held within the business model that aims to both collect contractual cash flows and sell debt instruments, which have contractual cash flows that are only principal and interest payments on the principal amount outstanding, and are subsequently measured at fair value through other comprehensive income
- All other financing instruments (such as debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at fair value through the statement of income.

However, the bank can choose for that to be irrevocable after initial recognition of the financial asset on a per-asset basis, as follows:

- The bank can make the irreversible selection by including subsequent changes in the fair value of the investment in non-held property rights for trading or a possible replacement recognized by the buyer within the business merger to which the IFRS 3 applies, in other comprehensive income
- The bank can determine indefinitely the financing instruments that meet the amortized cost or fair value criteria through other comprehensive income as measured by the fair value from the statement of profits or losses if that abolishes or significantly reduces the inconsistency in accounting (referred to as the fair value option).

C) Debt instruments at amortized cost or fair value through other comprehensive income

For the purposes of testing principal and interest principal payments (SPPI), the asset is the fair value of the financial asset upon initial recognition. This principal amount may change over the life of the financial asset (for example, if the principal is repaid). Interest consists of the allowance for the time value of money, the credit risk associated with the principal amount outstanding during a specified year of time and other basic lending options and risks, as well as the profit margin. An evaluation of principal and interest payments is made on the principal amount in the currency in which the financial asset is denominated.

The contractual cash flows that represent principal and interest payments on the principal amount outstanding are consistent with the underlying financing arrangement. Contractual terms that involve exposure to risks or fluctuations in contractual cash flows that are not linked to the primary financing arrangement, such as exposure to changes in stock prices or commodity prices, do not lead to contractual cash flows that are only payments of principal and interest. Also, the granted or acquired financial asset can be a basic financing arrangement regardless of whether it is a loan in its legal form.

D) Business Model Assessment

The bank adopts more than one business model to manage its financial instruments that reflect how the bank manages its financial assets in order to generate cash flows. The bank's business models determine whether the cash flows will result from collecting contractual cash flows or selling financial assets, or both.

The bank considers all relevant information available when conducting an evaluation of the business model. However, this assessment is not performed on the basis of scenarios that the bank does not reasonably expect to occur, such as so-called "worst-case" or "stress-case" scenarios. The bank also takes into account all available relevant evidence such as the following:

- The policies and objectives announced for the portfolio and the application of those policies whether the management strategy focuses on obtaining contractual revenue, maintaining a specific rate of profit, and matching the year of financial assets with the year of financial liabilities that finance those assets or achieving cash flows through the sale of assets.
- How to assess the performance of the business model and the financial assets held in this business model and inform key management personnel about this; and
- Risks that affect the performance of the business model (and the financial assets present in that model), and in particular the way those risks are managed.
- How to compensate business managers (for example, whether compensation is based on the fair value of assets under management or on contractual cash flows collected).

Upon initial recognition of the financial asset, the bank determines whether the recently recognized financial assets are part of an existing business model or whether it reflects the beginning of a new business model. The bank reassesses its business models in each reporting year to determine whether the business models have changed since the previous year.

When the debt instrument measured at fair value through other comprehensive income is derecognized, the cumulative gain / loss previously recognized in other comprehensive income in equity is reclassified to the consolidated statement of income. In contrast, for equity investment measured at fair value through other comprehensive income, the cumulative gain / loss previously recognized in other comprehensive income is not subsequently reclassified to the consolidated statement of income but rather is transferred directly within equity.

Debt instruments that are subsequently measured at amortized cost or fair value through other comprehensive income are subject to a impairment test.

E) Financial assets - assess whether contractual cash flows are payments of principal and interest only:

For the purposes of this evaluation, "principal amount" is defined as the fair value of a financial asset at the date of the initial recognition. "Interest" is defined as the consideration of the time value of money, the credit risk associated with the principal of the amount outstanding during a specific time year, and other underlying borrowing costs (such as liquidity risk and administrative costs), as well as a profit margin.

In assessing whether contractual cash flows are only payments of principal and interest, the bank has considered the contractual terms of the instrument. This includes assessing whether the financial assets involve a contractual year that can change the timing or amount of contractual cash flows and therefore the condition does not meet payments only for principal and interest. In making this assessment, the bank considers:

- Emergency events that change the amount or timing of cash flows.
- Prepaid features and the possibility to extend.
- Conditions that define the bank's claim for cash flows from a specified asset.

F) Financial assets at fair value through income statement

Financial assets at fair value through income are the following:

- Assets with contractual cash flows that are not principal and interest payments on the principal outstanding, or / and
- Assets held within the business model other than those held to collect contractual cash flows or held for collection and sale; or
- Assets designated at fair value through income statement using the fair value option.

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

G) Reclassification

If the business model in which the bank maintains financial assets changes, the financial assets that were affected will be reclassified. The classification and measurement requirements relating to the new category are applied prospectively from the first day of the first reporting year after the change in the business model that results in the reclassification of the bank's financial assets. Changes in contractual cash flows are considered within the framework of the accounting policy related to the amendment and exclusion of the financial assets shown below.

(2-11) Foreign exchange gains and losses

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

- Financial assets measured at amortized cost that are not part of a specific hedging relationship, it recognizes the difference in currency in the statement of profits or losses; and
- Debt instruments measured at fair value through other comprehensive income that are not part of a specific hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in the statement of income. Other exchange differences in other comprehensive income are recognized in the investment revaluation reserve; and
- Financial assets measured at fair value through the statement of profits or losses that are not part of a specific hedge accounting relationship, exchange differences from income are recognized in the statement of income;
- Equity instruments measured at fair value through comprehensive income, exchange rate differences in other comprehensive income are recognized in the investment revaluation reserve.

(2-12) Fair value option:

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

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

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

(2-13) Expected credit losses:

The Bank recognizes loss allowances for expected credit loss on The following financial instruments that are not measured at fair value through The consolidated statement of income:

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

Impairment loss is not recognized in equity instruments.

With the exception and notes Impairment losses are Purchased or Originated rating-Impaired' (POCI) financial assets (which are considered separately below), ECL are required to be measured through a loss allowance at an amount equal to:

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

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

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

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

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

All other financial assets, with the exception of debt instruments carried at amortized cost, are subsequently measured at fair value.

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

Provisions for expected credit losses are formed in accordance with the instructions of the Central Bank of Jordan No. (13/2018) "Application of the International Financial Reporting Standard (9)" dated June 6, 2018 and in accordance with the instructions of the supervisory authorities in the countries in which the bank operates, whichever is greater, that the fundamental differences are as follows :

When calculating credit losses against credit exposures, the calculation results are compared according to the IFRS (9) under the instructions of the Central Bank of Jordan No. (47/2009) of 10 December 2009 for each stage separately and the stricter results are taken.

Credit-impaired financial assets:

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

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

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

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

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

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

Definition of default:

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

- The Bank considers the following as an event of default:

- The borrower defaults for more than 90 days on any significant credit obligation to the Bank.
- The borrower is unlikely to pay his credit obligations to the of the Bank in full.

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

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

- Interest and commissions are suspended on non-performing credit facilities granted to clients in accordance with the instructions of the Central Bank of Jordan.
- Credit facilities and their suspended interest covered by provisions are transferred entirely off the consolidated statement of financial position, in accordance with the decisions of the Board of Directors in this regard.

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

Significant increase in credit risk:

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

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

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

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

For corporate financing, forward-looking information includes the future prospects of the industries in which the Bank's counterparties operate, that can be obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as taking into consideration various internal and external sources of actual and forecast economic information. For retail financing, forward looking lending information includes the same economic forecasts as corporate lending with additional forecasts of local economic indicators, particularly for regions with a concentration to certain industries, as well as internally generated information of customer payment behaviour. The Bank allocates its counterparties to a relevant internal credit risk grade depending on their credit quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

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

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

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

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

As a back-stop when an asset becomes 30 days past due, the Bank considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

(2-14) Modification and de-recognition of financial assets

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

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

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

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

In the case where the financial asset is derecognized, the loss allowance for ECL is remeasured at the date of de-recognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on de-recognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated as credit-impaired. This applies only in the case where the fair value of the new loan is recognized at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Bank monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

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

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

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

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

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

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

(2-15) Write-offs

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

(2-16) Presentation of expected credit loss allowances in consolidated financial statements

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

(2-17) Loans and advances

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

- Loans and advances measured at amortized cost; initially measured at fair value plus incremental direct transaction costs, and subsequently measured at amortized cost using the effective interest method.
- Loans and advances, which are measured at FVTPL or designated as at FVTPL; are measured at fair value with changes recognized immediately in income.

(2-18) Financial liabilities and equity

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

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

(2-19) Equity instruments

Equity instruments are any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities. The equity instruments issued by the bank are recognized according to the returns received, after deduction of direct issuance costs.

A) Share capital

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

B) Treasury Shares

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

C) Composite instruments

The component parts of the composite instruments (such as convertible notes) issued by the Bank are classified separately as financial liabilities and equity in accordance with the content of the contractual arrangements, definitions of financial liabilities and equity instruments. The transfer option that will be settled by exchanging a fixed cash amount or other financial asset for a specified number of the company's equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing interest rate in the market for similar non-convertible instruments. In the case of non-embedded related derivatives, they are first separated and the remaining financial liabilities are recorded on an amortized cost basis using the effective interest method until they are extinguished upon conversion or on the instrument's maturity date.

D) perpetual Bonds

Perpetual bonds issued by the Group for capital support purposes are classified as part of equity and the interest earned on them is recorded as a deduction from retained earnings. Component parts of compound instruments (such as convertible notes) issued by the Bank are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of financial liabilities and equity instruments. A conversion option that will be settled by exchanging a fixed amount of cash or another financial asset for a specified number of the Company's own equity instruments is an equity instrument.

(2-20) Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through income statement or other financial liabilities.

A) Financial liabilities at fair value through income statement

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

- It was primarily incurred for the purpose of repurchasing it in the short term; or
- At initial recognition, this is part of the portfolio of specific financial instruments that are managed by the bank and which have a modern pattern of profit taking in the short term; or
- It is a non-specific and effective derivative as a hedging instrument.

A financial liability other than a financial liability held for the purpose of trading or the possible consideration that a buyer may pay as part of a business combination at fair value is determined through the statement of income upon initial recognition if:

- This classification would substantially eliminate or reduce the inconsistency of the measurement or recognition that might otherwise arise; or
- The financial obligation was part of the group of financial assets, financial liabilities, or both, whose performance is managed and evaluated on a fair value basis, in accordance with the documented risk or investment management strategy of the bank, and information related to the formation of the group was provided internally on this basis; or
- If the financial obligation forms part of a contract that contains one or more derivatives, and IFRS 9 allows a fully hybrid contract (compound) to be determined at fair value through the statement of income.

Financial liabilities are stated at fair value through the statement of income at fair value, and any gains or losses arising from re-measurement are recognized in the statement of income to the extent that they are not part of a specific hedge relationship. The net profit / loss recognized in the statement of income includes any interest paid on financial liabilities and is included in the item "net income from other financial instruments at fair value through the statement of income."

However, in respect of non-derivative financial liabilities designated at fair value through the statement of income, the amount of the change in the fair value of the financial liabilities that resulted from changes in the credit risk of those liabilities is included in other comprehensive income, unless recognition of the effects of changes in credit risk arises Liabilities in other comprehensive income to create or increase accounting inconsistencies in the consolidated statement of income. The remaining amount of changes in the fair value of the liability is recognized in the consolidated statement of income, and changes in the fair value attributable to the credit risk of the financial liabilities recognized in other comprehensive income are subsequently reclassified as income. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

With regard to loan obligations issued and financial guarantee contracts classified at fair value through the statement of income, all gains and losses are included in the consolidated statement of income.

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

B) Other financial liabilities

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

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

C) Derecognition

Financial liabilities are derecognized when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expired).

When the bank exchanges one debt instrument with the current lender for another instrument on significantly different terms, this exchange is accounted for as amortization of the original financial liabilities and new financial liabilities are recognized. Likewise, the bank treats the material amendment to the terms of the existing obligation or part thereof as amortization of the original financial liability and recognition of the new obligation. The terms are assumed to differ materially if the reduced present value of the cash flows is under the new terms, including any fees paid, net of any fees received and discounted using the original effective rate of at least 10% from the reduced present value of the remaining cash flows of the original financial liabilities.

(2-21) Derivative financial instruments:

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

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

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

(2-22) Embedded derivatives

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

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

(2-23) Financial guarantee contracts

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

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

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

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

The Bank did not specify any financial guarantee contracts at fair value through the consolidated statement of income.

(2-24) Commitments to provide a loan at an interest rate lower than the market price:

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

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

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

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

(2-25) Derivative financial instruments

A) Embedded derivatives

The fair value of financial instrument derivatives held for trading purposes (such as foreign currency forward contracts, future interest contracts, swap contracts, foreign exchange rate options rights) is recorded in the consolidated statement of financial position, and the fair value is determined according to prevailing market prices. valuation, and the amount of changes in fair value is recorded in the consolidated statement of income. The fair value of financial instrument derivatives held for trading purposes (such as foreign currency forward contracts, future interest contracts, swap contracts, foreign exchange rate options rights) is recorded in the consolidated statement of financial position, and the fair value is determined according to prevailing market prices. valuation, and the amount of changes in fair value is recorded in the consolidated statement of profit or loss.

B) Hedge accounting

The bank identifies certain derivatives as hedging instruments with respect to foreign currency and interest rate risks in fair value hedges, cash flow hedges or net investment hedges in foreign operations as appropriate. Hedges of foreign exchange risk on bank liabilities are also accounted for as cash flow hedges. The Bank does not apply fair value hedge accounting to interest rate risk portfolio hedges. In addition, the bank does not use the exemption to continue using the hedge accounting rules using International Accounting Standard No. (39), meaning that the bank applies the hedge accounting rules of IFRS 9.

At the inception of the hedge relationship, the bank documents the relationship between the hedging instrument and the hedged item, as well as its risk management objectives and strategy for undertaking various hedging transactions. Furthermore, at hedge inception and on an ongoing basis, the bank documents whether the hedging instrument is effective in offsetting the changes in the fair value or cash flows of the hedged item that can be attributed to the hedged risk, and at which all hedging relationships meet the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument; and
- The impact of credit risk does not dominate the changes in value resulting from this economic relationship; and
- The hedging ratio for the hedging relationship is the same resulting from the quantity of the hedged item for which the bank is actually hedging and the amount of the hedging instrument that the bank actually uses to hedge that quantity of the hedged item.

The bank re-balances the hedge relationship in order to comply with the requirements of the hedge ratio as necessary. In such cases, the stopover may be applied to only part of the hedging relationship. For example, the hedge ratio may be adjusted in such a way that a portion of the hedging item is no longer part of the hedge relationship, and hence hedge accounting is discontinued only for the size of the hedging item that is no longer part of the hedging relationship.

If the hedging relationship ceases to meet the hedge effectiveness requirements for the hedge ratio but the risk management objective for that hedge relationship remains the same, then the Group adjusts the hedge ratio for the hedge relationship (such as rebalancing the hedge again) so that the criteria for the hedge are regrouped.

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

The hedged items determined by the bank are year-related hedging items, which means that the original time value of the option relating to the hedged item of equity is amortized to the income statement on a rational basis (for example, according to the straight-line method) over the life of the hedge.

In some hedging relationships, the bank excludes from the determination of the forward component of a forward contract or a currency difference of the currency hedging instrument. In this case, the same treatment applies as for the time value of the options. The treatment of the forward component of the forward contract and the component on a currency basis is optional, and the option is applied on a hedged basis separately, unlike the treatment of the time value of the options that are considered mandatory. With regard to hedging relationships and forward derivatives or foreign currencies such as interest rate swaps across currencies, when the forward component or the difference on a currency basis is excluded from the rating, the bank generally recognizes the excluded component in other comprehensive income.

Detail the fair values of the derivative instruments used for hedging purposes and the movements in equity hedge reserve.

C) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in the consolidated statement of income immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in the consolidated statement of income.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to the consolidated statement of income from that date.

When the hedge gain / loss is recognized in the income statement, it is recognized in the same line as the hedged item.

The bank discontinues hedge accounting only when the hedging relationship (or part thereof) ceases to fulfill the qualifying criteria (after rebalancing, if any). This includes cases where the hedging instrument has expired, sold, terminated, or exercised, and the disposal is accounted for for future effect. Also, the fair value adjustment to the carrying value of hedged items for which the effective interest rate method is used (i.e. debt instruments measured at amortized cost or at FVOCI) arising from the cessation of the hedged risk in the statement of income does not exceed Hedge accounting.

D) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the consolidated statement of comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated statement of income, and is included in the other income line item.

Amounts previously recognized in the consolidated statement of comprehensive income and accumulated in equity are reclassified to consolidated statement of income in the years when the hedged item affects the recognition of a non-financial assets or a non-financial liability, the gains and losses previously recognized in the consolidated statement of comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

The bank discontinues hedge accounting only when the hedging relationship (or part thereof) ceases to fulfill the qualifying criteria (if any, and after rebalancing if any). This includes situations where the hedging instrument expires or is sold, terminated, or exercised, or when the occurrence of a specific hedging transaction is not considered highly probable and the discontinuation is accounted for with future effect. Any gain / loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the eventual expected transaction is recorded in profit or loss. When the occurrence of a forecast transaction becomes unexpected, the cumulative gain / loss is reclassified in shareholders' equity and recognized directly in the income statement.

E) Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in the consolidated statement of comprehensive income and accumulated under the heading of cumulative translation reserve. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated statement of income.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the cumulative translation reserve are reclassified to the consolidated statement of income on the disposal of the foreign operation.

(2-26) Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and reported net in the consolidated statement of financial position only when there is a legally enforceable right to set off the recognized amounts or when the Group intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(2-27) Accounts managed for the interest of clients

Accounts managed by the bank on behalf of clients are not considered assets of the bank. The fees and commissions for managing these accounts are shown in the statement of income. A provision is made against the decrease in the value of the portfolios managed for the benefit of clients from their capital.

(2-28) Fair value measurement

The fair value is defined as the price that will be received to sell any of the assets or pay for transferring any of the liabilities in an orderly transaction between market participants on the date of measurement, regardless of whether the price can be achieved directly or whether it is estimated thanks to another valuation method. When estimating the fair value of any of the assets or liabilities, the bank takes into consideration when determining the price of any of the assets or liabilities whether market participants should take those factors into consideration at the measurement date. Fair value is determined for measurement and / or disclosure purposes in these financial statements according to those principles, except for those related to measurement procedures that are similar to fair value procedures and are not fair value such as fair value as used in International Accounting Standard No. (36).

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability, nor based on a valuation technique that uses only data from observable markets, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in income on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, the Bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Bank on the basis of the net exposure to either market or credit risk, are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The Bank recognizes transfers between levels of the fair value hierarchy as of the end of the reporting year during which the change has occurred.

Fair value levels are as follows:

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

(2-29) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

(2-30) Employees' benefits

Employees' short term benefits

Employee's short term benefits are recognized as expenses when providing related services. The commitment relating to the amount expected to be paid is recognized when the Bank has a current legal or constructive obligation to pay for the previous services provided by the employee and the obligation can be estimated reliably.

Employees' other long-term benefits

The Bank's net liabilities in relation to employees' benefits are the amount of future benefits that employees have received for their services in the current and previous years. Those benefits are deducted to determine their present value. The remeasurement is recognized in the consolidated statement of income in the year in which it arises.

(2-31) Income Tax

Tax expense comprises current tax and deferred taxes.

Current tax is based on taxable profits, which may differ from accounting profits disclosed in the consolidated statement of income. Accounting profits may include non-taxable profits or tax-deductible expenses which may be exempted in the current or subsequent financial years.

Taxes are calculated based on tax rates confirmed under the laws, regulations and instructions of the Hashemite Kingdom of Jordan and the countries which subsidiaries are operating in.

The deferred taxes are taxes expected to be paid or refunded as a result of the temporary differences between assets and liabilities – in the consolidated financial statements and the value of the tax basis profit. Deferred taxes are measured by adhering to the consolidated financial position statement and calculated based on tax rates that are expected to apply in the year when assets are realized or liabilities are settled.

The carrying amount of the deferred assets are reviewed at the date of the consolidated financial statements and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets be utilized.

(2-32) Assets seized in settlement of debts

Assets whose ownership has been transferred to the bank appear in the consolidated statement of financial position among other assets at the value that has been transferred to the bank or the fair value, whichever is less, and they are re-evaluated on the date of the consolidated financial statements individually, and any decline in their value is recorded as a loss in the consolidated income statement and is not Recording the increase as revenue, the subsequent increase is taken into the consolidated income statement to the extent that it does not exceed the value of the decline that was previously recorded. As of the beginning of the year 2015, a gradual provision was calculated against the expropriated real estate against debts that were expropriated for a period of more than 4 years, according to the bank's circular. The Central Bank of Jordan No. 15/1/4076 dated March 27, 2014 and No. 10/1/2510 dated February 14, 2017. Noting that the Central Bank of Jordan had issued Circular No. 10/1/13967 dated October 25, 2019 approving the extension of Circular No. 16607/ 1/10 on December 17, 2017, in which he confirmed the postponement of calculating the provision until the end of the year 2020. This is in accordance with Central Bank Circular No. 1/16239 dated November 21, 2020. 5%) of the total book values of those real estates (regardless of the period of their violation) as of the year 2021, so that the required percentage of (50%) of those real estates is reached by the end of the year 2030, and this is in accordance with the Central Bank of Jordan Circular No. 13246/3/ 10 On September 2, 2021, it was approved to extend the work again in Circular 1/1/2510, which is to postpone calculating the deduction of allocations for one year, and to postpone the work of Circular No. 1/1/16607 until the year 2022, based on the circular received from the Central Bank of Jordan No. 3/16234 10 It was decided to cancel Clause (Second) of Circular No. (4076/1/10) dated 3/27/2014 related to the request to deduct an allowance for expropriated real estate in violation of the provisions of Banking Law No. (28) of 2000 and its amendments, and based on what was stated in the circular, it has been It stipulated the need to maintain the allocated allocations against expropriated real estate in violation of the provisions of the Banking Law, and that only the allocated provision be released against any of the infringing real estate that is disposed of.

(2-33) Financial assets pledged as collateral

The financial assets pledged by the Bank are for the purpose of providing collateral for the counterparty to the extent that counterparty is permitted (to sell and /or re-pledge the assets). The method of valuation is related to the financial policies for its original classification.

(2-34) Repurchase and resale agreements

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) will continue to be recognized in the Bank's financial consolidated statements due to the Bank's continuing exposure to the risks and rewards of these assets using the same accounting policies (where the buyer has the right to use these assets (sell or re-lien) they are reclassified as lien financial assets).

The proceeds of the sale are recorded under loans and borrowings. The difference between the sale and the repurchase price is recognized 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 recognized in the Bank's consolidated financial statements as assets since the Bank is not able to control these assets. The related payments are recognized as part of deposits at banks and financial institutions or direct credit facilities as applicable, and the difference between purchase and resale price is recognized in the consolidated statement of income over the agreement term using the effective interest method.

(2-35) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Lands are not depreciated.

Depreciation is recognized so as to write-off the cost of assets, using the straight-line method, over the estimated useful lives of the respective assets, as follows:

	%
Buildings	2

Equipment and furniture	2.5-15
Vehicles	15
Computers	25
Other	10

When the recoverable amount of any property and equipment is less than its net book value, its value is reduced to the recoverable value and the impairment value is recorded in the income statement.

The useful life of property and equipment is reviewed at the end of each year. If the expected useful life differs from the previously prepared estimates, the change in the estimate for subsequent years is recorded as a change in the estimates.

Property and equipment are excluded upon disposal or when there are no future benefits expected from their use or disposal.

(2-36) Intangible assets

A) Goodwill

Goodwill is recorded at cost which represents the increase in the acquisition or purchase cost of an investment over the fair value of the company's net assets at the acquisition date. Goodwill resulting from investing in subsidiaries is recorded in a separate item as intangible assets. Goodwill resulting from investing in associates appears as part of the investment account in the associate and the cost of goodwill is subsequently reduced by any impairment in the investment value.

Goodwill is allocated to cash-generating unit(s) for the purpose of impairment testing.

Goodwill impairment is tested at the reporting date. Goodwill is written down if there is an indication that it is impaired and if the estimated recoverable amount of cash-generating unit (s) to which the goodwill belongs is lower than the carrying amount of the cash-generating unit (s). Impairment is recognized in the consolidated statement of income.

B) Other intangible assets

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

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

Intangible assets resulting from the Bank's business are not capitalized and are recognized in the consolidated statement of income in the same year.

Any indications for the impairment of intangible assets are reviewed at the date of the financial statements. The estimate of the useful lives of those assets is reviewed and any adjustments are made for subsequent years.

Below is the accounting policy for each item of intangible assets at the bank:

- Trademarks: Amortized using the straight line method with a fixed ratio of 10%
- Computer software and systems (main & others): Amortized using the straight line method with a fixed ratio from 12% to 25%.

(2-37) Impairment of non-financial assets

The carrying value of the Group's non-financial assets is reviewed at the end of each fiscal year except for the deferred tax assets, to determine whether there is an indication of impairment. In the event of an indication of impairment, the amount recoverable from these assets will be estimated.

If the carrying amount of the assets exceeds the recoverable amount from those assets, the impairment loss is recorded in those assets.

The recoverable amount is the higher of an asset's fair value -less costs to sale - and the value in use.

All impairment losses are taken to the consolidated statement of income and other comprehensive income.

The impairment loss for goodwill is not reversed. For other assets, the impairment loss is reversed only if the carrying amount of the asset does not exceed the carrying amount that was determined after the depreciation or amortization has taken place if the impairment loss is not recognized.

(2-38) Foreign currencies

For the purpose of the consolidated financial statements, the results and financial position of each company in the Group are expressed in the functional currency of the Bank, and the presentation currency of the consolidated financial statements.

The separate financial statements of the Bank's subsidiaries are prepared, and the separate financial statements of each of the Group's companies are presented in the main functional economic currency in which they operate. Transactions are recorded in currencies other than the Bank's functional currency, according to the exchange rates prevailing on the dates of those transactions. On the date of the statement of financial position, the financial assets and liabilities are translated into foreign currencies at the exchange rates prevailing on that date. Non-monetary items carried at fair value and denominated in foreign currencies are also translated at the exchange rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not reclassified.

Exchange differences are recognized in the consolidated statement of income in the year in which they arise, except for:

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

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

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

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

(2-39) Leases

The Bank has implemented IFRS (16) "Leases" that have replaced existing guidance on leases as of 1 January 2019, including IAS (17) "Leases" and IFRIC (4) "Determining whether an arrangement contains a lease", SIC (15) "Operating lease -incentives" and SIC (27) retrospectively from 1 January 2018 "Evaluating the substance of transactions involving the legal form of a lease".

The bank determines whether the contract is a lease or includes lease clauses. The contract is considered a lease contract or includes a lease if it includes the transfer of control over a specified asset for a specified year in exchange for compensation as defined in the leasing contract in the standard.

The Bank as a lessee

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

The bank recognizes the right to use the obligations of the lease at the beginning of the lease. The right to use is measured at the initial recognition of the cost, which includes the initial value of the rental contract obligation adjusted for the lease payments that took place at the beginning or before the contract, until any initial direct costs are realized or any costs less the impact of any rental incentives received.

The right to use the asset is subsequently depreciated using the straight-line method from the date of the beginning of the contract, considering the lower of useful life of either the lease term or the remaining life of the rental asset. The useful life of the leased asset is estimated on the basis of estimating the useful life of the property and equipment. The value of the right to use the asset is yearically reduced to reflect the lower value (if any) and is modified to reflect the effect of the amendments on the item of obligations related to lease contracts.

The obligations associated with the lease are measured at the initial recognition of the present value of the unpaid lease payments at the date of the lease, deducted using the interest rate presented in the lease, and if it is not possible to determine, the borrowing rate used by the bank is used. Usually the borrowing rate used by the bank is what ends up being used.

The bank determines the borrowing rate by analyzing its loans from various external sources and making some adjustments to reflect the lease terms and the type of leased assets.

The lease payments taken into account for the purposes of calculating the obligations related to the lease include the following:

- Fixed payments, including substantial fixed payments,
- Variable payments that depend on an index or ratio and that are measured upon initial recognition taking into account this indicator or the ratio at the date of the lease,
- The amounts expected to be paid under the residual value guarantee clause; and
- Purchase option price when the bank is confident that it will implement the purchase option disclosure, lease payments when an optional renewal clause exists and the bank has the intention to renew the lease contract, and fines related to early termination of the contract unless the bank is confident that it will not perform early termination.

Obligations related to lease contracts are measured based on amortized cost, using the effective interest rate. The liabilities are re-measured when there is a change in the future rental payments as a result of the change in a specific index or ratio, and when there is a change in the management's estimates regarding the payable amount under the item of the residual value guarantee, or when the bank's plan in relation to exercising the option to buy, renew or terminate the contract changes.

When the obligations related to lease contracts are measured this way, adjustments are recorded in the right to use the asset or in the statement of income in the case where the carrying amount of the right to use the asset has been fully amortized.

The bank offers the right to use the assets under property and equipment, and the liabilities related to lease contracts are displayed among other liabilities (borrowed funds) in the consolidated statement of financial position.

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

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

The Bank as a lessor

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

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

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

(2-40) Cash and Cash equivalents

Cash and cash equivalents comprise of cash on hand and cash balances at banks and financial institutions that mature within three months, less banks and financial institutions' deposits that mature within three months from acquisition date and restricted balances.

(2-41) Basic and diluted earnings per share

Basic and diluted earnings per share are calculated in respect of ordinary shares. The basic earnings per share is calculated by dividing the profit or loss for the year attributable to the shareholders of the company by the weighted average number of ordinary shares during the year. The diluted earnings per share is calculated by adjusting the profit or loss for the year attributable to the company's shareholders and the weighted average number of ordinary shares so as to show the effect on the share of the profits of all ordinary shares traded during the year and the potential decline in its return.

(3) Changes in accounting policies and disclosures

New standards issued and applicable for the annual years starting on or after 1 January 2022 which has been followed by the group:

Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.	Effective date 1 January 2022
Reference to the Conceptual Framework – Amendments to IFRS 3	Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.	January 1, 2022
Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37	The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020	The following improvements were finalised in May 2020: IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities. IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives. IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption. IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.	January 1, 2022

(b) New standards issued and not yet applicable or early adopted by the Group for the years starting on or after 1 January 2023:

Standard	Description	Effective Date
IFRS 17 Insurance Contracts	IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts.	January 1, 2023
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting year. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.	1 January 2023 (deferred from 1 January 2022)
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.	January 1, 2023
Definition of Accounting Estimates – Amendments to IAS 8	The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current year.	January 1, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative year presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative year for all deductible and taxable temporary differences associated with: • Right-of-use assets and lease liabilities, and • Decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.	January 1, 2023
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the nonmonetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations).	January 1, 2023

(4) Critical accounting judgements and estimates

In the application of the Group's accounting policies, which are described in Note 3 management is required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

Significant areas where management has used estimates, assumptions, or exercised judgements are as follows:

Impairment in seized assets

Impairment of seized assets is calculated based on recent real estate valuations and approved by accredited valuers for the purpose of calculating the impairment of assets seized. The Impairment is reviewed yearly.

Tangible and Intangible assets useful lives

Useful life for property and equipment is reviewed each year. If expected useful life is different from the previous one, the difference is adjusted prospectively as a change in accounting estimate.

Income Tax

The group is subject to income tax and therefore this requires judgment in determining the income tax provision. The Group recognizes income tax liabilities based on its expectations of whether the tax audit will result in any additional tax. If the final tax estimate is different from what was recorded, then the differences will affect the current income tax in the year in which these differences are found.

Legal provision

Legal provisions are taken for lawsuits raised against the Bank based on the Bank legal advisor's opinion.

Assets and liabilities that are stated at cost

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

Provision for expected credit loss

The Bank's management is required to use significant judgments and estimates to estimate future cash flows amounts and timings, and estimate the risks of a significant increase in credit risk for financial assets after initial recognition and future measurement information for expected credit losses. The most significant policies and estimates used by the Bank's management are detailed in Note (47).

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Bank determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence, including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Bank monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Significant increase in credit risk

ECLs are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Bank takes into account qualitative and quantitative reasonable and supportable forward looking information. Estimates used by the Bank's management, which are related to the significant change in credit risk that lead to a change in classification within the three stages (1, 2, and 3) are detailed in Note (47).

Establishing groups of assets with similar credit risk characteristics

When the expected credit losses are measured on a collective basis, the financial instruments are grouped based on common risk characteristics (such as the type of instrument, the degree of credit risk, the type of collateral, the initial recognition date, the remaining year of maturity date, the industry, the borrower's geographic location, etc.). The Bank monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets.

Re-segmentation of portfolios and movement between portfolios

Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECL, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECL but the amount of ECL changes because the credit risk of the portfolios differ.

Models and assumptions used

The Bank uses various models and assumptions in measuring fair value of financial assets as well as in estimating ECL, as outlined in Note (47). Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

a) Classification and measurement of financial assets and liabilities

- The Bank classifies financial instruments or components of financial assets upon initial recognition, either as a financial asset, financial liability, or an equity instrument in accordance with the substance of the contractual agreements and the definition of the instrument. Reclassification of a financial instrument in the consolidated financial statements is subject to its substance rather than its legal form.
- The Bank determines the classification upon initial recognition as well as a reassessment of that determination, if possible and appropriate, at the date of each consolidated statement of financial position.
- When measuring financial assets and liabilities, some of the Bank's assets and liabilities are remeasured at fair value for the purposes of preparing financial reports. When estimating the fair value of any of the assets or liabilities, the Bank uses the observable available market data. In the absence of Level 1 inputs, the Bank performs the assessments using professionally qualified independent evaluators. The Bank works in close cooperation with qualified external evaluators to develop appropriate valuation techniques and data on the fair value estimation model.

b) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset-backed securities. The management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

c) Derivative Financial Instruments

- The fair value of derivatives measured at fair value is generally obtained by referring to the listed market prices, discounted cash flow models and recognized pricing models, if appropriate. In the absence of market price, fair value is determined using valuation techniques that reflect observable market data. These techniques include comparing similar instruments when there are observable market prices, discounted cash flow analysis, pricing option models and other valuation techniques commonly used by market participants. The main factors that management considers when applying the model are:

- The expected timing and probability of future cash flows of the instrument, as these cash flows are generally subject to the terms of the instrument, although management judgment may be required in cases where the ability of the counterparty to pay the instrument according to the contractual terms is in doubt; and
- An appropriate discount percentage for the instrument. The management determines this percentage based on its assessment of the margin of the ratio for the instrument, which is higher than the risk-free ratio. When evaluating the instrument with reference to comparative tools, management considers the entitlement, structure and degree of classification of the instrument based on the system with which the existing position is compared. When evaluating tools based on the model using the fair value of the main components, management also considers the need to make adjustments to calculate a number of factors such as bid differences, credit status, portfolio services costs and uncertainty about the model.

Lease extension and termination options

- Extension and termination options are included in a number of leases. These conditions are used to increase operational flexibility in terms of contract management. Most of the extension and termination options held are renewable by both the Bank and the lessor.

Determination of lease term

- In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The extension options (or years after the termination options) are included only in the term of the lease if the lease is reasonably certain to be extended (or not terminated). The evaluation is reviewed in the event of a significant event or significant change in the circumstances that affect this evaluation and that are under the control of the lessee.

Key sources of estimation uncertainty

The following are key estimations that the management has used in the process of applying the of the Bank's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

Establishing the number and relative weightings of forward-looking scenarios for each type of types product/ Market and determining the forward looking information relevant to each scenario:

When measuring ECL, the Bank uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

- Probability of default (PD)

PD is a key entry point in the measurement of expected credit loss. PD is an estimate of the probability of default, over a certain year of time, which includes the computation of historical data, assumptions and projections related to future conditions.

- Loss given default (LGD)

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

- Measurement and assessment procedures of fair value

When estimating the fair value of assets or liabilities, the Bank uses the observable available market data. In the absence of Level 1 inputs, the Bank performs the assessments using appropriate valuation models to determine the fair value of financial instruments.

- Discounting lease payments

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

(5) Cash and Balances with Central Banks

	2022	2021
	JD	JD
Cash on hand	177,889,975	108,130,727
Balances at Central Banks:		
Current and demand deposits	184,913,435	55,809,231
Time and notice deposit	154,200,000	100,500,000
Statutory cash reserve	263,553,271	161,400,174
Total	780,556,681	425,840,132

- The monetary reserve at the Central Bank of Jordan amounted to JD 216,950,795 as at December 31 2022 compared to JD 111,264,017 as at December 31 2021.

- There are no due balances during the year exceeding three months as at 31 December 2022 and 31 December 2021.

- The value of reserves with restricted withdrawals at the Central Bank of Iraq amounted to JD 46,602,476 as at December 31 2022 compared to the amount of JD 50,136,157 as at December 31 2021, and was excluded from cash and cash equivalents for the purpose of the consolidated cash flow statement.

- There were no expected credit losses at cash and balances at Central Banks as of 31 December 2022 and 31 December 2021, as per the Central Bank's request reflecting IFRS 9.

Distribution of cash balances with Central banks by categories of the Bank's internal credit rating

-The below presentation is as required by the Central bank of Jordan instructions for implementing IFRS 9, Circular no. 13/2018

As of 31 December 2022	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	550,027,700	-	-	550,027,700
Acceptable risk / performing	230,528,981	-	-	230,528,981
Total	780,556,681	-	-	780,556,681
As of 31 December 2021				
Low risk / performing	318,309,728	-	-	318,309,728
Acceptable risk / performing	107,530,404	-	-	107,530,404
Total	425,840,132	-	-	425,840,132

Movements of balances with central banks:

As of 31 December 2022	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2022	425,840,132	-	-	425,840,132
Add: new balances during the year	358,250,231	-	-	358,250,231
Settled balances	(399,461,328)	-	-	(399,461,328)
Additions due to acquisition (note 52)	395,927,646			395,927,646
Gross balance	780,556,681	-	-	780,556,681
As of 31 December 2021				
Balance as at 1 January 2021	295,853,517	-	-	295,853,517
Add: new balances during the year	216,986,615	-	-	216,986,615
Settled balances	(87,000,000)	-	-	(87,000,000)
Gross balance	425,840,132	-	-	425,840,132

(6) Balances at banks and financial institutions

	Local banks and financial institutions		Foreign Banks and Financial Institutions		Total	
	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD
Current and demand deposits	11,796,867	7,809,246	93,359,004	218,108,303	105,155,871	225,917,549
Deposits maturing within or less than 3 months	114,975,427	64,247,450	-	22,450,752	114,975,427	86,698,202
Less: Expected credit loss	-	-	(76,887)	(69,020)	(76,887)	(69,020)
	126,772,294	72,056,696	93,282,117	240,490,035	220,054,411	312,546,731

- Non-interest bearing balances at banks and financial institutions amounted to JD 102,451,076 as at 31 December 2022 against JD 241,952,999 as at 31 December 2021.

- Restricted balances amounted to JD 5,421,963 as at 31 December 2022 against JD 6,319,823 as at 31 December 2021 Which will be excluded from the cash and cash equivalents for the purposes of the consolidated cash flow statement.

Distribution of balances at banks and financial institutions by categories of the Bank's internal credit rating:

As of 31 December 2022	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	63,864,088	-	-	63,864,088
Acceptable risk / performing	154,261,428	1,936,833	68,949	156,267,210
Total	218,125,516	1,936,833	68,949	220,131,298

As of 31 December 2021	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	220,158,945	-	-	220,158,945
Acceptable risk / performing	92,370,202	17,584	69,020	92,456,806
Total	312,529,147	17,584	69,020	312,615,751

The movement obtained on the total balances according to the requirements of the international standard and related to the acquisition and the movement obtained on the provision for expected credit losses according to the requirements of the International Financial Reporting Standard No. 9 and related to the acquisition.

The movement of balances at banks and financial institutions and expected credit loss provision according to IFRS 9 and relating to the acquisition

As of 31 December 2022	Stage One	Stage Two	Stage Three	Purchased originated credit-impaired (POCI)	Total
	JD	JD	JD	JD	JD
Balance as at 1 January 2022	312,529,147	17,584	69,020	-	312,615,751
Add: new balances during the year	58,117,865	1,951,151	-	-	60,069,016
Settled balances	(169,622,904)	-	(71)	-	(169,622,975)
Additions due to acquisition (note 52)	39,362,101	-	-	-	39,362,101
Net balance	240,386,209	1,968,735	68,949	-	242,423,893

As of 31 December 2021	Stage One	Stage Two	Stage Three	Purchased originated credit-impaired (POCI)	Total
	JD	JD	JD	JD	JD
Balance as at 1 January 2021	142,516,324	20,806	69,091	-	142,606,221
Add: new balances during the year	187,320,800	-	-	-	187,320,800
Settled balances	(17,307,977)	(3,222)	(71)	-	(17,311,270)
Net balance	312,529,147	17,584	69,020	-	312,615,751

The movement of expected credit loss provision for balances at banks and financial institutions

As of 31 December 2022	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2022	-	-	69,020	69,020
Add: new balances during the year	-	-	-	-
Settled balances	(2,691)	(23,964)	(71)	(26,726)
Net balance	(2,691)	(23,964)	68,949	42,294

As of 31 December 2021	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2021	-	-	68,956	68,956
Add: new balances during the year	-	-	64	64
Net balance	-	-	69,020	69,020

Disclosure of movement on balances with banks and financial institutions is as follows, according to the requirements of the presentation of the Central Bank of Jordan:

Movements of balances with banks and financial institutions

As of 31 December 2022	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2022	312,529,147	17,584	69,020	312,615,751
Add: new balances during the year	58,117,865	1,951,151	-	60,069,016
Settled balances	(169,622,904)	(22,327,188)	(71)	(191,950,163)
Additions due to acquisition (note 52)	17,101,408	22,295,286	-	39,396,694
Net balance	218,125,516	1,936,833	68,949	220,131,298

As of 31 December 2021	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2021	142,516,324	20,806	69,091	142,606,221
Add: new balances during the year	187,320,800	-	-	187,320,800
Settled balances	(17,307,977)	(3,222)	(71)	(17,311,270)
Net balance	312,529,147	17,584	69,020	312,615,751

Movements of provision for expected credit losses during the year

As of 31 December 2022	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2022	-	-	69,020	69,020
Add: new balances during the year	-	-	-	-
Settled balances	(2,691)	(23,964)	(71)	(26,726)
Additions due to acquisition	2,691	31,902	-	34,593
Net balance	-	7,938	68,949	76,887

As of 31 December 2021	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2021	-	-	68,956	68,956
Add: new balances during the year	-	-	64	64
Settled balances	(13)	-	-	(13)
Additions due to acquisition	13	-	-	13
Net balance	-	-	69,020	69,020

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

The details of this disclosure as as follows:

	2022	2021
	JD	JD
<u>Publicly listed financial assets</u>		
Treasury bonds	-	118,364,706
Bonds, Corporate debt securities	8,188,426	6,612,408
Other government bonds	33,671,964	34,725,690
Quoted shares*	11,676,054	8,408,284
Total	53,536,444	168,111,088
<u>Unlisted financial assets</u>		
Treasury bonds	3,297,193	4,051,655
Governmental debt securities and its guarantee's	-	7,065,800
Unquoted shares*	39,833,351	16,128,683
Investment Funds	17,162,791	163,070
Total	60,293,335	27,409,208
Less: Expected credit loss	(103)	(19,458)
Total Financial Assets at Fair Value through Other Comprehensive Income	113,829,676	195,500,838
Analysis of bonds and bills:		
Fixed Rate	45,157,480	170,800,801
Total	45,157,480	170,800,801

* The non-traded shares include an amount to JD 20,963,078 , which represents the group's shareholding percentage of 19.6% of the capital of the Professional Real Estate Investment Company, amounting to 106 million Jordanian dinars, in partnership with a number of Jordanian banks and with the approval of the Central Bank of Jordan and under the supervision of the Association of Banks to establish the Professional Real Estate Investment Company, as the main purpose of establishing the company is to manage the assets seized for banks in Jordan. This investment has been classified at fair value through other comprehensive income, as the group has no influence on the company according to the requirements of International Accounting Standard No. 28.

- The cash dividends have amounted to JD 361,212 and reflect the shares that the bank owns in other companies during the year ended 31 December 2022 against JD 337,276 during the year ended 31 December 2021.

- Realized losses resulted from sales of financial assets at fair value through other comprehensive Income (Debt instruments) amounted to JD 1,920,738 during the year ended December 2022 against realized gains worth JD 21,019 during the year ended 31 December 2021, and that has been transferred to the retained earnings through the consolidated income statement.

- Realized losses resulted from sales of financial assets at fair value through other comprehensive Income (equity instruments) amounted to JD 690,688 during the year ended December 2022 against realized losses worth JD 517,889 during the year ended 31 December 2021, and that has been transferred to the retained earnings through the consolidated equity statement.

- Expected credit losses on bonds and treasury bills guaranteed by the Jordanian government are not calculated as per the requirement of the Central Bank of Jordan in accordance with IFRS 9.

Financial Assets at Fair Value through other comprehensive income

Distribution of gross financial Assets at Fair Value through Other Comprehensive Income - debt instruments by categories of the Bank's internal credit rating

As of 31 December 2022	Stage one	Stage two	Stage three	Total
	JD	JD	JD	JD
Low risk / performing	3,297,193	-	-	3,297,193
Acceptable risk / performing	41,860,390	-	-	41,860,390
Total	45,157,583	-	-	45,157,583

As of 31 December 2021	Stage one	Stage two	Stage three	Total
	JD	JD	JD	JD
Low risk / performing	147,197,518	-	-	147,197,518
Acceptable risk / performing	23,622,741	-	-	23,622,741
Total	170,820,259	-	-	170,820,259

Movements of gross debt instruments at fair value through other comprehensive income:

As of 31 December 2022	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2022	170,820,259	-	-	170,820,259
Add: new balances during the year	7,023,974	-	-	7,023,974
Settled balances	(132,686,650)	-	-	(132,686,650)
Net balance	45,157,583	-	-	45,157,583

As of 31 December 2021	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2021	69,322,025	-	-	69,322,025
Add: new balances during the year	119,557,953	-	-	119,557,953
Settled balances	(25,328,519)	-	-	(25,328,519)
Additions due to acquisition	7,268,800	-	-	7,268,800
Net balance	170,820,259	-	-	170,820,259

Movements of provision on debt instruments at fair value through comprehensive income:

As of 31 December 2022	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2022	19,458	-	-	19,458
Add: new balances during the year	103	-	-	103
Settled balances	(19,458)	-	-	(19,458)
Net balance	103	-	-	103

As of 31 December 2021	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance at 1 January 2021	24,931	-	-	24,931
Impairment loss on new investments during the year	19,458	-	-	19,458
Settled balances	(24,931)	-	-	(24,931)
Net balance	19,458	-	-	19,458

(8) Loans valued at fair value through the income statement

	2022	2021
	JD	JD
Beginning Balance	82,883,298	112,529,504
Settled Balances	(13,293,750)	(26,587,500)
Change in fair value during the year	-	(3,058,706)
Reclassified to amortized cost	(69,589,548)	-
Total	-	82,883,298

- The Group granted a loan of \$ 150,000,000, equivalent to JDs 106,350,000, with a fixed interest of 5.7% over a five-year repayment year and a one-year grace year. The loan's balance amounted \$ 116,901,690 equivalent to JD 82,883,298 on 31 December 2021. The Group has decided to hedge the risk of changes in interest rates in the markets by entering into forward interest contracts with a correspondent bank on similar contractual terms. As a result of this hedging, the bank rated the loan at fair value through the income statement in line with the classification and measurement of the corresponding hedging instrument.

During the month of June 2022, the bank canceled the deferred interest contract against the above loan, and accordingly, the loan was reclassified to the amortized cost portfolio.

(9) Direct Credit Facilities - Amortized cost

	2022	2021
	JD	JD
Retail customers		
Overdrafts	25,490,362	12,700,164
Loans and bills *	742,104,404	527,671,246
Credit cards	43,290,482	14,320,677
Real estate Mortgages	314,843,539	209,579,908
Corporate Lending		
Overdrafts	256,682,710	115,830,740
Loans and bills *	1,507,288,964	949,933,362
Small and medium enterprises "SMEs" facilities		
Overdrafts	74,835,339	21,847,513
Loans and bills *	300,162,608	216,149,725
Government and public sector lending	248,089,757	119,021,813
Total	3,512,788,165	2,187,055,148
Less: Suspended interest	53,111,461	35,353,857
Less: provisions to impairment in direct credit facilities and ECL	195,096,799	120,553,953
Net direct credit facilities	3,264,579,905	2,031,147,338

- * Net of interest and commissions received in advance amounted to JD 78,249,231 as at 31 December 2022 against JD 1,436,856 as at 31 December 2021.
- Non-performing credit facilities amounted to JD 219,358,581 as at 31 December 2022 against JD 146,875,815 as at 31 December 2021 which represents 6.24% of total direct credit facilities as at 31 December 2022 against 6.72 % as at 31 December 2021.
 - Non-performing credit facilities, net of suspended interest, amounted to JD 166,247,119 as at 31 December 2022 against JD 114,004,616 as at December 2021 which represents 4.81 % as at 31 December 2022 against 5.30 % as at December 2021 of total direct credit facilities after excluding the suspended interest.
 - Credit facilities granted to and guaranteed by the government as at 31 December 2022 amounted by 132,131,432 against JD 48,718,754 as at 31 December 2021 .
 - There were no expected credit loss provision calculated on direct credit facilities granted to the Jordanian government or guaranteed by the Jordanian government in accordance with the CBJ implementation requirements of IFRS 9.

Direct credit facilities - Corporate

The movement of direct credit facilities - Corporate - during the Year According to IFRS 9

As of 31 December 2022	Stage one	Stage two	Stage three	Purchased originated credit-impaired (POCI)	Total
	JD	JD	JD	JD	JD
Beginning balance	885,487,415	80,596,199	60,858,429	10,970,960	1,037,913,003
New balances during the year / Additions	632,818,958	49,526,896	26,697,256	-	709,043,110
Settled balances	(320,127,117)	(58,370,560)	(18,960,172)	(4,328,060)	(401,785,909)
Transfer to stage one during the year	45,692,365	(45,541,654)	(150,711)	-	-
Transfer to stage two during the year	(76,204,747)	77,843,686	(1,638,939)	-	-
Transfer to stage stage three during the year	(2,758,724)	(11,451,104)	14,209,828	-	-
Additions due to acquisition(note 52-b)	342,099,393	-	-	7,464,097	349,563,490
Written off balances	-	-	(16,846,050)	-	(16,846,050)
Net balance	1,507,007,543	92,603,463	64,169,641	14,106,997	1,677,887,644

As of 31 December 2021	Stage one	Stage two	Stage three	Purchased originated credit-impaired (POCI)	Total
	JD	JD	JD	JD	JD
Beginning balance	646,363,625	87,603,355	54,523,454	-	788,490,434
New balances during the year / Additions	309,350,693	43,710,702	6,004,802	-	359,066,197
Settled balances	(193,181,353)	(41,056,052)	(10,145,025)	-	(244,382,430)
Transfer to stage one during the year	12,379,037	(12,374,037)	(5,000)	-	-
Transfer to stage two during the year	(14,862,620)	14,862,634	(14)	-	-
Transfer to stage stage three during the year	(241,267)	(11,858,889)	12,100,156	-	-
Additions due to acquisition(note 52-a)	125,679,300	-	-	10,970,960	136,650,260
Written off balances	-	(291,514)	(1,619,944)	-	(1,911,458)
Net balance	885,487,415	80,596,199	60,858,429	10,970,960	1,037,913,003

The movement of expected credit loss provision on direct facilities according to IFRS 9 and relating acquisition

As of 31 December 2022	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Beginning balance	6,660,091	3,264,871	46,604,997	56,529,959
Impairment loss of direct credit facilities during the year	18,295,906	6,271,359	21,628,022	46,195,287
Recoveries	(5,162,587)	(9,812,453)	(28,828,961)	(43,804,001)
Transfer to stage one during the year	559,231	(559,121)	(110)	-
Transfer to stage two during the year	(7,530,629)	7,530,629	-	-
Transfer to stage stage three during the year	(370,345)	(598)	370,943	-
Written off balances	-	-	(7,224,401)	(7,224,401)
Net balance	12,451,667	6,694,687	32,550,490	51,696,844

As of 31 December 2021	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Beginning balance	4,047,394	5,665,749	30,848,582	40,561,725
Impairment loss of direct credit facilities during the year	6,555,819	2,643,865	22,701,809	31,901,493
Recoveries	(3,948,980)	(4,746,291)	(5,922,904)	(14,618,175)
Transfer to stage one during the year	191,449	(191,449)	-	-
Transfer to stage two during the year	(185,591)	185,591	-	-
Transfer to stage stage three during the year	-	(1,080)	1,080	-
Written off balances	-	(291,514)	(1,023,570)	(1,315,084)
Net balance	6,660,091	3,264,871	46,604,997	56,529,959

Direct credit facilities at amortized cost - Corporate

Distribution of direct credit facilities for Corporate segment by the Bank's internal credit rating segmentation

As of 31 December 2022	Stage one	Stage two	Stage three	Total
	JD	JD	JD	JD
Low risk / performing	260,724,601	5,940,528	-	266,665,129
Acceptable risk / performing	1,160,282,599	198,595,943	27,077,193	1,385,955,735
Non- Performing				
Substandard	-	-	-	-
Doubtful	-	-	498,289	498,289
Loss	-	-	110,852,521	110,852,521
Total	1,421,007,200	204,536,471	138,428,003	1,763,971,674

As of 31 December 2021	Stage one	Stage two	Stage three	Total
	JD	JD	JD	JD
Low risk / performing	189,557,120	1,355,456	-	190,912,576
Acceptable risk / performing	659,689,466	118,653,133	13,814,013	792,156,612
Non- Performing				
Substandard	-	-	989,199	989,199
Doubtful	-	-	3,770,736	3,770,736
Loss	-	-	77,934,979	77,934,979
Total	849,246,586	120,008,589	96,508,927	1,065,764,102

Movement of Direct credit facilities at amortized cost for Corporate segment according to the presentation requirements of CBJ:

As of 31 December 2022	Stage one	Stage two	Stage three	Total
	JD	JD	JD	JD
Beginning balance	849,246,586	120,008,589	96,508,927	1,065,764,102
New balances during the year / Additions	632,818,958	49,526,896	26,697,256	709,043,110
Settled balances	(286,462,235)	(85,636,465)	(18,960,172)	(391,058,872)
Transfer to stage one during the year	45,692,365	(45,541,654)	(150,711)	-
Transfer to stage two during the year	(76,204,747)	77,843,686	(1,638,939)	-
Transfer to stage stage three during the year	(2,758,724)	(11,451,104)	14,209,828	-
Additions due to acquisition(note 52-b)	258,674,997	99,786,523	38,607,864	397,069,384
Written off balances	-	-	(16,846,050)	(16,846,050)
Net balance	1,421,007,200	204,536,471	138,428,003	1,763,971,674
As of 31 December 2021	Stage one	Stage two	Stage three	Total
	JD	JD	JD	JD
Beginning balance	646,363,625	87,603,355	54,523,454	788,490,434
new balances during the year / Additions	309,350,693	43,710,702	6,004,802	359,066,197
Settled balances	(193,181,353)	(41,056,052)	(10,145,025)	(244,382,430)
Transfer to stage one during the year	12,379,037	(12,374,037)	(5,000)	-
Transfer to stage two during the year	(14,862,620)	14,862,634	(14)	-
Transfer to stage stage three during the year	(241,267)	(11,858,889)	12,100,156	-
Additions due to acquisition(note 52-a)	89,438,471	39,412,390	35,650,498	164,501,359
Written off balances	-	(291,514)	(1,619,944)	(1,911,458)
Net balance	849,246,586	120,008,589	96,508,927	1,065,764,102

* The new additions to the third stage represent the outstanding interest recorded during the year.

Movement of provision for impairment losses for direct credit facilities for Corporate segment according to the presentation requirements of CBJ :

As of 31 December 2022	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Beginning balance	8,334,607	4,761,916	64,215,626	77,312,149
Impairment loss of direct credit facilities during the year	18,295,906	6,271,359	21,628,022	46,195,287
Recoveries	(5,162,587)	(9,812,453)	(28,828,961)	(43,804,001)
Transfer to stage one during the year	559,231	(559,121)	(110)	-
Transfer to stage two during the year	(7,530,629)	7,530,629	-	-
Transfer to stage stage three during the year	370,345.0-	(598)	370,943	-
Additions due to acquisition(note 52-b)	4,973,137	11,388,990	23,503,260	39,865,387.0
Written off balances	-	0	(7,224,401)	(7,224,401)
Net balance	19,099,320	19,580,722	73,664,379	112,344,421

As of 31 December 2021	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Beginning balance	4,047,394	5,665,749	30,848,582	40,561,725
Impairment loss of direct credit facilities during the year	6,555,819	2,643,865	22,701,809	31,901,493
Recoveries	(3,948,980)	(4,746,291)	(5,922,904)	(14,618,175)
Transfer to stage one during the year	191,449	(191,449)	-	-
Transfer to stage two during the year	(185,591)	185,591	-	-
Transfer to stage stage three during the year	0	1,080.0-	1,080	-
Changes due to Acquisition (note 52-a)	1,674,516	1,497,045	17,610,629	20,782,190
Written off balances	-	(291,514)	(1,023,570)	(1,315,084)
Net balance	8,334,607	4,761,916	64,215,626	77,312,149

direct credit facilities - SMES

The movement of direct credit facilities - SMES - during the Year According to IFRS 9 and relating to acquisition

As of 31 December 2022	Stage one	Stage two	Stage three	Purchased originated credit-impaired (POCI)	Total
	JD	JD	JD	JD	JD
Beginning balance	164,026,612	34,673,479	33,914,071	1,947,628	234,561,790
New balances during the year / Additions	114,250,253	15,786,538	17,772,954	-	147,809,745
Settled balances	(80,283,461)	(15,516,292)	(10,065,297)	(478,710)	(106,343,761)
Transfer to stage one during the year	3,114,627	(2,279,599)	(835,028)	-	-
Transfer to stage two during the year	(8,250,717)	8,583,170	(332,453)	-	-
Transfer to stage stage three during the year	(1,007,303)	(5,132,992)	6,140,295	-	-
Additions due to acquisition(note 52-b)	86,436,397	-	-	5,855,942	92,292,339
Written off balances	-	-	(11,548,426)	-	(11,548,426)
Net balance	278,286,408	36,114,304	35,046,116	7,324,860	356,771,687

As of 31 December 2021

Beginning balance	114,462,987	51,455,396	22,449,982	-	188,368,365
New balances during the year / Additions	71,217,547	5,711,239	13,379,996	-	90,308,782
Settled balances	(28,863,730)	(20,743,780)	(4,329,164)	-	(53,936,674)
Transfer to stage one during the year	2,015,464	(2,015,429)	(35)	-	-
Transfer to stage two during the year	(5,812,115)	6,377,769	(565,654)	-	-
Transfer to stage stage three during the year	(802,573)	(6,111,716)	6,914,289	-	-
Additions due to acquisition(note 52-A)	11,809,032	-	-	1,947,628	13,756,660
Written off balances	-	-	(3,935,343)	-	(3,935,343)
Net balance	164,026,612	34,673,479	33,914,071	1,947,628	234,561,790

The movement of expected credit loss provision on direct credit facilities according to IFRS 9 and relating to the acquisition

As of 31 December 2022	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Beginning balance	767,638	1,684,518	13,945,444	16,397,601
Impairment loss of direct credit facilities during the year	6,510,594	1,386,097	13,402,396	21,299,087
Recoveries	(529,321)	(1,183,073)	(3,924,074)	(5,636,468)
Transfer to stage one during the year	19,015	(17,633)	(1,382)	-
Transfer to stage two during the year	(461,314)	468,386	(7,072)	-
Transfer to stage stage three during the year	(806)	(4,583)	5,389	-
Written off balances	-	-	(2,979,976)	(2,979,976)
Net balance	6,305,806	2,333,712	20,440,725	29,080,244

As of 31 December 2021

Beginning balance	783,862	2,417,762	8,979,574	12,181,199
Impairment loss of direct credit facilities during the year	671,188	850,470	8,589,434	10,111,092
Recoveries	(695,140)	(1,604,082)	(1,496,468)	(3,795,690)
Transfer to stage one during the year	67,960	(67,960)	-	-
Transfer to stage two during the year	(60,232)	88,328	(28,096)	-
Written off balances	-	-	(2,099,000)	(2,099,000)
Net balance	767,638	1,684,518	13,945,444	16,397,601

Direct credit facilities at amortized cost - Small and Medium Enterprises

Distribution of direct credit facilities for Small and Medium segments by the Bank's internal credit rating segmentation

As of 31 December 2022	Stage one	Stage two	Stage three	Total
	JD	JD	JD	JD
Low risk / performing	46,393,045	19,980	-	46,413,025
Acceptable risk / performing	221,297,101	51,524,602	7,287,445	280,109,148
Non- Performing				
Substandard	-	-	1,032,244	1,032,244
Doubtful	-	-	3,720,866	3,720,866
Loss	-	-	43,722,664	43,722,664
Total	267,690,146	51,544,582	55,763,219	374,997,947

As of 31 December 2021	Stage one	Stage two	Stage three	Total
	JD	JD	JD	JD
Low risk / performing	34,609,539	537,866	-	35,147,405
Acceptable risk / performing	125,078,360	38,730,853	10,671,000	174,480,213
Non- Performing				
Substandard	-	-	1,697,619	1,697,619
Doubtful	-	-	5,654,199	5,654,199
Loss	-	-	21,017,802	21,017,802
Total	159,687,899	39,268,719	39,040,620	237,997,238

Movement of Direct credit facilities at amortized cost for Small and Medium segments according to the presentiaon rewuirmnts of CBJ:

As of 31 December 2022	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Beginning balance	159,687,899	39,268,719	39,040,620	237,997,238
New balances during the year / Additions	114,250,253	15,786,538	17,772,954	147,809,745
Settled balances	(74,958,939)	(18,989,312)	(10,065,297)	(104,013,548)
Transfer to stage one during the year	3,114,627	(2,279,599)	(835,028)	-
Transfer to stage two during the year	(8,250,717)	8,583,170	(332,453)	-
Transfer to stage stage three during the year	(1,007,303)	(5,132,992)	6,140,295	-
Additions due to acquisition(note 52-b)	74,854,326	14,308,058	15,590,554	104,752,938
Written off balances	-	-	(11,548,426)	(11,548,426)
Net balance	267,690,146	51,544,582	55,763,219	374,997,947

As of 31 December 2021	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Beginning balance	114,462,987	51,455,396	22,449,982	188,368,365
New balances during the year / Additions	71,217,547	5,711,239	13,379,996	90,308,782
Settled balances	(28,863,730)	(20,743,780)	(4,329,164)	(53,936,674)
Transfer to stage one during the year	2,015,464	(2,015,429)	(35)	-
Transfer to stage two during the year	(5,812,115)	6,377,769	(565,654)	-
Transfer to stage stage three during the year	(802,573)	(6,111,716)	6,914,289	-
Additions due to acquisition(note 52-a)	7,470,319	4,595,240	5,126,549	17,192,108
Written off balances	-	-	(3,935,343)	(3,935,343)
Net balance	159,687,899	39,268,719	39,040,620	237,997,238

* The new additions to the third stage represent the outstanding interest recorded during the year.

Movement of provision for impairment losses for direct credit facilities for Small and Medium segments according to the presentation requirements of CBJ:

As of 31 December 2022

	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Beginning balance	971,058	1,737,625	15,797,430	18,506,114
Impairment loss of direct credit facilities during the year	6,510,594	1,386,097	13,402,396	21,299,087
Recoveries	(529,321)	(1,183,073)	(3,924,074)	(5,636,468)
Transfer to stage one during the year	19,015	(17,633)	(1,382)	-
Transfer to stage two during the year	(461,314)	468,386	(7,072)	-
Transfer to stage stage three during the year	(806)	(4,583)	5,389	-
Additions due to acquisition(note 52-b)	2,576,566	149,421	4,822,906	7,548,893
Written off balances	-	-	(2,979,976)	(2,979,976)
Net balance	9,085,792	2,536,240	27,115,617	38,737,650

As of 31 December 2021

	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2021	783,862	2,417,762	8,979,574	12,181,199
Impairment loss of direct credit facilities during the year	671,188	850,470	8,589,434	10,111,092
Recoveries	(695,140)	(1,604,082)	(1,496,468)	(3,795,690)
Transfer to stage one during the year	67,960	(67,960)	-	-
Transfer to stage two during the year	(60,232)	88,328	(28,096)	-
Additions due to acquisition(note 52-a)	203,420	53,107	1,851,986	2,108,513
Written off balances	-	-	(2,099,000)	(2,099,000)
Net balance	971,058	1,737,625	15,797,430	18,506,114

Direct credit facilities - Retail

The movement of direct credit facilities - Retail during the Year According to IFRS 9

Direct credit facilities at amortized cost - Retail

As of 31 December 2022	Stage one	Stage two	Stage three	Purchased originated credit-impaired (POCI)	Total
	JD	JD	JD	JD	JD
Beginning balance	531,728,107	350,501	5,581,024	4,131,227	541,790,859
New balances during the year / Additions	346,774,200	14,681,890	16,777,365	5,987,335	384,220,790
Settled balances	(169,634,082)	(21,598,963)	(9,108,821)	-	(200,341,867)
Transfer to stage one during the year	4,202,102	(3,368,984)	(833,118)	-	-
Transfer to stage two during the year	(16,338,887)	16,794,568	(455,681)	-	-
Transfer to stage stage three during the year	(6,380,928)	(3,760,930)	10,141,858	-	-
Additions due to acquisition(note 52-b)	60,759,989	-	-	1,700,279	62,460,268
Written off balances	-	-	(12,276,226)	-	(12,276,226)
Net balance	751,110,501	3,098,082	9,826,401	11,818,841	775,853,824

As of 31 December 2021					
Beginning balance	172,292,920	9,046,652	10,388,041	-	191,727,613
New balances during the year / Additions	347,563,172	3,396,113	774,347	-	351,733,632
Settled balances	(45,593,604)	(5,588,325)	(844,377)	-	(52,026,306)
Transfer to stage one during the year	11,132,773	(10,293,059)	(839,714)	-	-
Transfer to stage two during the year	(6,857,096)	7,006,454	(149,358)	-	-
Transfer to stage stage three during the year	(1,565,276)	(3,217,334)	4,782,610	-	-
Additions due to acquisition(note 52-a)	54,755,218	-	-	4,131,227	58,886,445
Written off balances	-	-	(8,530,525)	-	(8,530,525)
Net balance	531,728,107	350,501	5,581,024	4,131,227	541,790,859

The movement of the provision for impairment losses of direct credit facilities according Stages during the year According to IFRS 9

As of 31 December 2022	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Beginning balance	1,384,562	(1,018,667)	4,435,658	4,801,553
Impairment loss of direct credit facilities during the year	4,483,464	507,088	15,152,730	20,143,282
Recoveries	(1,080,148)	(493,444)	(5,250,447)	(6,824,039)
Transfer to stage one during the year	158,261	(12,393)	(145,868)	-
Transfer to stage two during the year	(294,530)	317,931	(23,401)	-
Written off balances	-	-	(4,977,348)	(4,977,348)
Net balance	4,651,609	(699,485)	9,191,324	13,143,448

As of 31 December 2021				
Beginning balance	739,139	366,322	5,736,529	6,841,990
Impairment loss of direct credit facilities during the year	1,358,432	51,177	6,876,732	8,286,341
Recoveries	(680,951)	(1,489,195)	(2,258,313)	(4,428,459)
Transfer to stage one during the year	30,672	(30,672)	-	-
Transfer to stage two during the year	(62,730)	83,701	(20,971)	-
Written off balances	-	-	(5,898,319)	(5,898,319)
Net balance	1,384,562	(1,018,667)	4,435,658	4,801,553

Direct credit facilities at Amortized cost - Retail

Distribution of direct credit facilities for Retail segment by the Bank's internal credit rating segmentation

As of 31 December 2022	Stage one	Stage two	Stage three	Total
	JD	JD	JD	JD
Low risk / performing	288,167,599	2,970,870	-	291,138,469
Acceptable risk / performing	445,881,627	30,965,505	8,075,533	484,922,665
Non- Performing				
Substandard	-	-	2,095,008	2,095,008
Doubtful	-	-	4,607,069	4,607,069
Loss	-	-	28,122,037	28,122,037
Total	734,049,226	33,936,375	42,899,647	810,885,248

As of 31 December 2021	Stage one	Stage two	Stage three	Total
	JD	JD	JD	JD
Low risk / performing	278,169,579	2,096,265	28,009	280,293,853
Acceptable risk / performing	242,081,762	11,698,280	2,514,171	256,294,213
Non- Performing				
Substandard	-	-	2,576,270	2,576,270
Doubtful	-	-	2,754,799	2,754,799
Loss	-	-	12,772,952	12,772,952
Total	520,251,341	13,794,545	20,646,201	554,692,087

Movement of Direct credit facilities at amortized cost for Retail segment according to the presentaiton rewuirments of CBI:

As of 31 December 2022	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Beginning balance	520,251,341	13,794,545	20,646,201	554,692,087
New balances during the year / Additions	346,774,200	14,681,890	16,777,365	378,233,455
Settled balances	(148,103,885)	(33,068,835)	(9,108,821)	(190,281,541)
Transfer to stage one during the year	4,202,102	(3,368,984)	(833,118)	-
Transfer to stage two during the year	(16,338,887)	16,794,568	(455,681)	-
Transfer to stage stage three during the year	(6,380,928)	(3,760,930)	10,141,858	-
Additions due to acquisition(note 52-b)	33,645,283	28,864,121	18,008,069	80,517,473
Written off balances	-	-	(12,276,226)	(12,276,226)
Net balance	734,049,226	33,936,375	42,899,647	810,885,248

As of 31 December 2021	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Beginning balance	172,292,920	9,046,652	10,388,041	191,727,613
New balances during the year / Additions	347,563,172	3,396,113	774,347	351,733,632
Settled balances	(45,593,604)	(5,588,325)	(844,377)	(52,026,306)
Transfer to stage one during the year	11,132,773	(10,293,059)	(839,714)	-
Transfer to stage two during the year	(6,857,096)	7,006,454	(149,358)	-
Transfer to stage stage three during the year	(1,565,276)	(3,217,334)	4,782,610	-
Additions due to acquisition(note 52-a)	43,278,452	13,444,044	15,065,177	71,787,673
Written off balances	-	-	(8,530,525)	(8,530,525)
Net balance	520,251,341	13,794,545	20,646,201	554,692,087

* The new additions to the third stage represent the outstanding interest recorded during the year.

Movement of provision for impairment losses for direct credit facilities for Retail segment according to the presentation requirements of CBJ:

As of 31 December 2022	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Beginning balance	2,085,572	247,601	13,430,308	15,763,481
Impairment loss of direct credit facilities during the year	4,483,464	507,088	15,152,730	20,143,282
Recoveries	(1,080,148)	(493,444)	(5,250,447)	(6,824,039)
Transfer to the first stage	158,261	(12,393)	(145,868)	-
Transfer to second stage	(294,530)	317,931	(23,401)	-
Additions due to acquisition(note 52-b)	1,454,214	295,201	6,907,521	8,656,936
Written off balances	-	-	(4,977,348)	(4,977,348)
Net balance	6,806,833	861,984	25,093,495	32,762,312

As of 31 December 2021	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Beginning balance	739,139	366,322	5,736,529	6,841,990
Impairment loss of direct credit facilities during the year	1,358,432	51,177	6,876,732	8,286,341
Recoveries	(680,951)	(1,489,195)	(2,258,313)	(4,428,459)
Transfer to the first stage	30,672	(30,672)	-	-
Transfer to second stage	(62,730)	83,701	(20,971)	-
Additions due to acquisition(note 52-a)	701,010	1,266,268	8,994,650	10,961,928.0
Written off balances	-	-	(5,898,319)	(5,898,319)
Net balance	2,085,572	247,601	13,430,308	15,763,481

Direct credit facilities - Real Estate

The movement of direct credit facilities - Real Estate during the Year According to IFRS 9 and relating to the acquisition

As of 31 December 2022	Stage one	Stage two	Stage three	Purchased originated credit-impaired (POCI)	Total
	JD	JD	JD	JD	JD
Beginning balance	160,521,152	20,641,019	12,114,265	4,058,240	197,334,676
New balances during the year / Additions	81,456,318	5,471,917	1,490,794	-	88,419,029
Settled balances	(85,611,732)	(55,317,664)	(13,112,122)	(1,557,126)	(155,598,644)
Transfer to stage one during the year	6,159,199	(4,109,284)	(2,049,915)	-	-
Transfer to stage two during the year	(6,150,364)	6,813,073	(662,709)	-	-
Transfer to stage stage three during the year	(725,574)	(5,512,846)	6,238,420	-	-
Additions due to acquisition(note 52-b)	143,837,881	-	-	13,428,666	157,266,547
Written off balances	-	-	(3,100,056)	-	(3,100,056)
Net balance	299,486,880	(32,013,785)	918,677	15,929,780	284,321,552
As of 31 December 2021					
Beginning balance	120,112,118	30,156,751	14,487,872	-	164,756,741
New balances during the year / Additions	27,791,547	1,170,702	1,239,713	-	30,201,962
Settled balances	(17,840,047)	(2,810,075)	(10,372,727)	-	(31,022,849)
Transfer to stage one during the year	11,265,197	(10,620,653)	(644,544)	-	-
Transfer to stage two during the year	(12,466,604)	12,566,274	(99,670)	-	-
Transfer to stage stage three during the year	(1,216,570)	(9,821,980)	11,038,550	-	-
Additions due to acquisition(note 52-a)	32,875,511	-	-	4,058,240	36,933,751
Written off balances	-	-	(3,534,929)	-	(3,534,929)
Net balance	160,521,152	20,641,019	12,114,265	4,058,240	197,334,676

The cumulative movement of the provision for impairment losses of direct credit facilities according Stages during the year According to IFRS 9

As of 31 December 2022	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Beginning balance	(447,898)	472,411	(1,359,542)	1,335,029-
Impairment loss of direct credit facilities during the year	4,483,464	507,088	15,152,730	20,143,282
Recoveries	(1,080,148)	(493,444)	(5,250,447)	(6,824,039)
Transfer to stage one during the year	158,261	(12,393)	(145,868)	-
Transfer to stage two during the year	(294,530)	317,931	(23,401)	-
Written off balances	-	-	(4,977,348)	(4,977,348)
Net balance	2,819,149	791,593	3,396,124	7,006,866
As of 31 December 2021				
Beginning balance	297,749	1,353,804	5,733,666	7,385,219
Impairment loss of direct credit facilities during the year	298,033	175,906	1,721,585	2,195,524
Recoveries	(805,437)	(1,295,542)	(7,041,545)	(9,142,524)
Transfer to stage one during the year	88,311	(88,311)	-	-
Transfer to stage two during the year	(326,554)	326,554	-	-
Written off balances	-	-	(1,773,248)	(1,773,248)
Net balance	(447,898)	472,411	(1,359,542)	(1,335,029)

Direct credit facilities at amortized cost - Real Estate

Distribution of direct credit facilities for Real Estate facilities by the Bank's internal credit rating segmentation

As of 31 December 2022	Stage one	Stage two	Stage three	Total
	JD	JD	JD	JD
Low risk / performing	33,094,137	1,319,792	-	34,413,929
Acceptable risk / performing	215,766,726	28,087,230	11,867,771	255,721,727
Non- Performing				
Substandard	-	-	762,857	762,857
Doubtful	-	-	2,739,827	2,739,827
Loss	-	-	21,205,199	21,205,199
Total	248,860,863	29,407,022	36,575,654	314,843,539

As of 31 December 2021	Stage one	Stage two	Stage three	Total
	JD	JD	JD	JD
Low risk / performing	32,829,345	2,477,707	-	35,307,052
Acceptable risk / performing	120,158,161	27,340,663	9,066,774	156,565,598
Non- Performing				
Substandard	-	-	367,109	367,109
Doubtful	-	-	2,000,979	2,000,979
Loss	-	-	15,339,170	15,339,170
Total	152,987,506	29,818,370	26,774,032	209,579,908

The movement of expected credit loss provision on direct credit facilities according to IFRS 9 and relating to the acquisition

As of 31 December 2022	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Beginning balance	152,987,506	29,818,370	26,774,032	209,579,908
New balances during the year / Additions	82,722,497	5,074,118	9,717,609	97,514,224
Settled balances	(72,181,507)	(61,349,524)	(13,132,187)	(146,663,218)
Transfer to stage one during the year	6,159,199	(4,109,284)	(2,049,915)	-
Transfer to stage two during the year	(6,150,364)	6,813,073	(662,709)	-
Transfer to stage stage three during the year	(725,574)	(5,512,846)	6,238,420	-
Additions due to acquisition(note 52-b)	86,049,106	58,673,115	12,770,395	157,492,616
Written off balances	-	-	(3,079,991)	(3,079,991)
Net balance	248,860,863	29,407,022	36,575,654	314,843,539

As of 31 December 2021	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Beginning balance	120,112,118	30,156,751	14,487,872	164,756,741
New balances during the year / Additions	27,791,547	1,170,702	1,239,713	30,201,962
Settled balances	(17,840,047)	(2,810,075)	(10,372,727)	(31,022,849)
Transfer to stage one during the year	11,265,197	(10,620,653)	(644,544)	-
Transfer to stage two during the year	(12,466,604)	12,566,274	(99,670)	-
Transfer to stage stage three during the year	(1,216,570)	(9,821,980)	11,038,550	-
Additions due to acquisition(note 52-a)	25,341,865	9,177,351	14,659,767	49,178,983
Written off balances	-	-	(3,534,929)	(3,534,929)
Net balance	152,987,506	29,818,370	26,774,032	209,579,908

* The new additions to the third stage represent the outstanding interest recorded during the year.

Movement of provision for impairment losses for direct credit facilities for Small and Medium segments according to the presentation requirements of CBJ:

As of 31 December 2022	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Beginning balance	325,800	1,342,418	7,303,991	8,972,209
Impairment loss of direct credit facilities during the year	666,148	410,512	5,163,553	6,240,213
Recoveries	(1,566,638)	(1,245,582)	(5,272,073)	(8,084,293)
Transfer to the first stage	5,828	(5,828)	-	-
Transfer to second stage	(86,080)	86,080	-	-
Additions due to acquisition(note 52-b)	1,480,491	507,860	3,182,562	5,170,913
Written off balances	-	-	(1,046,626)	(1,046,626)
Net balance	825,549	1,095,460	9,331,407	11,252,416

As of 31 December 2021	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Beginning balance	297,749	1,353,804	5,733,666	7,385,219
Impairment loss of direct credit facilities during the year	298,033	175,906	1,721,585	2,195,524
Recoveries	(805,437)	(1,295,542)	(7,041,545)	(9,142,524)
Transfer to the first stage	88,311	(88,311)	-	-
Transfer to second stage	(326,554)	326,554	-	-
Additions due to acquisition(note 52-a)	773,698.0	870,007	8,663,533	10,307,238
Written off balances	-	-	(1,773,248)	(1,773,248)
Net balance	325,800	1,342,418	7,303,991	8,972,209

Direct credit facilities at amortized cost - Government and Public Sector

Distribution of direct credit facilities for Governmental & Public sectors by the Bank's internal credit rating segmentation

As of 31 December 2022	Stage one	Stage two	Stage three	Total
	JD	JD	JD	JD
Low risk / performing	88,966,801	-	-	88,966,801
Acceptable risk / performing	159,122,956	-	-	159,122,956
Total	248,089,757	-	-	248,089,757

As of 31 December 2021	Stage one	Stage two	Stage three	Total
	JD	JD	JD	JD
Low risk / performing	31,000,000	-	-	31,000,000
Acceptable risk / performing	88,021,813	-	-	88,021,813
Total	119,021,813	-	-	119,021,813

Movement of Direct credit facilities at amortized cost for Governmental & Public sectors according to the presentation requirements of CBJ:

As of 31 December 2022	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Beginning balance	119,021,813	-	-	119,021,813
New balances during the year / Additions	86,501,068	-	-	86,501,068
Settled balances	(15,016,755)	-	-	(15,016,755)
Additions due to acquisition(note 52-b)	57,583,631	-	-	57,583,631.0
Net balance	248,089,757	-	-	248,089,757

As of 31 December 2021	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Beginning balance	60,023,731	-	-	60,023,731
New balances during the year / Additions	62,354,268	-	-	62,354,268
Settled balances	(3,356,186)	-	-	(3,356,186)
Net balance	119,021,813	-	-	119,021,813

* The new additions to the third stage represent the outstanding interest recorded during the year.

Movement of provision for impairment losses for direct credit facilities for Governmental & Public sectors according to the presentation requirements of CBJ:

As of 31 December 2022	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Beginning balance	-	-	-	-
Impairment loss of direct credit facilities during the year	-	-	-	-
Recoveries	(366,927)	-	-	(366,927)
Additions due to acquisition(note 52-b)	366,927	-	-	366,927
Net balance	-	-	-	-

As of 31 December 2021	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Beginning balance	-	-	-	-
Impairment loss of direct credit facilities during the year	-	-	-	-
Recoveries	-	-	-	-
Net balance	-	-	-	-

Direct credit facilities - Cumulative

The cumulative movement of direct credit facilities during the year According to IFRS 9

Direct credit facilities at amortized cost - Cumulative

As of 31 December 2022	Stage one	Stage two	Stage three	Purchased originated credit-impaired (POCI)	Total
	JD	JD	JD	JD	JD
Beginning balance	1,741,763,286	136,261,198	112,467,789	21,108,055	2,011,600,328
New balances during the year / Additions	1,175,299,729	85,467,241	62,738,369	5,987,335	1,329,492,674
Settled balances	(655,656,393)	(150,803,480)	(51,246,412)	(6,363,896)	(864,070,181)
Transfer to stage one during the year	59,168,293	(55,299,521)	(3,868,772)	-	-
Transfer to stage two during the year	(106,944,715)	110,034,497	(3,089,782)	-	-
Transfer to stage stage three during the year	(10,872,529)	(25,857,872)	36,730,401	-	-
Additions due to acquisition(note 52-b)	633,133,660	-	-	28,448,984	661,582,644
Written off balances	-	-	(43,770,758)	-	(43,770,758)
Net balance	2,835,891,331	99,802,063	109,960,835	49,180,477	3,094,834,707
As of 31 December 2021					
Beginning balance	1,053,231,650	178,262,154	101,849,349	-	1,333,343,153
New balances during the year / Additions	755,922,959	53,988,756	21,398,858	-	831,310,573
Settled balances	(285,478,734)	(70,198,232)	(25,691,293)	-	(381,368,259)
Transfer to stage one during the year	36,792,471	(35,303,178)	(1,489,293)	-	-
Transfer to stage two during the year	(39,998,435)	40,813,131	(814,696)	-	-
Transfer to stage stage three during the year	(3,825,686)	(31,009,919)	34,835,605	-	-
Additions due to acquisition(note 52-b)	225,119,061	-	-	21,108,055	246,227,116
Written off balances	-	(291,514)	(17,620,741)	-	(17,912,255)
Net balance	1,741,763,286	136,261,198	112,467,789	21,108,055	2,011,600,328

The cumulative movement of the provision for impairment losses of direct credit facilities according Stages during the year According to IFRS 9

As of 31 December 2022	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Beginning balance	8,364,393	4,403,133	63,626,557	76,394,084
Impairment loss of direct credit facilities during the year	33,773,428	8,671,632	65,335,878	107,780,938
Recoveries	(7,852,204)	(11,982,414)	(43,253,929)	(63,088,547)
Transfer to stage one during the year	894,768	(601,540)	(293,228)	-
Transfer to stage two during the year	(8,581,003)	8,634,877	(53,874)	-
Transfer to stage stage three during the year	(371,151)	(5,181)	376,332	-
Written off balances	-	-	(20,159,073)	(20,159,073)
Net balance	26,228,231	9,120,507	65,578,663	100,927,402
As of 31 December 2021				
Beginning balance	5,868,144	9,803,637	51,298,351	66,970,133
Impairment loss of direct credit facilities during the year	8,883,472	3,721,418	39,889,560	52,494,450
Recoveries	(6,130,508)	(9,135,110)	(16,719,230)	(31,984,848)
Transfer to stage one during the year	378,392	(378,392)	-	-
Transfer to stage two during the year	(635,107)	684,174	(49,067)	-
Transfer to stage stage three during the year	-	(1,080)	1,080	-
Written off balances	-	(291,514)	(10,794,137)	(11,085,651)
Net balance	8,364,393	4,403,133	63,626,557	76,394,084

Direct credit facilities at amortized cost - Cumulative

Distribution of direct credit facilities by the Bank's internal credit rating segmentation

As of 31 December 2022	Stage one	Stage two	Stage three	Total
	JD	JD	JD	JD
Low risk / performing	717,346,183	10,251,170	-	727,597,353
Acceptable risk / performing	2,202,351,009	309,173,280	54,307,942	2,565,832,231
Non- Performing				
Substandard	-	-	3,890,109	3,890,109
Doubtful	-	-	11,566,051	11,566,051
Loss	-	-	203,902,421	203,902,421
Total	2,919,697,192	319,424,450	273,666,523	3,512,788,165

As of 31 December 2021	Stage one	Stage two	Stage three	Total
	JD	JD	JD	JD
Low risk / performing	566,165,583	6,467,294	28,009	572,660,886
Acceptable risk / performing	1,235,029,562	196,422,929	36,065,958	1,467,518,449
Non- Performing				
Substandard	-	-	5,630,197	5,630,197
Doubtful	-	-	14,180,713	14,180,713
Loss	-	-	127,064,903	127,064,903
Total	1,801,195,145	202,890,223	182,969,780	2,187,055,148

Movement of Direct credit facilities at amortized cost according to Cenral Bank's Regulations:

As of 31 December 2022	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Beginning balance	1,801,195,145	202,890,223	182,969,780	2,187,055,148
new balances during the year / Additions	1,263,066,976	85,069,442	70,965,184	1,419,101,602
Settled balances	(596,723,321)	(199,044,136)	(51,266,477)	(847,033,934)
Transfer to the stage one during the year	59,168,293	(55,299,521)	(3,868,772)	-
Transfer to the stage two during the year	(106,944,715)	110,034,497	(3,089,782)	-
Transfer to the stage three during the year	(10,872,529)	(25,857,872)	36,730,401	-
Additions due to acquisition(note 52-b)	510,807,343	201,631,817	84,976,882	797,416,042
Written off balances	-	-	(43,750,693)	(43,750,693)
Net balance	2,919,697,192	319,424,450	273,666,523	3,512,788,165

As of 31 December 2021	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Beginning balance	1,113,255,381	178,262,154	101,849,349	1,393,366,884
new balances during the year / Additions	818,277,227	53,988,756	21,398,858	893,664,841
Settled balances	(288,834,920)	(70,198,232)	(25,691,293)	(384,724,445)
Transfer to the stage one during the year	36,792,471	(35,303,178)	(1,489,293)	-
Transfer to the stage two during the year	(39,998,435)	40,813,131	(814,696)	-
Transfer to the stage three during the year	(3,825,686)	(31,009,919)	34,835,605	-
Additions due to acquisition(note 52-a)	165,529,107	66,629,025	70,501,991	302,660,123
Written off balances	-	(291,514)	(17,620,741)	(17,912,255)
Net balance	1,801,195,145	202,890,223	182,969,780	2,187,055,148

* New balances / additions during phase three represent suspended interest during the year

Movement of provision for impairment losses for direct credit facilities according to Cenral Bank's Regulations:

As of 31 December 2022	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Beginning balance	11,717,037	8,089,560	100,747,356	120,553,953
new balances during the year / Additions	29,956,112	8,575,056	55,346,701	93,877,869
Settled balances	(8,705,621)	(12,734,552)	(43,275,555)	(64,715,728)
Transfer to the stage one during the year	742,335	(594,975)	(147,360)	-
Transfer to the stage two during the year	(8,372,553)	8,403,026	(30,473)	-
Transfer to the stage three during the year	(371,151)	(5,181)	376,332	-
Additions due to acquisition(note 52-a)	10,851,335	12,341,472	38,416,249	61,609,056
Written off balances	-	-	(16,228,351)	(16,228,351)
Net balance	35,817,494	24,074,406	135,204,899	195,096,799

As of 31 December 2021	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Beginning balance	5,868,144	9,803,637	51,298,352	66,970,133
new balances during the year / Additions	8,883,472	3,721,418	39,889,560	52,494,450
Settled balances	(6,130,508)	(9,135,110)	(16,719,230)	(31,984,848)
Transfer to the stage one during the year	378,392	(378,392)	-	-
Transfer to the stage two during the year	(635,107)	684,174	(49,067)	-
Transfer to the stage three during the year	-	(1,080)	1,080	-
Additions due to acquisition(note 52-a)	3,352,644	3,686,427	37,120,798	44,159,869
Written off balances	-	(291,514)	(10,794,137)	(11,085,651)
Net balance	11,717,037	8,089,560	100,747,356	120,553,953

The cumulative movement of the provision for impairment losses of direct credit facilities according to sectors:

As of 31 December 2022	Retail	Real estate	Corporate	SMEs	Government and Public	Total
	JD	JD	JD	JD	JD	JD
Beginning balance	15,763,481	8,972,209	77,312,149	18,506,114	-	120,553,953
new balances during the year / Additions	20,143,282	6,240,213	46,195,287	21,299,087	-	93,877,869
Settled balances	(6,824,039)	(8,084,293)	(43,804,001)	(5,636,468)	(366,927)	(64,715,728)
Transfer to the stage one during the year	(136,269)	(80,252)	(7,341,743)	(443,105)	-	(8,001,369)
Transfer to the stage two during the year	305,538	80,252	6,970,910	446,170	-	7,802,870
Transfer to the stage three during the year	(169,269)	-	370,833	(3,065)	-	198,499
Additions due to acquisition(note 52-a)	8,656,936	5,170,913	39,865,387	7,548,893	366,927	61,609,056
Written off balances	(4,977,348)	(1,046,626)	(7,224,401)	(2,979,976)	-	(16,228,351)
Net balance	32,762,312	11,252,416	112,344,421	38,737,650	-	195,096,799

As of 31 December 2021	Retail	Real estate	Corporate	SMEs	Government and Public	Total
	JD	JD	JD	JD	JD	JD
Beginning balance	6,841,990	7,385,219	40,561,725	12,181,199	3,369	66,973,502
new balances during the year / Additions	8,286,341	2,195,524	31,901,493	10,111,092	-	52,494,450
Settled balances	(4,428,459)	(9,142,524)	(14,618,175)	(3,795,690)	(3,369)	(31,988,217)
Transfer to the stage one during the year	(32,058)	(238,243)	5,858	7,728	-	(256,715)
Transfer to the stage two during the year	53,029	238,243	(6,938)	20,368	-	304,702
Transfer to the stage three during the year	(20,971)	-	1,080	(28,096)	-	(47,987)
Additions due to acquisition(note 52-a)	10,961,928	10,307,238	20,782,190	2,108,513	-	44,159,869
Written off balances	(5,898,319)	(1,773,248)	(1,315,084)	(2,099,000)	-	(11,085,651)
Net balance	15,763,481	8,972,209	77,312,149	18,506,114	-	120,553,953

Interest in suspense

The movement of interest in suspense is as follow:

As of 31 December 2022	Retail	Real estate	Corporate	SMEs	Total
	JD	JD	JD	JD	JD
Balance as at 1 January 2022	2,912,998	3,835,260	22,614,644	5,990,955	35,353,857
Suspended interest during the year	2,406,642	1,490,794	7,640,507	4,911,706	16,449,649
Interest transferred to income	(538,658)	(2,985,602)	(28,401,654)	(647,643)	(32,573,557)
Additions due to Acquisition (Note 52-B)	9,400,269	4,385,168	38,607,864	7,599,212	59,992,513
Amounts written off	(7,298,879)	(2,033,363)	(8,210,309)	(8,568,450)	(26,111,001)
Balance at the end of the year	6,882,372	4,692,257	32,251,052	9,285,780	53,111,461

As of 31 December 2021	Retail	Real estate	Corporate	SMEs	Total
	JD	JD	JD	JD	JD
Balance as at 1 January 2021	3,287,310	3,222,152	11,655,538	5,272,800	23,437,800
Suspended interest during the year	774,347	1,239,713	6,004,802	2,090,464	10,109,326
Interest transferred to income	(455,753)	(802,919)	(1,518,231)	(862,901)	(3,639,804)
Amounts written off	1,939,300	1,937,994	7,068,909	1,326,935	12,273,138
Foreign exchange differences	(2,632,206)	(1,761,680)	(596,374)	(1,836,343)	(6,826,603)
Balance at the end of the year	2,912,998	3,835,260	22,614,644	5,990,955	35,353,857

Direct credit facilities portfolio is distributed as per the following geographical and industrial sectors classification:

	Inside Jordan	Outside Jordan	2022	2021
	JD	JD	JD	JD
Financial	77,094,110	25,096,974	102,191,084	58,406,982
Industrial	488,272,151	118,870,496	607,142,647	279,971,144
Commercial	490,309,119	31,656,559	521,965,678	406,504,092
Real estate and Construction	625,954,506	-	625,954,506	412,910,994
Tourism and hotels	73,845,630	23,329,544	97,175,174	65,671,216
Agriculture	43,370,710	-	43,370,710	44,147,849
Shares	133,883,408	21,759,106	155,642,514	79,934,579
Services utilities and public	226,040,307	-	226,040,307	91,835,527
Transportation services (including air transportation)	79,461,853	-	79,461,853	72,261,686
Government and public sector	248,089,757	267,950,671	516,040,428	119,021,813
Retail	502,567,999	-	502,567,999	530,808,728
Other	35,235,265	-	35,235,265	25,580,538
Total	3,024,124,815	488,663,350	3,512,788,165	2,187,055,148

(10) Financial Assets At Amortized Cost

This item consists of the following:

Financial assets at amortized cost with no market prices

	31 December 2022	31 December 2021
	JD	JD
Treasury bonds	375,244,469	168,405,903.00
Governmental debt securities	1,213,912,350	742,326,091
Governmental debt securities and its guarantee	133,210,524	44,442,157
Bonds, Corporate debt securities	58,358,500	8,890,500
Other government bonds	74,048,866	24,663,998
Total	1,854,774,709	988,728,649
Less: Impairment allowance and expected credit losses	(2,107,125)	(1,707,230)
Total	1,852,667,584	987,021,419
Analysis of bonds and bills:		
Fixed Rate	1,842,544,963	979,838,149
Floating rate	10,122,621	7,183,270
Total	1,852,667,584	987,021,419

The profits achieved as a result of selling financial assets at amortized cost (debt instruments) amounted to 887,677 dinars during the year ending on December 31, 2022, while no profits or losses were recorded during the year ending on December 31, 2021.

Financial Assets at Amortized Cost

The cumulative movement of Financial Assets at Amortized Cost during the year According to IFRS 9

As of 31 December 2022	Stage One	Stage Two	Stage Three	Purchased originated credit-impaired (POCI)	Total
	JD	JD	JD	JD	JD
Balance as at 1 January 2022	983,028,649	-	5,700,000	-	988,728,649
Add: new balances during the year	964,207,158	-	-	-	964,207,158
Settled balances	(271,957,349)	-	(1,440,000)	-	(273,397,349)
Change in fair value	-	-	-	-	-
Additions due to acquisition (Note-52-B)	201,897,329	-	-	800,000	202,697,329
Addition due to transfer(Note-52-B)	(29,061,078)	-	-	-	(29,061,078)
Net balance as at 31 December 2021	1,848,114,709	-	4,260,000	800,000	1,853,174,709

As of 31 December 2021

Balance as at 1 January 2021	558,724,486	5,200,000	500,000	-	564,424,486
Add: new balances during the year	365,560,996	-	-	-	365,560,996
Settled balances	(121,786,057)	-	-	-	(121,786,057)
Transferred from (to) the third stage during the year	-	(5,200,000)	5,200,000	800,000	-
Additions due to acquisition	155,198,403	-	-	800,000	155,198,403
Transfers from pledged financial assets	25,330,821	-	-	-	25,330,821
Net balance as at 31 December 2021	983,028,649	-	5,700,000	1,600,000	988,728,649

The cumulative movement of the provision for impairment losses of Financial Assets at Amortized Cost according Stages during the year According to IFRS 9

As of 31 December 2022	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2022	26,562	-	1,680,668	1,707,230
Impairment loss of direct credit facilities during the	35,005	-	-	35,005
Recoveries	(26,562)	-	(1,208,548)	(1,235,110)
Net balance as at 31 December 2022	35,005	-	472,120	507,125

As of 31 December 2021

Balance as at 1 January 2021	8,652	31,377	500,000	540,029
Impairment loss of direct credit facilities during the	25,131	-	1,149,291	1,174,422
Recoveries	(7,221)	-	-	(7,221)
Transferred from the third stage during the year	-	(31,377)	31,377	-
Net balance as at 31 December 2021	26,562	-	1,680,668	1,707,230

Financial Assets At Amortized Cost

Distribution of financial Assets at Amortized Cost by categories of the Bank's internal credit rating:

As of 31 December 2022	Stage one	Stage two	Stage three	Total
	JD	JD	JD	JD
Low risk / performing	1,722,367,343	-	-	1,722,367,343
Acceptable risk / performing	125,747,366	-	-	125,747,366
Non- Performing				
Loss - Bad debt	-	-	6,660,000	6,660,000
Total	1,848,114,709	-	6,660,000	1,854,774,709

As of 31 December 2021

Low risk / performing	955,174,151	-	-	955,174,151
Acceptable risk / performing	27,854,498	-	-	27,854,498
Non- Performing				
Loss - Bad debt	-	-	5,700,000	5,700,000
Total	983,028,649	-	5,700,000	988,728,649

Movements of Financial Assets at Amortized Cost:

As of 31 December 2022	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2022	983,028,649	-	5,700,000	988,728,649
New balances during the year	964,207,158	-	-	964,207,158
Settled balances	(271,957,349)	-	(1,440,000)	(273,397,349)
Transfers from pledged financial assets (note 11)	(29,061,078)	-	-	(29,061,078)
Changes due to Acquisition (note 52-B)	201,897,329	-	2,400,000	204,297,329
Net balance as at 31 December 2022	1,848,114,709	-	6,660,000	1,854,774,709

As of 31 December 2021

Balance as at 1 January 2021	558,724,486	5,200,000	500,000	564,424,486
New balances during the year	365,560,996	-	-	365,560,996
Settled balances	(121,786,057)	-	-	(121,786,057)
Transfer to third stage during the year	-	(5,200,000)	5,200,000	-
Changes due to Acquisition (note 52-A)	155,198,403	-	-	155,198,403
Transfers to pledged financial assets (note 11)	25,330,821	-	-	25,330,821
Net balance as at 31 December 2021	983,028,649	-	5,700,000	988,728,649

Movements of expected credit loss provision on financial assets at amortized cost :

As of 31 December 2022	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2022	26,562	-	1,680,668	1,707,230
Impairment loss on new investments during the year	35,005	-	-	35,005
Recoveries on Settled balances	(26,562)	-	(1,208,548)	(1,235,110)
Transferred from the third stage during the year	-	-	1,600,000	1,600,000
Net balance as at 31 December 2022	35,005	-	2,072,120	2,107,125

As of 31 December 2021

Balance as at 1 January 2021	8,652	31,377	500,000	540,029
Impairment loss on new investments during the year	25,131	-	1,149,291	1,174,422
Recoveries on Settled balances	(7,221)	-	-	(7,221)
Transferred from the third stage during the year	-	(31,377)	31,377	-
Net balance as at 31 December 2021	26,562	-	1,680,668	1,707,230

No provision for expected credit losses was calculated on bonds and treasury bills for the Jordanian government and that is according to the regulations by the Central Bank of Jordan related to IFRS 9.

(11) Pledged Financial Assets

	31 December 2022		31 December 2021	
	Pledged Financial Assets	Associated Liabilities (Note 16, 19)	Pledged Financial Assets	Associated Liabilities (Note 16, 19)
	JD	JD	JD	JD
Financial Assets at Amortized Cost(Jordanian government bonds)	29,061,078	29,910,714	-	-
Financial Assets at Amortized Cost(Jordanian government bonds)	229,226,877	172,500,000	-	-
Total	258,287,955	202,410,714	-	-

- The bonds were mortgaged as of 31 December 2022 against funds borrowed from the Central Bank of Jordan under the repurchase agreement and the Social Security Corporation deposits

Disclosure of the movement on pledged financial assets

As of 31 December 2022	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Fair value as at the beginning of the year	-	-	-	-
Settled balances during the year	(60,596,254)	-	-	60,596,254
transferred to financial assets at amortized cost (note 10)	29,061,078	-	-	29,061,078
Additions due to acquisition (note 52-b)	289,823,131	-	-	289,823,131
Total	258,287,955	-	-	258,287,955

As of 31 December 2021	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Fair value as at the beginning of the year	32,599,621	-	-	32,599,621
transferred to financial assets at amortized cost (note 10)	(25,330,821)	-	-	(25,330,821)
transferred to financial assets at fair value through other comprehensive income (note 7)	(7,268,800)	-	-	(7,268,800)
Total	-	-	-	-

- Expected credit loss provision was not calculated on the Jordanian government bonds which are guaranteed by the Jordanian government in accordance with the CBJ requirements regarding the implementation of IFRS 9.

(12) Property, and Equipment - Net

2022	Lands	Buildings	Furniture & Fixtures	Vehicles	Computers	Others*	Total
Cost	JD	JD	JD	JD	JD	JD	JD
Balance at 1 January 2022	18,909,263	16,842,382	20,544,250	764,558	14,450,902	23,250,257	94,761,613
Additions	6,443,646	119,122	5,362,908	266,478	801,669	5,088,526	18,082,349
Disposals	(2,202,412)	(2,311,922)	(929,967)	(6,179)	-	(3,534,879)	(8,985,359)
Additions due to acquisition (Note-52-B)	1,926,295	29,124,380	4,889,825	224,528	7,936,898	4,328,715	48,430,641
Balance at 31 December 2022	25,076,792	43,773,962	29,867,016	1,249,385	23,189,469	29,132,619	152,289,244
Accumulated depreciation:							
Balance at 1 January 2022	-	3,122,815	13,913,608	607,111	8,398,243	16,864,862	42,906,638
Depreciation charge for the year	-	769,440	3,168,997	102,870	859,989	1,604,308	6,505,604
Disposals	-	(685,283)	(849,454)	(6,179)	-	(3,190,636)	(4,731,552)
Additions due to Acquisition (Note -52-B)	-	3,590,749	3,347,524	108,798	6,258,813	3,527,161	16,833,045
Balance at 31 December 2022	-	6,797,721	19,580,675	812,600	15,517,045	18,805,695	61,513,735
Net book value of property and equipment	25,076,792	36,976,241	10,286,342	436,785	7,672,425	10,326,924	90,775,509
Advanced payment to purchase property & equipment	4,630,329	5,322,519	4,300,428	-	82,638	8,200,143	22,536,057
Net book value of property and equipment at 31 December 2022	29,707,121	42,298,760	14,586,770	436,785	7,755,063	18,527,067	113,311,566
2021	Lands	Buildings	Furniture & Fixtures	Vehicles	Computers	Others*	Total
Cost	JD	JD	JD	JD	JD	JD	JD
Balance at 1 January 2021	16,180,461	7,683,580	13,949,610	551,698	7,254,264	15,428,957	61,048,571
Additions	-	3,023,085	2,330,871	151,460	4,235,571	2,609,209	12,350,196
Disposals	-	-	(606,474)	-	(34,994)	(1,501,924)	(2,143,392)
Additions due to acquisition (Note-52-A)	2,728,802	6,135,717	4,870,243	61,400	2,996,061	6,714,015	23,506,238
Balance at 31 December 2021	18,909,263	16,842,382	20,544,250	764,558	14,450,902	23,250,257	94,761,613
Accumulated depreciation:							
Balance at 1 January 2021	-	1,585,278	8,219,149	472,165	5,143,150	10,687,831	26,107,573
Depreciation charge for the year	-	317,788	1,942,970	73,549	822,669	1,565,998	4,722,973
Disposals	-	-	(580,551)	-	(34,864)	(1,482,462)	(2,097,877)
Additions due to acquisition (Note-52-A)	-	1,219,749	4,332,040	61,397	2,467,288	6,093,495	14,173,969
Balance at 31 December 2021	-	3,122,815	13,913,608	607,111	8,398,243	16,864,862	42,906,638
Net book value of property and equipment	18,909,263	13,719,567	6,630,643	157,447	6,052,660	6,385,395	51,854,975
Advanced payment to purchase property & equipment	4,630,329	5,237,567	3,372,216	-	82,638	1,144,611	14,467,361
Net book value of property and equipment at 31 December 2021	23,539,592	18,957,134	10,002,859	157,447	6,135,298	7,530,006	66,322,336

* Others represent renovation, interior design and decoration of buildings and branch offices.

• Fully depreciated property and equipment amounted to JD 40,509,373 as of 31 December 2022 against JD 17,547,372 as of 31 December 2021.

• The remaining cost to complete projects under construction is estimated at 5,474,350 JD as of December 31, 2022, compared to approximately 4,809,367 JD as of December 31, 2021

(13) Intangible Assets, Net

This Item Consists of the following:

	2022		
	Computer Software & Systems JD	Customers Relations JD	Total JD
Balance at 1 January 2022	19,227,589	253,180	19,480,769
Additions	17,190,492	-	17,190,492
Amortization for the year	1,143,999	3,801,534	4,945,532
Changes due to Acquisition (note 52-B)	(6,052,288)	(253,180)	(6,305,468)
Balance at the end of the year	31,509,792	3,801,534	35,311,325
Projects under development	23,064,311	-	23,064,311
Balance at the end of the year	54,574,103	3,801,534	58,375,636

	2021		
	Computer Software & Systems JD	Customers Relations JD	Total JD
Balance at 1 January 2021	11,180,010	-	11,180,010
Additions	10,464,233	-	10,464,233
Amortization for the year	(3,709,527)	-	(3,709,527)
Changes due to Acquisition (note 52-A)	1,292,873	253,180	1,546,053
Balance at the end of the year	19,227,589	253,180	19,480,769
Projects under development	11,021,903	-	11,021,903
Balance at the end of the year	30,249,492	253,180	30,502,672

- Fully amortized intangible assets amounted to JD 19,594,730 as of 31 December 2022 against JD 17,833,322 as of 31 December 2021.

- The remaining cost to complete projects under construction is estimated at JD 13,905,863 as of 31 December 2022 against JD 8,435,221 as of 31 December 2021

(14) Other Assets

This item consists of the following:

	2022	2021
	JD	JD
Accrued interest and revenue	63,147,433	33,537,922
Prepaid expenses	13,933,301	8,786,222
Collaterals seized by the bank against matured debts - net*	89,049,541	68,234,167
Purchased banks acceptances - amortized cost net*	53,057,674	26,050,501
Assets / derivatives unrealized gain (Note 44)	541,761	220,412
Refundable deposits	5,597,811	4,230,067
Others	19,348,786	8,553,364
Total	244,676,307	149,612,655

* According to the regulations of the Central Bank of Jordan, the bank is required to dispose seized real estate in a maximum year of two years from the acquisition date. The Central Bank may approve an extension up to two executive years at most. According to the Central Bank circular No. 10/3/16234 , a provision should be calculated for real estate seized for a year longer than four years & The provision cannot be disposed of except when the seized assets are sold.

The following is a summary of the movement of assets seized by the bank:

	2022	2021
	JD	JD
Balance at the beginning of the year	68,234,167	59,040,733
Additions	13,859,311	25,658,566
Additions due to acquisition (Note 52-b and 52-a)	13,338,693	2,719,517
Disposals	(7,566,202)	(19,252,065)
Reversal of Impairment losses	269,987	107,531
(Reversal)Provision for seized assets during the year	913,585	(40,115)
Balance at the end of the year	89,049,541	68,234,167

Purchased Banks acceptances - Amortized cost

Distribution of bank acceptances and export documents and bills purchased by categories of the Bank's internal credit rating:

As of 31 December 2022	Stage one	Stage two	Stage three	Total
	JD	JD	JD	JD
Low risk / performing	761,999	-	-	761,999
Acceptable risk / performing	52,480,051	-	-	52,480,051
Total	53,242,050	-	-	53,242,050

As of 31 December 2021	Stage one	Stage two	Stage three	Total
	JD	JD	JD	JD
Low risk / performing	131,989	-	-	131,989
Acceptable risk / performing	25,911,932	94,248	-	26,006,180
Total	26,043,921	94,248	-	26,138,169

Movements of bank acceptances and export documents and bills purchased:

As of 31 December 2022	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2022	26,043,920	94,248	-	26,138,168
new balances during the year	53,242,050	-	-	53,242,050
Settled balances	(26,043,920)	(94,248)	-	(26,138,168)
Net balance	53,242,050	-	-	53,242,050

As of 31 December 2021	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2021	34,421,014	148,595	-	34,569,609
new balances during the year	192,310	-	-	192,310
Settled balances	(8,569,404)	(54,347)	-	(8,623,751)
Net balance	26,043,920	94,248	-	26,138,168

Movements of provisions on bank acceptances and export documents and bills purchased:

As of 31 December 2022	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2022	84,704	2,964	-	87,668
new balances during the year	184,376	-	-	184,376
Settled balances	(84,704)	(2,964)	-	(87,668)
Net balance	184,376	-	-	184,376

As of 31 December 2021	Stage one	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2021	112,298	4,672	-	116,970
new balances during the year	364	-	-	364
Settled balances	(27,958)	(1,708)	-	(29,666)
Net balance	84,704	2,964	-	87,668

(15) Banks and Financial Institutions' Deposits

The details are as follows:

	2022			2021		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
Current and demand deposits	40,092	51,721,224	51,761,316	85,382	23,357,016	23,442,398
Term deposits under 3 months	49,988,323	38,756,936	88,745,259	19,040,585	333,661,306	352,701,891
Term deposits Maturing between 3 and 6 months	5,000,000	-	5,000,000	5,000,000	-	5,000,000
Term deposits Maturing between 6 and 12 months	-	3,545,000	3,545,000	-	-	-
Total	55,028,415	94,023,160	149,051,575	24,125,967	357,018,322	381,144,289

(16) Customers' Deposits

This item consists of the following:

2022	Retail	Corporate	SMEs	Government and Public Sectors	Total
	JD	JD	JD	JD	JD
Current and demand deposits	298,181,441	563,324,038	135,152,290	86,497,303	1,083,155,072
Saving accounts	324,576,137	3,103,193	125,956	-	327,805,286
Time and notice deposits	1,647,383,026	1,069,035,976	104,662,977	609,676,238	3,430,758,217
Certificates of deposit	13,562,240	4,582,762	-	-	18,145,002
Total	2,283,702,844	1,640,045,969	239,941,223	696,173,541	4,859,863,577
2021					
Current and demand deposits	258,460,635	455,541,790	100,313,719	24,554,919	838,871,063
Saving accounts	193,361,382	3,204,858	817,302	-	197,383,542
Time and notice deposits	1,070,484,079	465,759,604	72,923,539	110,142,312	1,719,309,534
Certificates of deposit	15,243,139	-	-	-	15,243,139
Total	1,537,549,235	924,506,252	174,054,560	134,697,231	2,770,807,278

- The deposits of government and general public sector inside Jordan amounted to JD 663,240,252 representing 13.65 % of the total deposits as at 31 December 2022 against JD 120,370,733 representing 4.43 % as at 31 December 2021.

- The deposits of government and general public sector inside Iraq amounted to JD 32,933,289 representing 0.68 % of the total deposits as at 31 December 2022 against JD 14,326,498 representing 0.52 % as at 31 December 2021.

- Non-interest bearing deposits amounted to JD 826,198,176 representing 17 % of total deposits as at 31 December 2022 against JD 817,208,987 representing 29.49 % of the total deposits as at 31 December 2021.

- Reserved deposits (restricted withdrawals) amounted JD 9,133,388 as at 31 December 2022, against JD 5,751,775 as at 31 December 2021.

- Fixed deposits include an amount of 172,500,000 dinars as on 31 December 2022 representing financial liabilities against pledged financial assets that belong to the Social Security Corporation deposits resulting from the acquisition process.

- Dormant deposits amounted to JD 16,015,154 as at 31 December 2022 against JD 8,414,661 as at 31 December 2021.

- Customer deposits significantly increased during the year 2022, due to the natural growth of the business and due to the combination and acquisition of SGBJ in Jordan and Iraq.

(17) Margin Accounts

The details are as follows:

	2022	2021
	JD	JD
Margins on direct credit facilities	152,112,239	75,122,686
Margins on indirect credit facilities	161,201,834	105,588,350
Margin dealings	1,117,168	1,097,822
Others	95,303,207	51,854,906
Total	409,734,448	233,663,764

(18) Right to use leased assets and leased assets contracts obligations

The right to use leased assets	2022 JD	2021 JD
Balance at 1 January 2022	10,577,712	3,943,039
Add: new contracts during 2022	6,310,184	2,108,629
Add: additions due to acquisition (note 52-a/52-b)	1,624,348	8,334,833
Less: terminated contracts	(1,426,691)	(1,964,950)
Less: depreciation during the year	(2,568,539)	(1,843,839)
Balance as of 31 December 2022	14,517,014	10,577,712

Lease liabilities

Balance at 1 January 2022	11,863,620	3,983,732
Add: interest expenses during the year	820,667	587,088
Add: new contracts during 2022	5,917,834	1,912,594
Add: additions due to acquisition (note 52-a/52-b)	1,346,568	9,037,127
Less: terminated contracts	(1,616,830)	(1,848,472)
Less: Repayments of lease liabilities	(2,526,910)	(1,808,449)
Balance as of 31 December 2022	15,804,949	11,863,620

The value of rents paid on short-term contracts (less than a year) amounted to JD 684,949 as of December 31, 2022, compared to an amount of JD 383,256 as of December 31, 2021

The value of rents paid on long-term contracts (More than a year) amounted to JD 2,526,910 as of December 31, 2022, compared to an amount of JD 1,808,449 as of December 31, 2021

The following is an analysis of the maturity of lease obligations as of December 31, 2022:

	less than one year	from 1 year to 5 years	more than 5 years	total
Right-of-use leased assets	44,553	4,500,634	9,971,826	14,517,013
lease liabilities	50,543	4,318,110	11,436,296	15,804,949

(19) **Loans and Borrowings**

The details are as follows :

31 December 2022	Number of Installments			Frequency of Instalments	Collaterals (Pledged financial assts) Note 11	Borrowing interest rate	Lending interest rate
	Amount	Total	Outstanding				
	JD	JD	JD		JD	%	
Amounts borrowed from central banks	293,849,723	26,909	17,150	Monthly and semi annual payment and payment at maturity	29,061,078	0.00% to 5.64%	0.00% to 6.00%
Amounts borrowed from local banks and financial institutions	130,021,260	10	10	monthly and semi annual payment and payment at maturity	-	4.50% to 7.40%	4.00% to 12.91%
Amounts borrowed from foreign banks and financial institutions	315,821,040	97	80	Monthly and semi annual payment and payment at maturity	-	1.45% to 12.21%	4.5% to 14.50%
Total	739,692,023				29,061,078		

31 December 2021	Number of Installments			Frequency of Instalments	Collaterals	Interest rate	Re-financed Interest rate
	Amount	Total	Outstanding				
	JD	JD	JD		JD	%	
Amounts borrowed from central banks	207,545,080	21,034	15,896	Monthly and semi annual payment and payment at maturity	-	0.00% to 4.00%	3.75% to 4.75%
Amounts borrowed from local banks and financial institutions	60,000,000	7	7	One payment	-	4.30% to 7.00%	4.50% to 12.40%
Amounts borrowed from foreign banks and financial institutions	146,720,702	75	66	Monthly and semi annual payment and payment at maturity	-	1.00% to 2.79%	3.87% to 12.00%
Total	414,265,782				-		

- Borrowed money from the Central Bank includes JD 293,849,723 that represents amounts borrowed to refinance the customers' loans in the medium term financing programs that have been re-borrowed. These loans mature during 2023 - 2038.
 - The amounts borrowed from local institutions are all borrowed from the Jordan Mortgagee Refinance Company with a total amount of JD 130,021,260. The loans mature during 2023 - 2028.
 - Loans bearing fixed - interest rates amounted to JD 622,190,309 and loans bearing floating - interest rates amounted to JD 112,093,353 as at 31 December 2022 against JD 410,970,782 and JD 3,295,000 respectively as at 31 December 2021.
 - Based on the most recent covenant assesment we are complying with all contingent rules and conditions with our financial institution leaders.
- the below table shows the movement on the loans and borrowings as of :

	2022	2021
	JD	JD
Beginning balance	414,265,782	329,991,227
New balances during the year / Additions	294,485,053	190,163,728
Settled balances	(100,711,565)	(112,880,236)
Changes due to Acquisition (Note 52 A&B)	131,652,753	6,991,063
Total	739,692,023	414,265,782

(20) Subordinated Loans

	Amount	Frequency of instalments	Collaterals	Interest Rate
31 December 2022	JD		JD	%
Subordinated Loan	15,172,600	One payment maturing on 15 March 2026	-	7.00%
Total	15,172,600		-	
31 December 2021	Amount	Frequency of instalments	Collaterals	Interest Rate
	JD		JD	%
Subordinated Loan	28,360,000	One payment maturing on 15 March 2026	-	7.00%
Total	28,360,000		-	

- The Bank has completed issuing a \$40 million bond on March 15 2020, classified as a tier two in accordance with Basel III instructions.

(21) Sundry Provisions

	Balance at the beginning of the year	Addition due to Acquisition	Provided during the year	Utilized during the year	Transferred to income	Balance at the end of the year
31 December 2022	JD	JD	JD	JD	JD	JD
Provision for lawsuits raised against the bank	114,796	-	100,000	-	-	214,796
Other provisions	2,383,196	-	3,753,032	(2,536,615)	-	3,599,613
Additions due to Acquisition (Note 52-B)	-	112,856	680	-	-	113,536
Total	2,497,992	112,856	3,853,712	(2,536,615)	-	3,927,945
31 December 2021						
Provision for lawsuits raised against the bank	102,700	-	61,700	(49,604)	-	114,796
Other provisions	3,415,781	-	-	(1,013,087)	(19,498)	2,383,196
Total	3,518,481	-	61,700	(1,062,691)	(19,498)	2,497,992

- The bank has taken full provisions against the differences resulting from the currency auctions as requested by the Central Bank of Iraq from -National Bank of Iraq- during the year 2018, by which the National Bank of Iraq claimed these amounts from its customers according to the recommendation of the Central bank of Iraq, in addition to the recourse of the judiciary to collect these amounts. The National Bank of Iraq has collected an amount of JD 481,159 during the year ended 31 December 2022 against JD 398,915 during the year ended 31 December 2021.

(22) Income Tax

A- The movement of income tax provision is as follows:

	2022	2021
	JD	JD
Balance at the beginning of the year	4,484,833	4,887,737
Income tax paid	(13,773,947)	(7,282,792)
Income tax charge for the year	11,580,045	6,604,273
Income tax on other comprehensive income	(3,578,806)	(31,712)
Income tax charge for previous years	231,136	307,327
Addition due to acquisition	5,398,376	-
Balance at the end of the year	4,341,637	4,484,833

Income tax expense presented in consolidated income statement:

	31 December 2022	31 December 2021
	JD	JD
Current income tax charge for the year	11,580,045	6,604,273
Previous years income tax charges	231,137	307,327
Deferred tax assets for the year	(5,052,531)	3,087,007
Deferred tax liabilities for the year	(673,550)	(269,420)
	6,085,101	9,729,187

The statutory income tax rate on bank profits in Jordan is 38% and on financial brokerage firms 28%.

- Legal income tax on the Bank's revenues in Iraq is 15%.

- A final settlement has been made with the Income and Sales tax department regarding the Bank's tax in Jordan till the end of 2020.

-A final settlement has been made with the Income Tax Department regarding the income tax of Capital Investment and Financial Brokerage Company until the end of 2020.

-A final settlement was made with the Income Tax Department of the National Bank of Iraq until the end of 2021.

- The management and tax consultants believe that the income tax provision recorded is sufficient to meet the tax obligations as at 31 December 2022.

B- Income Tax Assets/Liabilities

The movement of income tax liability is as follows:

Items Included	2022					2021
	Balance at the beginning of the year	Released	Additions	Balance at the end of the year	Deferred Tax	
	JD	JD	JD	JD	JD	JD
a) Deferred tax assets						
Provision for lawsuits held against the bank	114,796	-	213,536	328,332	124,766	43,622
Impairment loss on seized shares	7,191,841	-	-	7,191,841	2,732,900	2,732,900
Expected credit loss IFRS 9/ Impairment on Investments and watchlist provisions	27,516,914	(1,135,960)	43,892,230	70,273,183	26,457,334	10,222,707
Losses from revaluation of financial assets through	5,471,554	(784,245)	3,910,270	8,597,579	1,261,545	1,958,974
Impairment losses of seized assets	8,162,778	(784,245)	1,221,162	8,599,695	3,260,909	3,101,856
Other deferred tax assets	3,420,644	(3,420,644)	8,919,462	8,919,462	3,077,724	1,290,225
Total	51,878,527	(6,125,094)	58,156,660	103,910,093	36,915,178	19,350,284
b) Deferred tax liabilities						
Unrealized gains – financial assets at fair value through other comprehensive income	6,177,716	(6,158,516)	7,265,541	7,284,741	2,748,976	2,208,332
Financial assets at fair value through income statement	1,772,500	(1,772,500)	-	-	-	673,550
Total	7,950,216	(7,931,016)	7,265,541	7,284,741	2,748,976	2,881,882

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

	2022		2021	
	Assets	Liabilities	Assets	Liabilities
	JD	JD	JD	JD
Balance at the beginning of the year	19,350,284	2,881,882	15,562,848	2,815,978
Additions	18,262,323	540,644	5,102,314	335,323
Released	(697,429)	(673,550)	(1,314,878)	(269,419)
Balance at the end of the year	36,915,178	2,748,976	19,350,284	2,881,882

- The Income tax rates on deferred tax assets and liabilities ranged between 28% - 38% in accordance to the newly issued Income Tax Law number 38, effective 1 January 2020.

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

	2022	2021
	JD	JD
Accounting profit	96,935,228	70,736,011
Non-taxable income	(72,812,781)	(59,632,180)
Non-deductible expenses	12,166,977	20,135,953
Taxable profit	36,289,423	31,239,784
Effective rate of income tax	6.28%	13.75%

- The statutory income tax rate on bank profits in Jordan is 38%, and the statutory income tax rate in the countries in which the bank has investments ranges between 15% - 24%.

(23) Other Liabilities

	2022	2021
	JD	JD
This item consists of the following:		
Accrued interest expense	32,782,282	16,887,671
Accrued expenses	10,338,815	6,904,734
Certified cheques	7,272,822	7,278,415
Cheques payable	1,337,086	2,127,431
Board of directors' remuneration	69,167	68,334
Brokerage payables	24,194,690	21,526,344
Liabilities / derivatives unrealized gain (Note 44)	-	1,414,498
Guarantees	453,716	453,716
Capital leasing Company contract commitment	10,026,555	-
Others	10,121,864	7,635,179
Total	96,596,997	64,296,322

(24) Perpetual bonds

On February 24, 2022, the Bank issued perpetual bonds that are not convertible into shares and unsecured, at a value of \$100 million. The nominal value of each bond was \$1,000, with a total number of bonds of 100,000, and the fixed interest rate was 7%. These bonds were listed on Nasdaq Dubai. These bonds fall under Tranche No. (1) in accordance with Basel requirements

The interest accrued on these bonds amounted to 2,508,233 as of 31 December 2022, deducted from the directly carried profits, net of taxes. The bank paid these interests in August 2022 to the bondholders.

(25) Paid In Capital

The authorized and paid-in-capital amounted to JD 263,037,121 and is divided into shares at a par value of JD 1 per share as of 31 December 2022 against 200,000,000 and 31 December 2021.

During the month of June 2022, the bank signed an agreement with the Saudi Investment Fund (a strategic partner) through which the bank listed it as one of the bank's shareholders by paying an amount of 131,200,000 JD, which were distributed as an increase in the capital by issuing new shares with a value of 63,037,122 JD at a price of one JD per share. The authorized, subscribed and paid-up capital becomes 263,037,122 JD, and the difference is an issuance premium of 68,162,878 JD.

(26) Cash Dividends and Proposed Cash Dividends

The Bank's ordinary General Assembly, in its meeting held on 23 January 2022 No. 01/2023, approved distribution of cash dividends at a value of 17% of the subscribed group paid-up capital, and is subject to the approval of the Central Bank of Jordan and the Public Authority of Shareholders.

The Board of Directors approved in its meeting held on 24 March 2022 the distribution of cash dividends equivalent to 15% of the Bank's authorized and paid in capital equivalent to JD 30,000,000.

(27) Reserves**Statutory Reserve**

As required by the Law, 10% of the profit before tax is transferred to the statutory reserve. This reserve is not available for distribution to shareholders according to the banking and company laws.

The use of the following reserves is restricted by law:

<u>Description</u>	<u>Amount</u> JD	<u>Restriction Law</u>
Statutory reserve - 31 December 2022	62,375,552	Companies and Banks law
Statutory reserve - 31 December 2021	56,114,618	Companies and Banks law

(28) Foreign currency translation adjustments

The foreign currency translation differences represents the exchange differences resulted from translation of the net assets of the National Bank of Iraq upon the consolidation of the financial statements.

	<u>2022</u> JD	<u>2021</u> JD
Balance at the beginning of the year	(16,540,837)	(16,540,837)
Net movement	-	-
Balance at the end of the year	<u><u>(16,540,837)</u></u>	<u><u>(16,540,837)</u></u>

(29) Fair value reserve

	<u>Financial assets at fair value through other comprehensive income</u> JD
31 December 2022	
Balance at the beginning of the year	813,120
Unrealized loss from debt instruments	(1,097,506)
Realized Loss of sale of debt instruments at fair value through other comprehensive income transferred to income	1,920,738
Unrealized gain from equity instruments	675,266
Loss from sale of equity instruments through other comprehensive income	690,688
Deferred tax assets	(697,429)
Deferred tax liabilities	(524,628)
Balance at the end of the Year	<u><u>1,780,249</u></u>
31 December 2021	
Balance at the beginning of the year	3,619,029
Unrealized Gain from debt instruments	(4,305,696)
Realized Loss of sale of debt instruments at fair value through other comprehensive income transferred to income	(21,019)
Unrealized gain from equity instruments	1,370,329
Gains from sale of equity instruments through other comprehensive income	(517,889)
Deferred tax assets	1,003,689
Deferred tax liabilities	(335,323)
Balance at the end of the Year	<u><u>813,120</u></u>

(30) Material partially - owned subsidiaries

First: Proportion of equity interest held by non-controlling interests is as follows:

31 December 2022	Country	Nature of activity	Non-controlling interest ownership percentage	Non controlling interest share of dividends distributed
National Bank of Iraq	Iraq	Banking	38.15%	-
31 December 2021				
National Bank of Iraq	Iraq	Banking	38.15%	-

Second: The following is the summarized financial information of these subsidiaries, including non controlling interest.

A. Summarized statement of financial position before elimination entries as of :

	31 December 2022	31 December 2021
	National Bank of Iraq	National Bank of Iraq
	JD	JD
Cash, balances and deposits	497,097,654	290,079,352
Financial assets through OCI	33,577,804	36,659,100
Credit facilities, net	461,799,780	419,837,979
Financial assets at amortized cost	51,790,402	24,663,997
Other assets	130,124,731	105,215,247
Total assets	1,174,390,371	876,455,675
Banks, customers deposits' and margin accounts	910,456,386	654,300,152
Loans & borrowings	73,015,172	49,000,733
Provisions and other liabilities	29,582,973	23,358,237
Total liabilities	1,013,054,531	726,659,122
Shareholders' equity	161,335,840	149,796,553
Total liabilities and shareholders' equity	1,174,390,371	876,455,675
Non-Controlling interest *	35,252,553	29,140,509

- * The financial statements of the National Bank of Iraq show a Goodwill of 58.3 million JD resulting from the acquisition of Bank Audi's branches business in Iraq, which resulted using the fair value acquisition method.
- * During the consolidation of the financial statements of the National Bank of Iraq with the parent company, this goodwill was reversed along with the value of the outcome of the acquisition in Jordan which resulted from the acquisition of the business of Bank Audi branches in Jordan, as it was considered as a single transaction.
- * The effect of reversing the resulted goodwill in the National Bank of Iraq has been allocated between the non-controlling interests and shareholders equity.

B. Summarized statement of comprehensive income before elimination entries as of:

	31 December 2022	31 December 2021
	National Bank of Iraq	National Bank of Iraq
	JD	JD
Interest and commission income, net	48,853,567	36,825,079
Other income	4,333,968	3,267,232
Total Income	53,187,535	40,092,311
General and administrative expenses	28,895,611	23,233,471
Provisions	10,918,381	971,332
Total expenses	39,813,992	24,204,803
Profit before tax	13,373,543	15,887,508
Income tax	3,400,853	2,641,237
Profit after tax	9,972,690	13,246,271
Other comprehensive income	(772,079)	1,035,098
Total comprehensive income for the year	9,200,611	14,281,369
Non-Controlling interest	4,029,984	(17,473,670)

C. Summarized cash flow for National Bank of Iraq:

	31 December 2022	31 December 2021
	National Bank of Iraq	National Bank of Iraq
	JD	JD
Cash flows		
Operating	180,409,925	38,188,089
Investing	(41,187,093)	(38,182,907)
Financing	24,922,953	19,858,673
Net increase/(Decrease)	164,145,785	19,863,855

(31) Retained Earnings

	2022
	JD
Balance at 1 January 2022	121,913,754
profit of the year	86,820,143
Losses from sale of equity instruments at fair value through other comprehensive income (Note 7 and 29)	(690,688)
Issuance of perpetual bonds and related expenses	(201,592)
Perpetual bond interest	(2,508,233)
Capital increase	(2,148,983)
Transferred to reserves	(6,260,934)
Distributed dividends (Note 26)	(30,000,000)
Balance at the end of the year	166,923,467
	2021
	JD
Balance at 1 January 2021	78,096,479
profit of the year	78,813,333
Gain from sale of equity instruments at fair value through other comprehensive income (Note 7 and 29)	517,889
Transferred to reserves	(11,928,193)
Sale of treasury stocks from subsidiaries	414,246
Distributed dividends (Note 26)	(24,000,000)
Balance at the end of the year	121,913,754

- The balance of retained earnings includes a restricted amount of JD 36,915,178 as at 31 December 2022 against JD 19,350,284 as at 31 December 2021 which represents the deferred tax assets that cannot be utilized according to the Central Bank of Jordan Regulations.

- The balance of retained earnings includes unrealized gain of JD 958,330 as at 31 December 2021 against JD 958,330 as at 31 December 2021 which represents the effect of early adoption of IFRS (9) related to classification and measurement. However, this amount is restricted from use except for the amounts that become realized regulations according to Securities and Exchange Commission.

- Amount equal to the negative balance of a fair value reserve is considered a restricted reserve that cannot be utilized.

- The general banking risks reserve is a restricted reserve that cannot be utilized without prior approval of the Central Bank of Jordan. Regarding the implementation of IFRS 9 the Central Bank of Jordan issued Circular No.10/1/1359 on 25 January 2018 , allowing banks to transfer the balance of general banking risk reserve to retained earnings to reflect the impact of IFRS 9 on the opening balance of retained earnings as at 1 January 2018. The Circular also stipulates that the balance of a general bank risk reserve item is a restricted balance. Dividends may not be distributed as dividends to shareholders and may not be used for any other purpose except with the approval of the Central Bank of Jordan. The unutilized balance amounted to JD 8,840,593.

(32) Interest Income

This item consists of the following:

	<u>2022</u> JD	<u>2021</u> JD
Direct Credit Facilities:-		
Retail		
Overdrafts	1,948,977	1,470,478
Loans and bills	62,826,942	29,445,953
Credit cards	3,048,556	1,623,587
Real estate mortgages	18,736,205	12,225,601
Corporate		
Overdrafts	23,036,939	11,461,162
Loans and bills	91,134,995	54,635,216
Small and medium enterprises (SMEs)		
Overdrafts	2,058,375	1,437,661
Loans and bills	16,461,569	11,169,031
Government and public sectors	6,261,769	4,378,724
Balances at central banks	2,376,362	-
Balances at banks and financial institutions	7,292,527	1,692,652
Financial assets at fair value through other comprehensive income - debt instruments	3,242,416	5,727,208
pledged financial assets	9,758,442	490,882
Financial assets at amortized cost	70,198,583	41,036,616
Loans and advances at fair value through other comprehensive income	2,125,890	3,924,191
Total	<u><u>320,508,547</u></u>	<u><u>180,718,962</u></u>

(33) Interest Expense

The details are as follow:

	<u>2022</u> JD	<u>2021</u> JD
Banks and financial institutions deposits	5,970,637	3,762,741
Customers' deposits :		
Current accounts and deposits	4,295,394	2,646,162
Saving deposits	1,924,475	1,372,003
Time and notice deposits	122,373,152	55,415,339
Certificates of deposits	1,029,810	1,635,604
Interest on leased asset obligations	820,666	587,090
Margin accounts	5,478,612	2,312,585
Loans and borrowings	14,817,996	8,317,789
Deposits guarantee fees	4,650,886	2,663,079
Total	<u><u>161,361,628</u></u>	<u><u>78,712,392</u></u>

(34) Net Commission Income

The details are as follow:

Commission income :

Direct credit facilities

Indirect credit facilities

Other commission

Less: Commission expense

Net Commission Income

2022

JD

6,075,631

19,852,635

21,292,182

(11,580,632)

35,639,816

2021

JD

4,205,793

15,579,428

11,453,767

(6,296,656)

24,942,332

(35) Gain From Foreign Currencies

The details are as follow:

2022

JD

5,120,250

3,054,146

8,174,396

2021

JD

2,001,617

2,412,890

4,414,507

Revaluation of foreign currencies

Trading in foreign currencies

Total

(36) Other Income

The details are as follow:

	2022	2021
	JD	JD
Recovery from written - off debts	1,126,387	1,826,770
Income and commission from investments and securities	6,022,694	4,124,775
Collection against auction price swaps *	481,159	398,915
Others	647,765	193,312
Total	8,278,005	6,543,772

* Based on the instructions of the Central Bank of Iraq, the amount JD 481,159 was collected from National Bank of Iraq customers which represents the differences imposed by the Central Bank of Iraq during 2021, compared to JD 398,915 during 2021.

(37) Employees' Expenses

The details are as follow:

	2022	2021
	JD	JD
Salaries and benefits	41,777,644	28,509,851
Bank's contribution in social security	3,528,594	2,440,369
Medical expenses	2,655,549	1,290,705
Employees' training	661,636	250,058
Bank's contribution to social activities fund	26,442	20,560
Paid vacations	221,912	137,769
Others	240,941	94,820
Total	49,112,718	32,744,132

(38) Other Expenses

The details are as follow:

	2022	2021
	JD	JD
Rent and building services	3,492,614	3,225,393
Advertisement	8,104,834	3,447,882
Computer expenses	6,592,856	4,019,880
Consulting and professional fees	5,946,183	6,734,815
Internet	1,580,566	688,896
Subscriptions	817,769	252,743
Board of Directors' transportation	1,599,622	1,852,701
Maintenance	1,509,498	867,853
Post, telephone, swift	1,327,790	872,106
Travel and transportation	1,151,879	550,169
Donations	1,504,452	781,689
Subscriptions, fees and licenses	1,611,903	799,982
Security services	1,237,549	1,012,782
Operational Loss	56,621	177,768
Insurance	1,660,282	928,767
Stationary and printing	1,009,737	507,169
Cash transportation services	729,072	277,742
Reuters' and Bloomberg subscription expense	363,621	282,122
Hospitality	263,849	218,781
Others	2,189,451	1,006,127
Total	42,750,148	28,505,367

(39) Earnings Per Share**Basic earnings per share:**

The details are as follow:

	2022	2021
	JD	JD
Profit for the year attributable to Bank's shareholders	86,820,143	78,813,333
Weighted average number of shares during the year	225,905,666	200,000,000
	JD / Fils	JD / Fils
Basic and diluted earnings per share	0.384	0.394

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

(40) Fair Value of Financial Assets not Presented at Fair Value in the Financial Statements

	31 December 2022			31 December 2021	
	Book value	Fair value	Level	Book value	Fair value
	JD	JD		JD	JD
Financial assets at amortized cost	1,852,667,584	1,789,748,352	one and two	987,021,419	1,010,904,151
Direct credit facilities at amortized cost	3,264,579,905	3,264,579,905	two	2,031,147,338	2,031,147,338
Pledged financial assets	258,287,955	235,270,806	one and two	-	-

(41) Cash and Cash Equivalents

The details are as follow:

	2022	2021
	JD	JD
Cash and balances with central banks maturing within 3 months	733,954,205	375,703,975
Add: Balances at banks and financial institutions maturing within 3 months	219,123,813	312,546,731
Less: Banks and financial institutions' deposits maturing within 3 months	(140,506,575)	(376,144,289)
Less: Restricted cash balances (Note 6)	(5,421,963)	(6,319,823)
	807,149,480	305,786,594

(42) Derivative financial instruments

The table below shows the details of derivative financial instruments at the end of the year.

			Par (nominal) value maturity		
	Positive fair value (note 14)	Negative fair value (Note 23)	Total nominal amount	Within 3 months	3-12 months
2022	JD	JD	JD		JD
Currency sale contract	25,370	-	22,058,657	22,058,657	-
Currency purchases contract	442,230	-	64,048,621	8,879,339	55,169,282
Currency swaps contracts	74,161	-	53,106,045	52,268,987	837,059
2021					
Currency sale contract	1,665	-	23,905,149	20,595,817	3,309,332
Currency purchases contract	-	12,200	23,548,022	20,244,192	3,303,830
Currency swaps contracts	218,747	-	63,841,185	51,060,096	12,781,089
Interest swap contracts	-	1,402,298	79,762,500	-	79,762,500

The par (nominal) value indicates the value of the outstanding transactions at year end and does not indicate market risk or credit risk.

(43) Related Parties Transactions

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

	Ownership		Paid in capital	
	2022	2021	2022	2021
	%	%	JD	JD
Capital Investment and Brokerage Company	100 %	100 %	10,000,000	10,000,000
National Bank of Iraq	61.85%	61.85%	86,739,856	86,739,856
Bahrain Investment Fund Company	100 %	100 %	1,888	1,888
Capital Investment (DIFC) Limited	100 %	100 %	177,250	177,250
capital leasing company	100 %	0	8,009,481	-

The Bank has entered into transactions with subsidiaries, Shareholders, directors and senior management within the normal activities of the Bank and using commercial interest rates and commissions.

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

	Related party				Total	
	BOD members	Executive management	Subsidiaries *	Major Shareholders	2022	2021
	JD	JD	JD	JD	JD	JD
Statement of financial position items:						
Bank deposits with related parties	-	-	86,857,619	-	86,857,619	40,867,382
Bank deposits	152,734,167	857,735	8,486,477	8,082	162,086,461	115,028,831
Margin accounts	308,472	125	123,537,703	-	123,846,300	113,895,229
Direct credit facilities	50,709,016	3,990,947	759,184	10,526,000	65,985,147	26,694,812
Off-balance sheet items:						
Indirect credit facilities	5,454,450	1,000	65,105,127	-	70,560,577	86,377,711
Expected credit losses stage 1	206,810	4,902	6,597	38,467	256,775	541,180
Statement of income items:						
Interest and commission income	2,095,064	94,355	3,717,700	651,637	6,558,756	8,319,553
Interest and commission expense	5,803,137	26,554	48,151	1,254	5,879,097	4,361,104

* The effect of balances and movements with affiliate companies for purposes of consolidating financial statements.

- Interest rates on credit facilities in Jordanian Dinar range between 2.00% - 11.5%.
- Interest rates on credit facilities in foreign currency range between 4.50% -5.50%.
- Interest rates on deposits in Jordanian Dinar range between 3.5% - 6.00%.
- Interest rates on deposits in foreign currency between 3.00% - 4.00%.

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

	2022	2021
	JD	JD
Benefits (Salaries, wages, and bonuses) of executive management for the Group	3,853,659	3,597,806
Total	3,853,659	3,597,806

(44) Fair Value of Financial Instruments

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

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

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

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

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

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

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

	Level 1	Level 2	Total
	JD	JD	JD
2022			
Financial assets-			
Financial assets at fair value through other comprehensive income	53,536,341	60,293,335	113,829,676
Derivative instruments (Note 14)	-	541,761	541,761
2021			
Financial assets-			
Financial assets at fair value through other comprehensive income	168,091,630	27,409,208	195,500,838
Loans and advances at fair value through income statement	-	82,883,298	82,883,298
Derivative instruments (Note 14)	-	220,412	220,412
Financial Liabilities			-
Derivative instruments (Note 23)	-	1,414,498	1,414,498

(45) Risk Management Policies

The Bank has followed a comprehensive strategy within the best practices in managing the risks that it may be exposed to (credit risk, operational risk, market risk, liquidity risk, interest rate risk, concentration risk, information security, and any other risks) in order to preserve the Bank's financial position and profitability.

The general framework of risk management in the bank, its follow-up and mitigation, and compliance with the instructions of the regulatory authorities and the Basel Committee is a comprehensive and joint responsibility through multiple bodies in the bank, starting with the Board of Directors and its committees such as the Risk Committee, the Audit Committee and the Compliance Committee, in addition to the various internal committees in the bank such as the Internal Risk Management Committee Asset and liability management, facilities committees, in addition to all bank departments and branches.

The Risk Management Department, which is an independent and specialized department in the Bank, which operates according to the approved risk management policies and credit policies in identifying and measure existing and potential risks (financial and non-financial) and raising the necessary reporting on a yearic basis, in additional to adopting and implementing the requirements of Basel Committee, the Central Bank of Jordan and the best practices in the field of risk management. The risk management participates in evaluating the bank's ability and the adequacy and distribution of its capital in achieving its strategic objectives and determining the requirements necessary to manage and control the associated risks, control and the complexity of its operations. These principles are as follows:

1. The Board of Directors and its risk committee both review and approve the Bank's Risk Appetite for potential losses associated with the various risk factors, as well as review and approve the Risk Management Policies in order to ensure that these policies keep up with all developments in the banking industry in terms of growing its operations and expansion of its services. In addition the Board of Directors ensures that the Bank's strategies are being implemented in relation to the bank's risk management.
2. The Chief Executive Officer is considered the primary responsible person for implementing risk management recommendations in accordance to the principles of Board of Directors and the Risk Committee . He is also the head of the Internal Risk Management Committee.
3. The Chief Risk Officer is responsible for managing risks and the associated practices within the bank's activities structure, and submitting yearic reports to the risk management committee emanating from the Board of Directors.
4. The risk management philosophy at the Bank is based on knowledge, experience ,the judgment capability of the supervisory management , and the availability of a clear authority matrix set by the Board of Directors.
5. Continuously developing the risk management systems and taking on the necessary steps and measures needed to make sure that the Bank is in compliance with the new international standards, namely the requirements of Basel III and IFRS 9.
6. The Risk Department manages the Bank's risks according to a comprehensive centralized methodology, with the presence of systems that assist in managing these risks, and by providing various business units at the Bank with the methodologies and tools that are necessary for achieving an efficient and proper management of all types of risks. The Risk Department, which is headed by the Chief Risk Officer, is linked to the Board's Risk Management Committee. There is also a direct link that connects the Chief Risk Officer with the Chief Executive Officer.
7. Risk management is the responsibility of all employees.
8. The role of the Assets and Liabilities Committee is in planning the optimal deployment and allocation of capital, assets and liabilities and the continuous monitoring of liquidity and market risks.
9. The Internal Audit Department provides an independent assurance on the compliance of the Bank's business units with the risk management policies and procedures, and the effectiveness of the Bank's risk management framework.
10. The Chief Financial Officer (CFO) is responsible for identifying the financial risks, as well as monitoring and maintaining the quality and soundness of financial information, and ensuring the accuracy and integrity of the disclosed financial statements.
11. The Chief Compliance Officer is responsible for ensuring that the Bank complies with all the relevant regulations, legislation and laws, especially those issued by the regulatory authorities.

During 2022 the Bank has worked on several primary principles in risk management, mainly on the following:

1. Preparing the internal capital adequacy assessment process (ICAAP) and stress testing
2. Implementation of the COBIT 2019 framework for information security.
3. Updating business policies and procedures for managing information security risks
4. Obtaining the PCI DSS certificate for the bank's fifth year
5. Apply security controls related to the SWIFT system according to standards and requirements
6. Implementation of the security incident management system
7. Conducting a security awareness program for customers and employees
8. Activate the process of automatically stopping security threats Threat Intelligence.
9. Applying the basic indicator method and the standard method for measuring operational risks in the bank
10. Monitoring all operational risks in the Bank by ensuring the Risk and Control Self-Assessment (CRSA) by all Bank
11. Completion of updating and upgrading the operating risk system
12. Implementation of the COBIT 2019 Framework for Operational Risk and Business Continuity Management
13. Following up the protocol for dealing with the Corona pandemic and updating it periodically to comply with the instructions of the official health authorities, and re-evaluating business continuity plans for all departments and branches of the bank to ensure business continuity
14. Developing a comprehensive business impact analysis model for all departments of the bank, projects and new products, and creating a clear methodology for evaluating the operating and new systems in the bank.
15. Examination of the DR site of the bank
16. Examine the communication tree for all departments and branches of the bank and update their work procedures
17. Updating work policies and procedures for managing operational risks and business continuity and preparing an updated and comprehensive business continuity plan
18. Training employees and raising their awareness about the importance of the business continuity plan

For the year 2023, the Bank is planning to work on several primary principles in risk management, mainly on the following:

1. Update the limits of acceptable risks in the bank (Risk Appetite)
2. Updating the staging criteria and expected credit loss calculations
3. Preparing the internal capital adequacy assessment process (ICAAP) and stress testing
4. Establishing an automated system for risk management and developing its reports
5. Developing and linking information security risk indicators (Key Risk Indicators).
6. Updating the information security and cybersecurity strategy and program in line with regulatory instructions and international best
7. Update your COBIT framework for information security
8. Updating the main risk and performance indicators related to cybersecurity
9. Adopting a matrix of powers for critical and important classified systems.
10. Create a training and awareness plan for information security and cyber security for the bank's employees and
11. Updating work policies and procedures related to information security and cybersecurity
12. Obtaining the PCI DSS certificate for the bank's sixth year
13. Apply security controls related to the SWIFT system according to standards and requirements
14. Key Risk Indicators Automation
15. Review and update the Risk and Control Self-Assessment (CRSA)
16. Updating work policies and procedures for operating risk management and business continuity plan
17. Periodic review of approved work procedures and policies according to the procedures classification list
18. Training employees and raising their awareness about the culture of operational risks and the importance of the
19. Follow up on the implementation of the COBIT 2019 framework for operational risk management and business
20. Evaluate the operating and new systems in the bank based on the approved methodology
21. Conducting all necessary checks to ensure the continuity of the bank's business

(45-1-A) Credit risk management

Credit risk is the risk of suffering financial loss, should any of the Group's customers fail to fulfil their contractual obligations to the Group. Credit risk arises mainly from loan and advances, loan commitments arising from such lending activities, trade finance and treasury activities but can also arise from financial guarantees, letter of credit, endorsements and acceptances. The Group is also exposed to other credit risks arising from investments in debts instruments, derivatives as well as settlement balances with market counterparties.

Credit risk is the single largest risk from the Group's business of extending Loans and Advances (including loan commitments, LCs and LGs) and carrying out investment in securities and debts; management therefore carefully manages its exposure to credit risk. The credit risk management and control are centralized in a risk management department which reports regularly to the Risk Management Committee.

The Bank generally manages Credit Risk through:

- A clear and comprehensive policy for managing credit risk in addition to approved credit policies.
- Setting clear and specific limits for credit risks level that are set by the Board of Directors and then circulated to the different business units.
- Adopting the concept of credit committees to ensure that the credit decisions are not made on individual or subjective basis.
- Having a clear criteria for selecting clients, the target market and the acceptable level of credit.
- A comprehensive and thorough financial and credit analysis covering the various aspects of risk for each clients and/or credit processes.
- The results of Moody's Credit Rating System in determining each client's risk classification.
- Reviewing and analyzing the quality of the credit portfolio periodically, according to specific performance indicators.
- Evaluating and monitoring constantly to avoid high credit concentration, and implementing the required remedial actions.
- Adopting early warning indicators and recognition of possible risks in the credit portfolio while revising them on a regular basis.
- Effective management and follow up of the preservation of the legal documentation process and collateral administration to ensure that there are no negative indicators or regress that may necessitate the undertaking of pre-emptive or safety actions.
- Periodical revision, or when necessary, of all extended credit facilities on individual basis to ensure that there are no negative indicators or regress that necessitate the undertaking of pre-emptive or safety actions.

Key Credit Risk Management Methods:

1- Loans and advances

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Group measures credit risk using the concept of Expected Loss which requires the following measures:

- Probability of Default (PD)
- Loss Given Default (LGD)
- Exposure at Default (EAD)

Under IFRS 9 expected loss is replaced by expected Credit Loss (ECL), which is based on macro adjusted PD, LGD & EAD measures. Additionally it also captures deterioration and lifetime likelihood of defaults.

2- Credit risk grading

In accordance with the Credit Risk Management Principle, the availability of an internal credit rating system for customers is an essential element in the process of measuring credit risk, assessing the quality of the credit portfolio and determining its credit risk structure.

The international credit rating system "Moody's" has been applied to the Bank and its subsidiaries since 2013, 2017 and 2018 respectively. The system has assisted the Bank with;

Measuring customer risk scores, and improved the process of collecting and evaluating quantitative and qualitative information that can be relied upon in the risk measurement methodology

Collecting and analyzing historical and projected financial data in order to analyze the historical and expected financial performance and cash flows of customers, in addition to performing Sensitivity Analysis based on many factors and expected strategies.

The process of monitoring the terms and financial covenants is contained in loan agreements

Conducting analysis of the economic sectors and comparisons of the financial statements of clients of similar companies in the same sector based on the available system database

The system is based on two dimensions (two dimensions) first: the customer risk (Obligor Risk Rating), which reflects the degree of credit capacity of the customer independently of the guarantees provided, and is linked to the probability of default (PD%), the second: Facility risk and calculation of loss upon default (LGD%) and credit exposure upon default (EAD), using a set of rating models that reflect the nature and activities of the bank's customers, as follows:

Country Scorecard Model	SMEs Programmed Lending Model	Corporate Rating Model
High Net Worth Individual Model	Retail Scorecard Model	SMEs Financial Model
Project Finance Model	Financial Institutions Scorecard Model	SMEs Non-Financial Model

The output of the (Moody's) rating system are translated into various grades of risk that distinguish between customers on the basis of their credit risk. Institutional customer have 10 risk scores / 20 sub-grades, retail customers have 8 risk scores, while financial institutions and countries have 8 scores.

For corporate customer, the model evaluates from a financial and non-financial aspect as follows:

Financial evaluation: which is based on an analysis of clients' financial statements, and includes:

Financial Ratios relating to Operations

Liquidity ratios

Financial ratios related to the capital structure

Debt Service Ratios

Non-financial evaluation: which depends on qualitative factors about the customer, and includes:

Industry risks

Management quality

Experience and customer experience in his activity and dealing with banks (Company Standing)

On the other hand, the system uses the Scorecard methodology in some of the classification models used, such as the classification models for individual customers, financial institutions, countries and governments, which include evaluation of various financial and non-financial factors in line with the nature of each of them.

credit rating preparation process, which is part of the credit process in the bank, is subject to procedures and policies that control and ensure the quality of the entered data and its review, the classification of all credit facilities customers, and the updating of the degree of customer risks to be in line with changes and any negative indicators, due to the importance of the outputs of the rating system in supporting credit decision-making process.

The Group use specific internal rating models tailored to the various industry segments/counterparty.

Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for retail exposures; and turnover and industry type for wholesale exposures) is fed into this rating model. This is supplemented with external data input into the model.

The credit grades are calibrated such that risk of default increases exponentially at each higher risk grade. For example, this means that the difference in the PD between a 6 and 8 rating grade is higher than the difference in the PD between a 3 and 5 rating grade.

The Risk Rating system for performing assets ranges from 1 to 10, each grade being associated with a Probability of Default ("PD"). Non-performing clients are rated 6, 7, 8, 9, and 10 corresponding to NAUR (Non-accrual under Restructuring), Substandard, Doubtful, Loss classifications and Write-off.

These risk ratings have been mapped into 8 Grades which are defined below:

Stage	CB Grade	Description
1	1	FI rated 1, 2, 3, and 4 possess superior intrinsic financial strength.
	2	Typically, they will be institutions with highly valuable and defensible business franchises, strong financial fundamentals, and a very predictable and stable operating environment.
	3	
	4	
	5	FI rated 5 possess strong intrinsic financial strength. Typically, they will be institutions with valuable and defensible business franchises, good financial fundamentals, and a predictable and stable operating environment.
2	6	FI rated 6 possess adequate intrinsic financial strength. Typically, they will be institutions with more limited but still valuable business franchises. These FI will display either acceptable financial fundamentals within a predictable and stable operating environment, or good financial fundamentals within a less predictable and stable operating environment.
	7	FI rated 7 display modest intrinsic financial strength, potentially requiring some outside support at times. Such institutions may be limited by one or more of the following factors: a weak business franchise; financial fundamentals that are deficient in one or more respects; or an unpredictable and unstable operating environment.
3	8	FI rated 8 display very modest intrinsic financial strength, with a higher likelihood of periodic outside support or an eventual need for outside assistance. Such institutions may be limited by one or more of the following factors: a weak and limited business franchise; financial fundamentals that are materially deficient in one or more respects; or a highly unpredictable or unstable operating environment.

Ineternal Credit rating for corporate and SMEs:

Stage	CB Grade	Description
1	1	Obligations rated 1 are judged to be of the highest quality, and carry the lowest level of credit risk.
	2	Obligations rated 2 are judged to be of high quality and very low credit risk.
	3	Obligations rated 3 are judged to be upper-medium grade and carry a low credit risk.
	4	Obligations rated 4 are judged to be medium-grade and carry a Low to moderate credit risk and as such may possess certain speculative characteristics.
	5	Obligations rated 5 are judged to be speculative and carry a moderate credit risk.
Stage	CB Grade	Description
	6	Obligations rated 6 are considered speculative with a moderate to High credit risk.

2	7	Obligations rated 7 are judged to be speculative of poor standing and carry a very high credit risk.
	8	Obligations rated 8 are highly speculative and are likely for PDs, with some prospect of recovery of principal and interest/yield.
	9	Obligations rated 9 are the lowest rated and are typically in default, with no prospect for recovery of principal or interest/yield.
3	10	Obligations rated 10 are in default, with little prospect for full recovery of principal or interest/ yield.

Internal credit rating for retail and real estate:

Stage	CB Grade	Description
1	A	Obligations rated A are judged to be of the highest quality, and carry the lowest level of credit risk.
	B	Obligations rated B are judged to be of high quality and low credit risk.
	C	Obligations rated C are judged to be upper-medium grade and carry a low credit risk.
2	D	Obligations rated D are judged to be speculative and carry a moderate credit risk.
	E	Obligations rated E are judged to be speculative of poor standing and carry a very high credit risk.
3	F	Obligations rated F are in default, with little prospect for full recovery of principal or interest/ yield.

3- Expected credit loss measurement

IFRS 9 outlines a ‘three-stage’ model for impairment based on changes in credit quality since initial recognition of a facility as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in ‘Stage 1’ and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk (‘SICR’) since initial recognition is identified, the financial instrument is moved to ‘Stage 2’ but is not yet deemed to be credit-impaired. The identification of SICR is measured via a change in one year probability of default between the date of inception of facility and the date of IFRS 9 ECL run.
- If the financial instrument is credit-impaired, the financial instrument is then moved to ‘Stage 3’.
- Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring the ECL in accordance with IFRS 9 is that it should consider forward-looking information.
- Purchased or originated credit impaired financial assets are those financial assets that are credit impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).
- All government and government-guaranteed financial instruments have been taken into account in the calculation of total expected credit losses.

4- Significant increase in credit risk (SICR)

The Group considers a financial asset to have experienced a significant increase in credit risk when a significant change in one year probability of default occurs between the origination date of a specific facility and the IFRS 9 ECL run date.

Quantitative criteria

Corporate loans:

For corporate loans, if the borrower experiences a significant increase in probability of default which can be triggered by the following quantitative factors:

- Operating Performance
- Operating Efficiency
- Debt Service
- Liquidity Assessment
- Capital structure

Retail:

For Retail portfolio, if the borrowers meet one or more of the following criteria:

- Adverse findings for an account/ borrower as per credit department data;
- Loan rescheduling before 30 Days Past Due (DPD);
- Accounts overdue for more than 30 Days

Treasury:

- Significant increase in probability of default of the underlying treasury instrument;
- Significant change in the investment's expected performance & behavior of borrower (collateral value, payment holiday, payment to income ratio etc.).

- Qualitative criteria:

Corporate Loans

For corporate loans, if the borrower experiences a significant increase in probability of default, which can be triggered by the following Default Risk Indicator's (DRI):

- Past Due
- Net Worth Erosion
- Fraudulent Activity
- Mandatory Restructure
- Financial Covenants Breach
- Significant Operations Disruption

For corporate loans, if the borrower experiences a significant increase in probability of default which can be triggered by the following qualitative factors:

- Management
- Industry Outlook
- Financial Conduct
- Income Stability
- Lifecycle Stage
- Auditor Information

The Group has not used the low credit exemption for any financial instruments in the year ended 31 December 2022.

Backstop:

If the borrower is more than 30 days past due on its contractual payments a backstop is applied and the financial asset is considered to have experienced a significant increase in credit risk.

5- Definition of default and credit-impaired assets

The Group defines a financial corporate, retail and investment instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- Quantitative criteria

The borrower is more than 90 days past due on its contractual payments.

- Qualitative criteria:

According to the Basel definition, default is considered to have occurred with regard to particular obligors when either one of the following events have taken place:

- The Bank considers that the obligor is unlikely to pay its credit obligation to the Group in full without recourse by the Bank to actions like realizing security (if held).
- The Bank puts the credit obligation on a non-accrued status.
- The Bank makes a charge-off or account-specific provision resulting from a perceived decline in credit quality subsequent to the Bank taking on the exposure.
- The Bank sells the credit obligation at a material credit-related economic loss.
- The Bank consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness or postponement of principal, interest and other fees.
- The Bank has filed for the obligor's bankruptcy or similar order in respect of the obligor's credit obligation to the Banking Group.
- The obligor is past due more than 90 days on any material credit obligation to the Banking Group.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD) throughout the Group's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of twelve months. This period of twelve months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different cure definitions.

i) Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

ii) Stage 2: Lifetime ECL – not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised.

iii) Stage 3: Lifetime ECL – credit impaired

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. This uses the same criteria as under IAS 39, the Bank's methodology for specific provisions remains unchanged. For financial assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. Interest is calculated on the total defaulted balance from stage 3, with interest suspended and not calculated as income in the consolidated income statement.

6- Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since the initial recognition of a specific facility or whether an asset is considered credit-impaired. The Group has adopted a forward exposure method for computing the ECL for each facility. The bank has opted for a monthly granular computation of PD, EAD and LGD.

- Probability of default (PD):

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between ratings classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

The mechanism for distributing the percentages of the probability of default is shown below according to the degree of risk for the sectors of large companies and small and medium enterprises.

Risk classification	Low risk	Low to medium risk	medium risk	Medium to high risk	high risk
1	0.06%	0.08%	0.11%	0.23%	0.36%
2+	0.07%	0.10%	0.14%	0.29%	0.46%
2	0.09%	0.13%	0.18%	0.37%	0.58%
2-	0.11%	0.16%	0.22%	0.47%	0.73%
3+	0.15%	0.20%	0.28%	0.60%	0.93%
3	0.19%	0.25%	0.36%	0.76%	1.17%
3-	0.24%	0.32%	0.45%	0.96%	1.48%
4+	0.30%	0.41%	0.58%	1.22%	1.87%
4	0.38%	0.51%	0.73%	1.53%	2.35%
4-	0.48%	0.65%	0.91%	1.93%	2.97%
5+	0.61%	0.82%	1.16%	2.44%	3.73%
5	0.77%	1.04%	1.47%	3.08%	4.69%
Risk classification	Low risk	Low to medium risk	medium risk	Medium to high risk	high risk
5-	0.97%	1.32%	1.85%	3.87%	5.87%
6+	1.23%	1.67%	2.34%	4.86%	7.33%
6	1.55%	2.10%	2.94%	6.09%	9.13%

6-	1.95%	2.65%	3.70%	7.61%	11.32%
7	2.46%	3.34%	6.99%	9.48%	13.97%
8	3.10%	4.19%	8.75%	11.75%	17.14%
9	3.91%	5.26%	10.94%	14.50%	20.87%
10	7.48%	11.21%	14.31%	27.16%	41.23%

The mechanism for distributing the percentages of the probability of default according to the degree of risk is shown below for the sectors of individuals and real estate loans

Risk classification	PD Upside	PD Base case	PD down side	WA PD
A	0.03%	0.04%	0.05%	0.05%
B	0.12%	0.14%	0.18%	0.18%
C	0.51%	0.61%	0.77%	0.76%
D	2.25%	2.70%	3.38%	3.38%
E	9.29%	11.15%	13.94%	13.94%
F	31.30%	34.92%	40.35%	34.92%

The mechanism for distributing the percentages of the probability of default according to the degree of risk for financial assets at amortized cost and other comprehensive income is shown below.

classification	medium risk
AAA	0.11%
AA+	0.14%
AA	0.18%
AA-	0.22%
A+	0.28%
A	0.36%

A-	0.45%
BBB+	0.58%
BBB	0.73%
BBB-	0.91%
BB+	1.16%
BB	1.47%
BB-	1.85%

classification	medium risk
B+	2.34%
B	2.94%
B-	3.70%
CCC	6.99%
CC	8.75%
C	10.94%
D	14.31%

- Loss given default (LGD):

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, LTV ratios are a key parameter in determining LGD. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

Collateral Type	LGD%
Cash Margin, Government Guaranteed, Qualified Banking Guarantees, Other external qualified guarantors	0%
Stocks and financial Assets	25%
Real Estate	30%
Cars	52%
Machines	61%

- Exposure at default (EAD):

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Bank measures ECL considering the risk of default over the maximum contractual period over which it is exposed to credit risk. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the effective interest rate or an approximation thereof.

Lifetime expected credit losses are expected credit loss resulting from all probable default events over the expected lifetime of the financial instrument. Expected credit losses are the probability-weighted average of credit losses and the weighing factor is the Probability of Default (PD) for a lifetime.

The Group has implemented a risk rating model since 2014 which has enabled the Bank to collect historical risk ratings since 2014 and build point in time credit transition matrices for the last years from the date of the consolidated financial statements.

This has enabled the bank to derive a credit index using the historical transition matrices. The credit index correlates with specific macro-economic factors, which have been statistically, established through regression models.

These models were used to forecast future credit transitions using Moody's research macro-economic forecast under the IFRS 9 scenarios i.e. upwards and downwards.

- The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.
- For amortizing products and bullet repayments loans, this is based on the contractual repayments owed by the borrower over a 12 month period or lifetime basis.
- For revolving products (overdraft, revolving and credit cards), the exposure at default is predicted by taking current withdrawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining committed limit by the time of default.

The Group has adopted a workout methodology for LGD computation. For the Corporate segment, the Bank has developed the LGD framework using more than 10 years of data.

- The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type.
- For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.
- For unsecured products, LGDs are typically set at product level due to the limited differentiation in recoveries achieved across different borrowers. These LGDs are influenced by collection strategies, including contracted debt sales and prices.
- Forward-looking economic information is also included in determining the 12-month and lifetime PD.
- There have been no significant changes in estimation techniques or significant assumptions made during the year.

7- Importance of staging criteria

- Staging is based on the assessment of relative movement in the credit quality of the loans from the time of initial recording.
- Loans in stage 3 are those loans for which the bank has objective evidence of impairment. Accordingly, specific provision is recorded for such exposures.
- Stage transfer is triggered by assessing the relative change in credit risk (measured using lifetime risk of default) and not by the absolute credit risk at the reporting date.
- 30 days past due is the last resort It is the maximum period allowed during the year 2022

Bank management's main definition and criteria for significant increase in credit risk (stage 2) includes the following parameters:

For exposures (credit facilities) to corporate customers

- 30 days past due on installment during 2022
- Downgrade by 7 notches of the risk rating scale of 20 points.
- Customer is classified as (7,8,9).

For exposures (credit facilities) to retail customers

- Customer is classified under watchlist, restructured, rescheduled.
- 30 days past dues on installments
- Customer is classified under watchlist, restructured, rescheduled.
- Customer is classified as E with more than 20 days past due, Customer is classified as F

For exposures (Deposits balances) with banks and financial institutions

- Current risk rate is 6 or 7

For exposures to (Financial assets) at amortized cost and at fair value through the statement of comprehensive income

- Current risk rate ranges from CCC to C

The Bank's definition and criteria for the significant increase in credit risk (stage 3) include the following criteria:

For exposures (credit facilities) to corporate customers

- 90 days past due.
- Customer is classified as (10).
- The customer is facing liquidity difficulties
- Customer is classified under non-performing.

For exposures (credit facilities) to retail customers

- 90 days past due.
- Customer is classified under non-performing
- Customer is classified as (F) and has more than 90 days past due

For exposures (Deposits balances) with banks and financial institutions

- Current risk rate is 8

For exposures to (Financial assets) at amortized cost and at fair value through the statement of comprehensive income

- Current risk rate ranges from D

8- Forward looking information incorporated in the ECL models

The Bank uses the forward-looking view in both its assessment of whether the credit risk of the instrument has increased significantly since the initial recognition and its measurement of the expected credit loss. In line with the principle of forward looking and the impact of the business cycle and the economy on the failure of clients, an analysis of the influencing economic factors and indicators was conducted, whereby a view was defined on the "basic case" for the future direction of the relevant economic variables, in addition to a representative set of possible forecast scenarios. The other (upside and downside).

The Bank has identified and documented the main drivers of credit risk and credit losses for each portfolio of financial instruments and, using historical information analysis, has estimated the relationships between macroeconomic variables (such as: GDP, inflation and interest rates) and credit risk and credit losses. The expected relationships between the main indicators, default rates and losses in different portfolios of financial assets were developed based on the analysis of historical information over the past five years.

9- Sensitivity analysis

The Group has calculated ECL at an individual financial instrument level, hence does not require any grouping of financial instruments in the process of loss calculation.

The most significant assumptions affecting the ECL allowance in respect of retail and wholesale credit portfolios are as follows:

- Interest rate
- Unemployment
- Inflation

The Group has performed a sensitivity analysis on how ECL on the credit portfolio will change if the key assumptions used to calculate ECL change by a certain percentage. The impact on ECL due to a relative change in the forecasted Gross Domestic Product (GDP) and Gross Fixed Investment Growth (GFIG) rate by +10% / - 10% in each of the base, upside and downside scenarios would result respectively in an ECL reduction by JD (4,477,672) and an ECL increase of JD 4,477,672. These changes are applied simultaneously to each probability weighted scenarios used to compute the expected credit losses. In reality there will be interdependencies between the various economic inputs and the exposure to sensitivity will vary across the economic scenarios.

10- IFRS 9 Governance

This section describes the roles and responsibilities of the Committees and groups, specific to the IFRS 9 process at the Bank.

- BOARD OF DIRECTORS ("BOARD" or "BoD")

The Board will be responsible for:

- 1- Approving the IFRS 9 Framework, that has been recommended by RMC,
- 2- Ensuring the Bank's Management is taking the required to comply with the standard
- 3- Maintaining ECL allowances at an appropriate level and to oversee that CBJ has appropriate credit risk practices for assessment and measurement processes, including internal controls in place to consistently determine allowances in accordance with the stated policies and procedures, the applicable accounting framework and relevant supervisory guidance.

The BOD may delegate the responsibility of reviewing the detailed IFRS 9 related policies to the RMC.

- RISK MANAGEMENT COMMITTEE ("RMC")

The Risk Management Committee will be responsible for:

- 1- Reviewing and recommending the IFRS 9 framework to the BoD,
- 2- Reviewing the implementation of IFRS 9 and ensuring the appropriate steps for compliance,
- 3- Reviewing and approving the periodic disclosures in accordance to the Standard.
- 4- Recommending adjustments to the business models, framework, methodology and policies and procedures

- INTERNAL AUDIT DEPARTMENT ("IAD")

Internal Audit Department will be responsible for independently:

- 1- Ensure the Bank's overall compliance with the Standard
- 2- Reviewing the methodology and assumptions to ensure compliance
- 3- Ensure appropriate levels of expected credit losses relative to the Bank's profile.

- INTERNAL RISK MANAGEMENT COMMITTEE ("IRMC")

The Internal Risk Management Committee will be responsible for:

- 1- Overlooking and approving the periodic reporting's according to the standards.
- 2- making the necessary recommendations to the Risk Committee of the Board of Directors
- 3- Recommending adjustments to the business models, framework, methodology and policies and procedures to the RMC.

- RISK MANAGEMENT DEPARTMENT ("RMD")

The Chief Risk Officer and his/her respective personnel in the RMD will be responsible for:

- 1- Developing and update the framework and methodology to be implemented by the Bank.
- 2- Creating the expected credit loss models in compliance with the standard.
- 3- Identify the criteria and develop the model to classify stages
- 4- Coordinate between the different departments and units to manage the implementation of IFRS 9.
- 5- Evaluate the impact of the ECL on the capital adequacy ratio.

- FINANCIAL CONTROL DEPARTMENT ("FCD")

FCD will be responsible for:

- 1- Creating the business models
- 2- Classifying and measuring the financial assets
- 3- Reflecting the IFRS 9 impact on the Bank's financials.

- CREDIT CONTROL DEPARTMENT

- 1- Identifying the stages of each customer and calculate the expected credit loss for each customer
- 2- Updating customer information for IFRS 9 calculations to comply with the classified stage
- 3- Create required reports

- Internal Audit Department

- 1-Review the standard application document and the tasks and responsibilities contained therein to ensure compliance with the requirements of the standard.
- 2-Ensure that the bank applies all the requirements of the standard.
- 3-Ensure the adequacy of the expected credit losses allocated by the bank and their compatibility with the bank's governor.

(45-A-1) Expected credit loss for net recovered expenses

31 December 2022	Stage one	Stage two	Stage three	Total
	JD	JD	JD	JD
Balances with banks and financial institutions	(2,691)	(23,964)	(71)	(26,726)
Debt instruments in financial assets at fair value through other comprehensive income	(19,355)	-	-	(19,355)
Direct credit facilities at amortized cost	13,249,122	3,643,374	12,269,645	29,162,141
Financial asstes at amortized cost - Debt instruments	8,443	-	(1,208,548)	(1,200,105)
Other financial assets measured at amortized cost	99,672	(2,964)	-	96,708
Letters of guarantee	63,465	708	1,870,675	1,934,848
Unutilized direct credit limits	(966,197)	(119,349)	2,107	(1,083,439)
Letters of credit	584,775	(1,149,837)	-	(565,062)
Bank acceptances	161,700	163,224	-	324,924
Total	13,178,934	2,511,192	12,933,808	28,623,934

31 December 2021

Balances with banks and financial institutions	(13)	-	64	51
Debt instruments at fair value through other comprehensive income	(5,473)	-	-	(5,473)
Direct credit facilities at amortized cost	2,496,249	(5,108,990)	23,122,343	20,509,602
Financial asstes at amortized cost - Debt instruments	17,910	(31,377)	1,180,668	1,167,201
Other financial assets measured at amortized cost	(27,594)	(1,708)	-	(29,302)
Letters of guarantee	(811,143)	(90,094)	(795,549)	(1,696,786)
Unutilized direct credit limits	306,350	(3,546)	-	302,804
Letters of credit	(267,862)	59,955	-	(207,907)
Bank acceptances	(81,406)	(3,713)	-	(85,119)
Total	1,627,018	(5,179,473)	23,507,526	19,955,072

(45-A-2) Credit Risk Exposures (after impairment provisions and suspended interest and before collateral held or other mitigation factors):

	2022	2021
	JD	JD
Statement of financial position items:		
Balances at Central Banks	602,750,138	317,709,405
Balances at banks and financial institutions	220,429,268	312,926,016
Direct credit facilities		
Retail	776,495,515	537,778,673
Real estate	302,239,404	198,821,957
Corporate & SMEs		
Corporate	1,642,917,213	974,824,033
Small and medium enterprises (SMEs)	328,625,372	214,828,896
Governmental and public sector	248,736,759	119,388,336
Direct credit facilities through income statement	-	83,650,601
Bonds and treasury bills:		
Financial assets at fair value through other comprehensive income statement	45,340,769	174,563,616
Financial assets at amortized cost	1,875,795,843	1,000,744,777
Pledged financial assets	264,023,684	-
Other assets	53,057,674	26,419,103
Total statement of financial position Items	6,360,411,639	3,961,655,413
Off balance sheet statement of financial position items		
Letters of guarantee	367,331,248	251,478,630
Export Letters of credit	203,056,527	137,109,229
Confirmed Import Letters of credit	21,105,693	14,832,594
Issued acceptances	145,299,707	90,806,002
Unutilized credit facilities	408,993,134	280,252,801
Forward purchase contracts	140,238,613	296,545,718
Forward interest contracts	-	79,762,500
Total off - statement of financial position items	1,286,024,922	1,150,787,474
Total	7,646,436,561	5,112,442,887

- The table above represents the maximum limit of the Bank's credit risk exposure as of 31 December 2022 and 2021, without taking into consideration the collateral and the other factors which will decrease the Bank's credit risk.

- For the statement of financial position items, the exposure in the above table is based on the balances as appeared on the consolidated statement of financial position, in addition to the related accrued interests.

(45-A-3) Credit risk management disclosure**1) Distribution of credit exposure**

Internal credit rating	Classification According to instruction number (2009/47)	Total Exposures	Expected credit loss (ECL)	Probability of Default (PD)	Classification by external classification institutions	Exposure at default (EAD)	Loss given default (LGD) %
Performing Exposures							
Balances at Central Banks							
	Low risk	550,027,700	-	0.00%	-	550,028	-
	Acceptable risk	230,528,981	-	0.00%	-	230,529	-
Balances and deposits at banks and financial institutions							
	Low risk	63,864,088	-	0.00%	-	63,864	-
	Acceptable risk	156,267,210	76,887	0.11%	-	156,267	45.00%
Loans and Advances measured at fair value through income statement							
	Acceptable risk	-	-	0.00%	Unrated	-	-
Direct credit facilities- amortized cost:							
Corporate companies							
	Low risk	266,665,129	505,816	0.58%	Unrated	266,665	32.45%
	Acceptable risk	1,385,955,735	40,347,977	6.60%	Unrated	1,385,956	28.89%
Small and medium entities							
	Low risk	46,413,025	56,957	0.43%	Unrated	46,413	23.09%
	Acceptable risk	280,109,148	12,115,523	8.94%	Unrated	280,109	21.23%
Retail							
	Low risk	291,138,469	1,723,582	1.20%	Unrated	291,138	42.84%
	Acceptable risk	484,922,665	6,226,012	3.12%	Unrated	484,923	31.77%
Real estate							
	Low risk	34,413,929	244,275	3.06%	Unrated	34,414	21.42%
	Acceptable risk	255,721,727	2,175,045	7.37%	Unrated	255,722	16.69%
Government and public sector							
	Low risk	88,966,801	-	0.00%	Unrated	88,967	-
	Acceptable risk	159,122,956	-	0.00%	Unrated	159,123	-
Financial Assets At Amortized Cost - Debt instruments							
	Low risk	1,722,367,343	-	-	BB-	1,722,367	-
	Acceptable risk	125,747,366	35,005	2.67%	BB-/Unrated	125,747	17.27%
Financial Assets at Fair Value through Other Comprehensive Income - Debt instruments							
	Low risk	3,297,193	-	0.00%	BB-	3,297	-
	Acceptable risk	41,860,390	103	0.00%	AA/BBB-	41,860	1.95%

Internal credit rating	Classification According to instruction number (2009/47)	Total Exposures	Expected credit loss (ECL)	Probability of Default (PD)	Classification by external classification institutions	Exposure at default (EAD)	Loss given default (LGD) %
Letters of guarantee							
	Low risk	107,371,971	128,638	0.47%	Unrated	107,372	33.93%
	Acceptable risk	258,321,425	2,079,722	3.13%	Unrated	258,321	34.07%
Unutilized direct credit limits							
	Low risk	129,282,451	131,708	0.58%	Unrated	129,282	45.00%
	Acceptable risk	280,617,048	853,209	2.10%	Unrated	280,617	45.00%
Letters of credit							
	Low risk	68,230,627	166,093	0.51%	Unrated	68,231	32.64%
	Acceptable risk	157,693,952	1,596,266	2.04%	Unrated	157,694	31.35%
Issued Acceptances							
	Low risk	49,365,417	125,931	0.29%	Unrated	49,365	43.72%
	Acceptable risk	97,181,243	1,121,022	1.34%	Unrated	97,181	24.91%
Bank acceptances and claims of purchased financial receivables							
	Low risk	761,999	624	0.19%	Unrated	762	45.00%
	Acceptable risk	52,480,051	183,752	0.69%	Unrated	52,480	42.55%
<u>Non-performing exposures</u>							
Direct credit facilities - amortized cost:							
Corporate companies							
	Substandard	-	-	100%	Unrated	0	0.00%
	Doubtful	498,289	94,979	100%	Unrated	465	5.95%
	Loss	110,852,521	71,395,649	100%	Unrated	80,849	60.57%
Small and medium entities							
	Substandard	1,032,244	177,624	100%	Unrated	1,010	6.82%
	Doubtful	3,720,866	976,431	100%	Unrated	3,533	24.75%
	Loss	43,722,664	25,411,115	100%	Unrated	33,298	43.90%
Retail							
	Substandard	2,095,008	838,761	100%	Unrated	2,038	38.90%
	Doubtful	4,607,069	3,016,273	100%	Unrated	4,337	34.43%
	Loss	28,122,037	20,957,684	100%	Unrated	21,775	61.58%
Real estate							
	Substandard	762,857	59,545	100%	Unrated	754	19.70%
	Doubtful	2,739,827	488,872	100%	Unrated	2,595	25.07%
	Loss	21,205,199	8,284,679	100%	Unrated	16,672	29.98%
Financial Assets At Amortized Cost - Debt instruments							
	Loss	6,660,000	2,072,120	100%	Unrated	6,660	2.99%
Letters of guarantee							
	Substandard	-	-	100%	Unrated	-	-
	Doubtful	226,084	6,203	100%	Unrated	226	12.42%
	Loss	5,654,275	2,027,939	100%	Unrated	5,654	76.91%
Limits of credit facilities							
	Substandard	46,395	-	100%	Unrated	-	45.00%
	Doubtful	15,075	-	100%	Unrated	-	45.00%
	Loss	17,082	-	100%	Unrated	-	45.00%

2- Concentration in credit exposures based on economic sectors is as follows:

a) Total distribution of exposures according to financial instruments subject to impairment losses

31 December 2022									
	Financial	Industrial	Commercial	Real estate	Agriculture	Shares	Retail	Governmental and Public Sector	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
<u>Balance sheet items</u>									
Balances at Central Banks	-	-	-	-	-	-	-	602,750,138	602,750,138
Balances at banks and financial institutions	220,429,268	-	-	-	-	-	-	-	220,429,268
Direct Credit facilities at amortized cost	74,459,709	481,356,278	525,700,549	619,941,162	63,570,668	131,291,071	738,708,986	248,736,759	3,299,014,263
Bonds and treasury bills:									
Financial assets at fair value through other comprehensive income	3,051,128	3,058,652	-	762,803	-	-	-	37,074,271	45,340,769
Financial assets at Amortized cost	42,435,266	-	-	-	-	-	-	1,818,840,853	1,875,795,843
Pledged financial assets - debt instruments	-	-	-	-	-	-	-	264,023,684	264,023,684
Other assets	52,962,847	21,809	-	-	-	-	-	-	53,057,674
Total 2022	393,338,218	484,436,739	525,700,549	620,703,965	63,570,668	131,291,071	738,708,986	2,971,425,705	6,360,411,639
<u>Off - balance sheet items</u>									
Letter of guarantee	72,274,464	18,240,182	74,636,640	85,867,781	709,169	1,401,975	10,293,709	2,481,500	367,331,248
Letter of credit	32,044,359	22,527,409	84,767,364	9,213,034	142,979	-	11,319,732	-	224,162,220
Other Liabilities	227,715,248	59,926,320	134,376,962	16,241,831	20,343,154	6,537,790	144,620,885	82,255,654	694,531,454
Total	725,372,289	585,130,650	819,481,515	732,026,611	84,765,970	139,230,836	904,943,312	3,056,162,859	7,646,436,561

31 December 2021

	Financial	Industrial	Commercial	Real estate	Agriculture	Shares	Retail	Governmental and Public Sector	Other	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balance sheet items										
Balances at Central Banks	-	-	-	-	-	-	-	317,709,405	-	317,709,405
Balances at banks and financial institutions	312,926,016	-	-	-	-	-	-	-	-	312,926,016
Direct Credit facilities at amortized cost	56,341,511	255,601,693	359,561,944	377,466,938	42,735,768	75,815,630	515,538,806	119,392,267	243,187,338	2,045,641,895
Loans and advances at fair value through income statement	-	83,650,601	-	-	-	-	-	-	-	83,650,601
Bonds and treasury bills:										
Financial assets at fair value through other comprehensive income	3,155,769	1,581,855	-	531,505	-	-	-	165,309,131	3,985,356	174,563,616
Financial assets at Amortized cost	3,225,534	-	-	-	-	-	-	993,497,039	4,022,204	1,000,744,777
Other assets	26,195,997	223,106	-	-	-	-	-	-	-	26,419,103
Total 2022	401,844,827	341,057,255	359,561,944	377,998,443	42,735,768	75,815,630	515,538,806	1,595,907,842	251,194,898	3,961,655,413
Off - balance sheet items										
Letter of guarantee	34,426,700	12,676,593	68,931,165	66,731,901	1,124,330	888,971	10,608,152	-	56,090,818	251,478,630
Letter of credit	37,808,126	13,486,562	53,137,799	324,658	2,240,831	-	1,024,988	15,667,267	28,251,592	151,941,823
Other Liabilities	370,645,919	150,278,346	98,960,001	14,876,406	9,476,134	3,795,008	46,828,438	-	52,506,769	747,367,021
Total	844,725,572	517,498,756	580,590,909	459,931,408	55,577,063	80,499,609	574,000,384	1,611,575,109	388,044,077	5,112,442,887

b) Total distribution of exposures according to financial instruments subject to impairment losses

31 December 2022	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Financial	390,566,926	2,640,196	131,096	393,338,218
Industrial	431,735,528	42,682,927	10,018,284	484,436,739
Commercial	408,107,337	99,397,728	18,195,484	525,700,549
Real estate	538,286,291	44,530,943	37,886,731	620,703,965
Agriculture	43,708,887	19,839,143	22,638	63,570,668
Shares	127,902,717	776,775	2,611,579	131,291,071
Retail	693,923,014	32,502,796	12,283,176	738,708,986
Governmental and Public Sector	2,971,425,705	-	-	2,971,425,705
Other	360,827,801	57,850,896	12,557,041	431,235,738
Total	5,966,484,206	300,221,404	93,706,029	6,360,411,639

31 December 2021	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Financial	401,748,611	17,590	78,626	401,844,827
Industrial	315,307,530	20,161,334	5,588,391	341,057,255
Commercial	304,228,222	44,465,312	10,868,410	359,561,944
Real estate	275,227,113	81,785,771	20,985,559	377,998,443
Agriculture	35,911,444	6,794,872	29,452	42,735,768
Shares	72,839,519	2,784,552	191,559	75,815,630
Retail	496,221,055	13,394,401	5,923,350	515,538,806
Governmental and Public Sector	1,595,907,842	-	-	1,595,907,842
Other	213,901,231	27,863,379	9,430,288	251,194,898
Total	3,711,292,567	197,267,211	53,095,635	3,961,655,413

3) **Credit Concentration based on geographic distribution is as follows:**

a) Total distribution of exposures according to geographic region

31 December 2022								
	Inside Jordan	Other Middle Eastern countries	Europe	Asia	Africa	America	Other Countries	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances at Central Banks	372,221,157	230,528,981	-	-	-	-	-	602,750,138
Balances at banks and financial institutions	126,808,306	27,375,621	39,935,639	6,096,408	247,661	19,897,881	67,752	220,429,268
Direct Credit facilities at amortized cost	2,836,072,350	462,941,913	-	-	-	-	-	3,299,014,263
Bonds and treasury bills:								
Financial assets at fair value through other comprehensive income	3,674,134	38,216,923	915,367	1,755,739	130,511	136,740	511,355	45,340,769
Financial assets at Amortized cost	1,787,181,897	88,613,946	-	-	-	-	-	1,875,795,843
Pledged financial assets - debt instruments	264,023,684	-	-	-	-	-	-	264,023,684
Other assets	2,873,267	48,826,433	-	-	1,357,974	-	-	53,057,674
Total 2022	5,392,854,795	896,503,817	40,851,006	7,852,147	1,736,146	20,034,621	579,107	6,360,411,639
Letter of guarantee	239,713,915	104,931,006	22,651,701	4,500	7,000	16,182	6,944	367,331,248
Letter of Credit	119,264,546	104,897,674	-	-	-	-	-	224,162,220
Other Liabilities	629,507,865	65,023,589	-	-	-	-	-	694,531,454
Total	6,381,341,121	1,171,356,086	63,502,707	7,856,647	1,743,146	20,050,803	586,051	7,646,436,561
31 December 2021								
	Inside Jordan	Other Middle Eastern countries	Europe	Asia	Africa	America	Other Countries	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances at Central Banks	210,179,001	107,530,404	-	-	-	-	-	317,709,405
Balances at banks and financial institutions	74,485,600	42,547,495	56,693,016	2,388,111	1,258,049	135,279,876	273,869	312,926,016
Direct Credit facilities at amortized cost	1,624,864,709	420,777,186	-	-	-	-	-	2,045,641,895
Loans and advances at fair value through income statement	83,650,601	-	-	-	-	-	-	83,650,601
Bonds and treasury bills:								
Financial assets at fair value through other comprehensive income	132,643,425	38,220,947	814,598	-	385,682	2,498,964	-	174,563,616
Financial assets at Amortized cost	972,368,749	28,376,028	-	-	-	-	-	1,000,744,777
Other assets	591,709	25,767,268	-	-	60,126	-	-	26,419,103
Total 2021	3,098,783,794	663,219,328	57,507,614	2,388,111	1,703,857	137,778,840	273,869	3,961,655,413
Letter of guarantee	147,167,751	64,774,248	39,532,631	-	-	4,000	-	251,478,630
Letter of Credit	76,516,297	75,425,526	-	-	-	-	-	151,941,823
Other Liabilities	687,258,727	60,108,294	-	-	-	-	-	747,367,021
Total	4,009,726,569	863,527,396	97,040,245	2,388,111	1,703,857	137,782,840	273,869	5,112,442,887

b) Distribution of exposures according to geographic region on stages according to IFRS 9

31 December 2022	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Inside Jordan	5,045,931,057	256,350,098	90,573,640	5,392,854,795
Other Middle Eastern countries	849,511,830	43,859,598	3,132,389	896,503,817
Europe	40,851,006	-	-	40,851,006
Asia	7,840,439	11,708	-	7,852,147
Africa	1,736,146	-	-	1,736,146
America	20,034,621	-	-	20,034,621
Other Countries	579,107	-	-	579,107
Total	5,966,484,206	300,221,404	93,706,029	6,360,411,639

31 December 2021	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Inside Jordan	2,890,838,208	158,253,546	49,692,040	3,098,783,794
Other Middle Eastern countries	620,815,653	39,000,080	3,403,595	663,219,328
Europe	57,507,614	-	-	57,507,614
Asia	2,374,526	13,585	-	2,388,111
Africa	1,703,857	-	-	1,703,857
America	137,778,840	-	-	137,778,840
Other Countries	273,869	-	-	273,869
Total	3,711,292,567	197,267,211	53,095,635	3,961,655,413

4- The fair value distribution of collateral against credit exposure (for total credit exposures) is as follows:

31 December 2022	Total Exposure	Interest In Suspense	Fair value of Collaterals							Net exposures after collateral	Expected credit loss (ECL)
			Cash Collaterals	Listed stocks	Accepted guarantees	Real estate	Cars and equipment	Others	Total Collateral		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cash and balances at central banks	602,750,138	-	-	-	-	-	-	-	-	602,750,138	-
Balances at banks and financial institutions	220,506,155	-	-	-	-	-	-	-	-	220,506,155	76,887
Direct credit facilities:											
Retail	816,140,199	6,882,372	60,873,578	42,274,784	-	202,054,629	72,170,639	252,068,389	629,442,019	186,698,180	32,762,312
Real estate Mortgages	318,184,077	4,692,257	7,679,550	21,600	-	266,347,060	1,882,372	5,464,852	281,395,434	36,788,643	11,252,416
Companies											
Corporate	1,787,512,686	32,251,052	44,576,819	54,613,375		430,325,466	39,053,452	1,544,596	570,113,707	1,217,398,979	112,344,421
Small and medium enterprises "SMEs"	376,648,802	9,285,780	11,672,096	32,152,458	453,115	164,656,481	6,043,551	12,073,851	227,051,552	149,597,250	38,737,650
Government and public sector lending	248,736,759	-	-	-	-	-	-	-	-	248,736,759	-
Debt, subordinate, and treasury bills :											
Financial assets at fair value through other comprehensive income	45,340,872	-	-	-	-	-	-	-	-	45,340,872	103
Financial assets at amortized cost	1,877,902,968	-	-	-	-	5,760,000	-	-	5,760,000	1,872,142,968	2,107,125
Pledged financial assets	264,023,684	-	-	-	-	-	-	-	-	264,023,684	-
Other assets	53,242,050	-	-	-	-	-	-	-	-	53,242,050	184,376
Total	6,610,988,390	53,111,461	124,802,043	129,062,217	453,115	1,069,143,635	119,150,014	271,151,689	1,713,762,713	4,897,225,677	197,465,290
Letters of guarantee	371,573,755	-	86,168,338	-	-	19,001,617	7,492,610	-	112,662,565	258,911,190	4,242,507
Letters of credit	225,924,579	-	101,808,858	-	-	10,280,378	-	-	112,089,237	113,835,342	1,762,359
Other liabilities	696,763,324	-	51,749,415	-	-	-	-	-	51,749,415	645,013,909	2,231,870
Total	7,905,250,048	53,111,461	364,528,654	129,062,217	453,115	1,098,425,631	126,642,624	271,151,689	1,990,263,930	5,914,986,118	205,702,026

4- The fair value distribution of collateral against credit exposure (for total credit exposures) is as follows:

31 December 2021	Total Exposure	Interest In Suspense	Fair value of Collaterals							Net exposures after collateral	Expected credit loss (ECL)
			Cash Collaterals	Listed stocks	Accepted guarantees	Real estate	Cars and equipment	Others	Total Collateral		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cash and balances at central banks	317,709,405	-	-	-	-	-	-	-	-	317,709,405	-
Balances at banks and financial institutions	312,926,016	-	-	-	-	-	-	-	-	312,926,016	-
Direct credit facilities:											
Retail	556,455,152	2,912,998	23,429,737	11,927,421	-	42,185,061	23,982,711	226,839,241	328,364,171	228,090,981	15,763,481
Real estate Mortgages	211,629,426	3,835,260	1,799,233	-	-	195,081,154	3,559,453		200,439,840	11,189,586	8,972,209
Companies											
Corporate	1,074,750,826	22,614,644	30,143,932	14,109,913	20,125,899	255,055,735	30,908,165	536,382	350,880,026	723,870,800	77,312,149
Small and medium enterprises "SMEs"	239,325,965	5,990,955	5,599,756	1,254,902	-	103,687,720	3,835,864	3,339,515	117,717,757	121,608,208	18,506,114
Government and public sector lending	119,388,336	-	-	-	-	-	-	-	-	119,388,336	-
Loans and advances at fair value through income statement	83,650,601	-	-	-	-	-	-	-	-	83,650,601	-
Debt, subordinate, and treasury bills :											
Financial assets at fair value through other comprehensive income	174,583,074	-	-	-	-	-	-	-	-	174,583,074	19,458
Financial assets at amortized cost	1,002,452,007	-	-	-	-	5,200,000	-	-	5,200,000	997,252,007	1,707,230
Other assets	26,506,771	-	-	-	-	-	-	-	-	26,506,771	87,668
Total	4,119,377,579	35,353,857	60,972,658	27,292,236	20,125,899	601,209,670	62,286,193	230,715,138	1,002,601,794	3,116,775,785	122,368,309
Letters of guarantee	253,356,599	-	49,676,997	1,400	631,269	38,595,414	2,693,096		91,598,175	161,758,424	1,877,969
Letters of credit	153,124,197	-	68,393,600	-	1,911,097	12,952,487	78,930		83,336,113	69,788,084	1,182,374
Other liabilities	749,195,694	-	45,306,448	-	-	1,254,377	276,497		46,837,322	702,358,372	1,828,673
Total	5,275,054,069	35,353,857	224,349,703	27,293,636	22,668,265	654,011,947	65,334,716	230,715,138	1,224,373,405	4,050,680,664	127,257,325

5 - The fair value distribution of collateral against credit exposure is as follows (for exposures under stage three):

31 December 2022	Total Exposure	Interest In Suspense	Fair value of Collaterals						Net exposures after collateral	Expected credit loss (ECL)
			Cash Collaterals	Listed stocks	Real estate	Cars and equipments	Others	Total Collateral		
	JD		JD	JD	JD	JD	JD	JD	JD	JD
Cash and balances at central banks	68,949	-	-	-	-	-	-	-	68,949	68,949
Direct credit facilities:										
Retail	42,899,647	6,882,372	300,895	901,336	21,915,262	2,752,295	3,686,683	29,556,471	13,343,176	25,093,495
Real estate Mortgages	36,575,654	4,692,257	709,608	-	18,135,234	173,486	-	19,018,328	17,557,326	9,331,407
Companies										
Corporate	138,428,003	31,783,271	2,146,793	-	34,947,998	1,419,581	438,907	38,986,460	99,441,543	73,664,379
Small and medium enterprises -SMEs	55,763,219	9,285,780	1,406,027	-	22,406,740	578,752	376,731	24,768,250	30,994,969	27,115,618
Government and public sector lending										
Debt, subordinate, and treasury bills:										
Financial assets at amortized cost	6,660,000	-	-	-	5,760,000	-	-	5,760,000	900,000	2,072,120
Total	280,395,472	52,643,680	4,563,323	901,336	103,165,234	4,924,114	4,502,321	118,089,509	162,305,963	137,345,968
Letters of guarantee	8,158,989	-	1,287,210	3,248,000	-	-	-	4,535,210	3,623,779	2,041,616
Letters of credit										
Other liabilities	253,289	-	-	-	-	-	-	-	253,289	2,107
Total	288,807,750	52,643,680	5,850,533	4,149,336	103,165,234	4,924,114	4,502,321	122,624,718	166,183,032	139,389,691

31 December 2021	Total Exposure	Interest In Suspense	Fair value of Collaterals							Net exposures after collateral	Expected credit loss (ECL)
			Cash Collaterals	Listed stocks	Accepted guarantees	Real estate	Cars and equipment	Others	Total Collateral		
	JD		JD	JD	JD	JD	JD	JD	JD	JD	JD
Cash and balances at central banks	317,709,405	-	-	-	-	-	-	-	-	317,709,405	-
Balances at banks and financial institutions	312,926,016	-	-	-	-	-	-	-	-	312,926,016	-
Direct credit facilities:										-	
Retail	556,455,152	2,912,998	23,429,737	11,927,421	-	42,185,061	23,982,711	226,839,241	328,364,171	228,090,981	15,763,481
Real estate Mortgages	211,629,426	3,835,260	1,799,233	-	-	195,081,154	3,559,453	-	200,439,840	11,189,586	8,972,209
Companies										-	
Corporate	1,074,750,826	22,614,644	30,143,932	14,109,913	20,125,899	255,055,735	30,908,165	536,382	350,880,026	723,870,800	77,312,149
Small and medium enterprises- SMEs	239,325,965	5,990,955	5,599,756	1,254,902	-	103,687,720	3,835,864	3,339,515	117,717,757	121,608,208	18,506,114
Government and public sector lending	119,388,336	-	-	-	-	-	-	-	-	119,388,336	-
Loans and advances at fair value through income statement	83,650,601	-	-	-	-	-	-	-	-	83,650,601	-
Financial assets at fair value through other comprehensive income	174,583,074	-	-	-	-	5,200,000	-	-	5,200,000	169,383,074	19,458
Financial assets at amortized cost	1,002,452,007	-	-	-	-	-	-	-	-	1,002,452,007	1,707,230
Other assets	26,506,771	-	-	-	-	-	-	-	-	26,506,771	87,668
Total	4,119,377,579	35,353,857	60,972,658	27,292,236	20,125,899	601,209,670	62,286,193	230,715,138	1,002,601,794	3,116,775,785	122,368,309
Letters of guarantee	253,356,599	-	49,676,997	1,400	631,269	38,595,414	2,693,096	-	91,598,175	161,758,424	1,877,969
Letters of credit	153,124,197	-	68,393,600	-	1,911,097	12,952,487	78,930	-	83,336,113	69,788,084	1,182,374
Other liabilities	749,195,694	-	45,306,448	-	-	1,254,377	276,497	-	46,837,322	702,358,372	1,828,673
Total	5,275,054,069	35,353,857	224,349,703	27,293,636	22,668,265	654,011,947	65,334,716	230,715,138	1,224,373,405	4,050,680,664	127,257,325

6) Total credit exposures that have been reclassified

a) Total credit exposures that have been reclassified

31 December 2022	Stage Two		Stage Three		Total reclassified exposures	Percentage of reclassified exposures
	Total Exposure	reclassified exposure	Total Exposure	Total reclassified exposures		
	JD	JD	JD	JD		
Balances at banks and financial institutions	1,928,895	-	-	-	-	0%
Direct Credit Facilities at amortized cost	295,350,044	101,631,471	138,461,624	14,911,353	137,985,540	32%
Bonds and treasury bills within:						
Financial assets at Amortized cost	-	-	4,587,880	-	-	0%
Total	297,278,939	101,631,471	143,049,504	14,911,353	137,985,540	31%
Letters of guarantee	13,527,845	7,494,190	6,117,373	738,766	8,232,956	42%
Letters of Credit	1,487,159	-	-	-	-	0%
Bank acceptances	40,565	144,892	-	-	144,892	357%
Unutilized credit facilities	6,953,996	18,458	251,182	-	18,458	0%
Total	22,009,565	7,657,540	6,368,555	738,766	8,396,306	30%

31 December 2021	Stage Two		Stage Three		Total reclassified exposures	Percentage of reclassified exposures
	Total Exposure	reclassified exposure	Total Exposure	Total reclassified exposures		
	JD	JD	JD	JD		
Balances at Central Banks						
Balances at banks and financial institutions	17,584	-	-	-	-	1%
Direct Credit Facilities at amortized cost	194,800,663	40,128,957	82,222,424	14,911,353	55,040,310	14%
Bonds and treasury bills within:						
Financial assets at Amortized cost	-	-	4,019,332	5,168,623	5,168,623	
Other assets	91,284	-	-	-	-	101%
Total	194,909,531	40,128,957	86,241,756	20,079,976	60,208,933	16%
Letters of guarantee	8,604,090	2,650,865	6,731,237	3,973,319	6,624,184	42%
Letters of Credit	396,502	-	-	-	-	0%
Bank acceptances	14,166	-	-	-	-	0%
Unutilized credit facilities	1,716,815	11,196	664	-	11,196	2%
Total	10,731,573	2,662,061	6,731,901	3,973,319	6,635,380	30%

b) Expected Credit Loss for the reclassified exposures

31 December 2022	Exposures that have been classified			Expected Credit Loss for the reclassified exposures		
	Exposures that were reclassified from stage two	Exposures that were reclassified from stage three	Total reclassified exposures	Stage Two	Stage Three	Total
	JD	JD	JD	JD	JD	JD
Direct Credit Facilities - amortized cost	101,631,471	36,354,069	137,985,540	(8,575,056)	(38,416,249)	90,994,235
Total	101,631,471	36,354,069	137,985,540	(8,575,056)	(38,416,249)	90,994,235
Letters of guarantee	7,494,190	738,766	8,232,956	(117,588)	(6,203)	8,109,165
Unutilized credit facilities	18,458	-	18,458	(2,672)	-	15,786
Total	7,512,648	738,766	8,251,414	(120,260)	(6,203)	8,124,951

31 December 2021	Exposures that have been classified			Expected Credit Loss for the reclassified exposures		
	Exposures that were reclassified from stage two	Exposures that were reclassified from stage three	Total reclassified exposures	Stage Two	Stage Three	Total
	JD	JD	JD	JD	JD	JD
Direct Credit Facilities - amortized cost	40,128,957	14,911,353	55,040,310	(684,174)	(19,924,252)	34,431,884
Financial assets at Amortized cost	-	5,168,623	5,168,623	-	(31,377)	5,137,246
Total	40,128,957	20,079,976	60,208,933	(684,174)	(19,955,629)	39,569,130
Letters of guarantee	2,650,865	3,973,319	6,624,184	(62,878)	-	6,561,306
Unutilized credit facilities	11,196	-	11,196	-	-	11,196
Total	2,662,061	3,973,319	6,635,380	(62,878)	-	6,572,502

7) Credit exposures according to the Central Bank of Jordan instructions number 47/2009 are in conformity with IFRS 9

31/12/2022	According to the Central Bank of Jordan instructions number 47/2009				According to the International Financial Reporting Standards								
	Total	Interest in suspense	Gross	Provision	Stage one			Stage two			Stage Three		
					Total	Expected credit loss	Interest in suspense	Total	Expected credit loss	Interest in suspense	Total	Expected credit loss	Interest in suspense
Performing loans	3,014,886,917	-	2,986,350,492	-	2,919,697,192	35,817,494	-	-	-	-	-	-	-
Watch list	278,542,668	-	278,542,668	7,680,761	-	-	-	319,424,450	24,072,605	467,781	-	-	-
Non performing:													
- Substandard	3,890,109	88,031	3,802,078	852,081	-	-	-	-	-	-	273,666,523	135,129,947	52,643,680
- Doubtful	11,566,050	636,060	10,929,990	4,768,013	-	-	-	-	-	-	-	-	-
- Loss	203,902,421	51,308,710	152,593,711	126,990,247	-	-	-	-	-	-	-	-	-
Total	3,512,788,165	52,032,801	3,432,218,939	140,291,102	2,919,697,192	35,817,494	-	319,424,450	24,072,605	467,781	273,666,523	135,129,947	52,643,680

8- Rescheduled loans

Are defined as loans that were classified as “Non-performing” credit facilities, and subsequently removed and included under “Watch List” based upon a proper rescheduling that complies with the Central Bank of Jordan’s regulations. These loans amounted to JD 18,743,525 as of 31 December 2022, against JD 45,279,737 as of 31 December 2021.

The rescheduled loans balances represents the scheduled loans either still classified as watch list or transferred to as performing.

9- Restructured loans

Restructuring is defined as reorganizing credit facilities in terms of installments, extending the term of credit facilities, deferment of installments, or extending the grace period and accordingly are classified as “Watch List” in case of restructuring twice during the year according to the Central Bank of Jordan instructions number 47/2009 issued on 10 December 2009 and its amendments. These debts amounted to JD 246,969,073 as of 31 December 2022 against JD 66,975,947 as of 31 December 2021.

10- Bonds and Treasury Bills

The following table shows the classifications of bonds and treasury bills based on the international credit rating agencies:

2022

Risk Rating Class	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Pledged financial assets	Total
	JD	JD	JD	JD
Non-rated	49,850,509	-	-	49,850,509
Governmental	1,796,416,200	36,969,157	258,287,955	2,091,673,312
S&P (AA)	-	267,625	-	267,625
S&P (AA-)	-	1,276,841	-	1,276,841
S&P (A +)	-	959,592	-	959,592
S&P (A)	-	2,110,171	-	2,110,171
S&P (A-)	-	1,937,760	-	1,937,760
S&P (BBB+)	-	624,260	-	624,260
S&P (BBB)	-	154,986	-	154,986
S&P (BB-)	8,508,000	428,482	-	8,936,482
S&P (BBB-)	-	428,710	-	428,710
Total	1,854,774,709	45,157,583	258,287,955	2,158,220,247

2021

Risk Rating Class	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Pledged financial assets	Total
	JD	JD	JD	JD
Non-rated	8,890,500	-	-	8,890,500
Governmental	979,838,149	161,620,280	-	1,141,458,429
S&P (AA)	-	1,734,243	-	1,734,243
S&P (A +)	-	899,207	-	899,207
S&P (A)	-	3,946,338	-	3,946,338
S&P (A-)	-	1,093,771	-	1,093,771
S&P (BBB+)	-	527,266	-	527,266
S&P (B)	-	285,384	-	285,384
S&P (BB-)	-	420,197	-	420,197
S&P (BBB-)	-	293,573	-	293,573
Total	988,728,649	170,820,259	-	1,159,548,908

(45 - 2) Market Risk

Market Risk is the risk of fluctuations and changes in the fair value or the cash flow of financial instruments, due to changes in market prices such as interest rates, exchange rates, and stock prices. Market risk arises from open positions in interest rates, currency rates and equity and security investments. These risks are monitored through specific policies and procedures by specialized committees and concerned business units. The risks include the following:

1. Interest Rate Risk
2. Exchange Rate Risk
3. Equity Price Risk

The Bank manages the expected market risk by adopting financial and investment policies within a specific strategy, and through the Assets and Liabilities Committee, which is tasked with the supervision of market risk and providing advice regarding the acceptable risks and the policy that is being followed.

The Market Risk Unit has been established and staffed by qualified and trained personnel to manage this type of risk according to the following:

1. Policies and procedures that are approved by the Board of Directors and the Central Bank of Jordan.
2. Market Risk Policy that includes principles of identifying, managing, measuring and monitoring this type of risk and having it approved by the relevant committees.
3. Monitoring reports for managing and monitoring market risk.
4. Developing tools and measures to manage and monitor market risk through:
 - a. Sensitivity Analysis
 - b. Basis Point Analysis
 - c. Value at Risk (VaR)
 - d. Stress Testing
 - e. Stop-Loss Limit Reports
 - f. Monitoring the Bank's investment limits
 - g. Monitoring the Bank's investment portfolio at fair value through other comprehensive income and conducting revaluations of the portfolio on a regular basis.
5. The Middle Office Unit is tasked with monitoring, on a daily basis, all the investment limits in the money market and the foreign exchange transactions.

1- Interest Rate Risk:

Interest rate risk arises from the possible impact of changes in interest rates on the Bank's profits or the fair value of financial instruments. The Bank is exposed to interest rate risk due to the possible interest rate mismatch or gap between assets and liabilities valued at different time intervals, or the revision of the interest rates at a given time interval. The Bank manages these risks by reviewing the interest rates on assets and liabilities on a regular basis.

The Assets and Liabilities Management Policy includes limits for interest rate sensitivity. The Asset and Liability Committee evaluates the interest rate risk through periodic meetings and examines the gaps in the maturities of assets and liabilities and the extent by which it is affected by the current and expected interest rates, while comparing it with the approved limits, and implementing hedging strategies when needed.

The Bank uses hedging instruments such as Interest Rate Swaps to curb the negative impact of fluctuations in interest rates.

Interest Rate Risk Reduction Methods:

The Asset and Liability Committee, through periodic meetings convened for this purpose, evaluates the assets and liabilities maturity gaps, and the extent of their exposure to the impacts of current and expected interest rates are examined. In addition, solutions are proposed to reduce the impact of these risks.

Balancing due dates of assets and liabilities; the management of the Bank seeks to harmonize the impact of interest rates changes within the assets and liabilities maturity categories to mitigate any negative impact that may arise from fluctuations in interest rates.

Interest Rate Gaps:

The Bank mitigates any gaps in interest rates through a circular that adjusts interest rates on its assets and liabilities that links and balances the maturities and interests.

Interest Rate Hedging:

The Bank acquires long-term financing to meet its long-term investments using fixed interest rates as much as possible to avoid interest rate fluctuations. Conversely, the Bank invests in short-term investments to meet any possible fluctuations.

The sensitivity of statement of income is represented by the effect of the possible expected changes in interest rates on the Bank's profits for one year. It is calculated based on the financial assets and liabilities that carry a variable interest rate

2022			
Currency	Increase in interest rate	Sensitivity of interest income (profit and loss)	Sensitivity of equity
	%	JD	JD
US Dollar	1	(335,411)	-
Euro	1	(243,246)	-
Pound Sterling	1	90,219	-
Japanese Yen	1	57,506	-
Other Currencies	1	243,011	-
2021			
Currency	Decrease in interest rate	Sensitivity of interest income (profit and loss)	Sensitivity of equity
	%	JD	JD
US Dollar	1	(368,027)	-
Euro	1	373	-
Pound Sterling	1	(48)	-
Japanese Yen	1	14	-
Other Currencies	1	(1,063)	-

The sensitivity of the interest rates is as follows:

The following analysis shows interest rate re-pricing or maturity dates, whichever is earlier:

	Less than 1 month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 3 years	3 years or more	Non-interest bearing	Total
	JD	JD	JD	JD	JD	JD	JD	JD
31 December 2022								
Assets-								
Cash and balances at Central Banks	154,200,000	-	-	-	-	-	626,356,681	780,556,681
Balances and deposits at banks and financial institutions	2,627,908	114,975,427	-	-	-	-	102,451,076	220,054,411
Direct credit facilities at amortized cost	535,431,398	214,529,374	219,835,030	311,214,962	640,231,072	1,177,090,950	166,247,119	3,264,579,905
Financial assets at fair value through other comprehensive income	318,616	33,075,974	141,531	816,174	2,895,427	7,909,861	68,672,093	113,829,676
Financial assets at amortized Cost - net	62,633,502	115,832,030	368,751,339	253,739,486	327,123,867	724,587,360	-	1,852,667,584
Pledged financial assets	-	-	-	-	39,109,850	219,178,105	-	258,287,955
Property and equipment - net	-	-	-	-	-	-	113,311,566	113,311,566
Intangible assets - net	-	-	-	-	-	-	58,375,636	58,375,636
Deferred tax assets	-	-	-	-	-	-	36,915,178	36,915,178
Leased Assets	-	10,550	14,901	-	514,531	13,977,032	-	14,517,014
Other assets	4,936,142	4,599,257	4,790,814	8,161,188	15,648,792	69,709,293	136,830,821	244,676,307
Total Assets	760,147,566	483,022,612	593,533,615	573,931,810	1,025,523,539	2,212,452,601	1,309,160,170	6,957,771,913
Liabilities-								
Banks and financial institution deposits	59,713,062	18,777,629	8,391,206	10,408,362	-	-	51,761,316	149,051,575
Customers' deposits	1,212,009,095	868,787,273	697,406,015	1,140,258,696	113,880,440	1,349,937	826,172,121	4,859,863,577
Cash Margin accounts	14,487,504	25,659,024	28,959,240	43,360,798	85,407,496	156,673,709	55,186,677	409,734,448
Loans and borrowings	2,012,066	37,934,081	138,503,432	46,738,881	117,870,818	249,350,618	147,282,127	739,692,023
Income tax provisions	-	-	-	-	-	-	4,341,637	4,341,637
Deferred tax liabilities	-	-	-	-	-	-	2,748,976	2,748,976
Sundry provisions	-	-	-	-	-	-	3,927,945	3,927,945
Expected credit losses provision against off balance sheet items	-	-	-	-	-	-	8,236,731	8,236,731
Obligations for lease contracts	-	14,078	16,943	-	687,058	15,086,870	-	15,804,949
Other liabilities	10,355,760	8,640,674	7,450,015	14,982,127	521,963	5,891,609	48,754,849	96,596,997
Bond loans	-	-	-	-	-	15,172,600	-	15,172,600
Total liabilities	1,298,577,487	959,812,759	880,726,851	1,255,748,864	318,367,775	443,525,343	1,148,412,379	6,305,171,458
Interest rate sensitivity gap	(538,429,921)	(476,790,147)	(287,193,236)	(681,817,054)	707,155,764	1,768,927,258	160,747,791	652,600,455
31 December 2021								
Total Assets	541,172,130	162,487,322	357,508,992	257,730,958	879,570,275	1,300,916,550	811,919,188	4,311,305,415
Total Liabilities	699,764,853	614,055,018	428,235,574	757,528,623	261,916,451	232,372,553	925,281,707	3,919,154,779
Interest rate sensitivity gap	(158,592,723)	(451,567,696)	(70,726,582)	(499,797,665)	617,653,824	1,068,543,997	(113,362,519)	392,150,636

2- Currency Risks

The currency risk is the risk of change in the value of financial instruments due to change in exchange rates. The Jordanian Dinar is the base currency of the Bank. The Board of Directors imposes limits for the financial position of each currency at the Bank. The foreign currency positions are monitored on a daily basis, and hedging strategies are implemented to ensure the maintenance of foreign currencies' positions within the approved limits.

The Bank's investment policy states that it is possible to hold positions in major foreign currencies, provided that they do not exceed 5% of shareholders' equity for each currency, and that the gross foreign currencies position does not exceed 15% of shareholders equity. Also, the foreign currency positions are monitored on a daily basis. In addition, complex market instruments can be used to hedge against fluctuations in currency exchange rates according to limits that ensure the Bank is not exposed to additional risks.

The following table illustrates the possible effect on the statement of income as a result of fluctuations in exchange rates against the Jordanian Dinar, assuming that all other variables remain constant:

2022-

Currency	Change in currency exchange rate	Effect on profit and loss
	%	JD
Euro	5	(321,910)
British Pound Sterling	5	(51,625)
Japanese Yen	5	(1,302)
Other currencies	5	150,276

2021-

Currency	Change in currency exchange rate	Effect on profit and loss
	%	JD
Euro	5	(187,321)
British Pound Sterling	5	(5,452)
Japanese Yen	5	1,209
Other currencies	5	(5,141)

In the event of negative change in the indicator, the effect will remain constant but with an opposite sign.

Concentration in Foreign currency risk:

2022	US Dollar	Euro	Pound sterling	Japanese Yen	Other	Total
Assets						
Cash and balances at Central Bank of Jordan	231,733,400	3,343,307	1,202,884	1,173	200,511,327	436,792,090
Balances at banks and financial institutions	19,645,420	18,644,210	12,065,480	2,713,051	13,917,954	66,986,115
Financial assets at fair value through other comprehensive income	61,974,934	1,339,390	626,617	-	1,689,243	65,630,184
Credit facilities at amortized cost	515,552,392	5,356,336	36,145	5,582,529	312,877,194	839,404,596
Financial assets at amortized cost - net	747,243,787	-	-	-	9,712,329	756,956,116
Leased assets	-	-	-	-	8,477,799	8,477,799
Property and equipment - net	1,075,838	-	-	-	24,107,509	25,183,347
Intangible assets - net	6,226,300	-	-	-	63,722,737	69,949,037
Other assets	63,517,377	545,997	4,872	6,143	26,401,246	90,475,635
Total Assets	1,646,969,447	29,229,240	13,935,998	8,302,896	661,417,338	2,359,854,918
Liabilities						
Banks and financial institution deposits	90,024,654	7,434,207	23,894	-	69,434,009	166,916,765
Customers' deposits	1,132,765,965	43,835,236	19,803,066	1,140,179	406,629,845	1,604,174,292
Cash Margin accounts	140,808,656	19,003,105	312,398	24,977	65,516,059	225,665,195
Loans and borrowings	310,412,679	-	-	-	18,567,149	328,979,827
Sundry provisions	1,309,521	17,006	10,386	-	796,983	2,133,896
Expected credit losses provision against off balance sheet items	2,660,056	-	-	-	-	2,660,056
Other liabilities	12,177,313	152,755	-	-	2,643,634	14,973,702
Bond loans	15,172,600	-	-	-	-	15,172,600
Lease obligations	-	-	-	-	9,915,320	9,915,320
Total Liabilities	1,705,331,444	70,442,309	20,149,744	1,165,157	573,502,999	2,370,591,653
perpetual Bond	70,900,000					70,900,000
Net concentration in the statement of financial position	(129,261,997)	(41,213,068)	(6,213,747)	7,137,739	87,914,339	(81,636,734)
Forward contracts	- 27,760,406	34,774,864	5,181,241	(7,163,775)	(1,936,787)	3,095,138
Net concentration in foreign currency	(157,022,403)	(6,438,204)	(1,032,506)	- 26,036	85,977,552	(78,541,596)
2021						
Total Assets	1,338,795,282	43,800,401	15,018,509	14,906,006	479,884,877	1,892,405,075
Total Liabilities	1,463,776,276	40,974,801	18,420,918	103,607	371,384,790	1,894,660,392
Net concentration in the statement of financial position	(124,980,994)	2,825,600	(3,402,409)	14,802,399	108,500,087	(2,255,317)
Forward contracts	22,474,086	234,037	23,476	(14,779,360)	(737,194)	7,215,045
Net concentration in foreign currency	(102,506,908)	3,059,637	(3,378,933)	23,039	107,762,893	4,959,728

3- Equity Price Risk

Equity price risk arises from the change in the fair value of equity investments. The Bank manages this risk by distributing its investments over various geographic and economic sectors. Most of the Bank's equity investments are listed in Amman Stock Exchange.

The following table illustrates the statement of income sensitivity and the cumulative change in fair value as a result of possible reasonable changes in the equity prices, assuming that all other variables remain constant:

Indicator	Change in indicator	Effect on profit and loss	Effect on equity
2022 -	%	JD	JD
Amman Stock exchange	5	-	354,594
Regional Markets	5	-	244,715
Indicator	Change in indicator	Effect on profit and tax	Effect on equity
2021 -	%	JD	JD
Amman Stock exchange	5	-	112,246
Regional Markets	5	-	206,513

In the event of negative change in the indicator, the effect will remain constant but with an opposite sign.

(45 - 3) Liquidity Risk

Liquidity risk refers to the risk arising from the probability of the Bank being unable to raise adequate funds in any geographical region, currency and time, to meet its obligations when they are due, or to finance its activities without bearing high costs or incurring losses because of resorting to:

1. Selling Bank assets at low prices; leading to a decrease in the expected returns and the financial profits of the Bank.
2. Acquiring high-cost obligations in order to meet its commitments, which would lead to an increase in the costs and a consequent decrease in the expected profits of the Bank.

The impact of a liquidity risk is identified by ascertaining the extent of the liquidity of its assets and the ability of the Bank to convert liquid and semi-liquid assets into cash with the least amount of losses if the prices decrease. The Bank should provide the assets that can be sold at a price that is close to its fair value. Accordingly, the liquidity risk which the Bank may be subject to can be divided into the following:

A- Funding Liquidity Risk: the inability of the Bank to convert assets into cash such as accounts receivable, or obtain financing to meet commitments

B- Market Liquidity Risk: the inability of the Bank to sell assets in the market or the sale of these assets at a large financial loss due to the poor liquidity or demand in the market.

The treasury and Investment department is responsible for managing the Bank's liquidity, while the Asset and Liability Committee (ALCO) manages, measures and monitors the liquidity risk which are governed by pre-set policies and procedures as well as the Contingency Funding Plan. The Committee is tasked with monitoring and controlling liquidity and ensuring the optimum strategic distribution of the Bank assets and liabilities, whether in the on/off-statement of financial position items of it in coordination with the head of Treasury and Investment Department. The management of liquidity risk is conducted within the following group of inputs:

- 1- A set of policies and procedures approved by the committees which determine principles, definition, management, measurement and monitoring of liquidity risk.
- 2- Contingency Funding Plan, which includes:
 - a. Specific procedures for liquidity contingency management.
 - b. A specialized committee for liquidity contingency management.
 - c. Liquidity Contingency Plan.
 - d. Analysis of the liquidity position of the Bank based on the following liquidity reports:
 - Duration gap analysis of assets and liabilities
 - Legal liquidity ratio, liquidity according to maturity ladder (in Jordanian dinar and foreign currencies).
 - Certificate of Deposits (CDs) issued by Capital Bank (in Jordanian dinar and foreign currencies).
 - Customers Deposits (in Jordanian dinar and foreign currencies)
 - Liquidity Indicators Report
 - Stress testing

The Treasury and Investment Department, in coordination with the Market Risk Unit, diversifies funding sources and matches its maturity dates, and maintains sufficient liquid assets, in order to mitigate liquidity risk. Accordingly, this is accomplished through:

First: The table below summarizes the undiscounted cash flows of the financial liabilities:

	Less than 1 month	1 – 3 months	3 – 6 months	6 – 12 months	1 – 3 years	3 years or more	No fixed maturity	Total
31 December 2022	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities-								
Banks and financial institution deposits	111,586,451	18,883,358	8,485,700	10,642,782	-	-	-	149,598,290
Customers' deposits	2,040,550,122	873,881,479	705,584,611	1,167,002,702	121,893,409	1,508,246	-	4,910,420,570
Margin accounts	69,688,115	25,733,061	29,126,359	43,861,255	88,364,736	165,715,105	-	422,488,632
Loans and borrowings	149,298,426	38,173,495	140,251,708	47,918,815	126,797,848	280,825,193	-	783,265,484
Income tax provision	-	4,341,637	-	-	-	-	-	4,341,637
Deferred tax liabilities	-	-	-	-	-	-	2,748,976	2,748,976
Sundry provisions	-	-	-	3,554,207	-	-	373,738	3,927,945
Provisions against off - balance sheet items	-	-	-	-	-	-	8,236,731	8,236,731
The rights to use leased contracts	-	14,078	16,943	-	687,058	15,086,870	-	15,804,949
Other liabilities	59,110,609	8,640,674	7,450,015	14,982,127	521,963	5,891,609	-	96,596,997
Subordinated loans	-	-	-	-	-	20,483,010	-	20,483,010
Total Liabilities	2,430,233,722	969,667,782	890,915,337	1,287,961,888	338,265,014	489,510,033	11,359,445	6,417,913,221
Total Assets	4,645,111,046	378,849,269	605,274,051	599,634,578	1,049,130,486	2,258,993,961	1,601,378,462	11,138,371,854
31 December 2021								
Liabilities-								
Banks and financial institution deposits	157,389,994	206,018,618	714,270	18,225,030	-	-	-	382,347,912
Customers' deposits	1,315,369,246	379,199,264	390,144,520	675,547,565	42,934,621	401,375	-	2,803,596,591
Margin accounts	41,012,864	13,929,473	16,263,176	21,390,723	52,082,729	93,648,422	-	238,327,387
Loans and borrowings	91,018,368	15,298,274	23,927,629	56,927,494	178,198,105	104,969,582	-	470,339,452
Income tax provision	-	4,484,833	-	-	-	-	-	4,484,833
Deferred tax liabilities	-	-	-	-	-	-	2,881,882	2,881,882
Sundry provisions	-	-	-	2,383,196	-	-	114,796	2,497,992
Provisions against off - balance sheet items	-	-	-	-	-	-	4,889,017	4,889,017
The rights to use leased contracts	162,621	256,561	80,737	394,626	2,050,162	8,918,912	-	11,863,619
Other liabilities	42,711,054	3,008,787	3,105,218	6,017,706	910,629	8,542,935	-	64,296,329
Subordinated loans	-	-	-	-	-	38,286,000	-	38,286,000
Total Liabilities	1,647,664,147	622,195,810	434,235,550	780,886,340	276,176,246	254,767,226	7,885,695	4,023,811,014
Total Assets	321,276,601	168,975,988	366,593,777	265,499,315	916,613,116	1,334,198,614	938,148,003	4,311,305,415

Second: The table below summarizes the maturities of financial derivatives as of the date of the consolidated financial statements:

Financial derivatives / liabilities which are settled in net include: foreign currency derivatives, off-the statement of Financial position items market currency options, currency futures, and on-statement of financial position foreign currency swap contracts:

Foreign Currency Derivatives

	Up to 1 month	1 – 3 months	3 – 6 months	6 – 12 months	Total
	JD	JD	JD	JD	JD
2022					
Derivatives held for trading					
Outflows	83,666,968	5,311,419	2,817,117	48,443,109	140,238,613
Inflows	83,607,316	5,305,253	2,813,386	47,887,701	139,613,657
	Up to 1 month	1 – 3 months	3 – 6 months	6 – 12 months	Total
	JD	JD	JD	JD	JD
2021					
Derivatives held for trading					
Outflows	9,535,207	2,809,332	500,000	11,060,611	23,905,149
Inflows	9,194,211	2,808,026	495,804	11,049,981	23,548,022

Third: Off-the statement of Financial position items:

	Up to 1 year	1 – 5 years	Total
	JD	JD	JD
2022			
Acceptances and Letters of Credit	146,546,660	225,924,579	372,471,239
Unutilized credit limits	-	409,978,051	409,978,051
Letters of guarantee	371,573,755	-	371,573,755
Interest Forward Deals	140,238,613	-	140,238,613
Total	658,359,028	635,902,630	1,294,261,658
	Up to 1 year	1 – 5 years	Total
	JD	JD	JD
2021			
Acceptances and Letters of Credit	91,726,111	153,124,197	244,850,308
Unutilized credit limits	-	281,161,365	281,161,365
Letters of guarantee	253,356,599	-	253,356,599
Interest Forward Deals	296,545,718	-	296,545,718
Foreign Currency Forward Deals	-	79,762,500	79,762,500
Total	641,628,428	514,048,062	1,155,676,490

(45-4) Operational risk:

Operational risk is defined as the risk of loss arising from inadequate or failure of internal processes, human factor or systems, or resulting from external events. From a management perspective, this definition also includes legal risk, strategic risk and reputational risk for the purposes of managing these types of risk.

Due to the continuous change in the working environment and the management's desire to remain in-sync with all the technological advancements and to introduce new banking services and products, Operational Risk Policy has been designed and developed for the Bank's departments, branches and subsidiary, whereby the main principles are included and the policy's objectives are aligned with the Bank's strategic objectives.

Moreover, Bank's strategies have been implemented to enhance the role of Operational Risk management which is represented by Operational Risk Management Framework, that includes all bank's departments, branches and subsidiaries. This requires determining, evaluating, supervising and rendering the operational risk for each branch separately as outlined in Basel committee through which Control and Risk Self Assessment (CRSA) made by:

1. Holding “Workshops” based on analyzing the related procedures, events and audit reports thus identifying risks, controls, and determine gaps which will be self tested by entities' managers.
2. Implement Key Risk Indicators (KRIs) at the bank's level.
3. Create and update Business Continuity Plans.

Therefore, the Operational Risk and Business Continuity efficiency is a joint responsibility with all departments from all levels, as it is part of their responsibilities through:

- 1- Conducting CRSA testing on time and without delay.
- 2- Provide Operational Risk with accurate data transparently.
- 3- Reporting and disclosing any losses or operating events without delay or hesitation.
- 4- Implement “Remedial Actions/ Recommendations / Mitigations” by Operational Risk department, that would mitigate the risks which were identified through workshops / reporting of events or losses /CRSA.
- 5- Board of Directors, related committees and top management have a major role in supporting Operational Risk activities and methodology.

To ensure that the above is implemented, the Operational Risk Management Department is keen on spreading knowledge and increasing awareness about Operational Risk Management and Business Continuity by conducting training courses and workshops for all Bank departments and by creating an effective work environment. In addition, the Operational Risk Management Department is responsible for raising reports to the Internal Risk Committee concerning any short comings or violations. This will ultimately lead to the development of risk profile at each department / unit level and the Bank level as a whole.

In addition to the above, Operational Risk Department is responsible on:

- 1 - Reviewing the Bank's internal policies and procedures to highlight risks and work on mitigating such prior to implementation.
- 2 - Conducting stress testing and observing the results.
- 3 - Ensure updating and upgrading Operational Risk system.
- 4 - Update Business Continuity Plans.

Information Security :

The responsibility of the Information Security / Risk management unit lies in ensuring security, availability and accuracy of the Banks information through the following:-

1. Developing an Information security Strategy & program based on leading International standards (ISO 27k, PCI DSS), that is in line with the Bank's strategy.
2. Providing the tools and means necessary to reduce Information security risks.
3. Developing security policies related to Information systems and resources.
4. Developing a security awareness program for Bank's employees & Customers.
5. Managing security incidents related to Information management systems and raising recommendations to Top Management.
6. Developing security standards for various Information systems.
7. Participating in the business continuity plan to ensure business continuity in the event of any disaster.
8. Identifying the appropriate controls to mitigate the risks faced by the bank through analyzing various Information security risks.
9. Preparing and developing security measures related to Information systems security incidents.
10. Managing Information systems security incidents and raising relevant recommendations to Top Management.
11. Ensuring the security and Integrity of hardware, software and various applications through risk analysis and periodic testing to ensure safe use of these resources.

(46) Segment Information**1. Information about bank Activities:**

For management purposes the Bank is organized into four major segments that are measured according to the reports used by the main decision maker at the Bank:

Retail banking: Includes handling individual customers' deposits, credit facilities, credit card, and other services.

Corporate banking: Includes monitoring deposits, credit facilities, and other banking facilities provided to corporate customers.

Corporate finance: Principally arranging structured financing, and providing services relating to privatizations, IPOs, and mergers and acquisitions.

Treasury: Principally providing money market, trading and treasury services, as well as the management of the Bank's funding operations.

These segments are the basis on which the Bank reports its segment information:

						Total	
	Retail Banking	Corporate Banking	Corporate Finance	Treasury	Other	2022	2021
	JD	JD	JD	JD	JD	JD	JD
Total revenue	92,586,686	148,008,878	1,392,287	131,215,581	10,306,115	383,509,547	222,511,524
Net of acquisition Impact	-	-	-	-	24,744,677	24,744,677	25,376,518
Impairment and expected credit losses and financial assets	(11,709,022)	(17,453,121)	-	1,246,186	(707,977)	(28,623,934)	(19,955,072)
Segment results	15,958,128	40,904,968	1,392,287	114,910,498	34,286,101	207,451,982	142,923,922
Unallocated expenses						(110,516,754)	(72,187,911)
Profit before tax						96,935,228	70,736,011
Income tax						(6,085,101)	(9,729,187)
Net income						90,850,127	61,006,824
Other information							
Segmental assets	1,070,139,430	2,194,440,475	-	3,225,396,300	467,795,708	6,957,771,913	2,748,805,317
Segmental liabilities	2,283,702,844	2,985,895,181	-	903,916,198	131,657,235	6,305,171,458	2,393,118,007
Capital expenditure						(53,718,038)	(28,226,506)
Depreciation and amortization						(15,319,399)	(10,276,339)

2. Geographical Information

This segment represents the geographical operations of the bank. The bank operates primarily in Jordan and also operates internationally in the Middle East, Europe, Asia, America and the Far-East.

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

Inside Jordan		Outside Jordan		Total	
2022	2021	2022	2021	2022	2021
JD	JD	JD	JD	JD	JD

Total revenue	370,430,969	196,684,311	13,078,578	25,827,213	383,509,547	222,511,524
Total assets	5,990,215,069	3,448,433,796	967,556,844	862,871,619	6,957,771,913	4,311,305,415
Capital expenditure	41,474,138	16,230,083	12,243,900	11,996,423	53,718,038	28,226,506

(47) Capital Management

The Bank maintains an appropriate paid-in-capital in order to meet its operational risk, and it regularly monitors its capital adequacy in accordance with BASEL to comply with the Central Bank of Jordan's regulations.

According to Central Bank of Jordan regulations (52/2010), the minimum paid-in-capital of Jordanian banks should be JD 100 million before the end of 2011 and the capital for the foreign banks in Jordan should not be less than half of the capital for the Jordanian banks in accordance to article (12) and article (8) from the Law and Banks number (28) for the year 2000 and its adjustments. In addition, the regulation requires a minimum leverage ratio of 4% as per article 67/2016 CBJ regulations.

Through its operational years; the Bank maintained a capital adequacy ratio in excess of 12%, being the minimum capital adequacy rate required by the Central Bank of Jordan (8% as per Basel). Furthermore, the Bank regularly reviews and complies with the concentration ratios using regulatory capital as an indicator; noting that the instructions impose a ratio of no less than 14%.

The Bank manages and restructures its capital in light of the changes in the business environment. There has been no change on the Bank's capital structure during 2022 and 2021.

Description of paid-in-capital

According to CBJ regulations regarding Basel III, regulatory capital comprises of:

1- Tier 1 capital, which refers to the Bank's core capital, and consists of:

- Common Equity Tier 1 (CET1) which includes the following: (paid in capital, retained earnings, statutory and voluntary reserves, cumulative change in fair value, foreign currency translation adjustment, minority interest (recognizable under CET1)), it also includes the following deductions (year/period losses, goodwill and intangible assets, deferred tax assets, treasury stocks, shortage in required provisions, shortages in tier 2 capital, restricted balances, gross insignificant investments (<10%) and significant investments (>10%) in other banks, financial institutions, insurance companies and unconsolidated subsidiaries.

- Additional Tier 1 (AT1), Additional Tier 1 capital consists of the sum of the following elements:

(convertible bonds, preferred stocks, financial instruments issued by the bank and holds the characteristics of additional capital, minority interest (recognizable under AT1), it also includes the following deductions (gross insignificant investments (<10%) and significant investments (>10%) in other banks, financial institutions, insurance companies, and unconsolidated subsidiaries.

2- Tier 2 capital, which is the supplementary capital, consists of the following elements; subordinated debt, general banking risk reserve and minority interest, and deducts the following; insignificant investments (<10%) and significant investments (>10%) in other banks, financial institution, insurance companies and

The transition period for the deductions in tier 1 and tier 2 related to the investments in banks, financial institutions, insurance companies and unconsolidated subsidiaries occurs gradually over 5 years according to CBJ regulations. By the end of the year 2020, these deductions will be fully deducted from Tier 1.

Central Bank of Jordan emphasized on the importance of complying with Basel III regulation in building up addition capital as a percentage of risk weighted assets, which restricts cash dividends, through the following buffers:

- 1- Conservation Buffer
- 2- Countercyclical Buffer
- 3- D-SIBs

Regulatory Requirements for paid in capital

Capital adequacy ratio is calculated based on the simplified approach (standardized approach) in accordance with the regulations of the Central Bank of Jordan, which in turn are based on the verdicts of the Basel committee. Below are the comparative figures of the capital adequacy ratio:

	2022	2021
	JD	JD
Primary capital-		
Paid-in-capital	263,037,121	200,000,000
Statutory reserves	62,375,552	56,114,618
Additional paid in capital	68,872,350	709,472
Retained earning	165,965,137	120,955,424
Total cumulative change in fair value	1,780,248	813,120
Changes due to Foreign Currency translations	(16,540,837)	(16,540,837)
Non-controlling interest	34,067,857	29,587,673
perpetual bonds	70,900,000	-
Proposed cash dividends	(44,716,311)	(30,000,000)
Less-		
Intangible assets	58,375,636	30,502,672
Deferred tax assets	34,187,594	17,391,310
Investments at other financial institutions (banks, financial institutions and insurance companies)	57,388	86,851
Total Primary capital	513,120,500	313,658,637
Supplementary Capital		
Impairment losses according to IFRS9 – Stage 1	41,509,635	16,356,209
Non-controlling interest	34,067,857	1,947,324
Subordinated loans	9,103,560	22,688,000
Total Subordinated Capital	53,022,621	40,991,533
Net Supplementary Capital Tier 2	53,022,621	40,991,533
Total Regulatory Capital	566,143,121	354,650,171
Total Risk weighted assets	3,924,702,962	2,384,560,903
Capital adequacy (%)	14.43%	14.87%
Primary Capital (%)	13.07%	13.15%

Liquidity Coverage Ratio (LCR)

The average liquidity coverage ratio as of December 31, 2022 reached 242.8% and 226% at the level of Jordan branches and at the group level, respectively. The liquidity coverage ratio as at December 31, 2021 reached 137.8% and 136.2% at the level of Jordan branches and at the group level at respectively

(48) Fiduciary Accounts

Investment custody accounts amounted to JD 301,078,013 as of 31 December 2022 compared to JD 145,903,232 in 31 December 2021.

(49) Maturity analysis of assets and liabilities

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

2022-	Up to 1 year JD	More than 1 year JD	Total JD
Assets			
Cash and balances at Central Banks	154,200,000	626,356,681	780,556,681
Balances at banks and financial institutions	220,054,411	-	220,054,411
Direct credit facilities at amortized cost, net	1,281,010,764	1,983,569,141	3,264,579,905
Direct credit facilities at fair value through other comprehensive income	34,352,295	79,477,381	113,829,676
Financial assets at amortized cost - net	800,956,357	1,051,711,227	1,852,667,584
Pledged Financial Assets	-	258,287,955	258,287,955
Property plants and equipment -net	-	113,311,566	113,311,566
Intangible assets -net	-	58,375,636	58,375,636
Deferred tax assets	-	36,915,178	36,915,178
The right to use leased contracts	25,451	14,491,563	14,517,014
Other assets	22,487,401	222,188,906	244,676,307
Total Assets	2,513,086,679	4,444,685,234	6,957,771,913
Liabilities			
Banks and financial institution deposits	149,051,575	-	149,051,575
Customers' deposits	3,918,461,079	941,402,498	4,859,863,577
Margin accounts	112,466,566	297,267,882	409,734,448
Loans and borrowings	225,188,460	514,503,563	739,692,023
Income tax provision	4,341,637	-	4,341,637
Deferred tax liabilities	2,748,976	-	2,748,976
Sundry provisions	3,927,945	-	3,927,945
Provision against off-balance sheet items	8,236,731	-	8,236,731
Obligations for lease contracts	31,021	15,773,928	15,804,949
Other liabilities	41,428,576	55,168,421	96,596,997
Subordinated loans	-	15,172,600	15,172,600
Total Liabilities	4,465,882,566	1,839,288,892	6,305,171,458
Net	(1,952,795,887)	2,605,396,342	652,600,455

2021-

	Up to 1 year	More than 1 year	Total
	JD	JD	JD
Assets			
Cash and balances at Central Banks	100,500,000	325,340,132	425,840,132
Balances at banks and financial institutions	312,546,731	-	312,546,731
Direct credit facilities at amortized cost, net	794,477,660	1,236,669,678	2,031,147,338
Loans and advances at fair value through income statement	-	82,883,298	82,883,298
Direct credit facilities at fair value through other comprehensive income	11,651,978	183,848,860	195,500,838
Financial assets at amortized cost - net	59,617,467	927,403,952	987,021,419
Property plants and equipment -net	-	66,322,336	66,322,336
Intangible assets -net	-	30,502,672	30,502,672
Deferred tax assets	-	19,350,284	19,350,284
The right to use leased contracts	972,730	9,604,982	10,577,712
Other assets	37,506,621	112,106,034	149,612,655
Total Assets	1,317,273,187	2,994,032,228	4,311,305,415
Liabilities			
Banks and financial institution deposits	381,144,289	-	381,144,289
Customers' deposits	1,913,827,346	856,979,932	2,770,807,278
Margin accounts	90,867,296	142,796,468	233,663,764
Loans and borrowings	113,944,205	300,321,577	414,265,782
Income tax provision	4,484,833	-	4,484,833
Deferred tax liabilities	2,881,882	-	2,881,882
Sundry provisions	2,497,992	-	2,497,992
Provision against off-balance sheet items	4,889,017	-	4,889,017
Obligations for lease contracts	894,545	10,969,075	11,863,620
Other liabilities	20,025,707	44,270,615	64,296,322
Subordinated loans	-	28,360,000	28,360,000
Total Liabilities	2,535,457,112	1,383,697,667	3,919,154,779
Net	(1,218,183,925)	1,610,334,561	392,150,636

(50) Contingent Liabilities and Commitments (Off statement of financial position)

a) The total outstanding commitments and contingent liabilities are as follows:

	2022	2021
	JD	JD
Letters of credit	204,818,886	138,291,603
Confirmed Export Letters of credit	21,105,693	14,832,594
Acceptances	146,546,660	91,726,111
Letters of guarantee :		
- Payments	110,242,243	63,306,201
- Performance	136,183,032	109,081,557
- Others	125,148,480	80,968,841
Foreign currency forward	140,238,613	296,545,718
Interest rate forward contracts	-	79,762,500
Unutilized direct credit limits	409,978,051	281,161,365
Total	1,294,261,658	1,155,676,490
Less: Expected credit losses	(8,236,731)	(4,889,017)
Contingent Liabilities and Commitments- Net	1,286,024,927	1,150,787,473

b) The contractual commitments of the Bank are as follows:

	2022	2021
	JD	JD
Intangible assets contracts	14,146,507	8,435,221
Property, Plant & Equipment contracts	1,559,275	1,313,597
Construction contracts	3,674,431	3,495,770
	19,380,213	13,244,588

Letter Of Credit

The cumulative movement of Letter of Credit during the period According to IFRS 9 as well as its original rating in the acquired bank

31 December 2022	Stage One	Stage Two	Stage Three	Purchased originated credit-impaired (POCI)	Total
	JD	JD	JD	JD	JD
Balance as at 1 January 2022	152,634,952	473,225	-	-	153,108,177
Add: new balances during the year	192,645,063	1,298,220	-	-	193,943,283
Settled balances	(124,801,813)	(1,786,865)	-	-	(126,588,678)
Additions due to acquisition (Note 52-B)	4,300,730	-	-	-	4,300,730
Net balance	224,778,932	(15,420)	-	-	224,763,512
31 December 2021					
Balance as at 1 January 2021	87,981,261	972,978	-	-	88,954,239
Add: new balances during the year	115,901,248	195,541	-	-	116,096,789
Settled balances	(56,535,780)	(425,874)	-	-	(56,961,654)
Transfer to the first stage during the year	269,420	(269,420)	-	-	-
Additions due to acquisition (Note 52-A)	5,018,803	-	-	-	5,018,803
Net balance	152,634,952	473,225	-	-	153,108,177

The cumulative movement of the provision for impairment losses of Letter of Credit according Stages during the period According to IFRS 9 as well as its original rating in the acquired bank

31 December 2022	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2022	1,089,631	76,723	-	1,166,354
Impairment loss of indirect credit facilities during the year	1,403,451	46,700	-	1,450,151
Impairment loss of matured exposures	(847,731)	(1,167,482)	-	(2,015,213)
Transfer to the first stage during the period	45,295	(45,295)	-	-
Transfer to second stage during the period	(16,240)	16,240	-	-
Net balance	1,674,406	(1,073,114)	-	601,292
31 December 2021				
Balance as at 1 January 2021	1,357,493	16,768	-	1,374,261
Impairment loss of indirect credit facilities during the year	830,235	18,235	-	848,470
Impairment loss of matured exposures	(1,052,340)	(4,037)	-	(1,056,377)
Transfer to the first stage during the period	9,667	(9,667)	-	-
Transfer to second stage during the period	(55,424)	55,424	-	-
Net balance	1,089,631	76,723	-	1,166,354

Impairment loss on Letter of Credit

Distribution of letter of credit by categories of the Bank's internal credit rating:

31 December 2022	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	68,230,627	-	-	68,230,627
Acceptable risk / performing	156,149,572	1,544,380	-	157,693,952
Total	224,380,199	1,544,380	-	225,924,579

31 December 2021

Low risk / performing	47,240,612	-	-	47,240,612
Acceptable risk / performing	105,410,360	473,225	-	105,883,585
Total	152,650,972	473,225	-	153,124,197

The movement of Contingent Liabilities

31 December 2022	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2022	152,650,972	473,225	-	153,124,197
Add: new balances during the year	192,645,063	1,298,220	-	193,943,283
Settled balances	(124,801,813)	(1,786,865)	-	(126,588,678)
Additions due to acquisition (Note 52-B)	3,885,977	1,559,800	-	5,445,777
Net balance	224,380,199	1,544,380	-	225,924,579

31 December 2021

Balance as at 1 January 2021	87,981,261	972,978	-	88,954,239
Add: new balances during the year	115,901,248	195,541	-	116,096,789
Settled balances	(56,535,780)	(425,874)	-	(56,961,654)
Transfer to the first stage during the year	269,420	(269,420)	-	-
Additions due to acquisition (Note 52-A)	5,034,823	-	-	5,034,823
Net balance	152,650,972	473,225	-	153,124,197

The movement of the provision for impairment losses of Contingent Liabilities

31 December 2022	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2022	1,105,651	76,723	-	1,182,374
Impairment loss of indirect credit facilities during the year	1,403,451	46,700	-	1,450,151
Settled balances	(847,731)	(1,167,482)	-	(2,015,213)
Transfer to the first stage during the period	45,295	(45,295)	-	-
Transfer to second stage during the period	(16,240)	16,240	-	-
Additions due to acquisition (Note 52-B)	14,712	1,130,335	-	1,145,047
Net balance	1,705,138	57,221	-	1,762,359

31 December 2021

Balance as at 1 January 2021	1,357,493	16,768	-	1,374,261
Impairment loss of indirect credit facilities during the year	830,235	18,235	-	848,470
Settled balances	(1,052,340)	(4,037)	-	(1,056,377)
Transfer to the first stage during the period	9,667	(9,667)	-	-
Transfer to second stage during the period	(55,424)	55,424	-	-
Additions due to acquisition (Note 52-A)	16,020	-	-	16,020
Net balance	1,105,651	76,723	-	1,182,374

Letter Of Guarantee

The cumulative movement of Letter of Guarantee during the period According to IFRS 9 as well as its original rating in the acquired bank

31 December 2022	Stage One	Stage Two	Stage Three	Purchased originated credit-impaired (POCI)	Total
	JD	JD	JD	JD	JD
Balance as at 1 January 2022	240,278,897	4,700,351	6,409,208	(708)	251,388,456
Add: new balances during the year	152,963,455	1,327,503	493,968	-	154,784,926
Settled balances	(92,432,963)	(2,383,310)	(294,847)	-	(95,111,120)
Transfer to the first stage during the year	2,757,740	(2,686,740)	(71,000)	-	-
Transfer to second stage during the year	(7,557,778)	7,611,778	(54,000)	-	-
Transfer to third stage during the year	(28,162)	(716,807)	744,969	-	-
Additions due to acquisition	57,675,939	-	-	437,721	58,113,660
Net balance	353,657,128	7,852,775	7,228,298	437,013	369,175,922
31 December 2021					
Balance as at 1 January 2021	132,741,708	8,260,276	5,283,031	-	146,285,015
Add: new balances during the year	142,245,342	2,184,023	309,200	-	144,738,565
Settled balances	(155,748,387)	(5,175,279)	(3,146,342)	-	(164,070,008)
Transfer to first stage during the year	144,994	(144,994)	-	-	-
Transfer to second stage during the year	(2,703,743)	2,713,743	(10,000)	-	-
Transfer to third stage during the year	(835,901)	(3,137,418)	3,973,319	-	-
Additions due to acquisition	124,434,884	-	-	(708)	124,434,176
Net balance	240,278,897	4,700,351	6,409,208	(708)	251,387,748
31 December 2022	Stage One	Stage Two	Stage Three	Total	
	JD	JD	JD	JD	
Balance as at 1 January 2021	16,942	214,913	(322,737)	(90,882)	
Impairment loss of indirect credit facilities during the year	1,053,774	26,477	1,864,472	2,944,723	
Impairment loss of matured exposures	(923,666)	(86,209)	-	(1,009,875)	
Transfer to the first stage during the period	57,148	(57,148)	-	-	
Transfer to second stage during the period	(117,588)	117,588	-	-	
Net balance	86,610	215,621	1,541,735	1,843,966	
31 December 2021					
Balance as at 1 January 2021	828,085	305,007	472,812	1,605,904	
Impairment loss of indirect credit facilities during the year	1,273,799	55,414	-	1,329,213	
Impairment loss of matured exposures	(2,024,422)	(206,028)	(795,549)	(3,025,999)	
Transfer to the first stage during the period	2,358	(2,358)	-	-	
Transfer to second stage during the year	(62,878)	62,878	-	-	
Net balance	16,942	214,913	(322,737)	(90,882)	

Impairment loss on Letter of Guarantee

Distribution of letter of guarantee by categories of the Bank's internal credit rating:

31 December 2022	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	107,371,971	-	-	107,371,971
Acceptable risk / performing	242,208,267	13,834,528	2,278,630	258,321,425
Non- Performing				
Substandard	-	-	-	-
Doubtful	-	-	226,084	226,084
Loss	-	-	5,654,275	5,654,275
Total	349,580,238	13,834,528	8,158,989	371,573,755

31 December 2021				
Low risk / performing	58,096,425	-	9,000	58,105,425
Acceptable risk / performing	179,693,197	8,826,809	3,796,142	192,316,148
Non- Performing				
Substandard	-	-	-	-
Doubtful	-	-	161,429	161,429
Loss	-	-	2,773,597	2,773,597
Total	237,789,622	8,826,809	6,740,168	253,356,599

The movement of letters of guarantee

31 December 2022	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2022	237,789,622	8,826,809	6,740,168	253,356,599
Add: new balances during the year	152,963,455	1,327,503	493,968	154,784,926
Settled balances	(92,432,963)	(2,383,310)	(294,847)	(95,111,120)
Transfer to the first stage during the year	2,757,740	(2,686,740)	(71,000)	-
Transfer to second stage during the year	(7,557,778)	7,611,778	(54,000)	-
Transferred to the third stage during the year	(28,162)	(716,807)	744,969	-
Additions due to acquisition (Note 52-B)	56,088,324	1,855,295	599,731	58,543,350
Net balance	349,580,238	13,834,528	8,158,989	371,573,755

31 December 2021				
Balance as at 1 January 2021	132,741,708	8,260,276	5,283,031	146,285,015
Add: new balances during the year	142,245,342	2,184,023	309,200	144,738,565
Settled balances	(155,748,387)	(5,175,279)	(3,146,342)	(164,070,008)
Transfer to the first stage during the year	144,994	(144,994)	-	-
Transfer to second stage during the year	(2,703,743)	2,713,743	(10,000)	-
Transferred to the third stage during the year	(835,901)	(3,137,418)	3,973,319	-
Additions due to acquisition (Note 52-A)	121,945,609	4,126,458	330,960	126,403,027
Net balance	237,789,622	8,826,809	6,740,168	253,356,599

The movement of the provision for impairment losses of letters of guarantee

31 December 2022	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2022	1,646,319	222,719	8,931	1,877,969
Impairment loss of indirect credit facilities during the year	1,053,774	26,477	1,864,472	2,944,723
Settled balances	(923,666)	(86,209)	-	(1,009,875)
Transfer to the first stage during the year	57,148	(57,148)	-	-
Transfer to second stage during the year	(117,588)	117,588	-	-
Transferred to the third stage during the year	(6,203)	-	6,203	-
Additions due to acquisition (Note 52-B)	184,424	83,256	162,010	429,690
Net balance	1,894,208	306,683	2,041,616	4,242,507

31 December 2022				
Balance as at 1 January 2021	828,085	305,007	472,812	1,605,904
Impairment loss of indirect credit facilities during the year	1,273,799	55,414	-	1,329,213
Settled balances	(2,024,422)	(206,028)	(795,549)	(3,025,999)
Transfer to the first stage during the year	2,358	(2,358)	-	-
Transfer to second stage during the year	(62,878)	62,878	-	-
Additions due to acquisition (Note 52-A)	1,629,377	7,806	331,668	1,968,851
Net balance	1,646,319	222,719	8,931	1,877,969

Acceptances

The cumulative movement of Acceptances during the period According to IFRS 9 as well as its original rating in the acquired bank

31 December 2022	Stage One	Stage Two	Stage Three	Purchased originated credit- impaired (POCI)	Total
	JD	JD	JD	JD	JD
Balance as at 1 January 2022	91,711,763	14,348	-	-	91,726,111
Add: new balances during the year	144,408,842	53,934	-	-	144,462,776
Settled balances	(90,134,885)	(14,348)	-	-	(90,149,233)
Additions due to acquisition	505,086	-	-	-	505,086
Net balance	146,490,806	53,934	-	-	146,544,740
31 December 2021					
Balance as at 1 January 2021	70,874,090	518,799	-	-	71,392,889
Add: new balances during the year	58,133,797	14,348	-	-	58,148,145
Settled balances	(42,624,233)	(518,799)	-	-	(43,143,032)
Additions due to acquisition	5,328,109	-	-	-	5,328,109
Net balance	91,711,763	14,348	-	-	91,726,111

The cumulative movement of the provision for impairment losses of Acceptances according Stages during the period According to IFRS 9 as well as its original rating in the acquired bank

31 December 2022	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2022	919,927	182	-	920,109
Impairment loss of indirect credit facilities during the year	1,385,716	171,746	-	1,557,462
Impairment loss of matured exposures	(1,232,357)	(181)	-	(1,232,538)
Transfer to the first stage during the period	13,486	(13,486)	-	-
Transfer to second stage during the period	(5,145)	5,145	-	-
Net balance	1,081,627	163,406	-	1,245,033
31 December 2021				
Balance as at 1 January 2021	1,001,333	3,895	-	1,005,228
Impairment loss of indirect credit facilities during the year	620,999	181	-	621,180
Impairment loss of matured exposures	(702,405)	(3,894)	-	(706,299)
Net balance	919,927	182	-	920,109

Impairment loss on Acceptances

Distribution of acceptances by categories of the Bank's internal credit rating:

31 December 2022	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	49,365,417	-	-	49,365,417
Acceptable risk / performing	96,977,272	203,971	-	97,181,243
Total	146,342,689	203,971	-	146,546,660

31 December 2021

Low risk / performing	13,780,447	-	-	13,780,447
Acceptable risk / performing	77,931,316	14,348	-	77,945,664
Total	91,711,763	14,348	-	91,726,111

The movement of acceptances

31 December 2022	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2022	91,711,763	14,348	-	91,726,111
Add: new balances during the year	144,408,842	53,934	-	144,462,776
Settled balances	(90,134,885)	(14,348)	-	(90,149,233)
Transfer to (from) second stage during the year	(150,037)	150,037	-	-
Additions due to acquisition (Note 52-B)	507,006	-	-	507,006
Net balance	146,342,689	203,971	-	146,546,660

31 December 2021

Balance as at 1 January 2021	70,874,090	518,799	-	71,392,889
Add: new balances during the year	58,133,797	14,348	-	58,148,145
Settled balances	(42,624,233)	(518,799)	-	(43,143,032)
Additions due to acquisition (Note 52-A)	5,328,109	-	-	5,328,109
Net balance	91,711,763	14,348	-	91,726,111

The movement of the provision for impairment losses

31 December 2022	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2022	919,927	182	-	920,109
Impairment loss of indirect credit facilities during the year	1,385,716	171,746	-	1,557,462
Settled balances	(1,232,357)	(181)	-	(1,232,538)
Transfer to the first stage during the period	13,486	(13,486)	-	-
Transfer to second stage during the period	(5,145)	5,145	-	-
Additions due to acquisition (Note 52-B)	1,920	-	-	1,920
Net balance	1,083,547	163,406	-	1,246,953

31 December 2021

Balance as at 1 January 2021	1,001,333	3,895	-	1,005,228
Impairment loss of indirect credit facilities during the year	620,999	181	-	621,180
Settled balances	(702,405)	(3,894)	-	(706,299)
Net balance	919,927	182	-	920,109

Unutilized direct credit limits

The cumulative movement of Unutilized direct credit limits during the period According to IFRS 9 as well as its original rating in the acquired bank

31 December 2022	Stage One	Stage Two	Stage Three	Purchased originated credit-impaired (POCI)	Total
	JD	JD	JD	JD	JD
Balance as at 1 January 2022	284,483,571	(3,553,168)	664	-	280,931,067
Add: new balances during the year	108,158,999	4,762,505	248,595	-	113,170,099
Settled balances	(107,481,840)	(1,354,273)	(665)	-	(108,836,778)
Transfer to the first stage during the year	2,034	(2,034)		-	-
Transfer to second stage during the year	(21,130)	21,130	-	-	-
Transferred to the third stage during the year	(4,695)	-	4,695	-	-
Additions due to acquisition	134,187,965	-	-	-	134,187,965
Net balance	419,324,904	(125,840)	253,289	-	419,452,353
31 December 2021					
Balance as at 1 January 2021	124,166,882	3,852,067	20,885	-	128,039,834
Add: new balances during the year	195,112,033	1,658,028	31,292	-	196,801,353
Settled balances	(169,901,607)	(9,074,459)	(51,513)	-	(179,027,579)
Transfer to second stage during the year	(11,196)	11,196	-	-	-
Additions due to acquisition	135,117,459	-	-	-	135,117,459
Net balance	284,483,571	(3,553,168)	664	-	280,931,067

The cumulative movement of the provision for impairment losses of Unutilized direct credit limits according Stages during the period According to IFRS 9 as well as its original rating in the acquired bank

31 December 2022	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2022	606,253	72,013	-	678,266
Impairment loss of indirect credit facilities during the year	572,153	218,212	-	790,365
Impairment loss of matured exposures	(1,533,582)	(340,222)	-	(1,873,804)
Transfer to the first stage during the period	11	(11)	-	-
Transfer to second stage during the period	(2,672)	2,672	-	-
Transferred to the third stage	(2,107)	-	2,107	-
Net balance	(359,944)	(47,336)	2,107	(405,173)
31 December 2021				
Balance as at 1 January 2021	299,903	75,559	-	375,462
Impairment loss of indirect credit facilities during the year	666,715	47,191	-	713,906
Impairment loss of matured exposures	(360,365)	(50,737)	-	(411,102)
Net balance	606,253	72,013	-	678,266

Impairment loss on Unutilized direct credit limits

Distribution of unutilized direct credit limits by categories of the Bank's internal credit rating:

31 December 2022	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	129,158,912	123,539	-	129,282,451
Acceptable risk / performing	273,418,810	7,023,501	174,737	280,617,048
Non-performing				
Substandard	-	-	46,395	46,395
Doubtful	-	-	15,075	15,075
Loss	-	-	17,082	17,082
Total	402,577,722	7,147,040	253,289	409,962,976

31 December 2021

Low risk / performing	131,733,554	124,488	-	131,858,042
Acceptable risk / performing	147,638,319	1,664,340	664	149,303,323
Total	279,371,873	1,788,828	664	281,161,365

The movement of unutilized direct credit limits

31 December 2022	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2022	279,371,873	1,788,828	664	281,161,365
Add: new balances during the year	108,158,999	4,762,505	248,595	113,170,099
Settled balances	(107,481,840)	(1,354,273)	(665)	(108,836,778)
Transfer to (from) the first stage during the year	2,034	(2,034)	-	-
Transfer to second stage during the year	(21,130)	21,130	-	-
Transferred to the third stage during the year	(4,695)	-	4,695	-
Additions due to acquisition (Note 52-B)	122,552,481	1,930,884	-	124,483,365
Net balance	402,577,722	7,147,040	253,289	409,978,051

31 December 2021

Balance as at 1 January 2021	124,166,882	3,852,067	20,885	128,039,834
Add: new balances during the year	195,112,033	1,658,028	31,292	196,801,353
Settled balances	(169,901,607)	(9,074,459)	(51,513)	(179,027,579)
Transfer to second stage during the year	(11,196)	11,196	-	-
Additions due to acquisition (Note 52-A)	130,005,761	5,341,996	-	135,347,757
Net balance	279,371,873	1,788,828	664	281,161,365

The movement of the provision for impairment losses of unutilized direct credit limits

31 December 2022	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2022	836,551	72,013	-	908,564
Impairment loss of indirect credit facilities during the year	572,153	218,212	-	790,365
Settled balances	(1,533,582)	(340,222)	-	(1,873,804)
Transfer to (from) the first stage during the period	11	(11)	-	-
Transfer to second stage during the period	(2,672)	2,672	-	-
Transferred to the third stage	(2,107)	-	2,107	-
Additions due to acquisition (Note 52-B)	919,412	240,380	-	1,159,792
Net balance	789,766	193,044	2,107	984,917

31 December 2021				
Balance as at 1 January 2021	299,903	75,559	-	375,462
Impairment loss of indirect credit facilities during the year	666,715	47,191	-	713,906
Settled balances	(360,365)	(50,737)	-	(411,102)
Additions due to acquisition (Note 52-A)	230,298	-	-	230,298
Net balance	836,551	72,013	-	908,564

Unutilized direct credit limits

The cumulative movement of Indirect credit facilities during the period According to IFRS 9 as well as its original rating in the acquired bank

31 December 2022	Stage One	Stage Two	Stage Three	Purchased originated credit- impaired (POCI)	Total
	JD	JD	JD		JD
Balance as at 1 January 2021	769,109,183	1,634,756	6,409,872	(708)	777,153,103
Add: new balances during the year	598,176,359	7,442,162	742,563	-	606,361,084
Settled balances	(414,851,501)	(5,538,796)	(295,512)	-	(420,685,809)
Transfer to the first stage during the year	2,759,774	(2,688,774)	(71,000)	-	-
Transfer to second stage during the year	(7,578,908)	7,632,908	(54,000)	-	-
Transferred to the third stage during the year	(32,857)	(716,807)	749,664	-	-
Additions due to acquisition	196,669,720	-	-	437,721	197,107,441
Net balance	1,144,251,770	7,765,449	7,481,587	437,013	1,159,935,819
31 December 2021					
Balance as at 1 January 2021	415,763,941	13,604,120	5,303,916	-	434,671,977
Add: new balances during the year	511,392,420	4,051,940	340,492	-	515,784,852
Settled balances	(424,810,007)	(15,194,411)	(3,197,855)	-	(443,202,273)
Transfer to the first stage during the year	414,414	(414,414)	-	-	-
Transfer to second stage during the year	(2,714,939)	2,724,939	(10,000)	-	-
Transferred to the third stage during the year	(835,901)	(3,137,418)	3,973,319	-	-
Additions due to acquisition	269,899,255	-	-	(708)	269,898,547
Net balance	769,109,183	1,634,756	6,409,872	(708)	777,153,103

The cumulative movement of the provision for impairment losses of Indirect Credit Facilities according Stages during the period According to IFRS 9 as well as its original rating in the acquired bank

31 December 2022	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2021	2,632,753	363,831	(322,737)	2,673,847
Impairment loss of indirect credit facilities during the year	4,415,094	463,135	1,864,472	6,742,701
Settled balances	(4,537,336)	(1,594,094)	-	(6,131,430)
Transfer to the first stage during the year	115,940	(115,940)	-	-
Transfer to second stage during the year	(141,645)	141,645	-	-
Transfer to third stage during the year	(2,107)	-	2,107	-
Net balance	2,482,699	(741,423)	1,543,842	3,285,118
31 December 2021				
Balance as at 1 January 2021	3,486,814	401,229	472,812	4,360,855
Impairment loss of indirect credit facilities during the year	3,391,748	121,021	-	3,512,769
Settled balances	(4,139,532)	(264,696)	(795,549)	(5,199,777)
Transfer to the first stage during the year	12,025	(12,025)	-	-
Transfer to second stage during the year	(118,302)	118,302	-	-
Net balance	2,632,753	363,831	(322,737)	2,673,847

Expected credit loss on indirect credit facilities

Distribution of indirect credit facilities subject to IFRS 9 by categories of the Bank's internal credit rating:

31 December 2022	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Low risk / performing	354,126,927	123,539	-	354,250,466
Acceptable risk / performing	768,753,921	22,606,380	2,453,367	793,813,668
Non- Performing				
Substandard	-	-	46,395	46,395
Doubtful	-	-	241,159	241,159
loss	-	-	5,671,357	5,671,357
Total	1,122,880,848	22,729,919	8,412,278	1,154,023,045

31 December 2021

Low risk / performing	250,851,038	124,488	9,000	250,984,526
Acceptable risk / performing	510,673,192	10,978,722	3,796,806	525,448,720
Non- Performing				
Doubtful	-	-	161,429	161,429
loss	-	-	2,773,597	2,773,597
Total	761,524,230	11,103,210	6,740,832	779,368,272

The cumulative movement of indirect credit facilities subject to IFRS 9 calculation:

31 December 2022	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2022	761,524,230	11,103,210	6,740,832	779,368,272
Add: new balances during the year	598,176,359	7,442,162	742,563	606,361,084
Settled balances	(414,851,501)	(5,538,796)	(295,512)	(420,685,809)
Transfer to the first stage during the year	2,759,774	(2,688,774)	(71,000)	-
Transfer to second stage during the year	(7,728,945)	7,782,945	(54,000)	-
Transferred to the third stage during the year	(32,857)	(716,807)	749,664	-
Additions due to acquisition (Note 52-B)	183,033,788	5,345,979	599,731	188,979,498
Net balance	1,122,880,848	22,729,919	8,412,278	1,154,023,045

31 December 2021

Balance as at 1 January 2021	415,763,941	13,604,120	5,303,916	434,671,977
Add: new balances during the year	511,392,420	4,051,940	340,492	515,784,852
Settled balances	(424,810,007)	(15,194,411)	(3,197,855)	(443,202,273)
Transfer to the first stage during the year	414,414	(414,414)	-	-
Transfer to second stage during the year	(2,714,939)	2,724,939	(10,000)	-
Transferred to the third stage during the year	(835,901)	(3,137,418)	3,973,319	-
Additions due to acquisition (Note 52-A)	262,314,302	9,468,454	330,960	272,113,716
Net balance	761,524,230	11,103,210	6,740,832	779,368,272

The cumulative movement of the provision for impairment losses of indirect credit facilities:

31 December 2022	Stage One	Stage Two	Stage Three	Total
	JD	JD	JD	JD
Balance as at 1 January 2022	4,508,449	371,637	8,931	4,889,017
Impairment loss of indirect credit facilities during the year	4,415,094	463,135	1,864,472	6,742,701
Settled balances	(4,537,336)	(1,594,094)	-	(6,131,430)
Transfer to the first stage during the year	115,940	(115,940)	-	-
Transfer to second stage during the year	(141,645)	141,645	-	-
Transferred to the third stage during the year	(8,310)	-	8,310	-
Additions due to acquisition (Note 52-B)	1,120,465	1,453,967	162,011	2,736,443
Net balance	5,472,657	720,350	2,043,724	8,236,731

31 December 2021

Balance as at 1 January 2021	3,486,815	401,227	472,812	4,360,854
Impairment loss of indirect credit facilities during the year	3,391,748	121,021	-	3,512,769
Impairment loss of matured exposures	(4,139,532)	(264,694)	(795,549)	(5,199,775)
Transfer to the first stage during the year	12,025	(12,025)	-	-
Transfer to second stage during the year	(118,302)	118,302	-	-
Adjustments due to change in exchange rates	1,875,695	7,806	331,668	2,215,169
Net balance	4,508,449	371,637	8,931	4,889,017

(51) Lawsuits against the Bank

- The lawsuits raised against the Bank, as part of the ordinary course of business, amounted to JD 37,790,308 as at 31 December 2022 against JD 14,803,484 as at 31 December 2021. According to the Bank's management and legal counselor, the Bank will not be liable in any of these cases, excluding a lawsuit for JD 328,332.
- The lawsuits raised against National Bank of Iraq, as part of the ordinary course of business, amounted to JD 6,402,700 as at 31 December 2022 against JD 1,517,901 as at 31 December 2021.
- The lawsuits raised against Capital Investment and Brokerage Company Ltd/Jordan, as part of the ordinary course of business as at 31 December 2022 JD 11,000 were as no lawsuits were raised against Capital Investment and Brokerage Company Ltd/Jordan, as part of the ordinary course of business as at 31 December 2022 as well as at 31 December 2021.
- There are no lawsuits raised against Capital leasing Company as at 31 December 2022 and 31 December 2021.

(52) Acquisition of Banks**(52-A) Acquisition of Bank Audi Branches in Jordan and Iraq**

- During September 2020, the Group signed a non-binding and exclusive "Letter of Intent" agreement to acquire the banking business of
- The table below shows a summary of the net fair division of assets and liabilities acquired at the end of the business day on March 11, 2021:

	11 March 2021
Assets	JDs
Cash and balances with banks and central banks	119,888,013
Financial assets at fair value through other comprehensive income	2,210,437
Direct credit facilities at amortized cost	234,376,344
Other financial assets at amortized cost	155,198,402
Other Assets	36,794,379
Total Assets	548,467,575
Liabilities and Equity	
Liabilities	
Customer Deposits	387,880,077
Cash margins	68,115,448
Borrowed funds	6,991,062
Other liabilities	15,621,656
Total Liabilities	478,608,243
Net fair value of the business acquired at the date of acquisition	69,859,332
The purchase price paid for the acquisition	41,781,370
Result from the acquisition	28,077,962

- Cash and Cash equivalent from the acquired subsidiary is amounting to 6,397,815 as at March 11, 2021 .

Study of the purchase price agreement

- A study of the distribution of the purchase price was carried out by an independent company, and the preliminary study was completed at the end of December 2021
- Management has went ahead with this acquisition due to the significant step in the group's expansion strategy and its ambitious plans
- Furthermore, the fact that Bank Audi's desire to exit the Jordanian and Iraqi market is in line with the group's strategy to expand and enhance its competitive position, which positively affected the completion of the deal.
- For each class of acquired receivables, the gross contractual amounts receivable and the best estimate of the contractual cash flows not expected to be collected are as follows

	Gross contractual amounts receivable	The contractual cash flows not expected
	JDs	JDs
Cash and balances with banks and central	119,888,026	-
Financial assets at fair value through other	2,210,437	-
Direct credit facilities at amortized cost	278,536,214	597,810
Other financial assets at amortized cost	155,198,402	-
Other Assets	36,794,379	-
Total Assets	592,627,458	597,810

- The fair value of acquired net direct credit facilities at amortized cost is 234,376,344 and the gross contractual amount for direct credit
- Acquisition related transaction costs of JOD 2,701,444 were expensed disclosed separately on the Interim Condensed Consolidated statement of income and the include the following:

Professional fees	1,274,581
Governmental Fees	69,128
other fees	1,357,735
Total	2,701,444

- The acquired bank contributed revenue of 12.9 million Jordanian dinars for the period from the date of acquisition until December 30, 2021. If the acquisition took place on January 1, 2021, the group's revenue for the period ending on December 30, 2021 will have an impact of 16.6 million Jordanian dinars.

Purchase consideration - Cash outflow

Outflow of cash to acquire, net of cash	41,781,370
Cash Consideration	41,781,370
less - balance acquired	119,888,013
Cash and balances with banks and central banks	119,888,013
Net Outflow of cash - investing activities	(78,106,643)

(52-B) Acquisition of Societe generale Branches in Jordan

"During the month of February of the current year 2022, the group signed a non-binding and exclusive "Letter of Intent" agreement, to acquire the banking business of Societe Generale Bank branches in Jordan, and on March 28, the bank acquired Societe Generale Bank shares by 99.95% until March 31 2022.

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

	31 March 2022
Assets	JDs
Cash and balances with banks and central banks	435,181,687
Financial assets at fair value through other comprehensive income	4,297,517
Direct credit facilities at amortized cost	679,019,486
Other financial assets at amortized cost	492,588,015
Other Assets	74,882,060
Total Assets	1,685,968,765
Liabilities and Equity	
Liabilities	
Deposits at banks and financial institutions	20,322,666
Customer Deposits	1,255,916,151
Cash margins	89,165,689
Borrowed funds	131,652,754
Other liabilities	24,273,162
Total Liabilities	1,521,330,422
Net fair value of the business acquired at the date of acquisition	164,638,343
The purchase price paid for the acquisition	138,290,092
Result from the acquisition	26,348,251

Study of the purchase price agreement

A study of the distribution of the purchase price was carried out by an independent company, and the preliminary study was completed at the end of June 2021, which resulted in the following:

The results shown above are preliminary and will be updated upon completion of the study of the purchase price distribution for the acquisition, according to the International Accounting Standard No. 3 "Business Combinations", the group has a period of up to 12 months from the date of the acquisition to complete the determination of the fair value and the completion of the study of the distribution of the purchase price.

	Gross contractual amounts receivable	The contractual cash flows not expected to be collected
	JDs	JDs
Cash and balances with banks and central	435,289,747	-
Financial assets at fair value through other	4,297,517	-
Direct credit facilities at amortized cost	652,529,016	14,170,774
Other financial assets at amortized cost	492,520,460	-
Other Assets	77,275,129	-
Total Assets	1,661,911,869	14,170,774

- The fair value of acquired net direct credit facilities at amortized cost is 675,814,472 and the gross contractual amount for direct credit facilities at amortized cost is 778,337,981, with a loss allowance of 65,631,844 recognised on acquisition.

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

Professional fees	306,589
Governmental Fees	453,546
other fees	3,817
Total	763,952

- The acquired bank contributed revenue of 13.1 million Jordanian dinars for the period from the date of acquisition until December 31, 2022. If the acquisition took place on January 1, 2022, the group's revenue for the period ending on December 31, 2022 will have an impact of 17.5 million Jordanian dinars.

Purchase consideration - Cash outflow

Outflow of cash to acquire, net of cash	138,290,092
Cash Consideration	
less - balance acquired	
Cash and balances with banks and central banks	435,289,747
Net Outflow of cash - investing activities	(296,999,655)