JORDAN COMMERCIAL BANK

AMMAN – HASHEMITE KINGDOM OF JORDAN

(PUBLIC LIMITED SHAREHOLDING COMPANY)

FINANCIAL STATEMENTS

31 DECEMBER 2022

Building a better
working world

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Jordan Commercial Bank (the Bank), which comprise the statement of financial position as at 31 December 2022, and the income statement, statement of comprehensive income, statement of changes in shareholder's equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the Central Bank of Jordan.

Basis for Opinion

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

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Key Audit Matters

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

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

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

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

This is considered as a key audit matter, as the expected credit loss provision calculation requires assumptions and Management use of significant judgements to determine when and how much to record as impairment loss.

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

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

The Bank's gross credit facilities as at 31 December 2022 amounted to JD 771 million and the related expected credit losses provision amounted to JD 52 million as at 31 December 2022.</td>
<td>Audit scope to address the Key Audit Matter

Our audit procedures included the following:

• Gain an understanding of the Bank's key credit processes comprising granting and booking and testing the operating effectiveness of key controls over these processes.

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

• We assessed the Bank's expected credit loss model, in particular focusing on its alignment of the model and its underlying methodology with the requirements of IFRS 9 and related instructions.

• We tested a sample of exposures on an individual basis to evaluate the following:

- Appropriateness of the Bank's staging.
- Appropriateness of determining Exposure at Default, including the consideration of repayments in the cash flows and the mathematical calculations
- Appropriateness of the PD, EAD and LGD for different exposures at different stages.</td></tr>
</table>

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

Other information included in the annual report

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Bank to cease to continue as a going concern.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

For and on behalf of Ernst & Young – Jordan.

Waddah Barkawi
License No. 591

ERNST & YOUNG
Amman - Jordan

Amman – Jordan
20 February 2023

JORDAN COMMERCIAL BANK
(PUBLIC LIMITED SHAREHOLDING COMPANY)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	31 December 2022	31 December 2021
		JD	JD
ASSETS			
Cash and balances at central Banks	4	71,440,168	90,710,577
Balances at Banks and financial institutions, net	5	46,289,112	54,106,136
Direct credit facilities, net	6	701,854,386	773,903,799
Financial assets at fair value through statement of income	7	1,551,339	1,778,210
Financial assets at fair value through statement of other comprehensive income	8	49,490,315	31,942,672
Financial assets at amortized cost, net	9	366,316,269	362,409,154
Property and equipment, net	10	22,006,151	21,857,844
Intangible assets, net	11	2,228,329	2,266,649
Right-of-use assets	12	5,835,715	5,429,733
Deferred tax assets	18-d	9,505,024	10,322,457
Other assets	13	87,586,431	90,190,277
Total Assets		1,364,103,239	1,444,917,508
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Banks' and financial institutions' deposits	14	82,143,414	111,313,020
Customers' deposits	15	896,800,727	969,388,894
Cash margin	16	37,774,075	40,829,127
Borrowed funds	17	145,321,349	140,483,737
Provision for income tax	18-a	5,417,035	3,126,294
Sundry provisions	19	881,359	883,049
Deferred tax liabilities	18-d	1,720,245	124,612
Lease liabilities	12	5,624,770	5,361,113
Other liabilities	20	26,304,149	26,235,937
Total Liabilities		1,201,987,123	1,297,745,783
SHAREHOLDERS' EQUITY			
Authorized and paid in capital	21	120,000,000	120,000,000
Statutory reserve	22	19,011,405	17,208,213
Fair value reserve, net	23	2,621,695	(973,100)
Retained earnings	24	20,483,016	10,936,612
Total Shareholders' Equity		162,116,116	147,171,725
Total Liabilities and Shareholders' Equity		1,364,103,239	1,444,917,508

Chairman of Board of Directors

General Manager

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

JORDAN COMMERCIAL BANK
(PUBLIC LIMITED SHAREHOLDING COMPANY)
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022	2021
		JD	JD
Interest income	25	76,708,965	70,404,046
Less: interest expense	26	(35,482,447)	(34,609,449)
Net interest income		41,226,518	35,794,597
Net commission income	27	4,034,064	4,229,931
Net interest and commission		45,260,582	40,024,528
Foreign exchange income	28	1,022,684	514,405
(Loss) Gain from financial assets at fair value through statement of income	29	(63,838)	281,037
Dividends from financial assets at fair value through other comprehensive income	8	134,149	196,417
Other income	30	5,051,081	3,394,967
Gross income		51,404,658	44,411,354
Employees' expenses	31	14,214,511	13,752,948
Depreciation and amortization	10, 11 ,12	3,469,171	3,621,035
Provision for expected credit losses, net	32	6,304,273	4,597,892
Other provisions	19	32,812	233,203
(Recovery from) provisions for assets seized by the Bank against due debts	13	(516,343)	(16,222)
Other expenses	33	9,868,312	9,676,545
Total expenses		33,372,736	31,865,401
Profit for the year before income tax		18,031,922	12,545,953
Income tax for the year	18-b	(6,691,739)	(5,541,178)
Profit for the year		11,340,183	7,004,775
Earnings per share for the year attributable to the Bank's shareholders		JD/Fils	JD/Fils
Basic and diluted	34	0/095	0/058

Chairman of Board of Directors

General Manager

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

JORDAN COMMERCIAL BANK
(PUBLIC LIMITED SHAREHOLDING COMPANY)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022	2021
		JD	JD
Profit for the year		11,340,183	7,004,775
Other comprehensive income items:			
Items that are not transferable subsequently to statement of income			
Net change in fair value reserve of financial assets through other comprehensive income after tax	23	3,604,208	700,163
Total comprehensive income for the year		**14,944,391**	**7,704,938**

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

JORDAN COMMERCIAL BANK
(PUBLIC LIMITED SHAREHOLDING COMPANY)
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

		Reserves			
	Authorized and paid in capital	Statutory Reserve	Fair Value Reserve, net	Retained earnings *	Total Shareholders' Equity
	JD	JD	JD	JD	JD
For the year ended 31 December 2022					
Balance at the beginning of the year	120,000,000	17,208,213	(973,100)	10,936,612	147,171,725
Profit for the year	-	-	-	11,340,183	11,340,183
Other comprehensive income items	-	-	3,604,208	-	3,604,208
Total comprehensive income for the year	-	-	3,604,208	11,340,183	14,944,391
Fair value reserve released from sale of financial assets at fair value through other comprehensive income	-	-	(9,413)	9,413	-
Transferred to statutory reserve	-	1,803,192	-	(1,803,192)	-
Balance as at 31 December 2022	120,000,000	19,011,405	2,621,695	20,483,016	162,116,116
For the year ended 31 December 2021					
Balance at the beginning of the year	120,000,000	15,953,618	(2,020,984)	5,534,153	139,466,787
Profit for the year	-	-	-	7,004,775	7,004,775
Other comprehensive income items	-	-	700,163	-	700,163
Total comprehensive income for the year	-	-	700,163	7,004,775	7,704,938
Fair value reserve released from sale of financial assets at fair value	-	-	347,721	(347,721)	-
Transferred to statutory reserve	-	1,254,595	-	(1,254,595)	-
Balance as at 31 December 2021	120,000,000	17,208,213	(973,100)	10,936,612	147,171,725

* Retained earnings balance includes JD 9,505,024 as at 31 December 2022 of restricted amounts against deferred tax assets according to the instructions of the Jordan Securities Commission and Central Bank of Jordan.

- Use of retained earnings balances equal to the cumulative credit change in fair value of financial assets of JD 2,621,695 is restricted as at 31 December 2022 (debit JD 973,100 as at 31 December 2021 including JD 311,112 against the implementation of International Financial Reporting Standard No. (9)) according to the instructions of the Jordan Securities Commission and the Central Bank of Jordan.

- Use of retained earnings for an amount equal to the unrealized gain of financial assets through income statement which amount to JD 673,668 as at 31 December 2022 (JD 703,174 as at 31 December 2021) is restricted according to the instructions of Jordan Securities Commission and Central Bank of Jordan.

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

JORDAN COMMERCIAL BANK
(PUBLIC LIMITED SHAREHOLDING COMPANY)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022	2021
		JD	JD
Cash Flows from Operating Activities:			
Profit for the year before income tax –		18,031,922	12,545,953
Adjustments for:			
Depreciation and amortizaftion	10,11	2,624,252	2,671,545
Provision for expected credit losses	32	6,304,273	4,597,892
Provision for lawsuits against the Bank	19	32,812	233,203
Loss (gain) from valuation of financial assets at fair value through statement of income	29	67,213	(327,928)
(Recoveries from) Impairment on assets seized by the Bank against due debts	13	(516,343)	(16,222)
Profit from Sale of fixed assets	30	(369)	(1,280)
Amortization of right-of-use assets	12	844,919	949,490
Finance costs on lease obligations	12	120,158	401,541
Dividends from financial assets at fair value through other statement of comprehensive income	8	(134,149)	(196,417)
Dividends from financial assets at fair value through statement of income	29	(3,375)	(6,750)
Effect of exchange rate fluctuations on cash and cash equivalents		353,788	(489,747)
Profit for the year before changes in assets and liabilities		27,725,101	20,361,280
Changes in Assets and Liabilities -			
Decrease (Increase) in direct credit facilities		65,542,146	(65,186,841)
Decrease in financial assets at fair value through statement of income		159,658	195,641
Decrease in other assets		3,212,518	18,556,157
(Increase) in Banks and financial institutions deposits for more than three months		(17,000,000)	(3,000,000)
(Decrease) increase in customers' deposits		(72,588,167)	33,701,928
(Decrease) in cash margins		(3,055,052)	(993,475)
(Decrease) in other liabilities		(89,393)	3,319,091
Net change in Assets and Liabilities		(23,818,290)	(13,407,499)
Net cash flows from operating activities before income tax and lawsuit provision paid		3,906,811	6,953,781
Lawsuit's provision paid	19	(34,502)	(172,665)
Income tax paid	18	(4,191,193)	(2,213,867)
Net cash flows (used in) from operating activities		(318,884)	4,567,249
Cash flows from investing activities:			
(Increase) in financial assets at amortized cost		(3,641,298)	(80,208,524)
(Increase) in financial assets at fair value through other comprehensive income		(11,740,174)	(1,547,147)
Dividends from financial assets at fair value through other comprehensive income		134,149	196,417
Dividends from financial assets at fair value through statement of income		3,375	6,750
Purchase of property and equipment and advances on purchase of property and equipment	10	(2,277,948)	(2,125,536)
Intangible assets	11	(463,650)	(705,764)
Proceeds from sale of property and equipment		7,728	2,877
Net cash flows (used in) investing activities		(17,977,818)	(84,380,927)
Cash flows from financing activity:			
Increase in borrowed funds		4,837,612	36,919,009
Lease contracts paid	12	(1,107,402)	(1,130,669)
Net cash flows from financing activity		3,730,210	35,788,340
Effect of exchange rate fluctuations on cash and cash equivalents		(353,788)	489,747
Net (decrease) in cash and cash equivalents		(14,920,280)	(43,535,591)
Cash and cash equivalents at the beginning of the year from continued operations		75,506,558	119,042,149
Cash and cash equivalents at the end of the year	35	60,586,278	75,506,558

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

(1) General

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

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

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

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

Jordan Commercial Bank is a Public Limited Shareholding Company listed on Amman Stock Exchange.

The Bank is engaged in Banking and related financial operations through its branches totalling (34) inside Jordan.

The financial statements have been approved by the Bank's Board of Directors in their meeting held on 9 February 2023 and are subject to the approval of the General Assembly of Shareholders.

(2) Basis of Preparation of the Financial Statements

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

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

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

- Debt instruments issued by the Government of Jordan or guaranteed by it are excluded, in addition to any other credit exposures with the Government of Jordan or guaranteed by it so that any credit exposures with the Government of Jordan or guaranteed by it are addressed without any credit losses.

- When calculating the credit losses against credit exposures, the results of the calculation that are in accordance with the International Financial Reporting Standard No. (9) are compared with the instructions of the Central Bank of Jordan (No. 47/2009) dated 10 December 2009 for each stage, and whichever is more conservative is recorded.

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

C. Assets seized by the Bank against due debts are shown in the statement of financial position among other assets at the value as at the date it had been passed on to the Bank or its fair value, whichever is less. The assets are revalued individually at the date of the financial statements and any impairment is recorded in the statement of income. Gains are not recorded as income as these gains are recorded later in the statement of comprehensive income without exceeding the impairment value. As announced at the beginning of 2015, a provision is recorded for assets seized against debts that have been seized for more than 4 years in accordance with instructions by the Central Bank of Jordan (No. 15/14076) dated 27 March 2014 and (No. 10/1/2510) dated 14 February 2017. The Central Bank of Jordan issued a circular (No. 10/1/13967) dated 25 October 2018; approving an extension of circular (No.10/16607) dated 17 December 2017 that confirmed the extension of a provision to be recorded until the end of 2020. Furthermore, according to Central Bank's circular (No. 10/1/16239) dated 21 November 2019, a provision for seized assets will commence in 2022 at a rate of 5% of the total book value of these assets. And according to circular (No. 10/3/16234) dated 10 October 2022, the Central Bank of Jordan has decided to repeal item No. 2 from circulation (No. 10/1/4076) dated 27 March 2014 which is related to the deduction of breached seized assets provisions, and maintaining the recorded provisions, while releasing the recorded provisions against disposed seized assets.

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

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

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

(2-1) Changes in Accounting Policies

The accounting policies adopted in the preparation of the financial statements are consistent with those used in the preparation of the financial statements for the year ended 31 December 2021, except for the adoption of the following new standards effective 1 January 2022:

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

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

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

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

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

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

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

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

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

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

The amendment is not applicable to the Bank.

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

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

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

(2-2) Significant Accounting Policies

Segment Information

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

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

Recognition of Interest Income

The Effective Interest Rate Method

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

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

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

Interest and Similar Incomes and Expenses

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

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

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

Expenses are recognized at accrual basis.

Fees and commission income

Fees income can be divided into the following two categories:

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

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

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

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

Financial Instruments – Initial Recognition

Date of recognition

Financial assets and liabilities, except for loans and advances to customers and balances due to customers, are initially recognized on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace. Loans and advances to customers are recognized when funds are transferred to the customers' accounts. The Bank recognizes balances due to customers when funds are transferred to the Bank. Commissions are recorded as revenues when service is provided and recognized in share profits when they are realized.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Bank accounts for the Day 1 profit or loss, as described below.

Day one of profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Bank recognizes the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognized in the statement of income when the inputs become observable, or when the instrument is derecognized.

Measurement categories of financial assets and liabilities

The Bank classifies its financial assets (Debt Instruments) based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortized cost
- At Fair value through other comprehensive income
- At Fair value through statement of income

The Bank classifies and measures its derivative and trading portfolio at FVTPL. The Bank may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortized cost or at FVTPL when they are held for trading and derivative instruments or the fair value designation is applied.

Financial assets and liabilities

The Bank only measures due from Banks, loans and advances to customers and other financial investments at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows,
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

Business model assessment

The Bank determines its business model at the level that best reflects how it manages its financial assets to achieve its business objective.

The Bank’s business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Bank’s assessment

The business model valuation is based on anticipated reasonable scenarios without “Worst case” or “Under pressure” scenarios taken into consideration.

If cash flows after initial recognition are realized in a way that is different from the Bank’s original expectations, the Bank does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The Solley Payment for Principal and Interest (SPPI) test

As a subsequent step of its classification process the Bank assesses the contractual terms of financial to identify whether they meet the SPPI test.

‘Principal’ for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Derivatives recorded at fair value through statement of income

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Bank enters into derivative transactions with various counterparties. These include interest rate swaps, futures and cross-currency swaps. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in net trading income unless hedge accounting is applied.

Debt instruments at FVOCI

The Bank applies this category under IFRS 9 of debt instruments measured at FVOCI when the following conditions are met:

- The instrument is held within a business model. The objective of which is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost.

Where the Bank holds more than one investment in the same security, they are deemed to be disposed of on a first–in first–out basis. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to the income statement.

Equity instruments at FVOCI

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

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

Financial assets and financial liabilities at fair value through statement of income

Financial assets and financial liabilities at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss except for movements in fair value of liabilities designated at FVTPL due to changes in the Bank's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income or interest expense, respectively, using the EIR, considering any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earnt on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate. Dividend income from equity instruments measured at FVTPL is recorded in profit or loss as other operating income when the right to the payment has been established.

Financial guarantees, letters of credit and unutilized facilities ceilings

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

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

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

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts, these contracts are in the scope of the ECL requirements.

The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded on in the statement of financial position.

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

Derecognition of financial assets and liabilities

Derecognition due to substantial modification of terms and conditions

The Bank derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as Stage (1) for ECL measurement purposes.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Derecognition other than for substantial modification

A. Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Bank of similar financial assets) is derecognized when the rights to receive cash flows from the financial asset have expired. The Bank also derecognizes the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Bank has transferred the financial asset if, and only if, either:

- The Bank has transferred its contractual rights to receive cash flows from the financial asset, or

- it retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass–through’ arrangement

Pass-through arrangements are transactions whereby the Bank retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Bank has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Bank cannot sell or pledge the original asset other than as security to the eventual recipients.

- The Bank has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Bank is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Bank has transferred substantially all the risks and rewards of the asset, or

- the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Bank considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and can exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Bank has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognized only to the extent of the Bank's continuing involvement, in which case, the Bank also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Bank could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Bank would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

B. Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in statement of income.

Impairment of financial assets

Overview of the ECL principles

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

Equity instruments are not subject to impairment under IFRS 9.

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

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

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

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

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

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

Credit cards and other revolving facilities

The Bank’s product offering includes a variety of corporate and retail overdraft and credit cards facilities, in which the Bank has the right to cancel and/or reduce the facilities with one day’s notice. The Bank does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Bank’s expectations of the customer behavior, its likelihood of default and the Bank’s future risk mitigation procedures, which could include reducing or cancelling the facilities.

The ongoing assessment of whether a significant increase in credit risk has occurred for revolving facilities is similar to other lending products. This is based on shifts in the customer’s internal credit grade.

The interest rate used to discount the ECLs for credit cards is based on the effective interest rate.

The calculation of ECLs, including the estimation of the expected period of exposure and discount rate is made, on an individual basis for corporate and on a collective basis for retail products. The collective assessments are made separately for portfolios of facilities with similar credit risk characteristics.

Forward looking information

In its ECL models, the Bank relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Central Bank base rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Collateral valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Bank’s statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed periodically. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

<u>Collateral repossessed</u>

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

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

<u>Write-offs</u>

Financial assets are written off either partially or in their entirety only when the Bank has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

<u>Modified loans</u>

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

Rent Contracts:

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

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

Right-of-use assets

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

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

Lease liabilities

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

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

Property and Equipment

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

	%
Buildings	2
Machines and Office Equipment	10-15
Decorations	15
Vehicles	15
Computers	20

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

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

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

Impairment of non-financial assets

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

Intangible Assets

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

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

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

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

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

Non-current assets held for sale

Non-current assets are classified as held for sale if the recovery of the amounts will be through sale not through continued operations. The asset must be ready for sale in its current conditions provided that the asset is normal and is similar for sale of those assets. It also must be highly possible to sell these assets. In addition, there should be a commitment to the sale plan by the management, so that the sale is eligible to be recognized as a completed sale within one year of the date of this classification.

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

Non-current assets classified as held for sale are recorded at book value or fair value net of any sale costs, whichever is less. The results of a subsidiary are recorded in a separate line item on the statement of income as profit (loss) from discontinued operations.

Provisions

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

Provision for employees' end-of-service indemnities

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

Income Taxes

Income tax expenses represent current and deferred taxes.

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

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

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

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

Capital Cost of Issuing or Buying the Bank's Shares

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

Assets Under Management on Behalf of Customers

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

Offsetting

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

Seized Assets by the Bank Against Due Debts

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

Repurchase and Resale Agreements

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

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

The calculation of ECLs

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

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

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

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

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

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

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

The mechanism of the ECL method are summarized below:

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

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

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

Loan commitments and letter of credit	When estimating LTECLs for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.
Financial guarantee contracts	The Bank's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the statement of income, and the ECL provision. For this purpose, the Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure.

Foreign Currencies

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

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

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

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

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

Fair Value

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

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

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

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

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

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

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

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances with central Banks and balances with Banks and financial institutions maturing within three months less balances due to Banks and financial institutions maturing within three months and restricted funds.

(3) Use of estimates

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

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

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

Impairment of possessed property

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

Productive lifespan of tangible assets and intangible assets

The Bank's management periodically recalculates the useful lives of tangible assets and intangible assets for calculating annual depreciation and amortization based on the general condition of those assets and estimated future useful lives. The impairment loss is recognized in the statement of income for the year.

Income tax

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

Litigations provision

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

Provision for end-of-service indemnities

The provision for end-of-service indemnity, representing the Bank's obligations to employees, is calculated in accordance with the Bank's internal regulations.

Assets and liabilities stated at cost

Management periodically reviews the assets and liabilities at cost for estimating any impairment in value, which is recognized in the statement of income for the year.

Provision of expected credit losses

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

Evaluation of business model

The classification and measurement of financial assets depend on the results of the principal and interest payments test on the principal outstanding and the business model test. The Bank defines a business model at a level that reflects how the groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment that reflects all relevant evidence, including how to assess the performance of the assets and measure their performance, the risks that affect the performance of assets and how they are managed, and how asset managers are compensated. The Bank monitors financial assets measured at amortized cost or fair value through other comprehensive income and derecognized before maturity to understand the reason for derecognition and whether the reasons are consistent with the objective of the business held. In this respect, control is part of the Bank's continuous assessment of whether the business model under which the remaining financial assets are retained is appropriate, and whether it is inappropriate if there is a change in the business model, and therefore, a future change is made in the classification of those assets.

Significant increase in credit risk

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

Establish 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 (e.g. instrument type, credit risk, collateral type, initial recognition date, remaining maturity period, industry, borrower's geographic location, etc.). The Bank monitors the appropriateness of credit risk characteristics on an ongoing basis to assess whether they are still similar. This is required to ensure that, in the event of a change in the credit risk characteristics, the asset is properly reallocated. This may result in the creation of new portfolios or the transfer of assets to an existing portfolio that better reflects the credit risk characteristics of that group of assets.

Re-Division of Portfolios and Movements Between Portfolios

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

Models and Assumptions Used

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

a. Classification and Measurement of Financial Assets and Liabilities

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

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

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

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

c. Derivative Financial Instruments
The fair values of derivative financial instruments measured at fair value are generally obtained by reference to quoted market prices, discounted cash flow models and, where appropriate, recognized pricing models. In the absence of prices, fair values are determined using valuation techniques that reflect observable market data. These techniques include comparison with similar instruments at observable market prices, discounted cash flow analysis, pricing option models and other valuation techniques commonly used by market participants. The main factors that Management takes into consideration when applying the model are:

- The expected timing and probability of future cash flows on the instrument where such cash flows are generally subject to the terms of the instrument, although Management's judgment may be required where the counterparty's ability to repay the instrument in accordance with contractual terms is in doubt; and

- An appropriate discount rate for the instrument. Management determines the instrument discount rate at a rate higher than the non-risk rate. In assessing the instrument by reference to comparative instruments, Management considers the maturity, structure, and degree of classification of the instrument based on the system in which the existing position is compared. When evaluating tools on a model basis using the fair value of the main components, Management also considers the need to adjust for a number of factors, such as bid differences, credit status, portfolio service costs, and uncertainty about the model.

Key Sources of Uncertainty Estimates

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

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

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

Probability of Default

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

Loss Given Default

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

Fair value measurement and valuation procedures

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

Risk management

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

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

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

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

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

Acceptable risks level (risk appetite)

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

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

<u>The objectives of risk appetite</u>

The Bank aims to determine the acceptable levels of risk to the following:

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

<u>Stress testing</u>

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

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

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

- It helps the Bank in estimating the size of future capital that must be available in the coming years, in accordance with its strategy.
- An important part in the process of identifying, measuring, and controlling liquidity risk, in order to assess the Bank's liquidity and the adequacy of liquidity shock mitigators and improve the Bank's liquidity.

The mechanism by which stress situations are chosen

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

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

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

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

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

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

Governance of stress testing

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

Board of Directors' responsibility:

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

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

Senior executive management responsibility:

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

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

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

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

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

Responsibility of the Internal Audit department:

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

Risk Department responsibility:

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

- Stress testing includes scenarios that range from least to most severe.
- Covering all complex financial products, if any.
- It considers potential changes in market conditions that may negatively affect the Bank's exposure to concentration risk.
- Including stress tests to some scenarios related to reputational risks, by reflecting the results of risks that affect the Bank's reputation, which may be reflected on the Bank's liquidity and liquid assets through customers withdrawing their deposits.
- The tests used are consistent with the degree of risk tolerance that the Bank has set for itself, so that the chosen scenarios are commensurate with the size, nature and complexity of the Bank's business and the risks associated with it.

- The stress testing program includes quantitative and qualitative methods to improve the comprehensiveness of these tests and make them supportive and complementary to the models and methods of risk management used in the Bank.
- It includes different types of tests, such as the simple sensitivity analysis based on changes in one risk factor and between scenarios based on statistical methods that take into account the relationships between the causes of systemic risks in times of crisis, knowing that the part related to these scenarios is determined by the Central Bank of Jordan on an annual basis.

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

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

<u>The Bank's application for defaulting and the defaulting mechanism</u>
The Bank follows and applies the instructions of the Central Bank of Jordan (the regulatory body) related to the International Financial Reporting Standard No. (9) to classify credit facilities in three stages.

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

2. <u>The defaulting mechanism:</u>
The Bank follows up with a client before their default with the aim of not reaching the point of classifying the facilities granted to them. In case the classification is made, a provision is recorded against this loan in accordance to the adopted standards, among the mechanisms used to treat default by the Bank as following:
1- Debt scheduling according to the scheduling principles as per the instructions of the Central Bank of Jordan.
2- Taking legal measures to collect what is owed to the Bank.

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

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

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

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

Classification models include (modifier’s) quality rates that enhance credit rating accuracy as follows:
1- The impact of the various activities of the client
2- The capital structure
3- Approved financing policy
4- Liquidity assessment
5- Management and governance

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

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

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

1- The basic components of calculating the credit loss of financial instruments:
* Clients’ staging
* Probability of default ratio stage 1 (12-month projected credit losses) and stage 2 (expected credit losses over the life of the financial instrument).
* Loss given default (LGD).
* Exposure at default (EAD).

2- Criteria for classifying client according to the stages:

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

3- Probability of default – PD

Corporate portfolio

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

Individual portfolio

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

Debt portfolio and money market

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

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

4- Loss Given Default - LGD

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

5- Exposure at Default – EAD

It is defined as the size of the indebtedness to which the Bank may be exposed to the possibility of non-payment if the customer defaults as follows:

- It is the current balance in relation to direct and indirect facilities.

- In the case of ceilings, the value of the amount exposed to default: it is the used balance in addition to a percentage of the unutilized ceiling (direct and indirect) based on a historical study of the extent of utilization of these ceilings.

Governance of implementing the requirements of IFRS 9:

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

Board Responsibilities:

- Approving the policies, assumptions and models used for the application of the standard.

- Approving the expected credit losses in the Bank's financial statements.

- Ensuring proper application of the standard by defining the roles of committees, departments and work units in the Bank and ensuring complementarity of work among them and providing the appropriate infrastructure.

- Overseeing, through the committees of the Board, the Executive Management to develop the necessary systems to provide adequate information in an accurate and safe matter so that it provides the accurate capability of the Bank to record through the participation of all relevant business units in the Bank and under the supervision of the Bank's Board of Directors and its related committees.

- Approving of amendments that could affect the business model, the Bank's strategy, measurement and evaluation methodologies for the credit process, pricing and guarantees mechanism for credit products or assets that fall within the standard.

- Ensuring that the Bank manages its credit risk within the appropriate best practices, including effective control systems within the credit process that includes a clear determination of the amount of provisions required for all of its risks.

- Ensuring that the supervisory units in the Bank, specifically risk management, manage the internal audit of all necessary processes to verify the validity and integrity of the methodologies and systems used within the framework of the application of IFRS (9) and work to provide the necessary support for these control units.

Executive Management Responsibilities:

- Providing the appropriate infrastructure and providing recommendations regarding required changes or improvements that help to implement the standard in an accurate and comprehensive manner that includes qualified personnel and an adequate database in terms of accuracy and comprehensiveness.

- Reviewing the policies, work procedures, regulations and any other relevant standards and explaining their suitability for implementing the standard.

- Distributing tasks and responsibilities and ensuring the participation of all relevant business units in the proper application of the standard.

- Monitoring the periodic reports related to the results of calculating and applying the standard and determine the impact of the application of the standard on the financial position of the Bank.

- Applying corrective measures approved by the Board of Directors.

- Reflecting the impact of the application of the standard on the Bank's strategy and pricing policy.

- It is responsible for any exceptions of the results of the system outputs, the specific procedures and the documented forms of the calculation process.

- Reviewing the staging rules process and make the necessary recommendations.

- View the calculation of expected credit losses and recommend their approval.

- Recommend any exception or amendment to the results of calculating the expected credit losses required and in accordance with clear and documented justifications.

Risks and Compliance Committee Responsibilities:

- Reviewing the framework and assumptions for calculating expected credit losses and recommend their approval.

- Supervising the efficiency and effectiveness of the process of calculating the expected credit losses.

Responsibilities of the Audit Committee:

- Ensuring that the methodologies and systems used in the application of IFRS (9) have been verified.

- Monitoring the compliance with the framework for calculating expected credit losses in accordance with IFRS (9) and ensuring that the internal audit fulfills its duty in this regard.

- Reviewing the financial statements after implementing the standard, in particular verifying the implementation of the instructions of the Central Bank of Jordan regarding the adequacy of provisions and expressing an opinion on the Bank's non-operating loans before submitting them to the Board of Directors.

- Reviewing the observations in the Central Bank’s reports and the external auditor's reports and following up on the measures taken in their regard.

- Reviewing the accounting issues that have a material impact on the Bank's financial statements and ensure the accuracy of the accounting and control procedures and its safety and adherence to them.

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

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

Risk Department Responsibilities
- Calculating the expected credit losses.

- Reviewing the models and assumptions used for calculating the provision and recommending any required adjustments.

- Evaluating the credit rating systems, their parameters, and results.

- Preparing periodic, qualitative and detailed quantitative disclosures required by the Central Bank of Jordan for the purposes of complying with the requirements of the standard.

- Reviewing the transferring process between the different stages and comparing it with the policy of transferring requirements between stages and reviewing these limitations periodically.

Finance Department Responsibilities:
- Participating with departments in developing and building the business model, including the classification of the Bank's financial assets in accordance with the principles of IFRS (9).

- Make the necessary accounting adjustments and restrictions after approving the results and verifying that all financial instruments have been accounted for.

- Reviewing the necessary disclosures in cooperation with the relevant departments of the Bank in accordance with the requirements of the standard and the instructions of the Central Bank.

Determinants of significant change in credit risk:
All credit exposures / financial instruments are subject to the measurement of expected credit losses to specific determinants as an indicator to be considered a significant increase in credit risk, so that the financial instrument / credit exposure is transferred between the three phases:

Stage (1): Includes financial assets on initial recognition which have not been exposed to a significant increase in credit risk since the initial recognition or with low credit risks at the date of preparing the financial statements. For these assets, the expected credit losses for the 12-month period that result from potential irregularities within the next 12 months are recognized.

Stage (2): Includes financial assets that have experienced a significant increase in credit risk since the initial recognition but there is no objective evidence of a decrease in their value. For these assets, expected credit losses are recognized for the entire life of the debt, which is the expected credit losses that result from all potential irregularities over the expected life of the financial instrument.

Stage (3): Includes financial assets for which there is objective evidence of a decrease in value at the date of the financial statements in accordance with the indicators specified in the instructions of the Central Bank of Jordan. For these assets, expected credit losses for the entire life are recognized and treated with the calculated interest on them.

The following are the most prominent determinants used to measure the significant change in credit risk:

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

The main economic indicators that were used by the Bank in calculating the expected credit losses

When measuring the probability of default for different segments, historical information and current conditions are taken into consideration in addition to expected future events in accordance with substantial information that can be relied upon by the Bank.

Economic factors and their expectations have been used in three scenarios for each of the ratios (GDP, unemployment, inflation, properties rates, interest rates and other indicators), by relying on data issued by the World Bank and International Money Fund and Central Bank of Jordan with regard to Jordan.

<u>Extension and termination option in leases contracts</u>

The extension and termination options are included in several leasing contracts, these options are used to increase the operational flexibility in terms of contracts management, most of the extension and termination option are exercisable by both the Bank and the lessor.

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

<u>Discounting of lease payment</u>

The lease payments are discounted using the Bank's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease.

(4) Cash and Balances At Central Banks

The details of this item are as below:

	31 December 2022	31 December 2021
	JD	JD
Cash in vaults	29,003,994	24,833,610
Balances at central Banks:		
Current and call accounts	11,513,203	33,473,239
Mandatory cash reserve	30,922,971	32,403,728
Total balances at central Banks	42,436,174	65,876,967
Total cash and balances at central Banks	71,440,168	90,710,577

- Except for the mandatory cash reserve with the Central Bank of Jordan, there are no restricted balances as at 31 December 2022 and 2021.
- There are no balances matured in more than three months as at 31 December 2022 and 2021.
- There are no certificates of deposits as at 31 December 2022 and 31 December 2021.

The movement of balances at central Banks is as follows:

				Total	
Item	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	31 December 2022	31 December 2021
	JD	JD	JD	JD	JD
Total balance at the beginning of the year	65,876,967	-	-	65,876,967	72,869,348
Settled balances	-	-	-	-	(25,000,000)
Changes resulting from adjustments	(23,440,793)	-	-	(23,440,793)	18,007,619
Total balance at the end of the year	42,436,174	-	-	42,436,174	65,876,967

There are no transfers between the stages (stage 1 stage 2, and stage 3) or any written off balances for the year ended 31 December 2022 and 2021.

(5) Balances At Banks and Financial Institutions, net

	Banks and Financial Institutions					
	Local		Foreign		Total	
Item	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	JD	JD	JD	JD	JD	JD
Current and call accounts	29,671	29,671	8,822,862	7,738,873	8,852,533	7,768,544
Deposits maturing less than one year	7,407,100	16,307,000	29,891	33,457	7,436,991	16,340,457
Deposits maturing more than one year	-	-	30,000,000	30,000,000	30,000,000	30,000,000
Total	7,436,771	16,336,671	38,852,753	37,772,330	46,289,524	54,109,001
Less: expected credit loss provision *	(402)	(2,853)	(10)	(12)	(412)	(2,865)
	7,436,369	16,333,818	38,852,743	37,772,318	46,289,112	54,106,136

- Total balances at Banks and financial institutions that are not interest bearing are JD 8,852,533 as at 31 December 2022 and (JD 7,768,544 as at 31 December 2021).
- Total Balance at Banks and financial institutions that are matured in more than three months are 30,000,000 as at 31 December 2022 (30,000,000 as at 31 December 2021).
- There are no restricted balances as at 31 December 2022 and 2021.

The classification of gross balances with Banks and financial institutions according to the Bank's internal credit rating is as follows:

	2022				2021
Item	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
-5	46,289,524	-	-	46,289,524	-
+6	-	-	-	-	54,109,001
Total	46,289,524	-	-	46,289,524	54,109,001

The movement of balances at Banks and financial institutions is as follows:

	2022				2021
Item	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	54,109,001	-	-	54,109,001	79,861,506
New balances during the year	5,280,100	-	-	5,280,100	3,545,000
Settled balances	(13,032,587)	-	-	(13,032,587)	(25,024,000)
Changes resulting from adjustments	(66,990)	-	-	(66,990)	(4,273,505)
Balance at the end of the year	46,289,524	-	-	46,289,524	54,109,001

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

* The movement on the provision for expected credit losses for balances with Banks and financial institutions is as follows:

	2022				2021
	Stage 1 (Individual)	Stage 2 (Individual)	Stage3 (Individual)	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	2,865	-	-	2,865	543,233
ECL for new balances during the year	287	-	-	287	620
Recoveries from ECL related to repaid balances	(2,233)	-	-	(2,233)	(11,651)
Changes resulting from adjustments	(507)	-	-	(507)	(529,337)
Balance at the end of the year	412	-	-	412	2,865

(6) Direct Credit Facilities-Net

The details of this item are as follows:

	31 December 2022	31 December 2021
	JD	JD
Individuals (retail):		
Overdraft accounts	617,809	597,771
Loans and promissory notes *	192,034,774	205,792,443
Credit Cards	6,516,177	6,253,546
Real Estate Loans	103,677,524	120,038,373
Companies:		
A - Large:		
Overdraft accounts	75,306,699	94,984,676
Loans and promissory notes *	309,368,859	329,888,285
B- SMEs:		
Overdraft accounts	13,831,126	12,758,308
Loans and promissory notes *	42,573,080	47,521,484
Government and Public Sector	26,911,335	43,717,809
Total	770,837,383	861,552,695
(Less): Provision for expected credit losses	(52,030,738)	(63,793,141)
Interest in suspense	(16,952,259)	(23,855,755)
Net direct credit facilities	701,854,386	773,903,799

* Totals after deducting interest and commissions received in advance are JD 415,570 as at 31 December 2022 (761,369 JD of 31 December 2021).

- Non-Performing Credit Facilities amount to JD 75,322,001 make up 9.77% of total direct credit facilities as at 31 December 2022 (JD 101,929,585 representing 11.83% of total direct credit facilities as at 31 December 2021).

- Non-Performing Credit Facilities Net of Interest and Commissions in Suspense amounting to JD 58,369,742 make up 7.74% of total direct credit facilities balance as at 31 December 2022 (JD 78,235,931 make up 9.34% of total credit facilities as at 31 December 2021).

- Direct Credit Facilities include facilities granted that are guaranteed by the Government of Jordan amounting to JD 18,750,000 as at 31 December 2022 (JD 26,250,000 as at 31 December 2021).

The movement on direct credit facilities collectively as at 31 December is as follows:

	2022				2021
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	632,935,885	126,687,225	101,929,585	861,552,695	791,482,236
New credit facilities during the year	61,937,427	3,526,270	56,024	65,519,721	84,858,979
Settled credit facilities	(99,073,970)	(15,478,206)	(3,090,633)	(117,642,809)	(31,768,210)
Transferred to stage 1	27,415,344	(25,104,510)	(2,310,834)	-	-
Transferred to stage 2	(66,942,608)	70,253,122	(3,310,514)	-	-
Transferred to stage 3	(3,229,719)	(10,200,093)	13,429,812	-	-
Changes resulting from adjustments	(10,710,363)	3,499,578	(403,546)	(7,614,331)	17,668,667
Written-off credit facilities	-	-	(1,088,652)	(1,088,652)	(688,977)
Credit facilities transferred to off statement of financial position regulatory accounts	-	-	(29,889,241)	(29,889,241)	-
Balance at the end of the year	542,331,996	153,183,386	75,322,001	770,837,383	861,552,695

The movement on the provision for expected credit losses collectively and individually as at 31 December is as follows:

	2022				2021
	Stage (1) (individual)	Stage (2) (individual)	Stage (3) (individual)	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	2,550,321	2,534,759	58,708,061	63,793,141	58,732,454
New credit facilities during the year	150,055	33,957	31,623	215,635	883,399
Settled credit facilities	(283,244)	(163,794)	(1,270,242)	(1,717,280)	(1,321,744)
Transferred to stage 1	98,419	(86,333)	(12,086)	-	-
Transferred to stage 2	(430,703)	724,797	(294,094)	-	-
Transferred to stage 3	(30,639)	(312,824)	343,463	-	-
Effect on provision resulting from reclassification among the three stages	-	484,753	5,029,840	5,514,593	6,842,246
Changes resulting from adjustments	(83,145)	599,008	1,978,456	2,494,319	(1,219,834)
Written-off credit facilities	-	-	(126,642)	(126,642)	(123,380)
Expected credit losses provision transferred to off statement of financial position regulatory accounts	-	-	(18,143,028)	(18,143,028)	-
Balance at the end of the year	1,971,064	3,814,323	46,245,351	52,030,738	63,793,141

The movement on the provision for expected credit losses during the year ended 31 December 2022 and 2021 is as follows:

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

* During 2022, an amount of JD 126,642 was written-off from non-performing direct credit facilities according to the Board of Directors' decision (JD 123,380 for the year 2021).

** During 2022, in accordance with the Board of Directors decision, non-performing credit facilities transferred to off financial position items amount to JD 29,889,241, and their related provision of JD 18,143,028 and interest suspense of JD 11,746,213.

- There are Direct credit facilities which amount to JD 163,021,206, interest in suspense of JD 98,331,415 and their related provision of JD 64,689,791 as at 31 December 2022, were listed in regulatory accounts off the statement of financial position according to the Board of Directors' decisions as these accounts are completely covered as at the date of the financial statements.
- The provisions for debts calculated on the basis of the individual customer are disclosed above.
- The amount of provisions that are no longer required due to the settlements or repayments of debts transferred against other debts is JD 7,849,565 as at 31 December 2022 (JD 9,391,579 as at 31 December 2021).

For the year ended 31 December 2021	Retail JD	Real Estate JD	Corporate JD	SME's JD	Governmental and Public JD	Total JD
Balance at the beginning of the year	10,511,271	3,292,945	39,763,877	5,127,101	37,260	58,732,454
ECL for new facilities during the year	624,540	45,632	174,420	38,789	18	883,399
Recoveries from ECL related to settled facilities	(245,884)	(525,699)	(464,194)	(85,884)	(83)	(1,321,744)
Transferred to stage 1	(40,049)	(8,081)	(411,724)	1,070	-	(458,784)
Transferred to stage 2	(110,750)	(367,882)	(2,061,362)	(7,641)	-	(2,547,635)
Transferred to stage 3	150,799	375,963	2,473,086	6,571	-	3,006,419
Effect on provision resulting from reclassification among the three stages	1,509,313	172,634	5,072,578	87,721	-	6,842,246
Changes resulting from adjustments	271,641	329,409	(1,536,541)	(315,500)	31,157	(1,219,834)
Written-off credit facilities	(6,665)	(37,187)	(79,242)	(286)	-	(123,380)
Balance at the end of the year	12,664,216	3,277,734	42,930,898	4,851,941	68,352	63,793,141
Re-allocation:						
Provision on an individual basis	12,664,216	3,277,734	42,930,898	4,851,941	68,352	63,793,141
Total	12,664,216	3,277,734	42,930,898	4,851,941	68,352	63,793,141

- The classification of gross balances relating to corporate facilities according to the Bank's internal credit ratings is as follows:

	2022				2021
Item	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
-3	8,203	-	-	8,203	7,301
4+	70,631,283	3,034,603	524,400	74,190,286	531,276
4	721,521	5,608,191	-	6,329,712	14,367,335
4-	13,249,143	3,151,309	1,680,574	18,081,026	33,971,939
5+	-	-	-	-	52,781,862
5	74,608,786	30,475,868	3,772,613	108,857,267	115,501,155
5-	24,025,247	24,530,535	11,797	48,567,579	62,697,921
6+	19,754,653	40,026,163	3,404,172	63,184,988	118,843,369
6	16,336,441	5,496,069	894,368	22,726,878	12,602,225
6-	1,818,828	15,217,582	-	17,036,410	7,688,084
7+	-	178,706	-	178,706	3,376,635
7	-	-	3,130,272	3,130,272	3,094,114
10	-	-	22,661,038	22,661,038	8,694
Not rated	138,246	-	-	138,246	(70,905)
Total	221,292,351	127,719,026	36,079,234	385,090,611	425,401,005

The movement on corporate facilities as at 31 December is as follows:

	2022				2021
	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	260,923,655	99,101,986	65,375,364	425,401,005	365,164,360
New facilities during the year	17,487,650	3,153,766	-	20,641,416	32,946,198
Settled facilities	(38,022,924)	(11,080,739)	(869,177)	(49,972,840)	(5,539,628)
Transferred to stage 1	16,582,757	(16,260,757)	(322,000)	-	-
Transferred to stage 2	(50,153,810)	52,182,003	(2,028,193)	-	-
Transferred to stage 3	-	(3,261,812)	3,261,812	-	-
Changes resulting from adjustments	14,475,023	3,884,579	(15,036)	18,344,566	33,081,520
Credit facilities transferred to off statement of financial position regulatory accounts	-	-	(28,363,822)	(28,363,822)	-
Written-off credit facilities	-	-	(959,714)	(959,714)	(251,445)
Balance at the end of the year	221,292,351	127,719,026	36,079,234	385,090,611	425,401,005

The movement on the provision for expected credit losses for corporate facilities as at 31 December is as follows:

	2022				2021
	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	1,239,973	1,602,484	40,088,441	42,930,898	39,763,877
ECL for new facilities during the year	8,798	1,150	-	9,948	174,420
Recoveries from ECL related to settled facilities	(72,123)	(29,527)	(456,248)	(557,898)	(464,194)
Transferred to stage 1	61,128	(60,741)	(387)	-	-
Transferred to stage 2	(347,515)	550,441	(202,926)	-	-
Transferred to stage 3	-	(43,354)	43,354	-	-
Effect on provision resulting from reclassification among the three stages for the year	-	325,615	1,729,032	2,054,647	5,072,578
Changes resulting from adjustments	23,604	514,768	505,409	1,043,781	(1,536,541)
Expected credit losses provision transferred to off statement of financial position regulatory accounts	-	-	(17,366,111)	(17,366,111)	-
Written-off credit facilities	-	-	(70,358)	(70,358)	(79,242)
Balance at the end of the year	913,865	2,860,836	24,270,206	28,044,907	42,930,898

The classification of gross balances relating to SMEs Facilities according to the Bank's internal credit rating is as follows:

	2022				2021
Item	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
3+	2	137,372	653	138,027	237,126
3	-	156	-	156	-
3-	4,228	-	-	4,228	4,247
4+	7,209,957	921,548	1,466,594	9,598,099	290,950
4	2,888,582	87,920	557,261	3,533,763	4,546,119
4-	5,255,938	496,229	69,823	5,821,990	6,668,500
5+	-	-	-	-	13,712,349
5	11,043,507	2,834,903	264,151	14,142,561	15,620,611
5-	4,437,660	898,321	1,514,227	6,850,208	4,562,850
6+	3,276,415	1,202,398	677,403	5,156,216	11,831,271
6	669,770	103,061	-	772,831	1,233,331
6-	215,826	1,083,846	958,267	2,257,939	1,028,080
7+	-	12,645	1,806,849	1,819,494	332,480
7	-	-	592,510	592,510	76,302
7-	-	23,718	118,777	142,495	33,857
9	-	-	10,525	10,525	-
10	-	-	5,472,581	5,472,581	843,465
Not rated	399,619	-	1	399,620	(409,272)
Total	35,401,504	7,802,117	13,509,622	56,713,243	60,612,266

The movement on SMEs facilities as at 31 December is as follows:

	2022				2021
	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	44,290,458	7,017,569	9,304,239	60,612,266	60,553,971
New facilities during the year	4,265,080	47,632	573	4,313,285	3,781,178
Settled facilities	(2,612,222)	(582,689)	(250,877)	(3,445,788)	(3,095,454)
Transferred to stage 1	866,869	(812,787)	(54,082)	-	-
Transferred to stage 2	(5,770,821)	5,952,742	(181,921)	-	-
Transferred to stage 3	(894,083)	(4,698,265)	5,592,348	-	-
Changes resulting from adjustments	(4,743,777)	877,915	316,141	(3,549,721)	(541,080)
Credit facilities transferred to off statement of financial position regulatory accounts	-	-	(1,165,325)	(1,165,325)	-
Written-off facilities	-	-	(51,474)	(51,474)	(86,349)
Balance at the end of the year	35,401,504	7,802,117	13,509,622	56,713,243	60,612,266

The movement on the provision for expected credit losses for SMEs facilities as at 31 December is as follows:

	2022				2021
	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	67,475	26,980	4,757,486	4,851,941	5,127,101
ECL for new facilities during the year	15,787	1	523	16,311	38,789
Recoveries from ECL related to settled facilities	(6,039)	(2,270)	(117,704)	(126,013)	(85,884)
Transfer to stage 1	3,788	(732)	(3,056)	-	-
Transfer to stage 2	(32,099)	35,524	(3,425)	-	-
Transfer to stage 3	(672)	(19,416)	20,088	-	-
Effect on provision resulting from reclassification among the three stages for the year	-	34,242	1,834,577	1,868,819	87,721
Changes resulting from adjustments	18,299	65,480	(53,619)	30,160	(315,500)
Expected credit losses provision transferred to off statement of financial position regulatory accounts	-	-	(460,347)	(460,347)	-
Written-off facilities	-	-	-	-	(286)
Balance at the end of the year	66,539	139,809	5,974,523	6,180,871	4,851,941

The distribution of total credit facilities according to the Bank's internal credit rating for retail is as follows:

	2022				2021
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Credit cards	4,796,371	268,598	727,118	5,792,087	5,393,028
Overdraft account	270,618	11,869	335,322	617,809	597,771
Car loans	9,275,955	978,307	1,104,855	11,359,117	13,622,990
Personal loans	159,038,025	5,155,926	16,481,706	180,675,657	192,169,453
	173,380,969	6,414,700	18,649,001	198,444,670	211,783,242

The movement on credit facilities for individuals as at 31 December is as follows:

	2022				2021
	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	184,492,226	10,227,350	17,063,666	211,783,242	199,094,054
New facilities during the year	20,870,172	307,087	55,440	21,232,699	37,015,907
Settled facilities	(25,943,231)	(788,044)	(464,257)	(27,195,532)	(18,671,041)
Transferred to stage 1	6,472,124	(4,810,786)	(1,661,338)	-	-
Transferred to stage 2	(3,822,411)	4,588,185	(765,774)	-	-
Transferred to stage 3	(2,320,270)	(1,956,817)	4,277,087	-	-
Changes resulting from adjustments	(6,367,641)	(1,152,275)	574,940	(6,944,976)	(5,553,394)
Credit facilities transferred to off statement of financial position regulatory accounts	-	-	(360,094)	(360,094)	-
Written–off credit facilities	-	-	(70,669)	(70,669)	(102,284)
Balance at the end of the year	173,380,969	6,414,700	18,649,001	198,444,670	211,783,242

The movement on the provision for expected credit losses for individuals facilities as at 31 December is as follows:

	2022				2021
	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	1,062,206	778,453	10,823,557	12,664,216	10,511,271
ECL for new facilities during the year	112,816	32,438	31,100	176,354	624,540
Recoveries from ECL related to settled facilities	(144,614)	(60,793)	(295,528)	(500,935)	(245,884)
Transferred to stage 1	32,737	(24,211)	(8,526)	-	-
Transferred to stage 2	(42,726)	127,126	(84,400)	-	-
Transferred to stage 3	(29,967)	(247,746)	277,713	-	-
Effect on provision-resulting from reclassification among the three stages for the year	-	32,093	1,504,314	1,536,407	1,509,313
Changes resulting from adjustments	(93,158)	6,113	947,824	860,779	271,641
Expected credit losses provisions transferred to off statement of financial position regulatory accounts	-	-	(316,570)	(316,570)	-
Written-off credit facilities	-	-	(50,934)	(50,934)	(6,665)
Balance at the end of the year	897,294	643,473	12,828,550	14,369,317	12,664,216

The classification of gross balances relating to Real Estate Facilities according to the Bank's internal credit rating is as follows:

	2022				2021
Item	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
2	-	176,249	-	176,249	-
3-	1	-	-	1	1
4+	14,311,468	2,387,990	10,939	16,710,397	71,387
4	645,795	227,775	5,243	878,813	5,056,131
4-	1,228,664	360,482	-	1,589,146	3,851,011
5+	-	-	-	-	4,662,653
5	11,417,031	1,152,275	-	12,569,306	17,185,697
5-	787,205	386,016	-	1,173,221	4,001,337
6+	1,057,079	1,062,181	1,068,943	3,188,203	11,647,741
6	11,351,236	-	-	11,351,236	11,285,405
6-	859,437	-	-	859,437	2,214,295
7+	-	1,530,457	-	1,530,457	-
7	-	-	27,342	27,342	48,419
8	-	-	58,710	58,710	3,466,622
9	-	-	68,889	68,889	205,408
10	-	-	5,510,814	5,510,814	1,776,522
Not rated	43,687,969	3,964,117	333,217	47,985,303	54,565,744
Total	85,345,885	11,247,542	7,084,097	103,677,524	120,038,373

The movement on credit facilities for Real Estate as at 31 December is as follows:

	2022				2021
	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	99,511,893	10,340,313	10,186,167	120,038,373	118,674,013
New facilities during the year	19,314,525	17,784	-	19,332,309	11,115,626
Settled facilities	(23,851,576)	(3,026,727)	(1,506,198)	(28,384,501)	(4,461,994)
Transferred to stage 1	3,493,594	(3,220,180)	(273,414)	-	-
Transferred to stage 2	(7,195,566)	7,530,192	(334,626)	-	-
Transferred to stage 3	(15,366)	(283,199)	298,565	-	-
Changes resulting from adjustments	(5,911,619)	(110,641)	(1,279,602)	(7,301,862)	(5,040,373)
Written-off credit facilities	-	-	(6,795)	(6,795)	(248,899)
Balance at the end of the year	85,345,885	11,247,542	7,084,097	103,677,524	120,038,373

The movement on the provision for credit loss for real estate credit facilities as at 31 December is as follows:

	31 December 2022				2021
	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total	Total
	JD	JD	JD	JD	JD
Balance at beginning of the year	112,393	126,842	3,038,499	3,277,734	3,292,945
ECL for new facilities during the year	12,654	368	-	13,022	45,632
Recoveries from ECL related to settled facilities	(22,669)	(71,204)	(400,684)	(494,557)	(525,699)
Transferred to stage 1	766	(649)	(117)	-	-
Transferred to stage 2	(8,363)	11,706	(3,343)	-	-
Transferred to stage 3	-	(2,308)	2,308	-	-
Effect on provision-resulting from reclassification among the three stages for the year	-	92,803	(38,083)	54,720	172,634
Changes resulting from adjustments	(28,009)	12,647	578,842	563,480	329,409
Written-off credit facilities	-	-	(5,350)	(5,350)	(37,187)
Balance at the end of the year	66,772	170,205	3,172,072	3,409,049	3,277,734

The distribution of total credit facilities according to the Bank's internal credit rating for the Government and Public Sector was:

	2022				2021
Item	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
1	-	-	-	-	94
4+	5,000,000	-	-	5,000,000	-
4	312,433	-	-	312,433	312,433
5+	-	-	-	-	13,644,016
5	18,750,000	-	-	18,750,000	26,250,000
5-	-	-	-	-	3,511,203
6+	2,848,854	-	-	2,848,854	-
Not rated	-	1	47	48	63
Total	26,911,287	1	47	26,911,335	43,717,809

The movement on credit facilities for the Government and Public Sector as at 31 December is as follows:

	2022				2021
	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at beginning of the year	43,717,653	7	149	43,717,809	47,995,838
New facilities during the year	-	1	11	12	70
Settled facilities	(8,644,017)	(7)	(124)	(8,644,148)	(93)
Changes resulting from adjustments	(8,162,349)	-	11	(8,162,338)	(4,278,006)
Balance at the end of the year	26,911,287	1	47	26,911,335	43,717,809

The movement on the provision for expected credit loss for the government credit facilities as at 31 December is as follows:

	2022				2021
	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	68,274	-	78	68,352	37,260
ECL for new facilities during the year	-	-	-	-	18
Recoveries from ECL related to settled facilities	(37,799)	-	(78)	(37,877)	(83)
Changes resulting from adjustments	(3,881)	-	-	(3,881)	31,157
Balance at the end of the year	26,594	-	-	26,594	68,352

Interest in suspense

The movement on interest in suspense is as follows:

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

	Individuals	Real estate loans	Corporate: Corporates	Corporate: Small and medium companies	Government	Total
	JD	JD	JD	JD	JD	JD
For the year ended 31 December 2021						
Balance at the beginning of the year	1,953,475	1,535,102	12,789,066	2,571,114	-	18,848,757
Add: Interests in suspense for the year	1,150,608	565,748	4,259,985	925,844	-	6,902,185
Less: Interests transferred to revenues	(261,678)	(442,719)	(284,069)	(341,124)	-	(1,329,590)
Interests in suspense written-off	(95,619)	(211,712)	(172,203)	(86,063)	-	(565,597)
Balance at the end of the year	2,746,786	1,446,419	16,592,779	3,069,771	-	23,855,755

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

The details of this item are as follows:

	31 December 2022	31 December 2021
	JD	JD
Quoted shares in active markets	1,551,339	1,778,210
	1,551,339	1,778,210

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

The details of this item are as follows:

	31 December 2022	31 December 2021
	JD	JD
Quoted shares in active markets *	32,465,081	26,622,099
Unquoted shares in active markets	17,025,234	5,320,573
	49,490,315	31,942,672

- Realized gains from the sale of shares at fair value through statement of other comprehensive income amount to JD 9,413 for the year ended 31 December 2022 recorded in retained earnings within owners' equity (realized losses JD 347,721 for the year ended 31 December 2021).

- Cash dividends for the above investments amount to JD 134,149 for the year ended 31 December 2022 (JD 196,417 for the year ended 31 December 2021).

* An agreement was signed during December 2022 to sell Jordan Commercial Bank's shares in National Bank – Palestine. Transfer of shares ownership procedures have not been finalized up to the date of financial statements preparation.

(9) Financial Assets at Amortized Cost, net

The details of this item are as follows:

	31 December 2022	31 December 2021
	JD	JD
Treasury bonds and bills	362,573,553	358,612,255
Companies' bonds and debentures	4,192,932	4,741,348
	366,766,485	363,353,603
Less: Provision for expected credit losses	(373,284)	(639,101)
interests in suspense	(76,932)	(305,348)
Financial assets at amortized cost, net	366,316,269	362,409,154
Fixed Income	366,316,269	362,409,154
Total	366,316,269	362,409,154

The distribution of the gross balance for financial assets at amortized cost according to the Bank's internal risk rating is as follows:

	2022				2021
Item	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
5-	365,409,553	-	1,356,932	366,766,485	-
6+	-	-	-	-	363,353,603
Total	365,409,553	-	1,356,932	366,766,485	363,353,603

The movement of the financial assets at amortized cost as at 31 December is as follows:

	2022				2021
	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	361,448,255	-	1,905,348	363,353,603	282,976,786
New investments during the year	137,906,190	-	-	137,906,190	114,299,916
Matured investments	(133,948,815)	-	(548,416)	(134,497,231)	(34,098,009)
Changes resulting from adjustments	3,923	-	-	3,923	174,910
Balance at the end of the year	365,409,553	-	1,356,932	366,766,485	363,353,603

The movement on the expected credit loss provision for financial assets at amortized cost:

	2022				2021
	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3 (Individual)	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	53,906	-	585,195	639,101	633,545
Recoveries from ECL related to matured investment	-	-	(229,092)	(229,092)	-
Changes resulting from adjustments	(36,725)	-	-	(36,725)	5,556
Balance at the end of the year	17,181	-	356,103	373,284	639,101

(10) Property and Equipment, Net

	Land	Buildings	Machines and Office Equipment	Decorations	Vehicles	Computers	Payments for Property and Equipment	Total
2022	JD	JD	JD	JD	JD	JD	JD	JD
Cost:								
Balance at the beginning of the year	2,893,110	14,446,561	10,475,917	7,052,676	319,010	6,262,927	1,032,196	42,482,397
Additions	-	-	28,949	44,208	-	457,246	1,747,545	2,277,948
Disposals	-	-	(313,589)	(997,001)	-	(865,747)	-	(2,176,337)
Transferred from payments for acquisition of property and equipment	-	-	342,363	110,796	-	273,344	(726,503)	-
Balance at the end of the year	2,893,110	14,446,561	10,533,640	6,210,679	319,010	6,127,770	2,053,238	42,584,008
Accumulated Depreciation:								
Balance at the beginning of the year	-	2,974,900	7,757,215	5,202,007	264,195	4,426,236	-	20,624,553
Depreciation for the year	-	278,729	737,835	500,684	22,416	582,618	-	2,122,282
Disposals	-	-	(307,396)	(996,704)	-	(864,878)	-	(2,168,978)
Balance at the end of the year	-	3,253,629	8,187,654	4,705,987	286,611	4,143,976	-	20,577,857
Net book value of property and Equipment at the end of the year	2,893,110	11,192,932	2,345,986	1,504,692	32,399	1,983,794	2,053,238	22,006,151
Depreciation rate %	-	2	15-10	15	15	20	-	
2021								
Cost:								
Balance at the beginning of the year	2,893,110	14,446,561	10,313,583	6,701,559	313,074	5,383,628	814,348	40,865,863
Additions	-	-	24,539	14,338	5,936	149,214	1,931,509	2,125,536
Disposals	-	-	(116,877)	(69,266)	-	(322,859)	-	(509,002)
Transfer from payments for acquisition of property and equipment	-	-	254,672	406,045	-	1,052,944	(1,713,661)	-
Balance at the end of the year	2,893,110	14,446,561	10,475,917	7,052,676	319,010	6,262,927	1,032,196	42,482,397
Accumulated Depreciation:								
Balance at the beginning of the year	-	2,696,171	7,045,022	4,772,287	229,500	4,250,201	-	18,993,181
Depreciation for the year	-	278,729	828,133	498,937	34,695	498,283	-	2,138,777
Disposals	-	-	(115,940)	(69,217)	-	(322,248)	-	(507,405)
Balance at the end of the year	-	2,974,900	7,757,215	5,202,007	264,195	4,426,236	-	20,624,553
Net book value of property and Equipment at the end of the year	2,893,110	11,471,661	2,718,702	1,850,669	54,815	1,836,691	1,032,196	21,857,844
Depreciation rate %	-	2	10-15	15	15	20	-	

- Fully depreciated property and equipment amount to JD 11,748,054 as at 31 December 2022 (JD 11,728,322 as at 31 December 2021).

(11) Intangible Assets, net

	Computers and Software Programs	
	2022	2021
	JD	JD
Balance at the beginning of the year	2,266,649	2,093,653
Additions during the year	544,932	93,758
Payments for the acquisition of intangible assets	(81,282)	612,006
Amortization for the year	(501,970)	(532,768)
Balance at the end of the year	2,228,329	2,266,649
Annual amortization percentage %	20%	20%

(12) Right-of-use assets / Lease liabilities:

The Bank rents several assets such as lands and buildings with an average term of 5 years. Following is the movement on right-of-use assets during the year:

	2022		2021	
	Right of use	Lease liabilities	Right of use	Lease liabilities
	JD	JD	JD	JD
Balance at the beginning of the year	5,429,733	5,361,113	5,119,281	4,830,299
Additions during the year	630,731	630,731	1,308,457	1,308,457
Less: Depreciation for the year	(844,919)	-	(949,490)	-
terminated contracts	(69,680)	(69,680)	(48,515)	(48,515)
paid during the year	-	(1,107,402)	-	(1,130,669)
Interest for the year	-	120,158	-	401,541
Adjustments due to recalculation	689,850	689,850	-	-
Balance at the end of the year	5,835,715	5,624,770	5,429,733	5,361,113

The details of lease liabilities are as follows:

	2022	2021
	JD	JD
Less than one year	772,448	969,114
One to five years	2,494,328	2,272,868
More than five years	2,357,994	2,119,131
	5,624,770	5,361,113

(13) Other Assets

The details of this item are as follows:

	2022	2021
	JD	JD
Assets seized by the Bank against due debts - net **	55,682,898	63,485,568
Accrued interest and revenue	16,054,519	10,991,118
Accounts receivable sold in installments	6,553,941	6,553,941
Purchase of withdrawals and letters of credit - net*	2,402,958	2,310,629
Refundable deposits	1,426,392	1,760,573
Prepaid expenses	1,340,439	1,009,119
Clearing cheques	142,751	38,500
Others	3,982,533	4,040,829
	87,586,431	90,190,277

* Allocation of total withdrawals and purchased letters of credit based on the Bank's internal credit rating:

	2022				2021
Item	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
6-	2,507,988	-	-	2,507,988	2,507,988
Total	2,507,988	-	-	2,507,988	2,507,988

- Movement on the balances of withdrawals and letters of credit:

	2022				2021
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	2,507,988	-	-	2,507,988	15,213,365
Paid balances	-	-	-	-	(10,862,969)
Changes resulting from adjustments	-	-	-	-	(1,842,408)
Balance at the end of the year	2,507,988	-	-	2,507,988	2,507,988

- Movement on the expected credit loss provision of withdrawals and purchased letters of credit as at 31 December:

	2022				2021
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	197,359	-	-	197,359	183,555
Settled balances	-	-	-	-	(107,973)
Changes resulting from adjustments	(92,329)	-	-	(92,329)	121,777
Balance at the end of the year	105,030	-	-	105,030	197,359

There were no transfers between stages (1, 2 and 3) or written-off balances during the year ended 31 December 2022.

** The summary of movement on assets seized by the Bank against due debts during the year is as follows:

	2022				2021
	Seized Properties	Seized properties sold in installments	Seized Shares	Total	Total
	JD	JD	JD	JD	JD
Balance at beginning of the year, net	62,066,943	1,228,735	189,890	63,485,568	66,042,144
Additions during the year	4,349,556	-	-	4,349,556	8,897,831
Disposals during the year, net	(12,146,805)	(521,764)	-	(12,668,569)	(11,470,629)
Sold assets - installments	(1,000,964)	1,000,964	-	-	-
Gains (losses) on valuation of seized shares	-	-	1,312,378	1,312,378	(805,317)
Impairment effect for the year	762,893	(56,660)	(1,502,268)	(796,035)	821,539
Balance at the end of the year, net	54,031,623	1,651,275	-	55,682,898	63,485,568

- The movement on impairment loss and on breached assets seized by the Bank against due debts provision during the year is as follows:

	2022				2021
	Seized Properties	Seized Properties sold in instalments	Seized Shares	Total	Total
	JD	JD	JD	JD	JD
Balance at beginning of the year	7,455,351	97,231	178,277	7,730,859	8,688,726
Booked provision during the year	45,468	61,480	1,502,268	1,609,216	1,067,497
Released from provision during the year as a result of sale	(808,361)	(4,820)	-	(813,181)	(1,889,036)
Utilized from provision during the year	(38,129)	(61,480)	-	(99,609)	(136,328)
Balance at end of the year	6,654,329	92,411	1,680,545	8,427,285	7,730,859

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

(14) Banks and Financial Institutions Deposits

The details of this item are as below:

	2022			2021		
	Inside Kingdom	Outside Kingdom	Total	Inside Kingdom	Outside Kingdom	Total
	JD	JD	JD	JD	JD	JD
Current and call accounts	-	3,143,414	3,143,414	-	3,281,020	3,281,020
Term deposits	49,000,000	30,000,000	79,000,000	70,487,000	37,545,000	108,032,000
	49,000,000	33,143,414	82,143,414	70,487,000	40,826,020	111,313,020

- The Banks' deposits maturing within a period of more than three months amount to JD 55,000,000 as at 31 December 2022 (JD 72,000,000 as at 31 December 2021).

(15) Customers' Deposits

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

2021	Retail	Companies: Corporate	Companies: Small and Medium	Government and Public Sector	Total
	JD	JD	JD	JD	JD
Current and call accounts	33,722,870	37,950,749	35,536,422	6,490,325	113,700,366
Savings deposits	222,947,549	215,440	3,026,434	1,040,878	227,230,301
Certificates of deposit	27,352,855	-	30,000	-	27,382,855
Term deposits subject to notice	367,555,032	72,189,398	97,890,192	63,440,750	601,075,372
	651,578,306	110,355,587	136,483,048	70,971,953	969,388,894

- The Government of Jordan and the public sector's deposits inside the Kingdom amount to JD 61,388,836 equivalent to 6.85% of total deposits as at 31 December 2022 (JD 70,971,953 equivalent to 7.32% of total deposits as at 31 December 2021).
- Non-interest-bearing deposits amount to 115,201,322 JD, equivalent to 12.85% of total deposits as at 31 December 2022 (JD 111,655,522 equivalent to 11.52 % of total deposits as at 31 December 2021).
- Reserved deposits (restricted withdrawals) amount to JD 3,169,873 equivalent to 0.35% of total deposits as at 31 December 2022 (JD 1,839,394 equivalent to 0.19% of total deposits as at 31 December 2021).
- Dormant deposits amount to JD 10,191,907 equivalent to 1.14% of total deposits as at 31 December 2022 (JD 11,587,667 equivalent to 1.2% of total deposits as at 31 December 2021).

(16) Cash Margins

The details of this item are as below:

	31 December 2022	31 December 2021
	JD	JD
Cash margins on direct credit facilities	24,040,855	21,911,826
Cash margins on indirect credit facilities	13,614,750	18,302,933
Marginal cash deals	118,470	614,368
	37,774,075	40,829,127

(17) Borrowed Funds

The details of this item are as below:

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

31 December 2021	Amount	Utilized	Repayment method	Guarantees	Interest Rate
	JD	JD			%
World Bank loan	2,000,000	1,200,000	20 years, including a 5-year grace period; to be settled in semi-annual installments	-	2.5
Arab Monetary Fund loan	2,100,000	777,000	10 years, including a 3 -year grace period; to be settled in semi-annual installments	-	2.5
Advances from the Central Bank of Jordan	30,765,822	30,765,822		-	0-2.25
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 5/2/2024	Transfer of property mortgage	4.8
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 16/08/2028	Transfer of property mortgage	5.1
Jordan Mortgage Refinance Company	10,000,000	10,000,000	Bullet payment dated 26/9/2024	Transfer of property mortgage	4.55
International Fund for Agricultural Development	750,000	722,637	18 years, including a 3-year grace period; to be settled in semi-annual installments	-	2.35
The Central Bank of Jordan against mortgaged bonds	77,018,278	77,018,278		Bonds mortgage	2
		140,483,737			

The re-borrowed loans balance amount to JD 37,447,669 as at 31 December 2022 (JD 34,598,905 as at 31 December 2021). The interest rates ranged between 2% and 11 % as at 31 December 2022 (2% and 10% 31 December 2021).

(18) Income Tax

a. Income tax provision

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

	31 December 2022	31 December 2021
	JD	JD
Balance at the beginning of the year	3,126,294	174,758
Income tax incurred on current year profit	6,481,934	3,781,013
Prior year income tax expense	-	1,384,390
Income tax paid	(4,191,193)	(2,213,867)
Balance at the end of the year	5,417,035	3,126,294

b. Income tax expense

Income tax expense shown in the statement of income represents the following:

	2022	2021
	JD	JD
Income tax incurred on current year profit	6,481,934	3,781,013
Prior year income tax expense	-	1,384,390
Impact of deferred tax assets	221,017	251,163
Impact of deferred tax liabilities	(11,212)	124,612
	6,691,739	5,541,178

c. Tax status

- The Bank has reached a final settlement with the Income and Sales Tax Departments until the end of the years 2016 and 2018.

- Regarding the year 2017: the income tax return for the year was reviewed by the Income and Sales Tax Department. A decision was made that required the Bank to pay an additional amount of JD 1.9 million and the Bank has appealed the decision. During the third quarter of the year 2022, the decision of the Court of Cassation was issued in favor of the Bank.

- Regarding the year 2019 and 2020 and 2021, the income tax return was submitted within the legal period, but it has not been reviewed yet.

- In the opinion of the Bank's management and legal and tax advisors, no liabilities in excess of the provision booked and the advance payments made by the Bank will arise as at the date of the financial statements

d. Deferred tax assets and liabilities

	2022					2021
	Balance at the beginning of the year	Additions	Released	Balance at the end of the year	Deferred Tax	Deferred Tax
a. Deferred Tax Assets	JD	JD	JD	JD	JD	JD
Provision for doubtful debts before the year 2000	231,051	-	8,664	222,387	84,507	87,799
Provision for impairment in seized properties	5,796,571	-	816,683	4,979,888	1,892,357	2,202,697
Provision for properties seized for more than four years	1,756,009	45,467	34,625	1,766,851	671,403	667,283
Provision for seized shares in violation	178,277	1,502,268	-	1,680,545	638,607	67,745
Impairment loss on shares seized against debts	1,654,498	-	1,312,378	342,120	130,005	628,709
Provision for lawsuits against the Bank	267,690	32,812	34,502	266,000	101,080	101,722
Provision for end-of-service indemnity	359	-	-	359	136	136
Provision for suspended legal fees and expense	3,399,157	427,933	47,979	3,779,111	1,436,062	1,291,680
Fair value reserve *	1,569,516	-	1,569,516	-	-	596,416
Other provisions	3,282,883	-	603,500	2,679,383	1,018,166	1,247,496
Employees bonuses provision	700,000	700,000	700,000	700,000	266,000	266,000
Expected credit loss	7,246,202	937,266	439,953	7,743,515	2,942,536	2,753,557
Prior Year Losses	3,163,210	-	669,630	2,493,580	324,165	411,217
Total	29,245,423	3,645,746	6,237,430	26,653,739	9,505,024	10,322,457
b. Deferred tax liabilities						
Unrealized gains on the share's portfolio at fair value through statement of income	327,928	(67,213)	(37,707)	422,298	113,400	124,612
Fair value reserve *	-	4,228,540	-	4,228,540	1,606,845	-
	327,928	4,161,327	(37,707)	4,526,962	1,720,245	124,612

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

The movement on deferred tax assets/ liabilities during the year was as follows:

	31 December		31 December	
	2022	2021	2022	2021
	Assets	Assets	Liabilities	Liabilities
	JD	JD	JD	JD
Balance at the beginning of the year	10,322,457	11,215,869	124,612	-
Additions during the year	1,385,383	1,317,622	1,581,304	124,612
Disposals during the year	(2,202,816)	(2,211,034)	14,329	-
Balance at the end of the year	9,505,024	10,322,457	1,720,245	124,612

- Deferred tax assets for Income inside Jordan have been calculated using a tax rate of 38%, 13% for income outside Jordan as at 31 December 2022 and 2021 in accordance with the income tax rate for Banks as per the Income Tax Law No (34) for the year 2014 and its amendments, effective beginning on 1 January 2019.

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

	2022	2021
	JD	JD
Accounting profit	18,031,922	12,545,953
Add: Non-deductible tax expenses	4,778,553	4,655,445
Less: non-taxable income	(5,813,025)	(7,514,520)
Adjusted taxable income	16,997,450	9,686,878
Income tax rates:	%38	38%
Effective tax rate	%36	30%

(19) Other Provisions

The details of this item are as follows:

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

31 December 2021	Balance at the beginning of the year	Expense for the year	Paid during the year	Balance at the end of the year
	JD	JD	JD	JD
Provision for lawsuits against the Bank	207,152	233,203	(172,665)	267,690
Provision for end-of-service indemnity	359	-	-	359
Other provisions	615,000	-	-	615,000
	822,511	233,203	(172,665)	883,049

(20) Other Liabilities

The details of this item are as follows:

	31 December 2022	31 December 2021
	JD	JD
Accrued unpaid interest	6,834,576	4,950,193
Refundable and various deposits	6,799,197	7,343,057
Acceptable checks	3,511,426	3,615,498
Accrued expenses	1,415,502	1,242,738
Expected credit loss on indirect facilities and un-utilized limits**	1,479,402	1,321,797
Transactions in transit among branches	1,140,161	1,122,849
Received amounts on the sale of seized assets*	1,069,621	1,005,237
Income tax and social security deposits	336,017	346,262
Safe deposits boxes	105,508	100,665
Shareholders' deposits	14,033	11,579
Board of Directors' remunerations	55,000	55,000
Inward remittance	37,800	1,043,627
Others	3,505,906	4,077,435
	26,304,149	26,235,937

* The movement on this item during the year was as follows:

	31 December 2022	31 December 2021
	JD	JD
Balance at the beginning of the year	1,005,237	1,973,227
Received amounts	252,384	2,182,010
Disposals	(188,000)	(3,150,000)
Balance at the end of the year	1,069,621	1,005,237

- Below is the movement on indirect facilities (collectively) as at year-end:

	2022						2021
	Stage (1)		Stage (2)				
	Collective	Individual	Collective	Individual	Stage (3)	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	-	209,585,906	-	30,938,962	5,467,646	245,992,514	257,265,044
New exposures during the period	-	55,971,001	-	9,052,623	1,387	65,025,011	16,537,981
Matured exposures	-	(20,417,541)	-	(7,794,231)	(295,891)	(28,507,663)	(30,905,412)
Transferred to stage (1)	-	14,548,377	-	(14,516,388)	(31,989)	-	-
Transferred to stage (2)	-	(5,895,295)	-	5,896,338	(1,043)	-	-
Transferred to stage (3)	-	(651,596)	-	(581,830)	1,233,426	-	-
Changes resulting from adjustments	-	7,258,001	-	(2,597,312)	(198,400)	4,462,289	3,094,901
Balance at the end of the year	-	260,398,853	-	20,398,162	6,175,136	286,972,151	245,992,514

** Below is the movement on the expected credit loss for indirect facilities (collectively and individually) during the year:

	2022						2021
	Stage (1)		Stage (2)				
	Collective	Individual	Collective	Individual	Stage (3)	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	-	493,631	-	147,605	680,561	1,321,797	1,386,964
New exposures during the year	-	260,000	-	3,773	114	263,887	31,326
Matured exposures	-	(48,113)	-	(11,242)	(21,348)	(80,703)	(102,563)
Transferred to stage (1)	-	6,698	-	(6,661)	(37)	-	-
Transferred to stage (2)	-	(31,792)	-	31,792	-	-	-
Transferred to stage (3)	-	(554)	-	(115)	669	-	-
Effect on provision as at the end of the year due to reclassification between the stages during the year	-	-	-	(23,573)	209,991	186,418	4,983
Changes resulting from adjustments	-	(42,250)	-	(100,176)	(69,571)	(211,997)	1,087
Balance at the end of the year	-	637,620	-	41,403	800,379	1,479,402	1,321,797

** Below is the disclosure of the total guarantees according to the Bank's credit rating categories:

	2022				2021
Internal Credit Rating	Stage (1)	Stage (2)	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
1	618,670	-	-	618,670	-
2+	16,360	-	-	16,360	-
2	2,500	-	-	2,500	7,500
3+	32,500	2,000	-	34,500	38,500
3	85,544	1,500	-	87,044	12,500
3-	137,380	-	-	137,380	51,300
4+	29,866,659	249,000	185,180	30,300,839	1,497,082
4	8,122,954	35,000	782,000	8,939,954	7,211,011
4-	6,181,102	1,734,673	532,800	8,448,575	5,294,103
5+	-	-	-	-	36,397,665
5	33,124,059	3,117,412	499,000	36,740,471	31,895,094
5-	6,472,314	54,814	11,500	6,538,628	6,800,053
6+	10,747,372	1,860,162	20,000	12,627,534	20,963,012
6	21,037,349	107,539	-	21,144,888	1,875,002
6-	6,320,373	756,192	-	7,076,565	610,941
7+	-	163,500	10,000	173,500	1,612,600
7	-	20,000	4,800	24,800	20,800
Not rated	9,676,147	-	4,109,097	13,785,244	178.936
Total	132,441,283	8,101,792	6,154,377	146,697,452	114,466,099

Below is the movement on total guarantees as at the end of the year:

	2022				2021
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	91,062,596	17,964,523	5,438,980	114,466,099	116,397,048
New exposures during the year	32,422,153	2,300,986	-	34,723,139	1,400,554
Matured exposures	(1,714,498)	(10,500)	(274,214)	(1,999,212)	(2,901,026)
Transferred to stage 1	11,503,121	(11,478,120)	(25,001)	-	-
Transferred to stage 2	(2,046,987)	2,047,987	(1,000)	-	-
Transferred to stage 3	(633,000)	(581,480)	1,214,480	-	-
Changes resulting from adjustments	1,847,898	(2,141,604)	(198,868)	(492,574)	(430,477)
Balance at the end of the year	132,441,283	8,101,792	6,154,377	146,697,452	114,466,099

- Below is the movement on the provision of the expected credit losses for guarantees as at year-end:

	2022				2021
	Stage (1) (Individual)	Stage (2) (Individual)	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	187,086	129,244	677,906	994,236	938,331
Impairment loss on new exposures during the year	225,168	1,334	-	226,502	154
Recovered from impairment loss on matured exposures	(1,650)	-	(19,826)	(21,476)	(7,791)
Transferred to stage (1)	5,187	(5,187)	-	-	-
Transferred to stage (2)	(16,763)	16,763	-	-	-
Transferred to stage (3)	(458)	(111)	569	-	-
Effect on the provision due to reclassification between the stages during the year	-	(10,135)	209,301	199,166	28,052
Changes resulting from adjustments	11,769	(105,310)	(69,614)	(163,155)	35,490
Balance at the end of the year	410,339	26,598	798,336	1,235,273	994,236

- Below is the disclosure on the total distribution of letters of credit and acceptances according to the Bank's internal credit rating categories:

	2022				2021
Internal Credit Rating	Stage (1)	Stage (2)	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
4+	13,328,940	-	-	13,328,940	-
4	13,466	-	-	13,466	-
4-	-	-	-	-	2,518,631
5+	-	-	-	-	3,035,059
5	8,612,697	1,763,074	-	10,375,771	13,351,000
5-	801,486	-	-	801,486	50,091
6+	3,084,372	-	-	3,084,372	4,944,233
6-	672,934	-	-	672,934	273,000
7+	-	11,699	-	11,699	11,698
Not rated	351,593	-	-	351,593	-
Total	26,865,488	1,774,773	-	28,640,261	24,183,712

- The movement on letters of credit and acceptances as at the end of the year was as follows:

	2022				2021
	Stage (1) (Individual)	Stage (2) (Individual)	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	20,552,251	3,631,461	-	24,183,712	26,182,970
New exposures during the year	10,834,871	1,697,137	-	12,532,008	3,074,806
Matured facilities	(4,931,529)	(3,631,461)	-	(8,562,990)	(8,353,521)
Transfer to stage (2)	(77,636)	77,636	-	-	-
Changes resulting from adjustments	487,531	-	-	487,531	3,279,457
Balance at the end of the year	26,865,488	1,774,773	-	28,640,261	24,183,712

- The movement on the provision for expected credit loss for letters of credit and acceptances as at year-end was as follows:

	2022				2021
	Stage (1) (Individual)	Stage (2) (Individual)	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	4,867	5,388	-	10,255	32,553
Credit losses on new exposures during the year	2,905	109	-	3,014	1,206
Recovered from impairment loss on matured facilities	(1,382)	(5,388)	-	(6,770)	(5,220)
Effect on the provision resulting from the reclassification between the three stages	-	-	-	-	(560)
Changes resulting from adjustments	(320)	-	-	(320)	(17,724)
Balance at the end of the year	6,070	109	-	6,179	10,255

- Disclosure on the total distribution of unused facilities limits according to the Bank's internal credit rating categories:

	2022				2021
Internal Credit Rating	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
3+	2,950	9,953	-	12,903	13,000
3-	1,798	-	-	1,798	2,179
4+	30,525,861	141,265	525	30,667,651	2,208,613
4	2,131,126	-	766	2,131,892	1,832,952
4-	7,810,615	487,768	186	8,298,569	9,402,681
5+	-	-	-	-	23,062,197
5	33,666,574	6,927,837	-	40,594,411	39,412,569
5-	7,617,275	155,599	-	7,772,874	9,750,739
6+	7,097,941	2,512,957	-	9,610,898	10,466,803
6	1,028,550	-	-	1,028,550	932,906
6-	1,595,144	205,050	-	1,800,194	565,160
7+	-	-	-	-	1,740
Not rated	9,614,248	81,168	19,282	9,714,698	9,691,164
Total	101,092,082	10,521,597	20,759	111,634,438	107,342,703

- Below is the movement on un-utilized limit facilities:

	2022				2021
	Stage (1) (Individual)	Stage (2) (Individual)	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	97,971,059	9,342,978	28,666	107,342,703	114,685,026
New exposures during the year	12,713,977	5,054,500	1,387	17,769,864	12,062,621
Matured exposures	(13,771,514)	(4,152,270)	(21,677)	(17,945,461)	(19,650,865)
Transferred to stage (1)	3,045,256	(3,038,268)	(6,988)	-	-
Transferred to stage (2)	(3,770,672)	3,770,715	(43)	-	-
Transferred to stage (3)	(18,596)	(350)	18,946	-	-
Changes resulting from adjustments	4,922,572	(455,708)	468	4,467,332	245,921
Balance at the end of the year	101,092,082	10,521,597	20,759	111,634,438	107,342,703

Below is the movement on the provision of expected credit losses of un-utilized facilities:

	2022				2021
	Stage (1) (Individual)	Stage (2) (Individual)	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	301,678	12,973	2,655	317,306	416,080
Impairment loss on new exposures during the year	31,927	2,330	114	34,371	29,966
Recovered from impairment loss on matured exposures	(45,081)	(5,854)	(1,522)	(52,457)	(89,552)
Transferred to stage (1)	1,511	(1,474)	(37)	-	-
Transferred to stage (2)	(15,029)	15029,	-	-	-
Transferred to stage (3)	(96)	(4)	100	-	-
Effect on provision due to reclassification between the stages during the year	-	(13,438)	690	(12,748)	(22,509)
Changes resulting from adjustments	(53,699)	5,134	43	(48,522)	(16,679)
Balance at the end of the year	221,211	14,696	2,043	237,950	317,306

(21) Authorized and Paid-up Capital

The Bank’s authorized and paid in capital is JD 120 million divided into 120 million shares (1JD/share) as at 31 December 2022 (31 December 2021: JD 120 million).

(22) Statutory Reserve

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

Restricted reserves as at the financial statements date are as follows:

	31 December		
Reserve Name	2022	2021	Restriction Nature
	JD	JD	
Statutory reserve	19,011,405	17,208,213	Restricted according to the Banks law and companies’ law

(23) Fair Value Reserve – Net

The movement on this account for the year is as follow:

	31 December 2022	31 December 2021
	JD	JD
Balance at the beginning of the year	(973,100)	(2,020,984)
Unrealized gains	3,604,208	700,163
Released from selling financial assets at fair value through other comprehensive income	(9,413)	347,721
Balance at the end of the year	2,621,695	(973,100)

- Fair value reserve balance includes JD 311,112 as at 31 December 2022 and 2021 against implementation of International Financial Reporting Standard No. (9).

(24) Retained Earnings

The movement on this account for the year is as follow:

	31 December 2022	31 December 2021
	JD	JD
Balance at the beginning of the year	10,936,612	5,534,153
Profit for the year	11,340,183	7,004,775
(Transferred) to statutory reserves	(1,803,192)	(1,254,595)
Realized gains (losses) from selling financial assets at fair value through statement of other comprehensive income	9,413	(347,721)
Balance at the end of the year	20,483,016	10,936,612

- Retained earnings balance includes JD 9,505,024 as at 31 December 2022 of restricted amounts against deferred tax assets according to the instructions of the Jordan Securities Commission and Central Bank of Jordan.

- Use of retained earnings balances equal to the cumulative credit change in fair value of financial assets of JD 2,621,695 is restricted as at 31 December 2022 (debit JD 973,100 as at 31 December 2021 including JD 311,112 against the implementation of International Financial Reporting Standard No. (9)) according to the instructions of the Jordan Securities Commission and the Central Bank of Jordan.

- Use of retained earnings for an amount equal to the unrealized gain of financial assets through income statement which amount to JD 673,668 as at 31 December 2022 (JD 703,174 as at 31 December 2021) is restricted according to the instructions of Jordan Securities Commission and Central Bank of Jordan.

- The Board of Directors decided to recommend to the Bank’s General Assembly to distribute 5% of the capital as cash dividends, which is equivalent to JD 6,000,000 to shareholders for the year 2022 from retained earnings, noting that these distributions are subject to the approval of the Central Bank of Jordan and the General Assembly of Shareholders, while no Dividends were distributed to shareholders for the year 2021.

(25) Interest Income

Details of this account are as follows:

	2022	2021
Direct credit facilities:	JD	JD
Individuals (retail)		
Overdraft accounts	40,442	10,232
Loans and promissory notes	16,325,852	17,194,528
Credit cards	1,030,451	910,923
Real-estate loans	9,222,223	10,023,248
Companies		
Large Corporate		
Overdraft accounts	4,074,315	4,180,807
Loans and promissory notes	21,225,766	16,168,221
Small and medium entities		
Overdraft accounts	1,218,548	1,069,166
Loans and promissory notes	3,700,273	3,043,755
Government and public sector	2,024,458	2,953,046
Balances at central Banks	420,589	159,350
Balances and deposits at Banks and financial institutions	522,152	491,920
Financial assets at amortized cost	16,903,896	14,198,850
	76,708,965	70,404,046

(26) Interest Expense

Details of this account are as follows:

	2022	2021
	JD	JD
Banks and financial institutions deposits	3,288,545	3,328,819
Customers' deposits:		
Current and call accounts	143,481	37,795
Saving accounts	1,867,105	1,694,194
Certificates of deposit	1,277,515	1,312,773
Time and notice deposits	22,143,709	22,747,737
Cash margins	683,771	820,274
Borrowed funds	4,595,305	2,949,226
Lease contract obligations (note 12)	120,158	401,541
Deposit Insurance Corporation fees	1,362,858	1,317,090
	35,482,447	34,609,449

(27) Net Commission Income

Details of this account are as follows:

	2022	2021
	JD	JD
Direct credit facilities commissions	1,422,615	1,617,969
Indirect credit facilities commissions	2,611,449	2,611,962
	4,034,064	4,229,931

(28) Foreign Exchange Income

Details of this account are as follows:

	2022	2021
	JD	JD
Resulted from trading/transactions	657,416	2,226
Resulted from valuation	353,788	489,747
Margin trading accounts	11,480	22,432
	1,022,684	514,405

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

Details of this account are as follows:

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

	Realized(Losses)	Unrealized Gains	Dividends	Total
2021-	JD	JD	JD	JD
Quoted shares in active markets	(53,641)	327,928	6,750	281,037

(30) Other Income

Details of this account are as follows:

	2022	2021
	JD	JD
Recovery of debts previously written-off *	2,011,572	1,235,998
Income from account services	769,573	691,886
Income from reversal of miscellaneous provisions	617,000	-
Transfers income	591,758	506,540
Gain from seized properties	385,803	258,853
Cheques income	287,565	360,727
Safe boxes rent	69,153	66,329
Telecommunication income	26,804	21,038
Returns on seized properties	17,009	16,360
Insurance income	16,583	19,097
Gain from selling property and equipment	369	1,280
Others	257,892	216,859
	5,051,081	3,394,967

* This item represents amounts recovered from written - off debts and suspended interest taken during the previous years off-the statement of financial position but recovered during the year ended 31 December 2022 and 2021.

(31) Employees Expenses

Details of this account are as follows:

	2022	2021
	JD	JD
Salaries, allowances and employees' benefits	12,053,546	11,692,891
Bank's contribution in social security	1,374,173	1,339,354
Bank's contribution in saving fund	12,623	10,019
Medical expenses	513,457	468,898
Staff training expenses	134,717	91,598
Per diems	85,636	79,545
Employees' life insurance expenses	32,306	43,306
Uniforms	8,053	27,337
	14,214,511	13,752,948

(32) Provision for Expected Credit Loss, net

Details of this account are as follows:

	2022				2021
	Stage (1)	Stage (2)	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balances and deposits at Banks and financial intuitions	(2,453)	-	-	(2,453)	(540,368)
Direct credit facilities	(216,334)	953,924	5,769,677	6,507,267	5,184,067
Debt instruments within a portfolio of financial assets at amortized cost	(36,725)	-	(229,092)	(265,817)	5,556
Financial guarantees	235,287	(114,111)	119,861	241,037	55,905
Unutilized ceilings	(66,853)	(11,828)	(675)	(79,356)	(98,774)
Letters of credit and acceptances	1,203	(5,279)	-	(4,076)	(22,298)
Purchased credits and withdrawals	(92,329)	-	-	(92,329)	13,804
Total	(178,204)	822,706	5,659,771	6,304,273	4,597,892

(33) Other Expense

Details of this account are as follows:

	2022	2021
	JD	JD
Programs and computers maintenance	1,532,627	1,699,553
Water, electricity and telecommunication expenses	1,115,595	880,512
Insurance expenses	894,985	607,120
Advertisements	887,000	732,000
Subscriptions	883,189	894,428
Maintenance, repair and vehicle expenses	664,932	688,490
Legal and lawyer fees	619,119	735,283
Cleaning and security services	550,245	536,042
Fees, licenses and taxes	486,930	521,555
Board of Directors' transportation and attendance of meeting fees	381,067	393,200
Stationery and publications	373,936	458,917
Professional and consultancy fees	348,952	509,167
Visa Credit Cards - net	238,774	58,107
Donations and social responsibility	206,522	323,064
Money shipping expenses	177,904	130,758
Rent	164,415	136,116
Collection incentives	84,926	15,820
Hospitality	55,560	29,519
Board of Directors' remunerations	55,000	55,000
Others	146,634	271,894
	9,868,312	9,676,545

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

The details of this account are as follows:	2022	2021
Profit for the year (JD)	11,340,183	7,004,775
Weighted average number of shares (share)	120,000,000	120,000,000
Earnings per share for the Banks' shareholders – basic and diluted	0/095	0/058

(35) Cash and Cash Equivalents

The details of this account are as follows:	2022 JD	2021 JD
Balances at central Banks due within three months	71,440,168	90,710,577
Add: Balances at Banks and financial institutions due within three months	16,289,524	24,109,001
Less: Banks' and financial institutions' deposits due within three months	(27,143,414)	(39,313,020)
Total	60,586,278	75,506,558

(36) Transactions with Related Parties

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

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

	BOD Members	Companies Represented by the BOD	Executive Managers	Others	Total 2022	Total 2021
	JD	JD	JD	JD	JD	JD
On- Statement of Financial Position Items:						
Deposits	7,556,231	2,189,377	451,624	30,229,812	40,427,044	57,459,468
Direct credit facilities	517,889	19,568,884	1,647,322	4,773,580	26,507,675	25,455,631
Deposits with others	-	-	-	30,000,000	30,000,000	30,000,000
Cash margins	-	586,849	-	-	586,849	720,454
Off- Statement of Financial Position Items:						
Letters of guarantee	-	1,788,924	-	354,500	2,143,424	1,679,600
Letters of credit	-	426,818	-	-	426,818	426,818

					Total 2022	Total 2021
Income statement items:					JD	JD
Interest and commission income *	43,354	1,241,910	94,997	606,949	1,987,210	1,752,450
Interest and commission expense **	516,947	14,922	8,339	937,200	1,477,408	2,279,232

*Credit interest rate ranges from 2% to 21%.
**Debit interest rate ranges from 0% to 6.4%.

Executive management remunerations and salaries

Executive management and Board of Directors' transportation reimbursement, meetings attendance, salaries and remunerations for the Bank amount to JD 2,619,737 for the year 2022 (JD 2,151,296 for the year 2021).

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

There are no significant differences between the carrying value and fair value of financial assets and financial liabilities at the end of the year 2022 and 2021.

(38) Risk Management

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

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

(38/a) Credit Risk

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

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

Moreover, the Bank monitors credit risk and is continuously evaluating the credit standing of customers, in addition to obtaining proper guarantees from them.

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

1. Specifying credit ceilings and concentrations:

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

2. Determining the risk mitigation methods:

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

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

3. Mitigating the assets and liabilities' risk concentration:

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

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

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

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

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

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

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

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

	31 December 2022	31 December 2021
	JD	JD
On- Statement of Financial Position		
Balances at Central Banks	42,436,174	65,876,967
Balances at Banks and financial institutions	46,289,112	54,106,136
Credit Facilities:		
Individual	180,070,406	196,372,240
Real-estate loans	98,490,147	115,314,220
Companies		
Large corporates	348,946,085	365,877,328
Small and medium companies	47,463,007	52,690,554
Government & public sector	26,884,741	43,649,457
Bonds and Treasury Bills:		
Financial assets measured at amortized cost	366,316,269	362,409,154
Other assets	2,402,958	2,310,629
	1,159,298,899	1,258,606,685
Off- Statement of Financial Position Items		
Letters of guarantee	145,462,179	113,471,863
Letters of credit and acceptances	28,634,082	24,173,457
Un-utilized facilities	111,396,488	107,025,397
Total	285,492,749	244,670,717

Distribution of fair value of collaterals obtained against total credit exposures in stage (1) & (2) as at 31 December 2022:

		Collaterals' Fair Value								
Items	Total Exposure Value	Cash Margins	Traded Shares	Acceptable LGs	Real Estates	Cars and Mechanics	Others	Total Collateral Value	Net exposure after collateral	Expected Credit Loss
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central Banks	42,436,174	-	-	-	-	-	-	-	-	-
Balances at Banks and Financial Institution	46,289,524	-	-	-	-	-	-	-	-	412
Credit Facilities:										
Individuals	179,795,669	5,271,506	809,781	-	26,878,555	18,440,479	-	51,400,321	128,395,348	1,540,767
Real Estate Loans	96,593,427	680,000	517,690	-	158,834,410	689,499	-	160,721,599	(64,128,172)	236,977
Corporate	349,011,377	6,207,039	39,533,392	-	137,349,020	1,812,010	-	184,901,461	164,109,916	3,774,701
SMEs	43,203,621	5,876,863	10,403	-	56,544,816	1,019,314	-	63,451,396	(20,247,775)	206,348
Government and Public Sectors	26,911,288	-	-	-	-	-	18,750,000	18,750,000	8,161,288	26,594
Financial Assets at Amortized Cost	365,409,553	-	-	-	-	-	362,573,553	362,573,553	2,836,000	17,181
Other Assets	2,507,988	-	-	-	-	-		-	2,507,988	105,030
Total exposure related to on-statement of financial position items	1,152,158,621	18,035,408	40,871,266	-	379,606,801	21,961,302	381,323,553	841,798,330	221,634,593	5,908,010
Letter of guarantee	140,543,075	12,178,200	322,542	-	15,899,229	137,118	-	28,537,089	112,005,986	436,937
Letters of credit	28,640,261	2,818,397	-	-	230,000	-	-	3,048,397	25,591,864	6,179
Other liabilities	111,613,679	775,519	1,290,877	-	3,768,345	258,070	-	6,092,811	105,520,868	235,907
Total exposure related to off-statement of financial position	280,797,015	15,772,116	1,613,419	-	19,897,574	395,188	-	37,678,297	243,118,718	679,023
Grand total	1,432,955,636	33,807,524	42,484,685	-	399,504,375	22,356,490	381,323,553	879,476,627	464,753,311	6,587,033

Fair value of collaterals obtained against total credit exposures stage (3) as at 31 December 2022:

Items	Total Exposure Value	Collaterals' Fair Value: Cash Margins	Traded Shares	Acceptable LGs	Real Estates	Cars and Mechanics	Others	Total Collateral Value	Net exposure after collateral	Expected Credit Loss
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Credit exposure related to on-statement of financial position										
Balances at central Banks	-	-	-	-	-	-	-	-	-	-
Balances at Banks and Financial Institution	-	-	-	-	-	-	-	-	-	-
Credit Facilities:										
Individuals	18,649,001	8,046	-	-	1,088,292	1,879,413	-	2,975,751	15,673,250	12,828,550
Real Estate Loans	7,084,097	-	-	-	4,583,783	31,720	-	4,615,503	2,468,594	3,172,072
Corporate	36,079,234	-	-	-	6,616,434	969,725	-	7,586,159	28,493,075	24,270,206
SMEs	13,509,622	488,086	-	-	7,571,961	172,020	-	8,232,067	5,277,555	5,974,523
Government and Public Sectors	47	-	-	-	-	-	-	-	47	-
Financial Assets at Amortized Cost	1,356,932	-	-	-	-	-	-	-	1,356,932	356,103
Other Assets	-	-	-	-	-	-	-	-	-	-
Total exposure related to on-statement of financial position items	76,678,933	496,132	-	-	19,860,470	3,052,878	-	23,409,480	53,269,453	46,601,454
Letters of guarantee	6,154,377	667,249	-	-	620,000	2,737	-	1,289,986	4,864,391	798,336
Letters of credit	-	-	-	-	-	-	-	-	-	-
Other liabilities	20,759	2,278	-	-	46,335	510	-	49,123	(28,364)	2,043
Total exposure related to off-statement of financial position	6,175,136	669,527	-	-	666,335	3,247	-	1,339,109	4,836,027	800,379
Grand total	82,854,069	1,165,659	-	-	20,526,805	3,056,125	-	24,748,589	85,105,480	47,401,833

Below is the distribution of the fair value of the collaterals obtained against direct credit facilities:

			Companies			
	Individual	Real Estate Loans	Large Corporates	Small and Medium Companies	Government and Public Sector	Total
	JD	JD	JD	JD	JD	JD
31 December 2022						
Collaterals against:						
Low Risk	3,521,447	65,514	663,233	387,733	18,750,000	23,387,927
acceptable risk	26,034,167	78,726,382	91,870,340	27,664,640	-	224,295,529
Watch list	2,085,554	1,270,184	23,238,143	913,210	-	27,507,091
Non- performing:						
Substandard grade	283,567	-	-	1,289,446	-	1,573,013
Doubtful	140,490	34,702	-	1,580,057	-	1,755,249
Loss	2,670,147	728,791	2,540,541	1,708,621	-	7,648,100
Total	34,735,372	80,825,573	118,312,257	33,543,707	18,750,000	286,166,909
Accepted Bank guarantees	5,228,909	714,432	6,225,398	6,341,686	-	18,510,425
Real estate	18,520,201	78,943,028	78,576,919	26,095,659	-	202,135,807
Listed shares	640,571	993,895	32,101,980	76,020	-	33,812,466
Vehicles and equipment	10,345,691	174,218	1,407,960	1,030,342	-	12,958,211
Others	-	-	-	-	18,750,000	18,750,000
Total	34,735,372	80,825,573	118,312,257	33,543,707	18,750,000	286,166,909

			Companies			
	Individual	Real Estate Loans	Large Corporates	Small and Medium Companies	Government and Public Sector	Total
	JD	JD	JD	JD	JD	JD
31 December 2021						
Collaterals against:	3,808,002	113,416	2,173,473	1,546,252	26,250,000	33,891,143
Low Risk	22,697,536	90,938,489	112,337,910	34,541,694	-	260,515,629
acceptable risk	1,332,658	1,728,087	10,346,862	1,501,400	-	14,909,007
Watch list						
Non- performing:						
Substandard grade	356,336	3,592,284	-	15,960	-	3,964,580
Doubtful	249,598	1,027,048	817,080	237,932	-	2,331,658
Loss	984,175	1,923,680	4,242,024	1,247,643	-	8,397,522
Total	29,428,305	99,323,004	129,917,349	39,090,881	26,250,000	324,009,539
Accepted Bank guarantees	5,110,483	1,119,136	5,809,220	6,992,250	-	19,031,089
Real estate	11,785,361	97,089,290	90,568,589	30,939,672	-	230,382,912
Listed shares	1,098,410	401,586	32,064,844	179,960	-	33,744,800
Vehicles and equipment	11,434,051	712,992	1,474,696	978,999	-	14,600,738
Others	-	-	-	-	26,250,000	26,250,000
Total	29,428,305	99,323,004	129,917,349	39,090,881	26,250,000	324,009,539

The disclosures below are prepared in two phases (The first phase of the total credit exposure and the second of the expected credit loss) as at 31 December 2022.

A. Total credit exposures re-classified

Item	Stage 2		Stage 3		Total Reclassified Exposures	Percentage of Reclassified Exposures
	Total Exposure Value	Reclassified Exposures	Total Exposure Value	Reclassified Exposures		
	JD	JD	JD	JD	JD	%
Balances at central Bank	-	-	-	-	-	-
Balances at Banks and financial institution	-	-	-	-	-	-
Direct Credit facilities	153,183,386	70,253,122	75,322,001	13,429,812	83,682,934	10.86
Financial assets at amortized cost	-	-	1,356,932	-	-	-
Other assets	-	-	-	-	-	-
Statement of financial position exposure	153,183,386	70,253,122	76,678,933	13,429,812	83,682,934	
Letters of guarantee	8,101,792	2,047,987	6,154,377	1,214,480	3,262,467	2.22
Letters of credit	1,774,773	77,636	-	-	77,636	0.27
Other liabilities	10,521,597	3,770,715	20,759	18,946	3,789,661	3.39
Grand total	173,581,548	76,149,460	82,854,069	14,663,238	90,812,698	

B. Expected credit losses of reclassified exposures:

	Reclassified Exposures			ECL on Reclassified Exposures		
	Total Exposures reclassified from Stage (2)	Total Exposures reclassified from Stage (3)	Total Reclassified Exposure	Stage (2) (Individual)	Stage (3) (Individual)	Total
	JD	JD	JD	JD	JD	JD
Balances at Central Bank	-	-	-	-	-	-
Balances at Banks and financial institution	-	-	-	-	-	-
Credit facilities	70,253,122	13,429,812	83,682,934	724,797	343,463	1,068,260
Financial assets at amortized cost	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total balance sheet exposure	70,253,122	13,429,812	83,682,934	724,797	343,463	1,068,260
Letters of guarantee	2,047,987	1,214,480	3,262,467	16,763	569	17,332
Letters of credit	77,636	-	77,636	-	-	-
Other liabilities	3,770,715	18,946	3,789,661	15,029	100	15,129
Grand total	76,149,460	14,663,238	90,812,698	756,589	344,132	1,100,721

Collaterals against credit facilities are as the followings:

- Real estate mortgages
- Financial assets such as equity shares
- Banks guarantees
- Cash margins
- Government guarantees

The Bank's Management monitors the collaterals market value periodically in case the value drops the book requests additional collaterals in order to cover the deficit. Moreover, the Bank regularly revaluates collaterals held against nonperforming facilities.

Rescheduled loans

These represent loans classified previously as non-performing credit facilities but taken out therefrom according to proper scheduling and classified as watch list loans they amount to JD 1,120,491 as at 31 December 2022 (as at 31 December 2021: JD 3,715,374).

Restructured loans

Restructuring means to rearrange facilities instalments or by increasing their duration postpone some instalments or increase the grace period…etc. it amount to JD 130,957,111 during 2022 (as at 31 December 2021: JD 25,241,379).

Bills bonds and debentures

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

As at 31 December 2022

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

As at 31 December 2021

Rating Grade	Rating Institution	Within financial assets measured at amortized cost	Total
		JD	JD
Unclassified	-	4,741,348	4,741,348
Governmental	Governmental and government bonds	358,612,255	358,612,255
		363,353,603	363,353,603

(38/b) Market risks:

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

Within the Bank’s investment policy approved by the Board of Directors, monitoring of market risks which consists of the below:
- Monitor money market instruments.
- Monitor the investment on capital market.
- Monitor the equity instruments (shares and investments funds).
- Monitor the foreign currencies centres.
- Liquidity.
- Interest rate sensitivity.
- Shares prices sensitivity analysis.

Interest rate risks

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

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

Sensitivity analysis

Interest rate risks:

31 December 2022

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

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

31 December 2021

Currency	Change (increase) in interest rate	Sensitivity of interest revenue (profit and loss)	Sensitivity of shareholders' equity
	%	JD	JD
US Dollar	1	26,304	-
Euro	1	(660)	-
Sterling Pounds	1	186	-
Other currencies	1	(28)	-

Currency	Change (increase) in interest rate	Sensitivity of interest revenue (profit and loss)	Sensitivity of shareholders' equity
	%	JD	JD
US Dollar	1	(26,304)	-
Euro	1	660	-
Sterling Pounds	1	(186)	-
Other currencies	1	28	-

Currency risk:

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

31 December 2022

Currency	Change in currency exchange rate	Effect on profits and losses	Sensitivity of shareholders' equity
	%	JD	JD
US Dollar	5	(234,920)	-
Euro	5	(37,351)	-
Sterling Pounds	5	517	-
Other currencies	5	(16,131)	-

31 December 2021

Currency	Change in currency exchange rate	Effect on profits and losses	Sensitivity of shareholders' equity
	%	JD	JD
US Dollar	5	131,520	-
Euro	5	(3,299)	-
Sterling Pounds	5	928	-
Other currencies	5	(141)	-

Within its approved investment policy, the Bank's Board of Directors sets up limits for the positions of all currencies at the Bank. These positions are monitored daily through the Treasury and Investment Department. The Bank also follows a hedging policy to reduce foreign exchange risk using derivatives.

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

31 December 2022

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

31 December 2021

Indicator	Change in equity prices	Effect on profit and losses	Effect on shareholders
	%	JD	JD
Amman Stock Exchange, Khartoum market, and Palestine Securities Exchange	5	88,911	1,331,105
Amman Stock Exchange, Khartoum market, and Palestine Securities Exchange	(5)	(88,911)	(1,331,105)

- Shares prices risk

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

- Interest repricing gap

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

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

The Banks follows a policy to match the amounts of assets and liabilities and align the maturities and to decrease the gap through dividing the assets and liabilities to various periodic maturities or review the interest rates in order to decent the interest rates risk and study the gaps in the related interest rate or by using advanced hedging tools.
Classification is done according to interest re-pricing or maturity whichever is closer.

Interest rate sensitivity

	Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From1 to 3 years	Over 3 years	Non - interest bearing Items	Total
31 December 2022	JD	JD	JD	JD	JD	JD	JD	JD
Assets								
Cash and balances at central Banks	-	-	-	-	-	-	71,440,168	71,440,168
Balances at Banks and financial institutions	7,436,579	-	-	-	30,000,000	-	8,852,533	46,289,112
Direct credit facilities, net	38,627,611	51,886,884	69,851,678	84,180,276	223,476,708	233,831,229	-	701,854,386
Financial assets at fair value through the income statement	-	-	-	-	-	-	1,551,339	1,551,339
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	49,490,315	49,490,315
Financial assets at amortized costs	3,000,369	14,197,148	32,784,537	27,673,475	67,902,399	220,758,341	-	366,316,269
Property and equipment, net	-	-	-	-	-	-	22,006,151	22,006,151
Intangible assets, net	-	-	-	-	-	-	2,228,329	2,228,329
Deferred tax assets	-	-	-	-	-	-	9,505,024	9,505,024
Right of use asset	-	-	-	-	-	-	5,835,715	5,835,715
Other assets	2,402,958	-	-	-	-	-	85,183,473	87,586,431
Total assets	51,467,517	66,084,032	102,636,215	111,853,751	321,379,107	454,589,570	256,093,047	1,364,103,239
Liabilities								
Banks and financial institution deposits	24,000,000	-	25,000,000	-	30,000,000	-	3,143,414	82,143,414
Customers' deposits	265,282,213	136,952,210	123,130,640	182,198,063	72,687,829	1,348,450	115,201,322	896,800,727
Cash margins	24,300,683	6,792,705	-	5,837,687	736,000	107,000	-	37,774,075
Borrowed funds	25,054,677	14,285,715	16,964,825	5,060,999	34,557,154	35,238,623	14,159,356	145,321,349
Income tax Provision	-	-	-	-	-	-	5,417,035	5,417,035
Deferred tax liabilities	-	-	-	-	-	-	1,720,245	1,720,245
Various provisions	-	-	-	-	-	-	881,359	881,359
Lease liabilities	-	-	-	772,448	2,494,328	2,357,994	-	5,624,770
Other liabilities	-	-	-	-	-	-	26,304,149	26,304,149
Total Liabilities	338,637,573	158,030,630	165,095,465	193,869,197	140,475,311	39,052,067	166,826,880	1,201,987,123
Interest rate sensitivity gap	(287,170,056)	(91,946,598)	(62,459,250)	(82,015,446)	180,903,796	415,537,503	89,266,167	162,116,116
31 December 2021								
Total Assets	108,339,692	69,144,324	180,205,153	106,501,286	345,533,674	375,237,045	259,956,334	1,444,917,508
Total Liabilities	377,170,532	147,936,411	198,462,248	217,741,370	185,725,250	25,403,508	145,306,464	1,297,745,783
Interest rate sensitivity gap	(268,830,840)	(78,792,087)	(18,257,095)	(111,240,084)	159,808,424	349,833,537	114,649,870	147,171,725

Foreign Currency risk concentration:

31 December 2022	USD	Euro	Sterling Pounds	Others	Total
	JD	JD	JD	JD	JD
Assets					
Cash and balances at central Banks	14,363,359	2,426,545	324,678	89,375	17,203,957
Balances at Banks and financial institutions	5,126,912	6,122,786	2,048,470	2,961,684	16,259,852
Direct credit facilities, net	43,063,525	7,543,248	-	-	50,606,773
Financial assets at fair value through other comprehensive income	26,043,161	51,639	-	-	26,094,800
Financial assets measured at amortized cost	86,367,650	-	-	-	86,367,650
Other assets	3,697,917	36,708	7,961	69,139	3,811,725
Total Assets	178,662,524	16,180,926	2,381,109	3,120,198	200,344,757
Liabilities and shareholders' equity					
Banks and financial institutions deposits	1,254,237	1,329,023	-	75,374	2,658,634
Customers' deposits	148,411,616	14,596,362	1,865,276	2,701,554	167,574,808
Cash margins	3,574,188	892,946	348,032	-	4,815,166
Borrowed funds	23,007,759	-	-	-	23,007,759
Other Liabilities	2,231,892	100,229	157,461	20,648	2,510,230
Owners' equity	4,881,225	9,383	-	-	4,890,608
Total Liabilities and shareholders' equity	183,360,917	16,927,943	2,370,769	2,797,576	205,457,205
Net concentration on – statement of financial position	(4,698,393)	(747,017)	10,340	322,622	(5,112,448)
Contingent liabilities off - statement of financial position	33,784,781	12,524,795	-	78,914	46,388,490
31 December 2021					
Total Assets	186,391,362	18,821,521	1,602,947	2,461,279	209,277,109
Total Liabilities	183,760,961	18,887,498	1,584,374	2,464,102	206,696,935
Net concentration on – statement of financial position	2,630,401	(65,977)	18,573	(2,823)	2,580,174
Contingent liabilities off - statement of financial position	36,336,265	3,985,007	-	186,777	40,508,049

c. Liquidity risk

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

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

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

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

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

The table below summarizes the distribution of liabilities (un-discounted) based on the remainder of the contractual maturity as at 31 December 2022:

31 December 2022	Less than 1 Month	1 to 3 Months	From 3 to 6 Months	From 6 Months to 1 year	From 1 To 3 Years	Over 3 Years	Without Maturity	Total
Liabilities:	JD	JD	JD	JD	JD	JD	JD	JD
Banks and financial institution's deposits	27,143,414	-	25,000,000	-	30,000,000	-	-	82,143,414
Customers' deposits	306,666,662	155,945,272	138,570,348	194,084,415	100,185,580	1,348,450	-	896,800,727
Cash margins	1,888,704	3,777,408	5,666,111	7,554,815	18,887,037	-	-	37,774,075
Borrowed funds	25,163,058	14,550,462	17,473,062	6,263,454	37,981,029	43,890,284	-	145,321,349
Various provisions	-	-	-	881,359	-	-	-	881,359
Income Tax Provision	1,720,183	-	3,696,852	-	-	-	-	5,417,035
Deferred tax liabilities	1,720,245	-	-	-	-	-	-	1,720,245
Lease liabilities	62,500	214,365	222,138	524,568	1,816,076	2,785,123	-	5,624,770
Other liabilities	9,258,107	2,837,602	3,916,461	3,870,806	6,421,173	-	-	26,304,149
Total Liabilities	373,622,873	177,325,109	194,544,972	213,179,417	195,290,895	48,023,857	-	1,201,987,123
Total Assets (according to expected maturities)	75,374,647	79,184,740	104,244,413	115,812,581	332,614,067	454,589,571	202,283,220	1,364,103,239

31 December 2021	Less than 1 Month	1 to 3 Months	From 3 to 6 Months	From 6 Months to 1 year	From 1 To 3 Years	Over 3 Years	Without Maturity	Total
Liabilities:	JD	JD	JD	JD	JD	JD	JD	JD
Banks and financial institution's deposits	37,313,020	2,000,000	-	-	72,000,000	-	-	111,313,020
Customers' deposits	314,665,808	159,314,547	173,292,445	216,861,979	105,114,067	140,048	-	969,388,894
Cash margins	2,041,457	4,082,913	6,124,369	8,165,825	20,414,563	-	-	40,829,127
Borrowed funds	39,175,561	59,793	39,696,806	5,584,032	32,965,217	23,002,328	-	140,483,737
Various provisions	-	-	615,000	268,049	-	-	-	883,049
Income Tax Provision	1,906,986	-	1,219,308	-	-	-	-	3,126,294
Deferred tax liabilities	124,612	-	-	-	-	-	-	124,612
Lease liabilities	32,543	361,836	288,027	441,726	3,372,403	864,578	-	5,361,113
Other liabilities	7,311,258	2,662,712	3,519,761	4,945,889	7,796,317	-	-	26,235,937
Total Liabilities	402,571,245	168,481,801	224,755,716	236,267,500	241,662,567	24,006,954	-	1,297,745,783
Total Assets (according to expected maturities)	108,558,774	69,780,772	183,327,357	109,847,200	352,923,334	375,237,045	245,243,026	1,444,917,508

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

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

Off- statement of financial position items:

31 December, 2022	Up to 1 Year	from 1-5 Years	Total
	JD	JD	JD
Letters of guarantee	146,697,452	-	146,697,452
Letters of credit and acceptances	28,640,261	-	28,640,261
Lease liabilities	151,310	-	151,310
Un-utilized facilities	59,666,050	-	59,666,050
Total	235,155,073	-	235,155,073
31 December, 2021			
Letters of guarantee	114,466,099	-	114,466,099
Letters of credit and acceptances	24,183,712	-	24,183,712
Lease liabilities	149,300	-	149,300
Un-utilized facilities	55,562,702	-	55,562,702
Total	194,361,813	-	194,361,813

(39) Bank's Segment Information

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

- Individual accounts: includes following up on individual customers deposits, and granting them credit facilities, credit cards and

- Corporate accounts: includes following up on deposits, credit facilities, and Banking services related to corporations.

- Treasury: This segment includes providing dealing services and managing the Banks' funds.

- Others: This segment includes the activities which do not meet the definition of the Banks above business segments.

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

	Individuals	Corporate	Institutional Financing and Treasury	Others	Total – For the year ended 31 December 2022	Total – For the year ended 31 December 2021
	JD	JD	JD	JD	JD	JD
Gross income for the year	15,282,771	28,379,439	7,304,931	437,517	51,404,658	44,411,354
Less: Expected credit losses	(2,001,439)	(4,770,953)	468,119	-	(6,304,273)	(4,597,892)
Segment results	13,281,332	23,608,486	7,773,050	437,517	45,100,385	39,813,462
Less: distributed segment expenses	(16,531,196)	(8,265,598)	(2,755,199)	483,530	(27,068,463)	(27,267,509)
Income before tax	(3,249,864)	15,342,888	5,017,851	921,047	18,031,922	12,545,953
Less: Income tax	-	-	-	(6,691,739)	(6,691,739)	(5,541,178)
Income for the year	(3,249,864)	15,342,888	5,017,851	(5,770,692)	11,340,183	7,004,775
Capital expenditures	-	-	-	2,741,598	2,741,598	2,831,300
Depreciation and amortization	-	-	-	3,469,171	3,469,171	3,621,035
Total Assets	275,047,149	491,832,230	488,700,336	108,523,524	1,364,103,239	1,444,917,508
Total Liabilities	670,693,369	336,280,521	165,586,738	29,426,495	1,201,987,123	1,297,745,783

b. Geographical distribution information

This sector represents the geographical distribution of the Banks operation. The Bank operates mainly in the Kingdom, which represents the local business. The Bank also carried out international activities through its branches in Palestine.

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

	Inside Jordan		Outside Jordan		Total	
	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD
Gross income	52,586,362	44,312,962	(1,181,704)	98,392	51,404,658	44,411,354
Capital expenditures	2,741,598	2,831,300	-	-	2,741,598	2,831,300
	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD
Bank's Assets	1,284,429,148	1,358,174,323	79,674,091	86,743,185	1,364,103,239	1,444,917,508

Credit Exposures Distribution

Internal Credit ratings	Category classification according to (47/2009)	Total exposure	ECL	PD	EAD	LGD
		JD	JD	%	JD	%
Operating loans						
1	Operating	618,670	-	-	309,336	15.2
2+	Operating	16,360	-	-	8,180	19
2	Operating	178,749	-	-	177,499	19.2-0
3+	Operating	184,827	2	0.112-0.001	158,932	24-0
3	Operating	87,160	1	0.003-0	43,679	24-0
3-	Operating	151,610	267	0.092-0	81,714	24-0
4+	Operating	178,043,811	143,706	0.912-0	141,307,301	26-0
4	Operating	21,155,021	24,002	0.719-0	16,279,068	26-0
4-	Operating	40,014,327	23,959	0.912-0	32,975,809	26-0
5	Operating	237,505,439	838,529	0.427-0	195,643,064	26-0
5-	Operating	524,302,571	1,425,947	0.427-0	519,178,860	26-0
6+	Operating	94,542,191	618,857	0.517-0	82,474,202	24-0
6	Operating	56,130,015	525,363	0.507-0	45,230,483	24-0
6-	Operating	31,253,200	1,203,928	0.792-0.004	26,579,558	22.293-0
7+	Operating	1,897,007	76,351	0.950-0.273	1,805,899	19-0
7	Operating	20,000	818	0.852-0.711	10,000	19.2-0
7-	Operating	23,718	4,652	0.817-0.815	23,719	24
Not rated	Operating	246,830,960	1,700,651	0,936 – 0	235,755,928	26 – 0
Total operating loans		1,432,955,636	6,587,033		1,298,043,231	
Non-operating loans						
3+	Non-operating	653	527	100	526	100-50
4+	Non-operating	2,187,642	974,177	100	1,959,307	55-0
4	Non-operating	1,345,484	489,887	100	885,215	40-0
4-	Non-operating	2,285,777	915,350	100	1,909,612	100-0
5	Non-operating	4,535,969	3,218,181	100	3,543,095	100-0
5-	Non-operating	2,894,456	1,443,198	100	2,837,755	35.892-0
6+	Non-operating	5,170,518	3,526,053	100	4,308,161	50-0
6	Non-operating	894,368	782,401	100	782,402	50
6-	Non-operating	958,267	617,279	100	632,619	97.096-0
7+	Non-operating	1,816,849	113,191	100	1,752,309	30-0
7	Non-operating	3,754,925	2,638,715	100	3,431,702	50-0
7-	Non-operating	118,777	5,546	100	106,254	5.22
8	Non-operating	1,381,023	575,161	100	1,345,193	55-0
9	Non-operating	1,845,062	1,485,492	100	1,727,473	55-0
10	Non-operating	48,183,986	29,986,689	100	34,377,796	100-0
Not rated	Non-operating	5,480,313	629,986	100	3,269,371	100-0
Total non-operating loans		82,854,069	47,401,833		62,868,790	

Credit risk exposures categorized by economical distribution:

	2022										
	Financial	Industrial	Trading	Real estate	Construction	Agricultural	Shares	Individual	Governmental and public sector	Other	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central Banks	42,436,174	-	-	-	-	-	-	-	-	-	42,436,174
Balances at Banks and financial institutions	46,289,112	-	-	-	-	-	-	-	-	-	46,289,112
Direct credit facilities	58,503,432	85,085,337	132,106,644	98,490,147	23,323,130	6,312,708	3,910,824	180,070,406	26,884,741	87,167,017	701,854,386
Financial assets at amortized cost	3,742,716	-	-	-	-	-	-	-	362,573,553	-	366,316,269
Other assets	-	-	2,402,958	-	-	-	-	-	-	-	2,402,958
Total current year	150,971,434	85,085,337	134,509,602	98,490,147	23,323,130	6,312,708	3,910,824	180,070,406	389,458,294	87,167,017	1,159,298,899
LGs	11,911,455	3,441,795	11,536,184	-	54,558,671	324,878	9,901,950	7,982,674	-	45,804,572	145,462,179
LCs	-	10,089,663	15,538,334	-	3,006,085	-	-	-	-	-	28,634,082
Other obligations	9,509,918	8,111,000	21,559,848	36,471,540	-	82,641	1,539,162	16,703,156	-	17,419,223	111,396,488
Total	172,392,807	106,727,795	183,143,968	134,961,687	80,887,886	6,720,227	15,351,936	204,756,236	389,458,294	150,390,812	1,444,791,648

Credit risk exposures categorized by economic sector and stages according to IFRS 9 as at 31 December 2022:

	Stage 1	Stage 2	Stage 3	Total
	JD	JD	JD	JD
Financial	168,322,952	3,081,741	988,114	172,392,807
Industrial	80,341,567	23,628,149	2,758,079	106,727,795
Trading	117,193,790	63,093,811	2,856,367	183,143,968
Real estates	114,874,991	17,952,233	2,134,463	134,961,687
Construction	61,782,206	16,001,657	3,104,023	80,887,886
Agricultural	1,937,705	3,342,020	1,440,502	6,720,227
Shares	14,309,340	290,356	752,240	15,351,936
Individual	196,740,134	6,168,892	1,847,210	204,756,236
Governmental and Public sector	389,458,246	1	47	389,458,294
Other	111,681,850	36,166,962	2,542,000	150,390,812
Total	1,256,642,781	169,725,822	18,423,045	1,444,791,648

Credit risk exposures categorized by geographical distribution:

	2022							
	Inside Jordan	Middle East	Europe	Asia	Africa	America	Others	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central Banks	42,436,174	-	-	-	-	-	-	42,436,174
Balances at Banks and financial institutions	7,436,369	31,624,538	3,623,515	5,978	29,881	2,535,433	1,033,398	46,289,112
Direct credit facilities								
Individual	180,070,406	-	-	-	-	-	-	180,070,406
Real-estate loans	98,490,147	-	-	-	-	-	-	98,490,147
Corporates	341,403,090	-	7,542,995	-	-	-	-	348,946,085
Small and medium companies	47,463,007	-	-	-	-	-	-	47,463,007
Government & public sector	26,884,741	-	-	-	-	-	-	26,884,741
Financial assets at amortized cost	366,316,269	-	-	-	-	-	-	366,316,269
Other assets	2,402,958	-	-	-	-	-	-	2,402,958
Total current year	1,112,903,161	31,624,538	11,166,510	5,978	29,881	2,535,433	1,033,398	1,159,298,899
LGs	145,462,179	-	-	-	-	-	-	145,462,179
LCs	2,857,384	7,600,700	6,011,382	5,625,390	-	2,818,985	3,720,241	28,634,082
Other obligations	111,396,488	-	-	-	-	-	-	111,396,488
Total	1,372,619,212	39,225,238	17,177,892	5,631,368	29,881	5,354,418	4,753,639	1,444,791,648

c. Credit exposure categorized by geographical distribution and stages in accordance with IFRS 9 as at 31 December 2022:

	Stage 1 (Individuals)	Stage 2 (Individuals)	Stage 3	Total
	JD	JD	JD	JD
Inside Jordan	1,186,245,009	167,951,158	18,423,045	1,372,619,212
Middle east	39,125,508	99,730	-	39,225,238
Europe	17,177,892	-	-	17,177,892
Asia	3,968,133	1,663,235	-	5,631,368
Africa	29,881	-	-	29,881
America	5,342,719	11,699	-	5,354,418
Others	4,753,639	-	-	4,753,639
Total	1,256,642,781	169,725,822	18,423,045	1,444,791,648

(40) Capital Management

a. Description of Capital

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

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

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

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

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

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

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

c. Method of Achieving Capital Management Goals.

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

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

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

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

Capital Adequacy

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

	31 December 2022	31 December 2021
	JD	JD
Primary capital items:		
Authorized and Paid-up capital	120,000,000	120,000,000
Retained earnings	20,483,016	10,936,612
Other comprehensive income items		
Fair value reserve - net	2,621,695	(973,100)
Statutory reserve	19,011,405	17,208,213
Total primary capital before regulatory amendments	**162,116,116**	**147,171,725**
Less:		
Intangible assets - net	(2,228,329)	(2,266,649)
Deferred tax assets -net	(7,784,779)	(10,197,845)
Dividends to be distributed	(6,000,000)	-
Deferred provisions with the approval of the Central Bank	(2,190,711)	(5,082,011)
Investing in the capital of Banks and financial companies outside the scope of consolidation, in which the Bank owns more than 10%	(9,515,671)	(8,024,586)
Total regulatory amendments	**(27,719,490)**	**(25,571,091)**
Net primary capital	**134,396,626**	**121,600,634**
Secondary capital items:		
Provision required against credit facilities in stage 1	2,731,308	3,298,082
Total secondary capital	**137,127,934**	**124,898,716**
Assets weighted by risks-continuous operations		
Credit risk	936,899,224	974,158,199
Market risk	8,548,090	6,205,394
Operation risk	86,591,351	80,068,879
Total assets weighted by risks	**1,032,038,665**	**1,060,432,472**
Ratio of regulatory capital	13,29%	11,78%
Primary capital ratio	13,02%	11,47%

Liquidity Coverage Ratio (LCR):	31 December 2022	31 December 2021
	JD	JD
Total high quality liquid assets after adjustments	406,272	420,146
Net cash outflow	144,633	153,990
Liquidity Coverage Ratio (LCR)	280,9%	272.8%
Liquidity Coverage according to the average end of each Month	319.4%	277.5%

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

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

(42) Assets and liabilities maturity analysis:

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

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

31 December 2021	Up to One Year	More than One Year	Total
Assets:	JD	JD	JD
Cash and balances at central Banks	90,710,577	-	90,710,577
Balances at Banks and financial institutions	24,106,136	30,000,000	54,106,136
Direct credit facilities – net	315,577,256	458,326,543	773,903,799
Financial Assets fair valued through statement of income	1,778,210	-	1,778,210
Financial assets at fair value through other comprehensive income	1,746,621	30,196,051	31,942,672
Financial assets measured at amortized cost - net	129,964,978	232,444,176	362,409,154
Properties, equipment - net	-	21,857,844	21,857,844
Intangible assets - net	-	2,266,649	2,266,649
Right-of-use assets	-	5,429,733	5,429,733
Deferred tax assets	-	10,322,457	10,322,457
Other assets	82,800,617	7,389,660	90,190,277
Total Assets	646,684,395	798,233,113	1,444,917,508
Liabilities:			
Banks and financial institutions deposits	39,313,020	72,000,000	111,313,020
Customers deposits	864,134,779	105,254,115	969,388,894
Cash margins	20,414,564	20,414,563	40,829,127
Borrowed funds	84,516,191	55,967,546	140,483,737
Income Tax Provision	3,126,294	-	3,126,294
Various provisions	883,049	-	883,049
Deferred tax liabilities	124,612	-	124,612
Lease liabilities	1,124,132	4,236,981	5,361,113
Other liabilities	18,439,620	7,796,317	26,235,937
Total Liabilities	1,032,076,261	265,669,522	1,297,745,783
Net Assets	(385,391,866)	532,563,591	147,171,725

(43) Fair Value Measurement

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

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

Financial assets / Financial liabilities	Fair value 2022	Fair value 2021	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs of fair value
	JD	JD				
Financial assets at fair value through the income statement						
Quoted shares	1,551,339	1,778,210	Level 1	Announced prices in financial markets	Not applicable	Not applicable
	1,551,339	1,778,210				
Financial assets at fair value through other comprehensive income						
Quoted shares	32,465,081	26,622,099	Level 1 & Level 2	Announced prices in financial markets	Not applicable	Not applicable
Unquoted shares	17,025,234	5,320,573	Level 2	Through comparison of fair value of similar financial instrument	Not applicable	Not applicable
	49,490,315	31,942,672				

There are no transfers between level 1 and level 2 during the year ended 31 December 2022.

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

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

	2022		2021		
	Book value	Fair value	Book value	Fair value	Fair value Hierarchy
	JD	JD	JD	JD	
Financial assets with no specified fair value					
Deposits at central Banks	42,436,174	42,436,174	65,876,967	65,876,967	Level 2
Balances and deposits at Banks and financial institutions	46,289,112	46,914,940	54,106,136	54,425,709	Level 2
Loans and advances	701,854,386	714,352,390	773,903,799	781,736,617	Level 2
Financial assets at amortized cost	366,316,269	369,246,685	362,409,154	365,247,611	Level 2
Total financial assets with no specified fair value	1,156,895,941	1,172,950,189	1,256,296,056	1,267,286,904	
Financial liabilities with no specified fair value					
Banks and financial institutions deposits	82,143,414	86,186,134	111,313,020	113,417,946	Level 2
Customer deposits	896,800,727	898,968,976	969,388,894	971,479,718	Level 2
Cash margin	37,774,075	38,002,112	40,829,127	41,062,990	Level 2
Borrowed funds	145,321,349	145,716,923	140,483,737	141,004,320	Level 2
Total financial liabilities with no specified fair value	1,162,039,565	1,168,874,145	1,262,014,778	1,266,964,974	

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

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

a. The details of this item are as follows:

	31 December 2022	31 December 2021
	JD	JD
Letter of credit	13,830,321	9,183,125
Acceptances	14,809,940	15,000,587
Letter of guarantees:		
Payment	32,696,770	26,430,752
Performance bonds	46,362,086	40,208,141
Others	67,638,596	47,827,206
Unutilized direct credit facilities ceilings	59,666,050	55,562,702
Total	235,003,763	194,212,513

b. Operating leases amount to JD 151,310 as at 31 December 2022 (JD 149,300 as at 31 December 2021)

(45) Litigation

Lawsuits raised against the Bank amount to JD 2,821,848 as at 31 December 2022 (31 December 2021 JD 2,366,633). In the opinion of the Bank's management and the legal advisor, no further liabilities exceeding the provision of JD 266,000 is required as at 31 December 2022 (31 December 2021 JD 267,690).

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

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

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

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

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

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

In January 2021, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current, the amendments clarify:

- What is meant by a right to defer settlement,
- That a right to defer must exist at the end of the reporting period,
- That classification is unaffected by the likelihood that an entity will exercise its deferral right,
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification,

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively, The Bank is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation,

The amendments are not expected to have a material impact on the Bank.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2021, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework, the amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements,

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately,

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements,

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively,

The amendments are not expected to have a material impact on the Bank.

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

In February 2022, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures, The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures, The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted, Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary,

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

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

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

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.

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