BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY
AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED FINANCIAL STATEMENTS FOR
THE YEAR ENDED DECEMBER 31, 2023
TOGETHER WITH THE INDEPENDENT
AUDITOR'S REPORT

BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
DECEMBER 31, 2023

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Deloitte.

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Independent Auditor's Report

AM/009498

To the Shareholders of
Bank of Jordan
(A Public Shareholding Limited Company)
Amman – The Hashemite Kingdom of Jordan

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Bank of Jordan (A Public Shareholding Limited Company) , its subsidiaries and foreign branches (the "Bank"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in owners' equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Bank of Jordan as of December 31, 2023, and its financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting 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 Consolidated Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the Bank's consolidated financial statements in Jordan, and we have fulfilled our other ethical responsibilities. 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 consolidated financial statements for the year ended. 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.

Key Audit Matters	How our audit addressed the key audit matter
1. Allowance for Credit Losses on Credit Facilities As described in notes 10 and 21 to the consolidated financial statements, the Bank had gross direct credit facilities of JD 1,601 million as at 31 December 2023 representing 53 % of total assets. The Bank also had indirect credit facilities of JD 579 million, which are not recognized in the Consolidated Statement of Financial Position. The total allowance for expected credit losses relating to these facilities was JD 161 million. The determination of the Banks's expected credit losses for credit facilities is a material and complex estimate requiring significant management judgement in the evaluation of the credit quality and the estimation of inherent losses in the portfolio. The financial statement risk arises from several aspects requiring substantial judgement of management, such as the estimation of probabilities of default and loss given defaults for various stages, the determination of significant increase in credit risk (SICR) and credit-impairment status (default), the use of different modelling techniques and consideration of manual adjustments. In calculating expected credit losses, the bank considered credit quality indicators for each loan and portfolio, stratifies loans and advances by risk grade and estimates losses for each loan based upon their nature and risk profile. The Bank's expected credit losses are calculated against credit exposures, according to the requirements of International Financial Reporting Standard 9 Financial Instruments (IFRS 9) as adopted by the Central Bank of Jordan (CBJ). Credit exposures granted directly to the Jordanian Government as well as credit exposures guaranteed by the Jordanian Government are excluded from the determination of the allowance for expected credit losses.	We established an audit approach which includes both testing the design and operating effectiveness of internal controls over the determination of expected credit losses and risk-based substantive audit procedures. Our procedures over internal controls focused on the governance over the process controls around the ECL methodology, completeness and accuracy of credit facilities data used in the expected loss models, management review of outcomes, management validation and approval processes, the assignment of borrowers' risk classification, consistency of application of accounting policies and the process for calculating allowances. The primary procedures which we performed to address this key audit matter included, but were not limited to, the following: • For a risk-based sample of individual loans, we performed a detailed credit review, assessed the appropriateness of information for evaluating the credit-worthiness and staging classification of individual borrowers and challenged the assumptions underlying the expected credit loss allowance calculations, such as estimated future cash flows, collateral valuations and estimates of recovery as well as considered the consistency of the Bank's application of its impairment policy. Further, we evaluated controls over approval, accuracy and completeness of impairment allowances and governance controls, including assessing key management and committee meetings that form part of the approval process for credit impairment allowances; • For credit facilities not tested individually, we evaluated controls over the modelling process, including model monitoring, validation and approval. We tested controls over model outputs and the mathematical accuracy and computation of the expected credit losses by re-performing or independently calculating elements of the expected credit losses based on relevant source documents with the involvement of our credit specialists. We challenged key assumptions, inspected the calculation methodology and traced a sample back to source data. We evaluated key assumptions such as thresholds used to determine SICR and including the related weighting;

Key Audit Matters	How our audit addressed the key audit matter
Recognition of specific allowances on impaired facilities under the CBJ instructions is based on the rules prescribed by the CBJ on the minimum allowances to be recognised together with any additional allowances to be recognised based on management's estimate of expected cash flows related to those credit facilities. In calculating expected credit losses, the Bank considered credit quality indicators for each loan and portfolio, stratified credit facilities by risk grades and estimated losses for each facility based upon their nature and risk profile. Auditing these complex judgements and assumptions involves especially challenging auditor judgement due to the nature and extent of audit evidence and effort required to address these matters and therefore this item is considered to be a key audit matter.	• We evaluated post-model adjustments and management overlays in the context of key model and data limitations identified by the Bank in order to assess these adjustments, focusing on PD and LGD used for corporate loans, and challenged their rationale; • We assessed the amendments made by management by evaluating the model adjustments in relation to macroeconomic factors and the forward-looking scenarios which were incorporated into the impairment calculations by utilizing our internal specialists to challenge the multiple economic scenarios chosen and weighting applied to capture non-linear losses; and • We determined if the amount recorded as the allowance for expected credit losses was determined in accordance with the instructions of the Central Bank of Jordan. • We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRSs. •
2. IT systems and controls over financial reporting The Bank is vitally dependent on its complex information technology environment for the reliability and continuity of its operations and financial reporting process due to the extensive volume and variety of transactions which are processed daily across the Bank's businesses; this includes cyber risks. Inappropriate granting of or ineffective monitoring of access rights to IT systems therefore presents a risk to the accuracy of financial accounting and reporting. Appropriate IT controls are required to protect the Bank's IT infrastructure, data and applications, ensure transactions are processed correctly and limit the potential for fraud and error as a result of change to an application or underlying data. Unauthorised or extensive access rights cause a risk of intended or unintended manipulation of data that could have a material effect on the completeness and accuracy of financial statements. Therefore, we considered this area as key audit matter.	Our audit approach depends to a large extent on the effectiveness of automated controls and IT-dependent manual controls and therefore we performed an understanding of the Bank's IT related control environment and identified IT applications, databases and operating systems that are relevant for the financial reporting process and to our audit: For relevant IT-dependent controls within the financial reporting process we identified, with the involvement of our internal IT specialist, supporting general IT controls and evaluated their design, implementation and operating effectiveness. We performed an understanding of applications relevant for financial reporting and testing key controls particularly in the area of access protection, integrity of system interfaces and linkage of such controls to the reliability, completeness and accuracy of financial reporting including computer-generated reports used in financial reporting. Our audit procedures covered, but were not limited to, the following areas relevant for financial reporting:

Key Audit Matters	How our audit addressed the key audit matter
	• General IT controls relevant to automated controls and computer-generated information covering access security, program changes, data center and network operations. • Controls relating to access permissions to IT systems for new employees or employees changing roles, whether that access was subject to appropriate screening and approved by the authorized personnel. • Controls regarding the removal of an employee or former employee access rights within an appropriate period of time after having changed roles or leaving the Bank. • Controls regarding the appropriateness of system access rights for privileged or administrative authorizations (superusers) being subject to a restrictive authorization assignment procedure and regular review thereof. • Password protection, security setting regarding modification of applications, databases and operating systems, the segregation of department and IT user and segregation of employees responsible for program development and those responsible for system operations. • Key automated controls on significant IT systems relevant to business processes. • Computer generated information used in financial reports from relevant applications; and we performed journal entry testing as stipulated by International Standards on Auditing.

Other Matters
The accompanying consolidated financial statements are a translation of the original consolidated financial statements, which are in the Arabic language, to which reference should be made.

Other Information
Management is responsible for other information. The other information comprises the other information in the annual report, excluding the consolidated financial statements and the independent auditors' report thereon. We expect that the annual report will be made available to us after the date of our audit report. Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance or conclusion thereon.

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the 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 Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements
The Bank maintains proper books of accounts which are in agreement with the consolidated financial statements and we recommend that the General Assembly of the Shareholders approve these consolidated financial statements.

Deloitte & Touche

Amman – Jordan
February 4, 2024

Deloitte & Touche (M.E) - Jordan

Deloitte & Touche (M.E.)
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BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	December 31, 2023	December 31, 2022
Assets		JD	JD
Cash and balances with central banks - Net	5	868,438,559	673,824,464
Balances with banks and financial institutions – Net	6	142,551,211	150,738,734
Deposits with banks and financial institutions -Net	7	447,949	939,947
Financial assets at fair value through profit or loss	8	350,797	15,317,000
Financial assets at fair value through other comprehensive income	9	238,948,463	113,780,971
Direct credit facilities at amortized cost - Net	10	1,432,871,078	1,512,159,209
Financial assets at amortized cost - Net	11	164,126,649	236,660,430
Property and equipment – Net	12	58,489,765	57,559,384
Intangible assets - Net	13	7,397,514	7,482,126
Deferred tax assets	19/B	23,472,437	25,162,135
Other assets	14	100,157,921	91,106,016
Total Assets		**3,037,252,343**	**2,884,730,416**
Liabilities and Owners' Equity			
Liabilities:			
Banks and financial institutions' deposits	15	71,354,418	86,313,839
Customers' deposits	16	2,169,054,732	2,016,295,791
Cash margins	17	140,274,558	109,623,086
Sundry provisions	18	7,147,192	4,235,340
Income tax provision	19/A	19,247,420	21,497,785
Deferred tax liabilities	19/C	471,683	107,367
Borrowed funds	20	36,250,546	57,674,763
Other liabilities	21	55,740,916	46,638,659
Total Liabilities		**2,499,541,465**	**2,342,386,630**
Owners' Equity:			
Bank's Shareholders Equity			
Paid-up capital	22	200,000,000	200,000,000
Statutory reserve	23	116,928,669	110,452,964
Voluntary reserve	23	74,876	86,363
General banking risks reserve	23	4,102,021	4,102,021
Special reserve	23	5,849,743	5,849,743
Foreign currency translation differences	24	(9,562,080)	(13,033,639)
Fair value reserve	25	31,794,224	48,495,968
Retained earnings	26	174,847,102	173,238,442
Total Owner's Equity - Bank's Shareholders		**524,034,555**	**529,191,862**
Non-controlling interests		13,676,323	13,151,924
Total Owners' Equity		**537,710,878**	**542,343,786**
Total Liabilities and Owners' Equity		**3,037,252,343**	**2,884,730,416**

Chairman of Board of Directors **General Manager**

THE ACCOMPANYING NOTES FROM (1) TO (46) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE AUDIT REPORT.

BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
		JD	**JD**
Interest income	28	185,298,959	143,862,374
Less: Interest expense	29	50,710,356	28,471,410
Net Interest Income		**134,588,603**	**115,390,964**
Net Commissions income	30	24,656,383	21,902,408
Net Interest and Commissions Income		**159,244,986**	**137,293,372**
Foreign currencies income	31	4,152,440	4,195,854
Gain from financial assets at fair value through profit or loss	32	50,392	104,057
Cash dividends from financial assets at fair value through other comprehensive income	9	761,894	664,670
Gain from sale of financial assets – debt instruments		160,589	-
Other income	33	3,136,698	5,596,761
Total Income		**167,506,999**	**147,854,714**
Employees expenses	34	35,561,371	32,855,756
Depreciation and amortization	12,13	11,227,211	10,742,412
Other expenses	35	37,288,731	36,117,086
Expected credit loss	36	14,725,442	6,425,272
(Recovered from) assets foreclosed by the Bank impairment provision	14	(40,161)	(160,957)
Sundry provisions	18	3,384,522	943,217
Total Expenses		**102,147,116**	**86,922,786**
Profit for the Year Before Income Tax		**65,359,883**	**60,931,928**
Less: Income tax	19	20,904,696	20,372,255
Profit for the Year		**44,455,187**	**40,559,673**
Attributable to:			
Bank's Shareholders		44,023,403	40,139,436
Non-controlling Interests		431,784	420,237
Profit for the Year		**44,455,187**	**40,559,673**
Earnings per share for the year attributable to the Banks' shareholders		**Dinar/Fills**	**Dinar/Fills**
	37	**0.220**	**0.201**

Chairman of Board of Directors | **General Manager**

THE ACCOMPANYING NOTES FROM (1) TO (46) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE AUDIT REPORT.

BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
CONSOLIDATED STATEMENT OF CHANGES IN OWNER'S EQUITY

	For the Year Ended December 31,	
	2023	**2022**
	JD	**JD**
Profit for the year	44,455,187	40,559,673
Add: Other comprehensive income items after tax which might be reclassified subsequently to the consolidated statement of profit or loss:		
Change in fair value reserve of debt instruments classified as financial assets at fair value through other comprehensive income - net of tax	2,713,218	-
Gain from sale of debt instruments classified as financial assets at fair value through other comprehensive income	(65,395)	-
Foreign currencies translation differences	3,421,332	147,244
	6,069,155	**147,244**
Add: Items that will not be reclassified subsequently to consolidated statement of profit or loss:		
(Loss) from sale of equity instruments classified as financial assets at fair value through other comprehensive income – net of tax	-	(252,559)
Change in fair value reserve of equity instruments classified as financial assets at fair value through other comprehensive income - net of tax	(19,349,567)	51,824,452
	(19,349,567)	**51,571,893**
Total Consolidated Comprehensive Income	**31,174,775**	**92,278,810**
Total Consolidated Comprehensive Income attributable to:		
Bank's Shareholders	30,842,693	91,784,834
Non-controlling Interests	332,082	493,976
Total Comprehensive income for the year	**31,174,775**	**92,278,810**

THE ACCOMPANYING NOTES FROM (1) TO (46) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH0 THEM AND WITH THE AUDIT REPORT.

BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN – JORDAN
CONSOLIDATED STATEMENT OF CHANGES IN OWNER'S EQUITY

		Reserves									
	Paid-up Capital	Statutory	Voluntary	General Banking Risks	Special	Foreign Currency Translation Differences	Fair Value Reserve	Retained Earnings	Total Equity Attributable to the Banks' Shareholders Equity	Non-Controlling Interests	Total Owners' Equity
	JD	JD	JD	JD	JD						
For the Year Ended December 31, 2023											
Balance at the beginning of the year	200,000,000	110,452,964	86,363	4,102,021	5,849,743	(13,033,639)	48,495,968	173,238,442	529,191,862	13,151,924	542,343,786
Foreign currency translation differences	-	(65,783)	(65,783)	-	-	3,471,559	-	181,041	3,521,034	(99,702)	3,421,332
Profit for the year	-	-	-	-	-	-	-	44,023,403	44,023,403	431,784	44,455,187
Realized loss from sale of financial instruments classified as financial assets at fair value through other comprehensive income - net of tax	-	-	-	-	-	-	(65,395)	-	(65,395)	-	(65,395)
The change in fair value of debt instruments included in financial assets at fair value through comprehensive income - net of tax	-	-	-	-	-	-	2,713,218	-	2,713,218	-	2,713,218
Change in fair value reserve of equity instrument classified as financial assets at fair value through other comprehensive income - Net of tax	-	-	-	-	-	-	(19,349,567)	-	(19,349,567)	-	(19,349,567)
Total Comprehensive Income	-	**(65,783)**	**(65,783)**	-	-	**3,471,559**	**(16,701,744)**	**44,204,444**	**30,842,693**	**332,082**	**31,174,775**
Transferred to reserves	-	6,541,488	54,296	-	-	-	-	(6,595,784)	-	-	-
Dividends distributed *	-	-	-	-	-	-	-	(36,000,000)	(36,000,000)	-	(36,000,000)
Increase in the capital of subsidiary companies	-	-	-	-	-	-	-	-	-	192,317	192,317
Balance - End of the Year	**200,000,000**	**116,928,669**	**74,876**	**4,102,021**	**5,849,743**	**(9,562,080)**	**31,794,224**	**174,847,102**	**524,034,555**	**13,676,323**	**537,710,878**
For the Year Ended December 31, 2022											
Balance at the beginning of the year	200,000,000	104,362,505	49,406	4,102,021	5,849,743	(13,009,685)	(3,979,324)	176,032,362	473,407,028	12,657,948	486,064,976
Foreign currency translation differences	-	(8,234)	(8,234)	-	-	(23,954)	-	113,927	73,505	73,739	147,244
Profit for the year	-	-	-	-	-	-	-	40,139,436	40,139,436	420,237	40,559,673
Realized loss from sale of financial instruments classified as financial assets at fair value through other comprehensive income - net of tax	-	-	-	-	-	-	650,840	(903,399)	(252,559)	-	(252,559)
Change in fair value reserve of equity instrument classified as financial assets at fair value through other comprehensive income - Net of tax	-	-	-	-	-	-	51,824,452	-	51,824,452	-	51,824,452
Total Comprehensive Income	-	(8,234)	(8,234)	-	-	(23,954)	52,475,292	39,349,964	91,784,834	493,976	92,278,810
Transferred to reserves	-	6,098,693	45,191	-	-	-	-	(6,143,884)	-	-	-
Dividends distributed	-	-	-	-	-	-	-	(36,000,000)	(36,000,000)	-	(36,000,000)
Balance - End of the Year	**200,000,000**	**110,452,964**	**86,363**	**4,102,021**	**5,849,743**	**(13,033,639)**	**48,495,968**	**173,238,442**	**529,191,862**	**13,151,924**	**542,343,786**

* Dividends distribution
According to the decision of the General Assembly in its meeting held on Mar 23,2023, it was approved to distribute cash dividends in the amount of JOD 36,000,000 to the Bank's Shareholders which equals to 18 % of the paid-up capital on that date.
According to the decision of the General Assembly in its meeting held on Mar 31,2022, it was approved to distribute cash dividends in the amount of JOD 36,000,000 to the Bank's Shareholders which equals to 18 % of the paid-up capital on that date.

** According to the instructions of the regulatory bodies:
- The general banking risks reserve and special reserve cannot be utilized without a prior approval from the Palestine Monetary Authority.

- Retained earnings include a restricted amount of JOD 23,472,437 against deferred tax benefits as of December 31, 2023, This restricted amount cannot be utilized through capitalization or distribution unless actually realized based on the Central Bank of Jordan's instructions.

- Retained earnings include an amount of JD 227,598 as of December 31, 2023, which are restricted amounts and represents the effect of early adoption of IFRS (9). These restricted amounts cannot be utilized unless realized through actual sale.

- The fair value reserve cannot be utilized through capitalization, distribution, losses write-off or any other commercial acts unless realized through actual sale as instructed by the Central Bank of Jordan and Jordan Securities Commission, retained earnings balance also includes JD 813,437 as of December 31 2023 that cannot be utilized through distribution or any other purposes unless there is a prior approval from the Central Bank of Jordan based on of Central Bank of Jordan Circular no .10/1/1359 dated January 25, 2018 and the Central Bank of Jordan Circular No. 13/2018 dated June 6, 2018.

THE ACCOMPANYING NOTES FROM (1) TO (46) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE AUDIT REPORT.

BANK OF JORDAN
(PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - JORDAN
CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the Year Ended December 31, 2023	2022
Operating Activities:		JD	JD
Profit before income tax		65,359,883	60,931,928
Adjustments for Non-Cash Items:			
Depreciation and amortization	12,13	11,227,211	10,742,412
Expected credit loss on financial instruments	36	14,725,442	6,425,272
(Gain) from sale of property and equipment	33	(267,206)	(65,913)
Unrealized (Gain) from financial assets at fair value through profit or loss	32	(33,797)	(82,577)
Effect of exchange rate fluctuations	31	(3,543,115)	(4,106,128)
Sundry provisions	18	3,384,522	943,217
(Reversal from) provision for impairment of assets foreclosed by the Bank	14	(40,161)	(160,957)
Foreign currency exchange differences		13,015,194	(401,940)
Profit before changes in Assets and Liabilities		**103,827,973**	**74,225,314**
Changes in Assets and Liabilities:			
Decrease (Increase) in restricted balances		10,076,921	(23,638,522)
Decrease in deposits at banks and financial institutions (Maturing over three months)		492,000	88,342,000
Decrease in financial assets at fair value through profit or loss		15,000,000	-
(Increase) Decrease in direct credit facilities at amortized cost		52,439,469	(31,560,322)
Decrease (Increase) in other assets		(9,294,875)	2,393,899
(Decrease) in banks deposits and other financial institutions (maturing over three months)		(25,235,000)	(25,984,867)
Increase (Decrease) in customers' deposits		152,758,941	108,265,151
Increase (Decrease) in cash margins		30,651,472	(3,035,990)
(Decrease) in borrowed funds		(24,779,077)	(16,262,271)
Increase in other liabilities		3,900,014	711,594
Net Change in Assets and Liabilities	19/C	**206,009,865**	**99,230,672**
Net Cash Flows from Operating Activities before Income Taxes, End of Service Indemnity and lawsuit Provisions Paid		**309,837,838**	**173,455,986**
Paid from end of service indemnity, lawsuits provisions	18	(467,094)	(1,862,632)
Income tax settlements	19	(21,300,695)	(19,413,712)
Net Cash Flows from Operating Activities		**288,070,049**	**152,179,642**
Investing Activities:			
(Purchase) of financial assets at amortized cost		(6,107,609)	(85,903,006)
Maturity of financial assets at amortized cost		78,778,446	233,177,599
(Purchase) of financial assets at fair value through other comprehensive income		(151,275,621)	(941,610)
Sale of financial assets at fair value through other comprehensive income		9,732,513	941,223
Change in financial derivatives		263,740	(123,911)
(Purchase) of property and equipment and advance payments to acquire property and equipment		(3,471,664)	(2,360,643)
Proceeds from sale of property and equipment		354,795	126,453
(Purchase) of intangible assets	13	(1,527,714)	(908,765)
Net Cash Flows (Used in) from Investing Activities		**(73,253,114)**	**144,007,340**
Financing Activities:			
Foreign currencies differences		3,421,332	147,244
Minority Rights		192,317	-
Dividends distributed to shareholders		(35,694,965)	(35,866,364)
Net Cash Flows (Used in) Financing Activities		**(32,081,316)**	**(35,719,120)**
Effect of exchange rate fluctuations on cash and cash equivalents	31	3,543,115	4,106,128
Net increase in cash and cash equivalents		186,278,734	264,573,990
Cash and cash equivalents - beginning of the year	38	629,766,566	365,192,576
Cash and Cash Equivalents - End of the Year	38	**816,045,300**	**629,766,566**

THE ACCOMPANYING NOTES FROM (1) TO (46) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE AUDIT REPORT.

1. General

- Bank of Jordan was established in 1960 as a public shareholding limited company with headquarters in Amman – Jordan. On March 3, 1960, it was registered under number (1983) according to the Companies Law No. 33 for the Year 1962 with an authorized capital of JD 350,000 represented by 70,000 shares at a par value of JD 5 per share. The Bank's authorized and paid-up capital was increased in several stages, the last of which took place in accordance to the resolution of the general assembly in their extraordinary meeting held on April 9, 2016 where the Bank's capital was increased from JD 155/1 million to become JD 200 million and for which all the legal procedures related to this decision were completed on April 19, 2016.

- The Bank provides all financial and banking services within its scope of activities. Those services are offered at its (83) branches across Jordan, (18) branches across Palestine, the Bank branch in the Kingdom of Bahrain, the Bank branch in Iraq and its subsidiaries in Jordan and Syria (Bank of Jordan – Syria, Excel for Financial Investments Company and Jordan Leasing Company).

- The consolidated financial statements have been approved by the Board of Directors in its meeting No. (653) held on 25 January 2024 and it is subject to the approval of the Central Bank of Jordan and the General Assembly of the Shareholders.

2. Significant Accounting Policies

Basis of preparation of Consolidated Financial Statement

The Accompanying consolidated financial statements for the Bank and its subsidiaries have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the interpretations issued by International Financial Reporting Interpretation Committee arising from the International Accounting Standards Board as adopted by the Central Bank of Jordan.

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

- Expected credit losses allowances are calculated in accordance with the Central Bank of Jordan (CBJ) instructions No. (13/2018) "International Financial Reporting Standard No. (9) Implementation" dated June 6, 2018 and in accordance with the regulatory authorities instructions in the countries where the Bank operates whichever is more strict, the main significant differences are as follows:
  - Debt instruments issued or guaranteed by the Jordanian government are excluded, so that credit exposures issued or guaranteed by the Jordanian government are treated with no credit losses.
  - When calculating credit losses against credit exposures, the results of the calculation are compared in accordance with IFRS no. (9) with the instructions of the Central Bank of Jordan no. (47/2009) dated December 10,2009 for each stage separately and considering the extreme outcome.
  - The provision for expected credit loss is amended, taking into consideration any special instructions from the Central Bank, (if applicable).

- Interests, and commissions are suspended on non-performing credit facilities in accordance with the instructions of the Central Bank of Jordan and according to the instructions of the controlling regulators whichever is stricter.

- Assets seized by the Bank are shown in the consolidated statement of financial position among other assets at the value when seized by the Bank or at fair value, whichever is lower, and are individually reassessed on the date of the consolidated financial statements. Any impairment loss is recorded in the consolidated statement of profit or loss and consolidated financial statements while any increase in the value is not recorded as revenue. Subsequent increase is taken to the consolidated statement and statement of profit or loss to the extent of not exceeding the previously recorded impairment. In accordance to the instructions of the Central Bank of Jordan no.10/3/16234 dated October 10,2022, no further calculation for a gradual provision is recorded against real estate that is seized by the bank against debts provided keeping the balance of provisions for seized real estate which violate banks instructions, the provisions should be released against seized real estates that have been disposed.

- Additional provisions have been calculated in the consolidated financial statement against the bank's foreign investments in foreign countries according to the expected credit loss.

- The net outcome of the differences between the Central Bank of Jordan instructions and the International Financial Reporting Standards represented by having the Bank to book additional provisions to comply with these instructions.

- The consolidated financial statements were prepared following the historical cost basis except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial derivatives measured at fair value at the date of the consolidated financial statements. Moreover, hedged financial assets and financial liabilities are stated at fair value.

- The reporting currency of the consolidated financial information is the Jordanian Dinar, which is the functional currency of the Bank.

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

- The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those applied in the year ended December 31, 2021, except for the impact of adopting the new and revised International Financial Reporting Standards, which became effective for the financial period started on or after the 1st of January 2022 as mentioned in Note (3-A). In addition to the improvements that are made on the models for calculating expected credit loss which are shown in the notes to the consolidated financial statements.

<u>Basis of Financial Statements Consolidation</u>

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries controlled. Control exists when the Bank controls the subsidiaries significant and relevant activities and is exposed, or has rights, to variable returns from its involvement with the subsidiaries.

- The consolidated financial statements include the financial statements of the Bank and its subsidiaries that are under its control, and control is achieved when the company has control over the investee company and the company is exposed to variable returns or has rights in exchange for its participation in the investee company and the Bank can use its power over the investee company in a way that affects Its revenue.

- The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

- When the Bank has less than the majority of the voting rights of an investee, it considers that it has control over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. In this regard, the Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

  - The size of the Bank's ownership of voting rights compared to the size and dispersion of ownership relating to other vote holders.
  - Potential voting rights held by the Bank.
  - Rights arising from other contractual arrangements.
  - Any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time decisions need to be made, including voting patterns at previous shareholders' meetings.

- The subsidiaries' financial statements are prepared under the same accounting policies adopted by the Bank. If the subsidiaries apply different accounting policies than those used by the Bank, the necessary modifications shall be made to the subsidiaries' financial statements to comply with the accounting policies used by the Bank.

- The differences between the policies and frameworks of the subsidiary companies that follow the International Financial Reporting Standards were shown without taking into account the amendment of the Central Bank of Jordan which were tracked in the consolidated financial statements.

The Bank owns the following subsidiaries as of December 31,2023:

Company's Name	Paid-up Capital	Ownership Percentage	Nature of Operation	Country of Operation	Ownership Date
	JD	%			
Excel for Financial Investment Company	3.5 Million Jordanian Dinar	100	Brokerage and investment management	Jordan	23rd of March 2006
Bank of Jordan – Syria	9.9 Billion Syrian Lira	49	Banking	Syria	17th of May 2008
Jordan Leasing Company	20 Million Jordanian Dinar	100	Finance Leasing	Jordan	24th of October 2011

- The important financial information for the subsidiaries as of 2023 and 2022 are as follows:

Company's Name	**December 31 2023**		**For the year 2023**	
	Total Assets	**Total Liabilites**	**Total Revenue**	**Total Expense**
	JD	**JD**	**JD**	**JD**
Excel for Financial Investment	7,155,920	1,102,772	463,812	262,689
Bank of Jordan – Syria	68,127,386	49,116,668	2,052,068	1,205,436
Jordan Leasing Company	32,027,055	4,501,138	1,911,994	1,436,943

Company's Name	**December 31 2022**		**For the year 2022**	
	Total Assets	**Total Liabilites**	**Total Revenue**	**Total Expense**
	JD	**JD**	**JD**	**JD**
Excel for Financial Investment	6,269,613	417,588	361,568	229,070
Bank of Jordan – Syria	82,145,495	64,163,007	3,206,308	2,382,314
Jordan Leasing Company	31,689,644	4,638,775	1,723,006	656,781

The results of the subsidiaries' operations are shown in the consolidated statement of profit or loss effective from their acquisition date, which is the date on which control over the subsidiaries is effectively transferred to the Bank. Furthermore, the results of the disposed-of subsidiaries are consolidated in the consolidated statement of profit or loss up to the date of their disposal, which is the date on which the Bank loses control over the subsidiaries.

Control is achieved when the Bank:

- has the power over the investee;
- is exposed to control, or has rights, to variable returns from its involvement with the investee.
- Has the ability to use its power to affect the investee's returns.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

When the Bank has less than the majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. In this regard, the Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights compared to the size and dispersion of holdings of the other vote holders.
- Potential voting rights held by the Bank, other vote holders, or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Bank has, or does not have, the current responsibility to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous General Assembly meetings.

When the Bank loses control of any of the subsidiary, it performs the following:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the book value of any non-controlling interests.
- Derecognizes the cumulative translation difference recorded in Equity.
- Derecognizes the fair value of the consideration received by the controlling party.
- Derecognizes the fair value of any investment retained.
- Derecognizes any surplus or deficit in the statement of profit or loss.
- Reclassification of the Bank's equity previously retained in other comprehensive income to the consolidated statement of profit or loss, or the consolidated statement of changes in equity as appropriate.

The subsidiaries' financial statements are prepared under the same accounting policies adopted by the Bank. If the subsidiaries apply different accounting policies than those used by the Bank, the necessary modifications shall be made to the subsidiaries' financial statements to comply with the accounting policies used by the Bank.

The non-controlling interest represent the portion not owned by the Bank to in the equity of the subsidiaries.

<u>Segmental Reporting</u>

- Business segments 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.

<u>Net Interest Income</u>

Interest income and expense for all financial instruments, except for those classified as held for trading, or those measured or designated as at fair value through profit or loss, are recognized in 'Net Interest Income' as 'Interest Income' and 'Interest Expense' in the consolidated statement of profit or loss using the effective interest method. Interest on financial instruments measured at fair value through profit or loss are included within the fair value movement during the period.

The effective interest rate is the rate that discounts the estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated, taking into account all the contractual terms of the instrument.

Interest income / interest expense is calculated by applying the effective interest rate to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortized cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortized cost of financial liabilities. For credit-impaired financial assets, the interest income is calculated by applying the effective interest rate to the amortized cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses). For financial assets that were created or acquired while they are at low cost the effective interest rate reflects the expected credit loss in determining the future cashflows expected to be received from the financial assets.

Interest income and expense in the Bank's consolidated statement of profit or loss also includes the effective portion of fair value changes of derivatives designated as hedging instruments in cash flow hedges of interest rate risk. For fair value hedges of interest rate risk related to interest income and expense, the effective portion of the fair value changes of the designated derivatives, as well as the fair value changes of the designated risk of the hedged item, are also included in interest income and expense against the lease contract liabilities.

Net Commission Income

Fees and commission income and expense include fees other than those that are an integral part of the effective interest rate. The fees included in this part of the Bank's consolidated statement of profit or loss include, among other things, fees charged for servicing a loan, non-utilization fees relating to loan commitments when it is unlikely that these will result in a specific lending arrangement, and loan syndication fees.

Fee and commission expenses concerning services are calculated for as the services are received.

Contracts with customers that results in a recognition of financial instrument may be partially related to of IFRS 9 or IFRS 15. In this case, the commission related to IFRS 9 portion is recognized, and the remaining portion is recognized in accordance with IFRS 15.

Net Trading Income

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

Net Income from Other Financial Instruments at Fair Value through Profit or Loss

Net income from other financial instruments at fair value through profit or loss includes all gains and losses from changes in the fair value of financial assets and financial liabilities at fair value through profit or loss except those that are held for trading. The Bank has elected to present the full fair value movement of assets and liabilities at fair value through Profit or Loss in this line, including the related interest income, expense, and dividends.

The fair value movement on derivatives held for economic hedging where hedge accounting is not applied are presented in 'Net income from other financial instruments at fair value through profit or loss. However, for designated and effective fair value hedge accounting relationships, the gains and losses on the hedging instrument are presented in the same line in the consolidated statement of profit or loss as the hedged item. For designated and effective cash flow and net investment hedge accounting relationships, the gains and losses of the hedging instrument, including any hedging ineffectiveness included in the consolidated statement of profit or loss, are presented in the same line as the hedged item that affects the consolidated statement of profit or loss.

Dividend Income
Dividend income is recognized when the right to receive payment is established. This is the ex-dividend date for listed equity securities, and usually the date when shareholders approve the dividend distribution for unlisted equity securities.

The distribution of dividends in the consolidated statement of profit or loss depends on the classification and measurement of the investment in shares i.e:

- For equity instruments which are held for trading, dividend income is presented in the statement of income in gain (loss) from financial assets through profit or loss;
- For equity instruments classified at fair value through other comprehensive income, dividends are included in the consolidated statement of profit or loss under the item of cash distribution from financial assets at fair value through other comprehensive income; and
- For equity instruments not classified at fair value through other comprehensive income and not held for trading, dividend income is presented as net income from other instruments at fair value through profit or loss.

Financial Instruments
Initial recognition and measurement:
Financial assets and financial liabilities are recognized in the Bank’s consolidated statement of financial position when the Bank becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognized when they are recorded in the customer’s account.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributed to the acquisition or the issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities as appropriate on initial recognition. Transaction costs directly attributed to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the consolidated statement of profit or loss.
If the transaction price differs from fair value at initial recognition, the Bank will account for such difference as follows:

- If fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognized in the statement of income on initial recognition (i.e. day 1 gain or loss);

- In all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 gain or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to the consolidated statement of profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability or when derecognizing the instruments.

Financial Assets
Initial Recognition
All financial assets are recognized on the trading date when the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. They are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss. Transaction costs directly attributable to the acquisition of financial assets classified as at fair value through the statement of profit or loss are recognized immediately in the consolidated statement of profit or loss.

Subsequent Measurement
All recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:
- Debt instruments held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortized cost;

- Debt instruments held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income;

- All other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at fair value through profit or loss.

However, the Bank may irrevocably make the following selection /designation at initial recognition of a financial asset on an asset- by-asset basis:

- The Bank may irrevocably select to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, in other comprehensive income; and

- The Bank may irrevocably designate a debt instrument that meets the amortized cost or fair value through other comprehensive income criteria as measured at fair value through profit or loss, if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

Debt Instruments at Amortized Cost or at Fair Value through Other Comprehensive Income
The Bank assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Bank's business model for managing the asset.

For an asset to be classified and measured at amortized cost or at fair value through other comprehensive income, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of the consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time, and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

Assessment of Business Models

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Bank determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Bank's business model does not depend on management's intentions for an individual instrument; therefore, the business model assessment is evaluated based on collective level and not on an instrument-by-instrument bases.

The Bank has more than one business model for managing its financial instruments, which reflect how the Bank manages its financial assets in order to generate cash flows. The Bank's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets, or both.

The Bank considers all relevant information available when making the business model assessment. However, this assessment is not performed based on scenarios that the Bank does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Bank takes into account all relevant evidence available such as:

- The stated policies and objectives of the portfolio and application of those policies whether the management strategy focuses on obtaining contractual revenues, maintaining specific profit rate matching the profit of financial assets with the period of financial liabilities that finance those assets.

- The method of 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, in particular, the way in which those risks are managed; and

- The method the business managers are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Bank determines whether newly recognized financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Bank reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

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

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

Financial Assets at fair Value through Profit or Loss

Financial assets at fair value through profit or loss are:

- Assets with contractual cash flows that are not SPPI; or/and
- Assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- Assets designated at fair value through profit or loss using the fair value option.

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

Reclassifications

If the business model under which the Bank holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model, which results in reclassifying the Bank's financial assets. During the current financial year and previous accounting period, there was no change in the business model under which the Bank holds financial assets; and therefore, no reclassifications were made. The changes in the contractual cash flows are considered under the accounting policy on the modification and de-recognition of financial assets described below.

Foreign Exchange Gains and Losses

The carrying amount of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in the consolidated statement of profit or loss; and
- For debt instruments measured at fair value through other comprehensive income that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in the consolidated statement of profit or loss. Other exchange differences are recognized in other comprehensive income in the investment's revaluation reserve.
- For financial assets measured at fair value through profit and loss that are not part of a designated hedge accounting relationship, exchange differences are recognized in the consolidated statement of profit or loss ;
- For equity instruments measured at fair value through other comprehensive income, exchange differences are recognized in consolidated statement of other comprehensive income in the change in fair value reserve.

Fair Value Option
A financial instrument with a fair value that can be reliably measured at fair value through profit or loss (fair value option) can be classified at initial recognition even if the financial instruments are not acquired or incurred principally for the purpose of selling or repurchasing. The fair value option may be used for financial assets if it significantly eliminates or significantly reduces the measurement or recognition inconsistency that would otherwise have resulted in the measurement of the asset or liability or recognized the related gain or loss on a different basis ("accounting mismatch"). The fair value option for financial liabilities can be chosen in the following cases:

- If the selection leads to a significant mismatching of the accounting standards.
- If the financial liabilities are part of a portfolio managed on a fair value basis, in accordance with a documented risk management or investment strategy; or
- If a derivative is included in the underlying financial or non-financial contract, and the derivative is not closely related to the underlying contract.

These instruments cannot be reclassified from the fair value category through profit or loss while retained or issued. Financial assets at fair value through profit or loss are recognized at fair value with any unrealized gain or loss arising from changes in fair value recognized in investment income.

Impairment
The Bank recognizes loss allowances for expected credit losses on the following financial instruments that are not measured at fair value through profit or loss:

- Balances and deposits at banks and financial institutions.
- Direct credit facilities (loans and advances to customers);
- Financial assets at amortized cost (debt investment securities);
- Financial assets at fair value through other comprehensive income.
- Off consolidated statement of financial position exposures subject to credit risk (financial guarantee contracts issued).

No impairment loss is recognized on equity investments. With the exception of purchased or originated credit-impaired (POCI) financial assets (which are considered separately below), ECL is required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that results from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or

- Full lifetime ECL, i.e. lifetime ECL that results from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

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

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

For unutilized loan limits, the expected credit loss is the difference between the present value of the difference between the contractual cash flows that are due to the Bank if the holder of the commitment draws down the loan and the cash flows that the Bank expects to receive if the loan is utilized; and

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

The Bank measures expected credit loss on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original effective interest rate, regardless of whether it is measured on an individual basis or a collective basis.

Provisions for expected credit losses are established in accordance with the instructions of CBJ No. (13/2018). Implementation of IFRS9 dated June 6th 2018 in accordance with the instructions of the regulatory authorities in the countries in which the Bank operates, whichever is more severe, the essential differences are as follows:

- Debt instruments issued or guaranteed by the Jordanian Government are excluded so that credit exposures are dealt with by the Jordanian Government and guaranteed without credit losses.

- When calculating the credit losses against credit exposures, a calculation comparison according to IFRS 9 with Central Bank of Jordan instructions No. (2009/47) dated December 10, 2009 for each stage individual, the most restrictive are taken.

Credit-impaired Financial Assets

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

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The Bank, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- The disappearance of an active market for a security because of financial difficulties; or
- The purchase of a financial asset at a deep discount that reflects the embedded credit losses.

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

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

Purchased or Originated Credit-Impaired (POCI) Financial Assets

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

Definition of Default

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

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

- The borrower is past due more than 90 days on any material credit obligation to the Bank; or

- The borrower is unlikely to pay its credit obligations to the Bank in full.

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

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

Significant Increase in Credit Risk

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

The Bank’s accounting policy is not to use the practical expedient that financial assets with ‘low’ credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Bank monitors all financial assets, issued loan commitments, and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

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

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

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

- The remaining lifetime PD at the reporting date; with

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

The probability of default is considered forward-looking, and the Bank uses the same methodologies and data used to measure the loss allowance for expected credit loss.

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

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

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

Modification and De-recognition of Financial Assets

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

The Bank renegotiates loans to customers in financial difficulty to maximize collection and minimize the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default, or default has already happened, and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants. The Bank has an established forbearance policy, which applies for corporate and retail lending.

When a financial asset is modified, the Bank assesses whether this modification results in derecognition. In accordance with the Bank's policy, a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms, the Bank considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification, then;
- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest.

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

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

- The remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with

- The remaining lifetime PD at the reporting date based on the modified terms.

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

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

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

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

Write-off

Financial assets are written off when the Bank has no reasonable expectations of recovering the financial asset. This is the case when the Bank determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Bank may apply enforcement activities to financial assets written off. Recoveries resulting from the Bank's enforcement activities will result in impairment gains in the consolidated statement of profit or loss.

Presentation of the Allowance for Expected Credit Loss in the Consolidated Statement of Financial Position

Loss allowances are presented in the statement of financial position as follows:

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

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

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

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

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

Compound Instruments
The component parts of compound instruments (e.g. convertible notes) issued by the Bank are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

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

Financial Liabilities
Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss or 'other financial liabilities.

Financial Liabilities at Fair Value through Profit or Loss
Financial liabilities are classified as at fair value through the profit or loss when the financial liability is (i) held for trading, or (ii) it is designated as at fair value through of profit or loss. A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- On initial recognition, it is part of a portfolio of identified financial instruments that the Bank manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability, other than a financial liability held for trading, or contingent consideration that may be paid by an acquirer as part of a business combination, may be designated as at fair value through profit or loss upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Bank's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire hybrid (combined) contract to be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains/losses arising on re-measurement recognized in the consolidated statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain/loss recognized in the consolidated statement of profit or loss incorporates any interest paid on the financial liability and is included in the 'net income from other financial instruments at fair value through the statement of income line item in the statement of profit or loss.

However, for non-derivative financial liabilities designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability attributable to changes in the credit risk of that liability is recognized in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in the statement of income. The remaining amount of change in the fair value of liability is recognized in the consolidated statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in OCI are not subsequently reclassified to consolidated statement of profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

For issued loan commitments and financial guarantee contracts designated as at fair value through profit or loss, all gains and losses are recognized in statement of income.

In making the determination of whether recognizing changes in the liability's credit risk in other comprehensive income will create or enlarge an accounting mismatch in consolidated statement of profit or loss, the Bank assesses whether it expects that the effects of changes in the liability's credit risk will be offset in consolidated statement of profit or loss by a change in the fair value of another financial instrument measured at fair value through profit or loss.

Other Financial Liabilities

Other financial liabilities, including deposits and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The Effective Interest Rate (EIR) is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. For details on EIR, see the "net interest income section" above.

Derecognition of Financial Liabilities
The Bank derecognizes financial liabilities when, and only when, the Bank's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the consolidated statement of profit or loss.

When the Bank exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Bank accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate, is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability

Derivative Financial Instruments
The Bank enters into a variety of derivative financial instruments some of which are held for trading while others are held to manage its exposure to interest rate risk; credit risk; and foreign exchange rate risk. Held derivatives include foreign exchange forward contracts, interest rate swaps, cross currency interest rate swaps, and credit default swaps.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain/loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Bank designates certain derivatives as either hedges of the fair value of recognized assets, liabilities, or firm commitments (fair value hedges), hedges of highly probable forecast transactions, hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations (net investment hedges).

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months, and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

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

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

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

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at fair value through profit or loss and not arising from a transfer of a financial asset, are subsequently measured at the higher of:

- The amount of the loss allowance determined in accordance with IFRS 9; and
- The amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the Bank's revenue recognition policies.

Financial guarantee contracts not designated at fair value through profit or loss are presented as provisions in the consolidated statement of financial position, and the re-measurement is presented in other revenue.

The Bank has not designated any financial guarantee contracts as at fair value through profit or loss.

Commitments to Provide a Loan at a Below-Market Interest Rate
Commitments to provide a loan at a below-market interest rate are initially measured at their fair values and, if not designated as at fair value through the statement of profit or loss, are subsequently measured at the higher of:

- The amount of the loss allowance determined in accordance with IFRS 9; and

- The amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the Bank's revenue recognition policies, which is higher.

Commitments to provide a loan below market rate not designated at fair value through profit or loss are presented as provisions in the consolidated statement of financial position and the re-measurement is presented in other revenue.

The Bank has not designated any commitments to provide a loan below market rate designated at fair value through the statement of profit or loss.

Financial Derivatives and Hedge Accounting
Derivatives for Trading
The fair value of derivative financial instruments held for trading (such as future foreign exchange contracts, future interest contracts, swaps contracts, foreign exchange rate option rights) is recognized in the consolidated statement of financial position. Moreover, fair value is determined at the prevailing market prices. If these prices are not available, the assessment method should be mentioned, and the amount of changes in fair value should be recognized in the consolidated statement of profit or loss.

Hedge Accounting
The Bank designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations, as appropriate. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. The Bank does not apply fair value hedge accounting of portfolio hedges of interest rate risk. In addition, the Bank does not use the exemption to continue using IAS 39 hedge accounting rules, i.e. the Bank applies IFRS 9 hedge accounting rules in full.

At the inception of the hedge relationship, the Bank documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Bank documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Bank actually hedges, and the quantity of the hedging instrument that the Bank actually uses to hedge that quantity of the hedged item.

The Bank rebalances a hedging relationship in order to comply with the hedge ratio requirements when necessary. In such cases discontinuation may apply to only part of the hedging relationship. For example, the hedge ratio might be adjusted in such a way that some of the volume of the hedged item is no longer part of a hedging relationship, hence hedge accounting is discontinued only for the volume of the hedged item that is no longer part of the hedging relationship.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Bank adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

In some hedge relationships, the Bank designates only the intrinsic value of options. In this case, the fair value change of the time value component of the option contract is deferred in OCI, over the term of the hedge, to the extent that it relates to the hedged item and is reclassified from equity to profit or loss when the hedged item does not result in the recognition of a non-financial item. The Bank's risk management policy does not include hedges of items that result in the recognition of non-financial items, because the Bank's risk exposures relate to financial items only.

The hedged items designated by the Bank are time-period related hedged items, which means that the amount of the original time value of the option that relates to the hedged item is amortized from equity to profit or loss on a rational basis (e.g. straight-line) over the term of the hedging relationship.

In some hedge relationships, the Bank excludes from the designation the forward element of forward contracts or the currency basis spread of cross currency hedging instruments. In this case, a similar treatment is applied to the one applied for the time value of options. The treatment for the forward element of a forward contract and the currency basis element is optional, and the option is applied on a hedge- by- hedge basis, unlike the treatment for the time value of the options which is mandatory. For hedge relationships with forwards, or foreign currency derivatives such as cross currency interest rate swaps, where the forward element or the currency basis spread is excluded from the designation, the Bank generally recognizes the excluded element in OCI.

The fair values of the derivative instruments used for hedging purposes and movements in the hedging reserve are determined in equity.

Fair Value Hedges
The fair value change on qualifying hedging instruments is recognized in the consolidated statement of profit or loss except when the hedging instrument hedges an equity instrument designated at fair value through other comprehensive income in which case it is recognized in other comprehnsive income. The Bank has not designated fair value hedge relationships where the hedging instrument hedges an equity instrument designated at fair value through other comprehensive income.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at fair value through other comprehensive income, the carrying amount is not adjusted as it is already at fair value, but the part of the fair value gain or loss on the hedged item associated with the hedged risk is recognized in profit or loss instead of other comprehnsive income. When the hedged item is an equity instrument designated at fair value through other comprehensive income, the hedging gain/loss remains in other comprehensive income to match that of the hedging instrument.

Where hedging gains/losses are recognized in the consolidated statement of profit or loss, they are recognized in the same line as the hedged item.

The Bank discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of hedged items for which the EIR method is used (i.e. debt instruments measured at amortized cost or at fair value through other comprehensive income) arising from the hedged risk is amortized to profit or loss commencing no later than the date when hedge accounting is discontinued.

Cash Flow Hedges
The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in the cash flow hedging reserve, a separate component of other comprehensive income, limited to the cumulative change in fair value of the hedged item from inception of the hedge less any amounts recycled to profit or loss consolidated statement.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. If the Bank no longer expects the transaction to occur, that amount is immediately reclassified to profit or loss consolidated statement.

The Bank discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised, or where the occurrence of the designated hedged forecast transaction is no longer considered to be highly probable. The discontinuation is accounted for prospectively. Any gain/loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain/loss accumulated in equity is reclassified and recognized immediately in profit or loss consolidated statement.

Hedges of Net Investments in Foreign Operations
Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain/loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated in the foreign currency translation reserve.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to the statement of profit or loss in the same way as exchange differences relating to the foreign operation as described above.

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

Managed Accounts for the Benefit of Clients
The accounts that are managed by the Bank on behalf of clients and at their own risk, are not considered assets of the Bank, and a provision is prepared against the decrease in the value of the capital – guaranteed portfolios managed in favor of clients for their capital.

Management fees and commission are shown in the consolidated statement of profit or loss.

Fair value
Fair value is defined as the price at which an asset is to be sold or paid to convert any of the liabilities in a structured transaction between the market participants on the measurement date, irrespective of whether the price can be realized directly or whether it is estimated using another valuation technique. When estimating the fair value of an asset or liability, the Bank takes into consideration when determining the price of any asset or liability whether market participants are required to consider these factors at the measurement date. The fair value for measurement and / or disclosure purposes in these financial statements is determined on the same basis, except for measurement procedures that are similar to fair value procedures and are not fair value such as fair value as used in IAS 36.

In addition, fair value measurements are classified for the purposes of financial reporting to level (1), (2) or (3) based on the extent to which the inputs are clear concerning the fair value measurements and the importance of inputs to the full fair value measurements. These are as follows:

Level (1) inputs: inputs derived from quoted (unadjusted) prices of identical assets or liabilities in active markets that an enterprise can obtain on the measurement date;

Level (2) inputs: inputs derived from data other than quoted prices used at level 1 and observable for assets or liabilities, either directly or indirectly;

Level (3) inputs: are inputs to assets or liabilities that are not based on observable market prices.

Provisions
Provisions are recognized when the Bank has an obligation at the date of the consolidated statement of financial position arising from a past event, and the costs to settle the obligation are both probable and can be reliably measured.

End-of-Service Indemnity
- The basis for the computation of the provision for end of service indemnity is one month for each year of service for employees not covered by social security law regulations.

- Compensation to employees is recorded in the provision for end of service indemnity when paid, and the obligation provision incurred by the Bank for the end of service indemnity for employees is recorded in the consolidated statement of profit or loss.

Income Tax
- Tax expense comprises accrued tax and deferred taxes.

- Accrued tax is based on taxable profits, which may differ from accounting profits published in the consolidated financial statements. Accounting profits may include non-taxable profits or tax non- deductible expenses which may be exempted in the current or subsequent financial years, or accumulated losses that are tax acceptable or items not subject to deduction for tax purposes.

- Tax is calculated based on tax rates and laws that are applicable in the country of operation.

- Deferred tax is the tax expected to be paid or recovered due to temporary differences between the tax bases of assets and liabilities in the consolidated financial statements and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates expected to be applied in the period when the asset is realized or the liability is settled, based on the laws enacted or substantially enacted at the date of the consolidated statement of financial position.

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

- The Bank calculated deferred taxes according to the requirements of IFRS (12).

Assets Seized by the Bank
Assets seized by the Bank are recorded in the consolidated statement of financial position among other assets at seized value or at fair value, whichever is least. At the date of the consolidated financial statements seized assets are revalued individually at fair value; any impairment loss is recorded in the consolidated statement of profit or loss while any increase in the value is not recorded as revenue; any subsequent increase in value is recognized only to the extent of not exceeding the previously recorded impairment losses. In addition, according to the instructions of the Central Bank of Jordan, the Bank started booking gradual provisions against seized assets which violated the requirements of article number (48) of the Banking Law at an annual rate of 5% from its net book value for the previous years and for the current year until October 10, 2022, where, Central Bank of Jordan issued new circular that cancelled the previous requirements, in relation to sized assets additional provisions, however, required maintaining the booked additional provisions and allowed reversing it only upon the disposal of the related asset.

Mortgaged Financial Assets
These financial assets are mortgaged to third parties with the right to (sell or re-mortgage). These financial assets are revalued according to the accounting policies at the date of initial classification.

Repurchase and Resale Agreements
Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) will continue to be recognized in the Bank's consolidated financial statements. This is due to the Bank's continuing control of these assets and the fact that exposure to the risks and rewards of these assets remains with the Bank. These assets continue to be evaluated in accordance with the applied accounting policies (where the buyer has the right to use these assets (sell or re-lien), they are reclassified as lined financial assets). The proceeds of the sale are recorded under loans and borrowings. The difference between the sale and the repurchase price is recognized as an interest expense over the agreement term using the effective interest rate method.

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

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

	%
Buildings	2-10
Equipment, furniture and fixtures	9-20
Vehicles	15-20
Computer	15-20
Improvements and Decroations	15-20

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

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

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

Intangible Assets

- Intangible assets acquired through a business combination are recorded at their fair value on that date. Other intangible assets are measured on initial recognition at cost.

- Intangible assets are classified on the basis of their useful life as definite and indefinite useful lives. Intangible assets with finite lives are amortized over the useful economic life and the amortized amount will be reported in the consolidated statement of profit or loss, while intangible assets with indefinite useful lives are assessed for impairment amount at each consolidated financial statement reporting date and the amortization amount will be reported in the consolidated statement of profit or loss.

- Internally generated intangible assets are not capitalized and are expensed in the consolidated statement of profit or loss in the same period.

- Indications of impairment of intangible assets are reviewed for and their useful economic lives are reassessed at each reporting date of the consolidated financial statements. Adjustments are reflected in the current and subsequent periods.

- Computer's software and applications are amortized according to the straight-line method over their estimated economic useful lives at an annual amortization rate of 15%-20%.

Foreign Currencies

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

The standalone financial statements of the Bank's subsidiaries are prepared. Moreover, the standalone financial statements of each entity of the Group are presented in the functional currency in which it operates. Transactions in currencies other than the functional currency of the Bank are recorded at the rates of exchange prevailing at the dates of those transactions. At the consolidated financial position date, financial assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the exchange rates at the date when the fair value was determined. Non-monetary items measured at historical cost in a foreign currency are not reclassified.

Exchange differences are recognized in the consolidated statement of profit or loss in the period in which they arise except for:

- Foreign exchange differences on transactions made in order to hedge foreign exchange risk.
- Foreign exchange differences on monetary items required to / from a foreign operation that are not planned to be settled, are unlikely to be settled in the near future (and therefore, these differences form part of the net investment in the foreign operation), and are initially recognized in the comprehensive income consolidated statement and reclassified from equity to the profit or loss consolidated statement when selling or partially disposing of net investment.

In order to present the consolidated financial statements, the assets and liabilities of the Bank's foreign operations are translated at the rates of exchange prevailing at the consolidated statement of financial position date. Income is also converted to average exchange rates for the period, unless exchange rates change significantly during that period, in which case the exchange rates are used on the date of the transactions.

Exchange differences arising, if any, are recognized in other consolidated statement of comprehensive income and collected in a separate line item of equity.

When foreign operations are disposed of (i.e. disposal of the Bank's entire share from foreign operations, or resulting from the loss of control of a subsidiary in foreign operations, or partial exclusion by its share in a joint arrangement, or an associate company of a foreign nature in which the share held is a financial asset), all foreign exchange differences accumulated in a separate item under equity in respect of that transaction attributable to the Bank shareholders are reclassified to the consolidated statement of profit or loss.

In addition, in respect of the partial disposal of a subsidiary involving foreign operations that do not result in the Bank losing control of the subsidiary, its share of the accumulated exchange differences is credited to net comprehensive income at a rate that is derecognized and not recognized in the consolidated statement of profit or loss. For all other partial liquidation (such as partial liquidation of associates or joint ventures that do not result in the Bank losing significant influence or joint control), the share of accumulated exchange differences is reclassified to the consolidated statement of profit or loss.

Cash and Cash Equivalents

Cash and cash equivalents represents items that mature within a period of three months, including cash and balances with central banks and balances at banks and financial, less banks and financial institutions deposits that mature within three months and restricted balances.

Leases

The Bank as a lessee

The Bank should be evaluating whether the leasing contract included while starting the contract. The right of use assets and leasing obligations should be recognized by the bank regarding all leasing obligations, except for short-term leasing contracts (12 months or less) and the leasing contracts with low value, in regards to these contracts the bank should recognized to these leases as operating expense using the straight-line method over the life of the lease. The initial direct costs incurred in the discussion and arrangement of the operating contract are added to the carrying amount of the leased assets and recognized in accordance with the straight-line method over the lease term.

Leases are classified as finance leases when the terms of the lease provide for substantially all the risks and rewards of ownership of the lessee. All other leases are classified as operating leases.

Leasing payments included in the rental obligation measurement include:

- Fixed leasing payments (essentially included on fixed payments), minus lease incentives receivable;
- Variable rental payments based on an indicator or rate, initially measured using the index or rate at the start date of the contract;
- The amount expected to be paid by the lessor under the remaining value guarantees;
- The price of buying options, if the lessor is reasonably sure of practicing the options; and
- Pay termination fines, if the leasing contract was reflected the terminating the lease.

Leasing obligations has to be presented as separate item to the consolidated statement of financial position.

Lease obligations are subsequently measured by increasing the book value to reflect interest on rental obligations (using the effective interest method) and by reducing the book value to reflect rental payments.

Lease obligations are premeasured (and a similar adjustment to the relevant right of use assets) whenever:

- The period of lease has been changed or there has been an event or change in circumstances that lead to a change in the evaluation of the practice of purchase, in which case the lease obligations are re-assessed by the way adjusted rental payments are deducted using the adjusted discount rate.

- Rental payments change due to changes in index, rate or change in expected payments under the guaranteed remaining value, in which case the rental obligation is remeasured by deducting adjusted rental payments using a non-variable discount rate (unless rental payments change due to change in the floating interest rate, in which case the adjusted discount rate is used).

- The lease contract is adjusted and the lease adjustment is not accounted for as a separate lease, in which case the lease obligation is remeasured based on the duration of the adjusted lease by deducting adjusted rental payments using the adjusted rate discount rate at the actual rate on the date of the amendment.

The assets of the right of use are consumed over the duration of the lease or the productive life of the asset (which is shorter). If the lease transfers ownership of the underlying asset or the cost of the right of use, which reflects that the bank expects to exercise the purchase option, the value of the relevant right of use is consumed over the productive life of the asset.

Right of use assets has to be presented as separate item to the consolidated statement of financial position.

The Bank applies IAS No. (36) To determine whether the value of the right of use has depreciated and calculates any impairment losses as described in the "Property and Equipment" policy.

Variable rents that do not rely on an indicator or rate are not included in the measurement of rental obligations and right-of-use assets. Related payments are listed as an expense in the period in which the event or condition that leads to these payments occurs and is included in the "Other Expenses" line in the profit or loss consolidated statement.

<u>The Bank as a lessor</u>

The Bank enters into lease contracts as a lessor in regard with some investment properties.

Leases in which the bank is leased are classified as financing or operating leases. If the terms of the lease transfer all the risks and benefits of the property to the tenant, the contract is classified as a financing lease and all other leases are classified as operating leases.

When the Bank is an intermediate, it represents the main lease and subcontract as separate contracts. The sub-lease is classified as financing or an operating lease by reference to the origin of the right of use arising from the main lease.

Lease income from operating leases is recognized on a straight-line basis over the relevant lease period. The initial direct costs incurred in the negotiation and arrangement of an operating lease are added to the book value of the leased asset and are recognized on straight-line basis over the lease period.

The amounts that dues by lessors under the leases are recognized as dues by the amount of the company's net investment in leases. The income of the financing leases is allocated to the accounting periods to reflect a fixed periodic return rate on the bank's existing net investment in relation to leases.

When the contract includes leasing components and components other than leasing, the Bank applies IFRS 15 to distribute the amounts received or received under the contract for component.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash balances with central banks and balances with banks and financial institutions that mature within three months, less banks' and financial institutions' deposits that mature within three months and restricted balances.

Earning per share

Earning per share are calculated by dividing the ptofit of loss for the year attributable to the company's shareholders by the weighted avaergae number of ordinary shares during the year. The diluted earning per share is calculated by adjusting the profit or loss for the year attributable to the Banks's shareholders and the weighted average number of ordinary shares so as to show the effect on the shares of all ordinary shares tarded during the year and the potential decline in its return.

3. Adoption of new and revised Standards

a. New and amended IFRS Standards that are effective for the current year

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2023, have been adopted in these consolidated financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

The group does not have any contracts that meet the definition of an insurance contract under IFRS 17.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements— Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

<u>Amendments to IAS 12 Income Taxes— International Tax Reform—Pillar Two Model Rules</u>
The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum topup taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes

<u>Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates</u>
The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

b. New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorisation of these financial statements, the group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective The Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the consolidated financial statements of the Group in the period of initial application:

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the parent company anticipate that the application of these amendments may have an impact on the group's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

The amendments to affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted.

Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement
- Liquidity risk information

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

Amendment to IFRS 16 Leases—Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

4. Significant Accounting Judgments and key Sources of Uncertainty Estimates

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

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.

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

Critical judgements in applying the Bank’s accounting policies

The following are the critical judgements, apart from those involving estimations (which are disclosed below), that the managements have made in the process of applying the Bank’s accounting policies and that have the most significant effect on the amounts recognized in consolidated financial statements:

Business Model Evaluation

The classification and measurement of financial assets depends on the results of the principal and interest payments test results and business model testing. The Bank defines a business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment that reflects all relevant evidence including how the asset's performance is evaluated and measured, the risks that affect the performance of the 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 that are derecognized prior to maturity to understand why they have been derecognized and whether the reasons are consistent with the objective of the business being retained. Monitoring is part of the Group's ongoing assessment of whether the business model under which the remaining financial assets are held is appropriate and, if not, whether there has been a change in the business model and therefore a future change to the classification of those assets is introduced.

Significant increase in credit risk

The expected credit loss is measured as a provision equal to the expected credit loss for a period of (12) months for the assets of the first stage, or the credit loss over the life of the assets of the second stage or the third stage. The asset moves to stage 2 if the credit risk has increased significantly since initial recognition. IFRS 9 does not specify what constitutes a significant increase in credit risk. In assessing whether the credit risk of any of the assets has increased significantly, the Bank considers quantitative and qualitative information that is reasonable and supportable. The estimates used by the bank’s management related to the significant change in credit risk that lead to a change in rating within the three stages (1, 2 and 3) are detailed in the notes to the consolidated financial statements.

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 on the basis of 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 the notes to the consolidated financial statements. 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 consolidated 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 consolidated 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 Level 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 consolidated 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 make adjustments for a number of factors, such as bid differences, credit status, portfolio service costs, and uncertainty about the model.

Determining the duration of the lease
When determining the duration of the lease, management takes into account all the facts and circumstances that create an economic incentive for the extension option, or no termination option. Extension options (or periods following termination options) are included only in the lease term if the lease is reasonably certain to be extended (or not terminated). The evaluation is reviewed in the event of a significant event or significant change in the circumstances affecting this assessment that are under the control of the tenant.

<u>The main sources of uncertainty estimates</u>
The following are the key estimates made by management in the process of applying the Bank's accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements:

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, taking into account 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.

Provision for expected credit losses
Management is required to use significant judgments and estimates to estimate the amounts and timing of future cash flows and assess the risks of a significant increase in credit risks for financial assets after initial recognition and future measurement information for the expected credit losses. The most important policies and estimates used by the Bank's management are detailed in the notes to the consolidated financial statements.

Decline in the value of owned property
The decline in the value of owned property is recorded based on recent real estate appraisals approved by accredited appraisers for the purposes of calculating the decline in the value of the asset, and this decline 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 consolidated statement of profit or loss 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.

Litigation 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.

Assets and liabilities at cost
Management periodically reviews the assets and liabilities at cost for estimating any impairment in value, which is recognized in the consolidated statement of profit or loss for the year.

Extension and termination options in leases
Extension and termination options are included in a number of leases. These terms are used to increase operational flexibility in terms of contract management, and most of the retained extension and termination options are renewable by both the bank and the lessor.

Discounting of lease payments
Leasing payments are deducted using the Bank's additional borrowing rate ("IBR"). The Administration applied the provisions and estimates to determine the additional borrowing rate at the start of the lease.

5. Cash and Balances with Central Banks
This item consists of the following:

	December 31,	
	2023	**2022**
	JD	**JD**
Cash at vaults	86,111,540	80,763,969
Balances at Central Banks:		
- Current accounts and demand deposits	205,101,939	104,720,998
- Term and notice deposits	312,817,999	295,697,005
- Certificates of deposit	158,289,763	94,007,000
- Cash reserve required	106,410,620	98,842,399
Balances at Central Banks	**782,620,321**	**593,267,402**
Less: Expected credit loss	(293,302)	(206,907)
Balances at Central Banks - Net	**782,327,019**	**593,060,495**
Total	**868,438,559**	**673,824,464**

The balances were distrbuted according to the credit stages as follows:

	As of December 31, 2023				As of December 31, 2022
Item	**Stage One**	**Stage Two**	**Stage Three**	**Total**	**Total**
	JD	**JD**	**JD**	**JD**	**JD**
Balance at the beginning of the year	593,267,402	-	-	593,267,402	300,376,491
New balances during the year	214,708,917	-	-	214,708,917	293,754,768
Setteled balances	-	-	-	-	-
	807,976,319	**-**	**-**	**807,976,319**	**594,131,259**
Transferred to stage one	-	-	-	-	-
Transferred to stage two	-	-	-	-	-
Transferred to stage three	-	-	-	-	-
Changes due to the adjustments	6,330,863	-	-	6,330,863	6,060,102
Adjustments due to exchange rates fluctuations	(31,686,861)	-	-	(31,686,861)	(6,923,959)
Balance at the End of the Year	**782,620,321**	**-**	**-**	**782,620,321**	**593,267,402**

Distribution of the total balances with central banks according to the Banks internal credit rating categories was as follows:

Item	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	Total
Credit risk rating based on the Bank's internal credit rating system:	JD	JD	JD	JD	JD	JD	JD
1	611,039,837	-	-	-	-	611,039,837	528,876,870
2	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-
5	-	-	-	-	-	-	-
6	171,580,484	-	-	-	-	171,580,484	64,390,532
7	-	-	-	-	-	-	-
8	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-
Total	**782,620,321**	**-**	**-**	**-**	**-**	**782,620,321**	**593,267,402**

- The expected credit loss allowance movement summary was as follows:

Item	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	206,907	-	-	-	-	206,907	117,663
Expected credit loss on new balances during the year	102,213	-	-	-	-	102,213	10,673
Expected credit loss reversal on Paid balances	(2,147)	-	-	-	-	(2,147)	-
	306,973	**-**	**-**	**-**	**-**	**306,973**	**128,336**
Transferred to stage one	-	-	-	-	-	-	-
Transferred to stage two	-	-	-	-	-	-	-
Transferred to stage three	-	-	-	-	-	-	-
Changes due to the adjustments	(17,389)	**-**	**-**	**-**	**-**	**(17,389)**	**84,751**
Adjustments due to exchange rates fluctuations	3,718	-	-	-	-	3,718	(6,180)
Balance at the End of the Year	**293,302**	**-**	**-**	**-**	**-**	**293,302**	**206,907**

- Statutory cash reserve, amounted to JD 106,410,620 as of December 31, 2023 (JD 98,842,399 as of December 31, 2022).

- Restricted balances other than cash reserve amounted to JD 2,182,999 as of December 31, 2023 (JD 19,951,005 as of December 31, 2022).

- Term and notice Deposit balance includes JD 10,635,000 as December 31, 2023 (JD 10,635,000 maturing within a period exceeding three months as of December 31, 2022).

- Expected credit losses allowance was not calculated in accordance with the requirements of the International Financial Reporting Standard (9) on the Central Bank of Jordan balances as at December 31, 2023 and 2022 that is in accordance with the Central Bank of Jordan Instructions No.13/2018 dated June 6, 2018, regarding the application of International Financial Reporting Standard No. (9).

6. Balances at Banks and Financial Institutions - Net

This item consists of the following:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	As of December 31,					
	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	-	-	60,189,408	56,901,613	60,189,408	56,901,613
Deposits maturing within 3 months or less	54,725,000	67,090,000	27,707,000	26,852,893	82,432,000	93,942,893
Total balances at bank and financial institutions	**54,725,000**	**67,090,000**	**87,896,408**	**83,754,506**	**142,621,408**	**150,844,506**
Less: Expected credit loss	(127)	(189)	(70,070)	(105,583)	(70,197)	(105,772)
Total	**54,724,873**	**67,089,811**	**87,826,338**	**83,648,923**	**142,551,211**	**150,738,734**

Distribution of the total balances with banks and financial institutions according to the banks internal credit rating categories was as follows:

Item	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	Total
Credit risk rating based on the Bank's internal credit rating system:	JD	JD	JD	JD	JD	JD	JD
1	-	-	-	-	-	-	-
2	51,821,177	-	-	-	-	51,821,177	35,011,400
3	50,492,698	-	-	-	-	50,492,698	82,087,455
4	31,354,839	-	-	-	-	31,354,839	19,597,122
5	271,376	-	-	-	-	271,376	5,957,895
6	8,582,036	-	-	-	-	8,582,036	8,091,856
7	-	-	-	-	-	-	-
8	-	-	-	-	-	-	97,973
9	-	-	-	-	-	-	-
10	-	-	-	-	99,282	99,282	805
Total	**142,522,126**	**-**	**-**	**-**	**99,282**	**142,621,408**	**150,844,506**

Balances at Banks' and financial institutions credit stages distribution was as follows:

Item	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	150,745,728	-	-	-	98,778	150,844,506	136,007,374
Impairment loss for new balances during the year	73,774,138	-	-	-	1,159	73,775,297	103,244,411
Setteled Balances	(66,857,510)	-	-	-	(42)	(66,857,552)	(43,418,669)
	157,662,356	**-**	**-**	**-**	**99,895**	**157,762,251**	195,833,116
Transferred to Stage One	-	-	-	-	-	-	-
Transferred to Stage Two	-	-	-	-	-	-	-
Transferred to Stage Three	-	-	-	-	-	-	-
Impact on allowance - at year end due to adjustments among stages during the year	-	-	-	-	-	-	-
Changes due to adjustments	(8,806,460)	-	-	-	-	(8,806,460)	(43,824,798)
Adjustment due to exchange rates fluctuations	(6,333,770)	-	-	-	(613)	(6,334,383)	(1,163,812)
Balance at the End of the Year	**142,522,126**	**-**	**-**	**-**	**99,282**	**142,621,408**	**150,844,506**

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

Item	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	6,995	-	-	-	98,777	105,772	5,194
Credit loss on new balances during the year	5,226	-	-	-	479	5,705	105,671
Expected credit loss reversal- Paid balances	(193)	-	-	-	(36,263)	(36,456)	(4,286)
	12,028	**-**	**-**	**-**	**62,993**	**75,021**	**106,579**
Transferred to Stage One	-	-	-	-	-	-	-
Transferred to Stage Two	-	-	-	-	-	-	-
Transferred to Stage Three	-	-	-	-	-	-	-
Impact on allowance - at year end due to adjustments among stages during the year	-	-	-	-	-	-	-
Changes due to adjustments	(65)	-	-	-	-	(65)	41
Adjustment due to exchange rates fluctuations	(4,146)	-	-	-	(613)	(4,759)	(848)
Balance at the End of the Year	**7,817**	**-**	**-**	**-**	**62,380**	**70,197**	**105,772**

- Non-interest bearing balances at banks and financial institutions amounted to JD 34,583,213 as of December 31, 2023 (JD 26,329,361 as of December 31, 2022).

- Restricted balances at banks and financial institutions amounted to JD 4,724,932 as of December 31, 2023 (JD 4,602,068 as of December 31, 2022).

7.Deposits with Banks and Financial Institutions - Net

This item consists of the following:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD
Deposits maturing within 3 to 6 months	-	-	280,000	940,000	280,000	940,000
Deposits maturing within 6 to 9 months	-	-	112,000	-	112,000	-
Deposits maturing within 9 months to a year	-	-	56,000	-	56,000	-
Deposits maturing after 1 year	-	-	-	-	-	-
Total deposits with banks and financial institutions	**-**	**-**	**448,000**	**940,000**	**448,000**	**940,000**
Less: Expected credit loss	-	-	(51)	(53)	(51)	(53)
Total	-	-	**447,949**	**939,947**	**447,949**	**939,947**

Distribution of the total deposits with banks and financial institutions according to the banks internal credit rating categories was as follows:

	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
Item	**Individual Level**	**Collective Level**	**Individual Level**	**Collective Level**	**Stage Three**	**Total**	**Total**
Credit rating categories based on the Bank's rating system:							
1	-	-	-	-	-	-	-
2	448,000	-	-	-	-	448,000	940,000
3	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-
5	-	-	-	-	-	-	-
6	-	-	-	-	-	-	-
7	-					-	-
8	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-
Total	**448,000**	**-**	**-**	**-**	**-**	**448,000**	**940,000**

- Deposits with banks and financial institutions credit stages distribution was as follows:

	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
Item	**Individual Level**	**Collective Level**	**Individual Level**	**Collective Level**	**Stage Three**	**Total**	**Total**
Balance at the beginning of the year	940,000	-	-	-	-	940,000	89,282,000
New balances during the year	336,000	-	-	-	-	336,000	940,000
Settled Balances	(112,000)	-	-	-	-	(112,000)	(89,235,000)
	1,164,000	-	-	-	-	**1,164,000**	**987,000**
Transferred to Stage One	-	-	-	-	-	-	-
Transferred to Stage Two	-	-	-	-	-	-	-
Transferred to Stage Three	-	-	-	-	-	-	-
Changes due to adjustments	-	-	-	-	-	-	-
Written off- balances	-	-	-	-	-	-	-
Adjustment due to exchange rates fluctuations	(716,000)	-	-	-	-	(716,000)	(47,000)
Balance at the End of the Year	**448,000**	**-**	**-**	**-**	**-**	**448,000**	**940,000**

The movement on the expected credit loss provision was as follows:

	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
Item	**Individual Level**	**Collective Level**	**Individual Level**	**Collective Level**	**Stage Three**	**Total**	**Total**
Balance at the beginning of the year	53	-	-	-	-	53	32,523
Credit loss on new balances during the year	41	-	-	-	-	41	53
Expected credit loss reversal- Paid balances	(3)	-	-	-	-	(3)	(32,520)
	91	-	-	-	-	91	**56**
Transferred to Stage One	-	-	-	-	-	-	-
Transferred to Stage Two	-	-	-	-	-	-	-
Transferred to Stage Three	-	-	-	-	-	-	-
Changes due to adjustments	-	-	-	-	-	-	-
Adjustment due to exchange rates fluctuations	(40)	-	-	-	-	(40)	(3)
Balance at the End of the Year	**51**	**-**	**-**	**-**	**-**	**51**	**53**

There are no restricted deposits for banks and financial institutions as of December 31, 2023 and 2022.

8. Financial Assets at Fair Value through Profit or Loss

This item consists of the following:

	As of December 31,	
	2023	2022
	JD	JD
Quoted shares in local active markets	132,986	90,167
Unquoted shares in local active markets *	217,811	226,833
Right to receive financial assets at fair value **	-	15,000,000
	350,797	**15,317,000**

* The fair value for unlisted investments had been calculated in accordance with the Bank's share of the net assets of these Investments based on the latest audited financial statements for the Company in which the Bank invested.

** This item represents financial assets at fair value through profit or loss represented by a contingent right to receive financial assets that have been recognized by the bank in accordance with the requirements of International Accounting Standard no. (32) and to comply with the agreement signed on December 23, 2018 which is considered an integral part of it and related to the sale of capital assets, these assets have been evaluated at it's fair value on the date of the consolidated financial statements, which resulted in valuation profits with the same value for the year 2020.noting that the amount was collected during the first half of the year 2023.

9. Financial Assets at Fair Value through Other Comprehensive Income

This item consists of the following:

	As of December 31,	
	2023	2022
	JD	JD
Quoted shares in local active markets	5,154,157	4,022,773
Unquoted shares in local active markets*	1,634,279	2,569,171
Quoted shares in foreign active markets	8,094,956	9,162,150
Unquoted shares in foreign active markets*	79,873,069	98,026,877
Total of equity instruments	**94,756,461**	**113,780,971**
Government bonds	144,192,002	-
Total of debt instruments	**144,192,002**	**-**
Total	**238,948,463**	**113,780,971**

- Total cash dividends from financial assets at fair value through other comprehensive income amounted to JD 761,894 for the year ended December 31, 2023 (JD 664,670 for the year ended December 31, 2022).

* The fair value calculations related to the unlisted investments was based on the following methods:

- The bank's share from the net assets value for the Company in which the Bank invested based on the latest Company's audited financial statements.
- The market multiples and discounted cash flows methods which is considered one of level three methods according to the requirements of International Financial Reporting Standard No. (13).
- The observable market inputs.

Total Distribution of Debt Instruments within Financial Assets at Fair Value through Comprehensive Income by Internal Credit Rating Categories for the Bank:

As of December 31, 2023

Item	Stage 1 Individual Level JD	Stage 2 Individual Level JD	Stage 3 JD	Total JD	Total JD
Total					
Credit Rating Categories based on Internal Bank System:					-
1	144,192,002	-	-	144,192,002	-
2	-	-	-	-	-
3	-	-	-	-	-
4	-	-	-	-	-
5	-	-	-	-	-
6	-	-	-	-	-
7	-	-	-	-	-
8	-	-	-	-	-
9	-	-	-	-	-
10	-	-	-	-	-
Total	**144,192,002**	**-**	**-**	**144,192,002**	**-**

Movement on Debt Instruments within Financial Assets at Fair Value through Comprehensive Income during the Year:

As of December 31, 2023

Item	Stage 1 Individual Level JD	Stage 2 Individual Level JD	Stage 3 JD	Total JD	Total JD
Fair Value at the Beginning of the Year	-	-	-	-	-
New Investments during the Year	144,192,002	-	-	144,192,002	-
Investments Due during the Year	-	-	-	-	-
Total	144,192,002	-	-	144,192,002	-
Transferred to Stage 1	-	-	-	-	-
Transferred to Stage 2	-	-	-	-	-
Transferred to Stage 3	-	-	-	-	-
Changes Resulting from Adjustments	-	-	-	-	-
Total Balance at the End of the Year	**144,192,002**	**-**	**-**	**144,192,002**	**-**

The expected credit losses provision according to International Financial Reporting Standard (IFRS) 9 on debt instruments was not accounted for within financial assets at fair value through comprehensive income as of December 31, 2023, in accordance with the instructions

Credit Loss Allowance Calculation for Debt Instruments within Financial Assets at Fair Value through Comprehensive Income:

As of December 31, 2023

Item	Stage 1 Individual Level JD	Stage 2 Individual Level JD	Stage 3 JD	Total JD	Total JD
Total	-	-	-	-	-
Beginning of the Year	-	-	-	-	-
Impairment Loss on New Investments	-	-	-	-	-
Recovered from Impairment Loss on Due Investments	-	-	-	-	-
Transferred to Stage 1	-	-	-	-	-
Transferred to Stage 2	-	-	-	-	-
Transferred to Stage 3	-	-	-	-	-
Changes Resulting from Adjustments	-	-	-	-	-
Adjustments due to Exchange Rate Changes	-	-	-	-	-
Total Balance at the End of the Year	**-**	**-**	**-**	**-**	**-**

The Credit Loss Allowance above is not included in the Unified Financial Statements because the book value of investments in bonds at fair value through comprehensive income represents their fair value.

10. Direct Credit Facilities at amortized cost

This item consists of the following:

	December 31,	
	2023	**2022**
	JD	**JD**
Individual (Retail Customers):	**543,613,039**	**594,825,426**
Overdraft accounts	18,950,368	15,485,838
Loans and bills*	490,143,712	548,344,887
Credit cards	34,518,959	30,994,701
Real estate loans	**234,448,839**	**271,477,666**
Corporate:	**593,656,680**	**598,406,763**
Large corporate	360,784,681	355,062,498
Overdraft accounts	45,169,563	36,395,236
Loans and bills*	315,615,118	318,667,262
SMEs	232,871,999	243,344,265
Overdraft accounts	42,608,864	48,341,025
Loans and bills*	190,263,135	195,003,240
Government and public sector	**229,445,084**	**225,239,281**
Total	**1,601,163,642**	**1,689,949,136**
Less: expected credit loss provision	(152,244,689)	(162,402,875)
Less: Interest in suspense	(16,047,875)	(15,387,052)
Net Direct Credit Facilities at amortized cost	**1,432,871,078**	**1,512,159,209**

* Net of interest and commission received in advance amounting to JD 13,988,254 as of December 31, 2023 (JD 13,168,373 as of December 31, 2022).

- Stage 3 credit facilities amounted to JD 150,296,318 representing 9.4% of the direct credit facilities balance as of December 31, 2023 (JD 149,280,799 representing 8.8% as of December 31,2022).

- Stage 3 credit facilities after deducting the suspended interest amounted to JD 134,248,443 representing 8.5% of direct credit facilities after deducting the suspended interest as of December 31,2023 (JD 133,893,747 representing 8.0% as of December 31,2022).

- Credit facilities granted to and guaranteed by the Jordanian Government amounted to JD 957,567 representing 0.06% of total direct credit facilities as of December 31, 2023 (JD 1,742,800 representing 0.14% as of December 31, 2022). Moreover, credit facilities granted to the public sector in Palestine amounted to JD 52,687,587 (JD 41,115,210 as of December 31, 2022) in addition to credit facilities granted to foreign governments amounted to 27,556,405 as of December 31, 2023 (JD 33,271,260 as of December 31, 2022).

Total direct credit facilities credit stages distribution was as follows:

Item	As of December 31, 2023					
	Stage One		Stage Two			
	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	693,455,209	759,905,629	55,478,241	31,829,258	149,280,799	1,689,949,136
New facilities during the year	176,311,940	68,590,552	1,365,291	3,914,991	4,896,995	255,079,769
Facilities settled	(97,550,892)	(100,468,242)	(10,477,098)	(3,286,017)	(9,072,112)	(220,854,361)
	772,216,257	**728,027,939**	**46,366,434**	**32,458,232**	**145,105,682**	**1,724,174,544**
Transferred to Stage One	8,746,910	22,809,515	(8,746,910)	(21,771,861)	(1,037,654)	-
Transferred to Stage Two	(38,698,913)	(51,746,066)	39,022,649	52,810,619	(1,388,289)	-
Transferred to Stage Three	(267,487)	(9,550,061)	(24,982,228)	(2,181,616)	36,981,392	-
Effect as a result of classification changes between the three stages during the year	(1,154,099)	(1,661,849)	(8,153,364)	(1,581,835)	(2,197,885)	(14,749,032)
Changes due to adjustments	(15,639,612)	(51,870,917)	(1,314,493)	(164,303)	202,632	(68,786,693)
Written-off Balances and transferred off the consolidated statements of financial position	-	-	-	-	(26,290,892)	(26,290,892)
Adjustment due to exchange rates fluctuations	(11,460,460)	(296,043)	(348,094)	(1,020)	(1,078,668)	(13,184,285)
Balance at the End of the Year	**713,742,596**	**635,712,518**	**41,843,994**	**59,568,216**	**150,296,318**	**1,601,163,642**

- The movement the total expected credit loss allowance on a collective basis was as follows:

Item	As of December 31, 2023					
	Stage One		Stage Two			
	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	**3,205,580**	**3,647,762**	**25,970,008**	**4,512,884**	**125,066,641**	**162,402,875**
Credit loss on new balances during the year	14,417,182	479,754	66,217	96,062	5,688,484	20,747,699
Expected credit loss reversal of matured facilities	(261,400)	(350,954)	(14,760,485)	(100,590)	(9,578,956)	(25,052,385)
	17,361,362	**3,776,562**	**11,275,740**	**4,508,356**	**121,176,169**	**158,098,189**
Transferred to Stage One	57,899	1,410,932	(57,899)	(910,970)	(499,962)	-
Transferred to Stage Two	(261,313)	(225,249)	517,538	994,138	(1,025,114)	-
Transferred to Stage Three	(1,629)	(32,705)	(3,567,066)	(62,603)	3,664,003	-
Effect as a result of classification changes between the three stages during the year	(35,099)	(740,809)	213,951	98,890	18,263,510	17,800,443
Changes due to the adjustments	(241,104)	1,215,576	65,334	36,282	(374,927)	701,161
Written-off Balances and transferred off the consolidated statements of financial position	-	-	-	-	(23,827,346)	(23,827,346)
Adjustment due to exchange rates fluctuations	(20,790)	(3,244)	(4,494)	(714)	(498,516)	(527,758)
Balance at the End of the Year	**16,859,326**	**5,401,063**	**8,443,104**	**4,663,379**	**116,877,817**	**152,244,689**

Total direct credit facilities credit stages distribution was as follows:

	As of December 31, 2022					
	Stage One		Stage Two			
Item	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	611,018,680	760,840,231	112,095,288	29,919,114	144,312,640	1,658,185,953
New facilities during the year	119,155,621	114,503,415	3,075,520	1,564,105	4,338,495	242,637,156
Facilities settled	(87,306,834)	(82,127,211)	(13,779,957)	(2,338,248)	(8,729,123)	(194,281,373)
	642,867,467	**793,216,435**	**101,390,851**	**29,144,971**	**139,922,012**	**1,706,541,736**
Transferred to Stage One	26,203,243	23,883,822	(26,031,349)	(21,288,873)	(2,766,843)	-
Transferred to Stage Two	(13,139,278)	(27,262,092)	15,022,060	28,123,679	(2,744,369)	-
Transferred to Stage Three	(819,598)	(4,262,843)	(9,843,876)	(2,667,875)	17,594,192	-
Effect as a result of classification changes between the three stages during the year	(6,884,735)	(1,430,661)	(4,584,043)	(1,160,933)	199,750	(13,860,622)
Changes due to adjustments	46,756,171	(24,182,489)	(20,393,691)	(321,711)	(6,610)	1,851,670
Written-off Balances and transferred off the consolidated statements of financial position	-	-	-	-	(1,912,569)	(1,912,569)
Adjustment due to exchange rates fluctuations	(1,528,061)	(56,543)	(81,711)	-	(1,004,764)	(2,671,079)
Balance at the End of the Year	**693,455,209**	**759,905,629**	**55,478,241**	**31,829,258**	**149,280,799**	**1,689,949,136**

- The movement the total expected credit loss allowance on a collective basis was as follows:

	As of December 31, 2022					
	Stage One		Stage Two			
Item	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	**572,036**	**1,090,081**	**28,680,240**	**3,330,053**	**124,958,576**	**158,630,986**
Credit loss on new balances during the year	219,061	718,034	481,782	1,784,795	4,183,794	7,387,466
Expected credit loss reversal of matured facilities	(84,840)	(117,709)	(1,461,214)	(1,514,281)	(8,178,528)	(11,356,572)
	706,257	**1,690,406**	**27,700,808**	**3,600,567**	**120,963,842**	**154,661,880**
Transferred to Stage One	241,321	2,035,199	(86,039)	(144,405)	(2,046,076)	-
Transferred to Stage Two	(12,604)	(54,910)	1,618,737	605,699	(2,156,922)	-
Transferred to Stage Three	(546)	(6,886)	(56,781)	(24,479)	88,692	-
Effect as a result of classification changes between the three stages during the year	(117,832)	(2,001,987)	(1,539,296)	432,781	10,801,839	7,575,505
Changes due to the adjustments	2,391,645	1,986,417	(1,665,933)	42,721	(376,126)	2,378,724
Written-off Balances and transferred off the consolidated statements of financial position	-	-	-	-	(1,752,376)	(1,752,376)
Adjustment due to exchange rates fluctuations	(2,661)	(477)	(1,488)	-	(456,232)	(460,858)
Balance at the End of the Year	**3,205,580**	**3,647,762**	**25,970,008**	**4,512,884**	**125,066,641**	**162,402,875**

Expected credit loss allowance against credit facilities

The following is the movement on the expected credit loss allowance againts direct credit facilities:

	As of December 31, 2023					
			Corporates			
	Individual (Retail Customers)	Real Estate Loans	Large Corporate	SMEs	Government and Public sector	Total
	JD	JD	JD	JD	JD	JD
Balance – Beginning of the year	49,927,693	7,363,213	62,624,478	42,288,771	198,720	162,402,875
Impairment loss of new facilities during the year	3,498,323	854,093	14,228,831	1,349,355	817,097	20,747,699
Reversed from impairment loss on settled balances	(1,967,561)	(1,271,438)	(19,271,402)	(2,537,176)	(4,808)	(25,052,385)
	51,458,455	**6,945,868**	**57,581,907**	**41,100,950**	**1,011,009**	**158,098,189**
Effect as a result of classification changes between the three stages during the year	5,356,528	2,167,534	7,348,090	2,801,015	127,276	17,800,443
Changes due to the adjustments	1,182,487	17,807	(502,114)	(6,034)	9,015	701,161
Written-off or transferred to off balance sheet items	(202,051)	-	(18,142,774)	(5,482,521)	-	(23,827,346)
Adjustment due to exchange rates fluctuations	(39,938)	(6,057)	(406,263)	(75,500)	-	(527,758)
Balance at the End of the Year	**57,755,481**	**9,125,152**	**45,878,846**	**38,337,910**	**1,147,300**	**152,244,689**
Distributed as follow:						
Allowance on individual level	899,483	2,056,225	45,804,185	37,924,101	1,147,300	87,831,294
Allowance on collective level	56,855,998	7,068,927	74,661	413,809	-	64,413,395
Balance at the End of the Year	**57,755,481**	**9,125,152**	**45,878,846**	**38,337,910**	**1,147,300**	**152,244,689**

	As of December 31, 2022					
			Corporates			
	Individual (Retail Customers)	Real Estate Loans	Large Corporate	SMEs	Government and Public sector	Total
	JD	JD	JD	JD	JD	JD
Balance – Beginning of the year	44,206,303	9,037,978	66,446,361	38,768,162	172,182	158,630,986
Impairment loss of new facilities during the year	4,745,387	674,791	958,300	915,992	92,996	7,387,466
Reversed from impairment loss on settled balances	(3,677,029)	(1,600,159)	(2,287,659)	(3,788,257)	(3,468)	(11,356,572)
	45,274,661	**8,112,610**	**65,117,002**	**35,895,897**	**261,710**	**154,661,880**
Effect as a result of classification changes between the three stages during the year	2,719,714	(971,289)	(74,105)	5,901,185	-	7,575,505
Changes due to the adjustments	2,040,868	223,768	(673,129)	850,207	(62,990)	2,378,724
Written-off or transferred to off balance sheet items	(71,194)	-	(1,663,398)	(17,784)	-	(1,752,376)
Adjustment due to exchange rates fluctuations	(36,356)	(1,876)	(81,892)	(340,734)	-	(460,858)
Balance at the End of the Year	**49,927,693**	**7,363,213**	**62,624,478**	**42,288,771**	**198,720**	**162,402,875**
Distributed as follow:						
Allowance on individual level	154,609	930,917	62,527,064	41,891,618	198,720	105,702,928
Allowance on collective level	49,773,084	6,432,296	97,414	397,153	-	56,699,947
Balance at the End of the Year	**49,927,693**	**7,363,213**	**62,624,478**	**42,288,771**	**198,720**	**162,402,875**

The following are the details for each business segment :

A) Individual Portfolio (Retail)

Item	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	Total
Credit risk rating based on the Bank's internal credit rating system:	JD	JD	JD	JD	JD	JD	JD
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-
4	261,373	-	-	-	-	261,373	1,034,912
5	2,293,460	-	-	-	-	2,293,460	2,015,982
6	191,512	-	107,735	-	-	299,247	693,884
7	-	-	-	-	-	-	-
8	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-
10	-	-	-	-	1,482,578	1,482,578	641,881
Unclassified	-	450,228,021	-	36,073,944	52,974,416	539,276,381	590,438,767
Total	**2,746,345**	**450,228,021**	**107,735**	**36,073,944**	**54,456,994**	**543,613,039**	**594,825,426**

Related Facilities Movement Disclosure:

Item	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	3,729,609	519,813,852	15,169	24,153,092	47,113,704	594,825,426	596,242,926
New facilities during the year	273,821	59,187,051	61,918	3,519,116	1,951,024	64,992,930	85,085,684
Facilities setteled	(376,983)	(68,863,253)	-	(2,074,213)	(1,945,340)	(73,259,789)	(68,757,536)
	3,626,447	**510,137,650**	**77,087**	**25,597,995**	**47,119,388**	**586,558,567**	**612,571,074**
Transferred to Stage One	-	18,144,108	-	(17,450,614)	(693,494)	-	-
Transferred to Stage Two	(50,198)	(30,256,813)	50,197	30,969,171	(712,357)	-	-
Transferred to Stage Three	-	(7,512,274)	(15,169)	(1,214,880)	8,742,323	-	-
The as a result of a change in classification between the three stages during the year	-	(1,560,296)	(4,380)	(1,658,020)	262,836	(2,959,860)	(1,669,923)
Changes due to the adjustments	(829,904)	(38,599,754)	-	(168,875)	7,157	(39,591,376)	(15,971,102)
Written-off or transferred to off balance sheet items	-	-	-	-	(253,197)	(253,197)	(86,788)
Adjustments due to changes in exchange rates	-	(124,600)	-	(833)	(15,662)	(141,095)	(17,835)
Total Balance at the End of the Year	**2,746,345**	**450,228,021**	**107,735**	**36,073,944**	**54,456,994**	**543,613,039**	**594,825,426**

Expected credit loss allowance movement:

Item	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	7,103	3,386,605	798	4,397,952	42,135,235	49,927,693	44,206,303
Impairment Loss of new balances during the year	194	461,331	882	89,564	2,946,352	3,498,323	4,745,387
Recoveries from impairment loss on facilities due	(1,646)	(316,176)	-	(77,965)	(1,571,774)	(1,967,561)	(3,677,029)
	5,651	**3,531,760**	**1,680**	**4,409,551**	**43,509,813**	**51,458,455**	**45,274,661**
Transferred to Stage One	-	1,307,713	-	(851,878)	(455,835)	-	-
Transferred to Stage Two	-	(211,851)	-	860,690	(648,839)	-	-
Transferred to Stage Three	-	(30,465)	(798)	(49,455)	80,718	-	-
The as a result of a change in classification between the three stages during the year	-	(652,803)	-	36,789	5,972,542	5,356,528	2,719,714
Changes due to the adjustments	(3,058)	1,151,813	-	33,715	17	1,182,487	2,040,868
Written-off or transferred to off balance sheet items	-	-	-	-	(202,051)	(202,051)	(71,194)
Adjustments due to changes in exchange rates	-	(1,734)	-	(664)	(37,540)	(39,938)	(36,356)
Total Balance at the End of the Year	**2,593**	**5,094,433**	**882**	**4,438,748**	**48,218,825**	**57,755,481**	**49,927,693**

B) Real Estate Loan Portfolio

Item	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	Total
Credit risk rating categories based on the Bank's internal credit rating system:	JD	JD	JD	JD	JD	JD	JD
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	55,295
3	667,110	-	-	-	-	667,110	374,193
4	2,711,155	-	-	-	-	2,711,155	2,162,048
5	5,238,859	-	1,066,892	-	-	6,305,751	4,966,087
6	1,108,531	-	1,834,954	-	-	2,943,485	3,489,626
7	-	-	105,695	-	-	105,695	4,796,403
8	-	-	-	-	2,692,149	2,692,149	6,083
9	-	-	-	-	-	-	-
10	-	-	-	-	1,576,832	1,576,832	744,911
Unclassified	-	181,214,989	-	23,416,538	12,815,135	217,446,662	254,883,020
Total	**9,725,655**	**181,214,989**	**3,007,541**	**23,416,538**	**17,084,116**	**234,448,839**	**271,477,666**

Related facilities movement disclosure:

Item	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	10,863,054	236,480,554	4,980,598	7,476,233	11,677,227	271,477,666	273,211,954
New facilities during the year	4,791,578	8,241,971	-	395,875	335,681	13,765,105	33,858,517
Facilities setteled	(2,589,115)	(31,489,871)	(170,773)	(1,195,954)	(1,155,929)	(36,601,642)	(24,722,278)
	13,065,517	**213,232,654**	**4,809,825**	**6,676,154**	**10,856,979**	**248,641,129**	**282,348,193**
Transferred to Stage One	62,586	4,590,648	(62,586)	(4,246,488)	(344,160)	-	-
Transferred to Stage Two	(2,027,454)	(21,488,592)	2,027,454	21,840,787	(352,195)	-	-
Transferred to Stage Three	-	(2,037,787)	(4,747,239)	(948,602)	7,733,628	-	-
The effect as a result of a change in classification between the three stages during the year	(10,481)	(91,838)	980,087	75,854	(801,229)	152,393	(709,230)
Changes due to the adjustments	(1,007,608)	(12,818,653)	-	19,020	2,030	(13,805,211)	(10,035,213)
Written-off or transferred to off balance sheet items	-	-	-	-	-	-	-
Adjustments due to changes in exchange rates	(356,905)	(171,443)	-	(187)	(10,937)	(539,472)	(126,084)
Total Balance at the End of the Year	**9,725,655**	**181,214,989**	**3,007,541**	**23,416,538**	**17,084,116**	**234,448,839**	**271,477,666**

Expected credit loss allowance movement:

Item	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	44,412	183,198	304,459	114,510	6,716,634	7,363,213	9,037,978
Impairment Loss of new balances during the year	5,624	15,190	26,425	6,498	800,356	854,093	674,791
Recoveries from impairment loss on facilities due	(20,555)	(34,762)	(16,407)	(22,622)	(1,177,092)	(1,271,438)	(1,600,159)
	29,481	**163,626**	**314,477**	**98,386**	**6,339,898**	**6,945,868**	**8,112,610**
Transferred to Stage One	127	103,118	(127)	(58,991)	(44,127)	-	-
Transferred to Stage Two	(5,365)	(13,388)	5,365	133,438	(120,050)	-	-
Transferred to Stage Three	-	(2,240)	(287,927)	(13,114)	303,281	-	-
The effect as a result of a change in classification between the three stages during the year	(21)	(87,944)	21,774	61,988	2,171,737	2,167,534	(971,289)
Changes due to the adjustments	(4,639)	19,699	-	2,747	-	17,807	223,768
Written-off or transferred to off balance sheet items	-	-	-	-	-	-	-
Adjustments due to changes in exchange rates	(644)	(1,510)	-	(50)	(3,853)	(6,057)	(1,876)
Total Balance at the End of the Year	**18,939**	**181,361**	**53,562**	**224,404**	**8,646,886**	**9,125,152**	**7,363,213**

C) Large corporates portfolio:

Item	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Credit risk rating categories based on the Bank's internal credit rating system:							
1	-	-	-	-	-	-	-
2	7,518,463	-	-	-	-	7,518,463	11,883,305
3	14,234,625	-	-	-	-	14,234,625	33,228,275
4	208,502,739	-	6,189,570	-	-	214,692,309	132,397,177
5	60,155,709	-	-	-	-	60,155,709	81,731,390
6	20,220,846	-	735,727	-	-	20,956,573	42,087,166
7	-	-	7,260,592	-	-	7,260,592	5,672,990
8	-	-	-	-	1,771,428	1,771,428	1,220,464
9	-	-	-	-	43,683	43,683	-
10	-	-	-	-	34,063,253	34,063,253	46,636,022
Unclassified	-	-	-	-	88,046	88,046	205,709
Total	**310,632,382**	**-**	**14,185,889**	**-**	**35,966,410**	**360,784,681**	**355,062,498**

Related facilities movement disclosure:

Item	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	281,235,421	45,535	25,764,882	-	48,016,660	355,062,498	323,849,300
New facilities during the year	103,913,718	-	1,283,773	-	1,608,036	106,805,527	96,929,758
Facilities setteled	(39,815,417)	(45,535)	(8,616,975)	-	(2,465,669)	(50,943,596)	(64,619,241)
	345,333,722	**-**	**18,431,680**	**-**	**47,159,027**	**410,924,429**	**356,159,817**
Transferred to Stage One	4,907,834	-	(4,907,834)	-	-	-	-
Transferred to Stage Two	(20,186,948)	-	20,186,948	-	-	-	-
Transferred to Stage Three	(25,249)	-	(10,112,063)	-	10,137,312	-	-
The effect as a result of a change in classification between the three stages during the year	(166,661)	-	(8,547,159)	-	(644,464)	(9,358,284)	(5,180,879)
Changes due to the adjustments	(8,416,317)	-	(527,649)	-	193,445	(8,750,521)	8,167,521
Written-off or transferred to off balance sheet items	-	-	-	-	**(19,903,048)**	(19,903,048)	(1,663,398)
Adjustments due to changes in exchange rates	(10,813,999)	-	(338,034)	-	(975,862)	(12,127,895)	(2,420,563)
Total Balance at the End of the Year	**310,632,382**	**-**	**14,185,889**	**-**	**35,966,410**	**360,784,681**	**355,062,498**

Expected credit loss allowance movement:

Item	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	2,516,119	1	16,751,345	-	43,357,013	62,624,478	66,446,361
Impairment Loss of new balances during the year	13,466,191	-	38,449	-	724,191	14,228,831	958,300
Recoveries from impairment loss on facilities due	(188,981)	(1)	(14,700,671)	-	(4,381,749)	(19,271,402)	(2,287,659)
	15,793,329	**-**	**2,089,123**	**-**	**39,699,455**	**57,581,907**	**65,117,002**
Transferred to Stage One	21,904	-	(21,904)	-	-	-	-
Transferred to Stage Two	(109,621)	-	109,621	-	-	-	-
Transferred to Stage Three	(56)	-	(2,019,287)	-	2,019,343	-	-
The effect as a result of a change in classification between the three stages during the year	(13,180)	-	(49,093)	-	7,410,363	7,348,090	(74,105)
Changes due to the adjustments	(230,404)	-	103,234	-	(374,944)	(502,114)	(673,129)
Written-off or transferred to off balance sheet items	-	-	-	-	**(18,142,774)**	(18,142,774)	(1,663,398)
Adjustments due to changes in exchange rates	(19,613)	-	(4,419)	-	(382,231)	(406,263)	(81,892)
Total Balance at the End of the Year	**15,442,359**	**-**	**207,275**	**-**	**30,229,212**	**45,878,846**	**62,624,478**

D) SME's portfolio:

	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
Item	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Credit risk rating categories based on the Bank's internal credit rating system:							
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	99,869
3	1,356,736	-	-	-	-	1,356,736	3,416,911
4	43,674,358	-	1,100,669	-	-	44,775,027	77,435,574
5	76,800,433	-	307,223	-	-	77,107,656	60,684,066
6	46,447,362	-	3,016,610	-	-	49,463,972	40,033,916
7	-	-	13,032,568	-	-	13,032,568	15,435,100
8	-	-	-	-	2,238,617	2,238,617	1,112,153
9	-	-	-	-	-	-	9,427,341
10	-	-	-	-	40,068,743	40,068,743	31,424,520
Unclassified	-	4,269,508	-	77,734	481,438	4,828,680	4,274,815
Total	**168,278,889**	**4,269,508**	**17,457,070**	**77,734**	**42,788,798**	**232,871,999**	**243,344,265**

Related facilities movement disclosure:

	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
Item	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	172,387,844	3,565,688	24,717,592	199,933	42,473,208	243,344,265	258,584,126
New facilities during the year	38,913,781	1,161,530	19,600	-	1,002,254	41,097,165	14,719,165
Facilities setteled	(49,806,377)	(69,583)	(1,689,350)	(15,850)	(3,505,174)	(55,086,334)	(25,543,111)
	161,495,248	**4,657,635**	**23,047,842**	**184,083**	**39,970,288**	**229,355,096**	**247,760,180**
Transferred to Stage One	3,776,490	74,759	(3,776,490)	(74,759)	-	-	-
Transferred to Stage Two	(9,353,281)	(661)	9,677,018	661	(323,737)	-	-
Transferred to Stage Three	(242,238)	-	(10,107,757)	(18,134)	10,368,129	-	-
The effect as a result of a change in classification between the three stages during the year	(976,957)	(9,715)	(586,639)	331	(1,015,028)	(2,588,008)	(6,300,590)
Changes due to the adjustments	13,869,183	(452,510)	(786,844)	(14,448)	-	12,615,381	2,153,655
Written-off or transferred to off balance sheet items	-	-	-	-	(6,134,647)	(6,134,647)	(162,383)
Adjustments due to changes in exchange rates	(289,556)	-	(10,060)	-	(76,207)	(375,823)	(106,597)
Total Balance at the End of the Year	**168,278,889**	**4,269,508**	**17,457,070**	**77,734**	**42,788,798**	**232,871,999**	**243,344,265**

Expected credit loss allowance movement:

	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
Item	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	439,226	77,958	8,913,406	422	32,857,759	42,288,771	38,768,162
Impairment Loss of new balances during the year	128,076	3,233	461	-	1,217,585	1,349,355	915,992
Recoveries from impairment loss on facilities due	(45,410)	(15)	(43,407)	(3)	(2,448,341)	(2,537,176)	(3,788,257)
	521,892	**81,176**	**8,870,460**	**419**	**31,627,003**	**41,100,950**	**35,895,897**
Transferred to Stage One	35,868	101	(35,868)	(101)	-	-	-
Transferred to Stage Two	(58,138)	(10)	314,363	10	(256,225)	-	-
Transferred to Stage Three	(1,573)	-	(1,259,054)	(34)	1,260,661	-	-
The effect as a result of a change in classification between the three stages during the year	(21,898)	(62)	113,994	113	2,708,868	2,801,015	5,901,185
Changes due to the adjustments	(12,018)	44,064	(37,900)	(180)	-	(6,034)	850,207
Written-off or transferred to off balance sheet items	-	-	-	-	(5,482,521)	(5,482,521)	(17,784)
Adjustments due to changes in exchange rates	(533)	-	(75)	-	(74,892)	(75,500)	(340,734)
Total Balance at the End of the Year	**463,600**	**125,269**	**7,965,920**	**227**	**29,782,894**	**38,337,910**	**42,288,771**

E) Government and the Public Sector portfolio :

Item	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Credit risk rating categories based on the Bank's internal credit rating system:							
1	149,201,092	-	-	-	-	149,201,092	150,852,811
2	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-
5	20,470,646	-	-	-	-	20,470,646	21,227,228
6	52,687,587	-	-	-	-	52,687,587	53,159,242
7	-	-	7,085,759	-	-	7,085,759	-
8	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-
Unclassified	-	-	-	-	-	-	-
Total	**222,359,325**	**-**	**7,085,759**	**-**	**-**	**229,445,084**	**225,239,281**

Credit facilities movement disclosure:

Item	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	225,239,281	-	-	-	-	225,239,281	206,297,647
New facilities during the year	28,419,042	-	-	-	-	28,419,042	12,044,032
Facilities setteled	(4,963,000)	-	-	-	-	(4,963,000)	(10,639,207)
	248,695,323	-	-	**-**	**-**	**248,695,323**	**207,702,472**
Transferred to Stage One	-	-	-	-	-	-	-
Transferred to Stage Two	(7,081,032)	-	7,081,032	-	-	-	-
Transferred to Stage Three	-	-	-	-	-	-	-
The effect as a result of a change in classification between the three stages during the year	-	-	4,727	-	-	4,727	-
Changes due to the adjustments	(19,254,966)	-	-	-	-	(19,254,966)	17,536,809
Written-off or transferred to off balance sheet items	-	-	-	-	-	-	-
Adjustments due to changes in exchange rates	-	-	-	-	-	-	-
Total Balance at the End of the Year	**222,359,325**	**-**	**7,085,759**	**-**	**-**	**229,445,084**	**225,239,281**

Expected credit loss allowance movement:

Item	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	198,720	-	-	-	-	198,720	172,182
Impairment Loss of new balances during the year	817,097	-	-	-	-	817,097	92,996
Recoveries from impairment loss on facilities due	(4,808)	-	-	-	-	(4,808)	(3,468)
	1,011,009	**-**	**-**	**-**	**-**	**1,011,009**	**261,710**
Transferred to Stage One	-	-	-	-	-	-	-
Transferred to Stage Two	(88,189)	-	88,189	-	-	-	-
Transferred to Stage Three	-	-	-	-	-	-	-
The effect as a result of a change in classification between the three stages during the year	-	-	127,276	-	-	127,276	-
Changes due to the adjustments	9,015	-	-	-	-	9,015	(62,990)
Written-off or transferred to off balance sheet items	-	-	-	-	-	-	-
Adjustments due to changes in exchange rates	-	-	-	-	-	-	-
Total Balance at the End of the Year	**931,835**	**-**	**215,465**	**-**	**-**	**1,147,300**	**198,720**

Interest in Suspense:

The following is the movement on the interest in suspense:

	As of December 31, 2023				
			Corporates		
	Individual Retail) (Customers	Real Estate Loans	Large Corporate Customers	SMEs	Total
	JD	JD	JD	JD	JD
Balance at the Beginning of the Year	2,421,522	2,183,241	4,799,075	5,983,214	15,387,052
Add: Interest suspended during the year	455,256	760,610	2,085,128	1,591,218	4,892,212
Less: Interest in suspense reversed to revenues	(121,768)	(148,785)	(70,453)	(185,034)	(526,040)
Translation differences	(3,848)	(7,107)	(214,245)	(48,140)	(273,340)
Written off or transferred to off balance sheet items	(50,992)	-	(2,728,900)	(652,117)	(3,432,009)
Balance at the End of the Year	**2,700,170**	**2,787,959**	**3,870,605**	**6,689,141**	**16,047,875**

	As of December 31, 2022				
			Corporates		
	Individual Retail) (Customers	Real Estate Loans	Large Corporate Customers	SMEs	Total
	JD	JD	JD	JD	JD
Balance at the Beginning of the Year	2,280,404	2,013,231	3,598,390	5,548,249	13,440,274
Add: Interest suspended during the year	322,835	506,362	1,362,171	1,169,817	3,361,185
Less: Interest in suspense reversed to revenues	(169,168)	(334,207)	(116,483)	(486,195)	(1,106,053)
Translation differences	3,045	(2,145)	(45,003)	(104,058)	(148,161)
Written off or transferred to off balance sheet items	(15,594)	-	-	(144,599)	(160,193)
Balance at the End of the Year	**2,421,522**	**2,183,241**	**4,799,075**	**5,983,214**	**15,387,052**

Direct credit facilities are distributed in accordance with geographical distribution and economic sectors as following:

			Total	
			As of December 31,	
	Inside the Kingdom	Outside the Kingdom	2023	2022
	JD	JD	JD	JD
Financial	4,656,885	4,809,522	9,466,407	25,560,090
Industrial	130,526,621	22,404,209	152,930,830	170,130,175
Trading	210,583,497	78,518,119	289,101,616	267,549,471
Real estate	213,652,512	20,796,327	234,448,839	271,477,666
Constructions	20,098,232	12,140,310	32,238,542	25,965,995
Agriculture	9,587,294	7,366,480	16,953,774	14,082,509
Tourism, restaurants and public facilities	25,141,572	55,176,361	80,317,933	81,457,123
Shares	13,697,616	-	13,697,616	14,757,319
Individuals	443,632,435	98,930,566	542,563,001	593,729,507
Government and public sector	149,201,092	80,243,992	229,445,084	225,239,281
Total	**1,220,777,756**	**380,385,886**	**1,601,163,642**	**1,689,949,136**

11. Financial Assets at Amortized Cost - Net

This item consists of the following:

	December 31, 2023	December 31, 2022
	JD	JD
Quoted Financial Assets		
Governmental bonds and bills guaranteed by the Government	117,982,301	145,357,652
Corporates and banks bonds and debentures	19,399,922	32,587,705
Foreign governmental bonds	10,672,547	17,780,250
Total financial assets quoted in the market	**148,054,770**	**195,725,607**
Unquoted Financial Assets		
Corporate bonds and debentures	16,307,000	41,307,000
Total financial assets unquoted in the market	**16,307,000**	**41,307,000**
Total Financial Assets at Amortized Cost	**164,361,770**	**237,032,607**
Less: Allowance for expected credit loss	(235,121)	(372,177)
Net financial assets at amortized cost	**164,126,649**	**236,660,430**

Analysis of bonds and bills:

	December 31, 2023	December 31, 2022
	JD	JD
Financial assets with fixed-interest rate	164,361,770	232,032,607
Financial assets with floating interest rate	-	5,000,000
	164,361,770	**237,032,607**

- Distribution of financial assets at amortized cost according to the Bank's internal credit rating categories as of December 31, 2023 and 2022 was as follows:

	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
Item	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	Total
1	117,982,304	-	-	-	-	117,982,304	145,357,653
2	712,949	-	-	-	-	712,949	716,683
3	712,770	-	-	-	-	712,770	2,849,198
4	2,836,000	-	-	-	-	2,836,000	2,836,000
5	24,351,757	-	-	-	-	24,351,757	60,393,052
6	7,093,342	-	-	-	-	7,093,342	24,880,021
7	-	-	10,672,648	-	-	10,672,648	-
8	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-
Total	**153,689,122**	**-**	**10,672,648**	**-**	**-**	**164,361,770**	**237,032,607**

- Financial assets at amortized cost credit stages distribution was as follows:

Item	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance – Beginning of the year	237,032,607	-	-	-	-	237,032,607	384,307,200
New investment during the year	19,477,690	-	-	-	-	19,477,690	86,154,943
Matured investments	(91,970,144)	-	-	-	-	(91,970,144)	(232,770,851)
	164,540,153	**-**	**-**	**-**	**-**	**164,540,153**	**237,691,292**
Transferred to stage one	-	-	-	-	-	-	-
Transferred to stage two *Add Amaunt	(10,677,926)	-	10,677,926	-	-	-	-
Transferred to stage three	-	-	(5,278)	-	-	(5,278)	-
Changes resulting from adjustments	(173,105)	-	-	-	-	(173,105)	(658,685)
Balance – End of the year	**153,689,122**	**-**	**10,672,648**	**-**	**-**	**164,361,770**	**237,032,607**

- The movement on the expected credit loss provision was as follows:

Item	As of December 31, 2023				As of December 31, 2022
	Stage One	Stage Two	Stage Three	Total	Total
Balance – Beginning of the year	372,177	-	-	372,177	477,080
Credit loss on investments balances during the year	53,119	-	-	53,119	-
Expected credit loss reversal on matured investments	(122,094)	-	-	(122,094)	(47,807)
	303,202	**-**	**-**	**303,202**	**429,273**
Transferred to stage one	-	-	-	-	-
Transferred to stage two	(103,280)	103,280	-	-	-
Transferred to stage three	-	-	-	-	-
Effect as a result of classification changes between the three stages during the year	-	(11,197)	-	(11,197)	-
Changes due to adjustments	(56,884)	-	-	(56,884)	(57,096)
Balance – End of the year	**143,038**	**92,083**	**-**	**235,121**	**372,177**

The maturities of financial assets at amortized cost are as follows:

	Up to 1 Month	1 Month and Up to 3 Months	3 Months and Up to 6 Months	6 Months and Up to 1 Year	1 Year and Up to 3 Years	Over 3 Years	Total
	JD	JD	JD	JD	JD	JD	JD
December 31, 2023	17,107,450	-	11,498,654	12,092,374	46,895,681	76,767,611	**164,361,770**
December 31, 2022	-	30,165,431	13,334,463	34,999,251	48,538,443	109,995,019	**237,032,607**

12. Property and Equipment – Net

The details of this item are as follows:

	Lands	Buildings	Equipment Furniture and Fixtures	Vehicles	Computers	Decorations and Improvements	Total
For the year ended December 31, 2023	**JD**	**JD**	**JD**	**JD**	**JD**	**JD**	**JD**
Cost:							
Balance - Beginning of the year	4,672,933	19,818,306	29,099,339	1,077,619	16,195,912	29,646,292	100,510,401
Additions	793	63,414	1,157,241	69,138	3,066,575	429,012	4,786,173
(Disposals)	-	(218,123)	(448,303)	-	(1,723,289)	(267,208)	(2,656,923)
Foreign currencies differences	(17,412)	(212,504)	(137,887)	(5,274)	(92,065)	(69,311)	(534,453)
Balance - End of the year	**4,656,314**	**19,451,093**	**29,670,390**	**1,141,483**	**17,447,133**	**29,738,785**	**102,105,198**
Accumulated depreciation:							
Balance - Beginning of the year	-	7,702,308	20,269,627	889,939	11,907,954	21,773,954	62,543,782
Depreciations for the year	-	252,587	1,782,418	82,576	1,520,512	1,888,475	5,526,568
(Disposals)	-	(172,249)	(424,056)	-	(1,719,936)	(253,093)	(2,569,334)
Foreign currencies differences	-	(47,915)	(81,945)	(3,971)	(38,033)	(58,022)	(229,886)
Balance - End of the year	**-**	**7,734,731**	**21,546,044**	**968,544**	**11,670,497**	**23,351,314**	**65,271,130**
Net book value of property and equipment	4,656,314	11,716,362	8,124,346	172,939	5,776,636	6,387,471	36,834,068
Payments on acquisition of property and equipment*	-	-	258,432	-	224,470	26,512	509,414
Right of use of assets**	-	-	-	-	-	-	21,146,283
Net Property and Equipment at End of the Year	**4,656,314**	**11,716,362**	**8,382,778**	**172,939**	**6,001,106**	**6,413,983**	**58,489,765**
For the year ended December 31, 2022							
Cost:							
Balance - Beginning of the year	4,666,302	19,756,597	28,579,045	1,078,676	15,910,244	28,810,901	98,801,765
Additions	11,202	111,651	684,779	273	359,197	851,326	2,018,428
(Disposals)	-	-	(134,612)	-	(58,021)	(348)	(192,981)
Foreign currencies differences	(4,571)	(49,942)	(29,873)	(1,330)	(15,508)	(15,587)	(116,811)
Balance - End of the year	**4,672,933**	**19,818,306**	**29,099,339**	**1,077,619**	**16,195,912**	**29,646,292**	**100,510,401**
Accumulated depreciation:							
Balance - Beginning of the year	-	7,352,685	18,553,770	784,982	10,637,740	19,750,014	57,079,191
Depreciations for the year	-	361,087	1,837,421	105,896	1,306,582	2,038,552	5,649,538
(Disposals)	-	-	(103,309)	-	(28,785)	(347)	(132,441)
Foreign currencies differences	-	(11,464)	(18,255)	(939)	(7,583)	(14,265)	(52,506)
Balance - End of the year	**-**	**7,702,308**	**20,269,627**	**889,939**	**11,907,954**	**21,773,954**	**62,543,782**
Net book value of property and equipment	4,672,933	12,115,998	8,829,712	187,680	4,287,958	7,872,338	37,966,619
Payments on acquisition of property and equipment*	-	560,134	635,136	-	406,480	222,173	1,823,923
Right of use of assets**	-	-	-	-	-	-	17,768,842
Net Property and Equipment at End of the Year	**4,672,933**	**12,676,132**	**9,464,848**	**187,680**	**4,694,438**	**8,094,511**	**57,559,384**

* The financial obligations relating to the acquisition of property and equipment amounted to JD 233,600 for the year 2023, and will be settled in accordance with the contractual conditions on the purchase of these assets.

- Fully depreciated property and equipment cost amounted to JD 39,507,708 for the year 2023 (JD 36,980,475 for the year 2022).

** This item represents the effect application of IFRS (16), as follows:

	December 31,	
	2023	**2022**
	JD	**JD**
Balance - Beginning of the year	17,768,842	16,459,704
Additions	7,698,493	5,000,318
(Disposals)	(204,241)	(29,525)
(Depreciation) for the year	(4,102,373)	(3,656,931)
Foreign currencies differences	(14,438)	(4,724)
Balance - End of the year	**21,146,283**	**17,768,842**

13. Intangible Assets – Net

This item consists of computer software's amortized at an annual rate ranging from 15% to 20%, the details are as follows:

	December 31,	
	2023	2022
	JD	JD
Balance at the Beginning of the Year	7,482,126	8,012,000
Additions during the year	1,527,714	908,765
Amortization for the year	(1,598,270)	(1,435,943)
Foreign currencies differences	(14,056)	(2,696)
Balance at the End of the Year	**7,397,514**	**7,482,126**

14. Other Assets

This item consists of the following:

	December 31,	
	2023	2022
	JD	JD
Accrued interest and commission income	10,311,658	9,017,407
Prepaid expenses	2,864,657	3,180,980
Assets seized by the Bank in repayment of non-performing debts*	72,783,742	66,643,289
Clearing cheques	2,917,895	368,898
Advanced payments on the acquisition of land and real estates	2,713,303	1,990,486
Paid guarantee	247,240	240,198
Prepaid tax expenses	2,212,534	4,502,953
Financial derivatives – Note (39)	-	118,463
Accounts receivables and other debit balances	6,106,892	5,043,342
	100,157,921	**91,106,016**

* The following is the movement on the assets seized by the Bank in repayment of non-performing debts:

	Seized Assets	
	2023	2022
	JD	JD
Balance at the Beginning of the Year	76,212,320	73,140,691
Additions	6,747,690	5,245,099
Disposals	(647,398)	(2,173,470)
End of the year balance	**82,312,612**	**76,212,320**
Impairment provision of assets seized by the Bank**	(9,528,870)	(9,569,031)
Balance at the End of the Year	**72,783,742**	**66,643,289**

* The Central Bank of Jordan regulations require a disposal of these assets during a maximum period of two years from the date of foreclose. In exceptional cases, the Central Bank may extend this period to maximum two consecutive years.

** As of the beginning of the year 2015, a gradual provision was calculated for the expropriated real estate against debts that hadbeen expropriated for a period of time more than 4 years based on the Central Bank of Jordan Circular No. 4076/1/15 dated March 27, 2014 and No. 10/1/2510 dated February 14, 2017. noting that the Central Bank of Jordan has issued Circular No. 13967/1/10 on October 25, 2018, approving the extension of the circular. No. 10/1/16607 dated December 17, 2017, in which confirmed the deferred of calculating the allowance until the end of the year 2019, In accordance with the circular of the Central Bank of Jordan NO. 10/3/16234 dated October 10, 2022, the gradual provision for the seized assets was suspended, provided that the allocated provisions for the expropriated real estate in violation of the provisions of the Banking Law are maintained, and only the allocated provision is released against any of the violating real estate that are disposed of.

	December 31, 2023 JD	December 31, 2022 JD
Opening balance	9,569,031	9,729,988
Recovered from the reserve during the year	(40,161)	(160,957)
Ending balance	**9,528,870**	**9,569,031**

15. Banks and Financial Institutions' Deposits

This item consists of the following:

	December 31, 2023			December 31, 2022		
	Inside The kingdom	Outside The kingdom	Total	Inside The kingdom	Outside The kingdom	Total
	JD	JD	JD	JD	JD	JD
Current and demand accounts	-	9,964,116	9,964,116	-	9,658,839	9,658,839
Deposits maturing within 3 months	1,418,000	59,972,302	61,390,302	-	51,420,000	51,420,000
Deposits maturing within 3-6 months	-	-	-	-	235,000	235,000
Deposits maturing within 6-9 months	-	-	-	-	-	-
Deposits maturing within 9-12 months	-	-	-	-	-	-
Deposits maturing within more than a year	-	-	-	-	25,000,000	25,000,000
Total	**1,418,000**	**69,936,418**	**71,354,418**	**-**	**86,313,839**	**86,313,839**

16. Customer Deposits

Details of this item are as follows:

	December 31, 2023				
	Individuals	Corporations	SME's	Government and Public sector	Total
Description	JD	JD	JD	JD	JD
Current and demand accounts	330,357,339	41,729,628	136,270,338	6,923,984	515,281,289
Saving deposits	828,153,368	5,176	1,743,585	13,612	829,915,741
Term deposits	494,550,198	107,968,859	23,070,396	74,738,226	700,327,679
Certificates of deposits	123,085,772	-	444,251	-	123,530,023
Total	**1,776,146,677**	**149,703,663**	**161,528,570**	**81,675,822**	**2,169,054,732**

	December 31, 2022				
	Individuals	Corporations	SME's	Government and Public sector	Total
Description	JD	JD	JD	JD	JD
Current and demand accounts	353,362,755	53,345,674	99,132,184	8,285,614	514,126,227
Saving deposits	884,845,268	11,191	1,434,818	14,006	886,305,283
Term deposits	391,811,691	96,192,198	43,493,632	10,010,735	541,508,256
Certificates of deposits	74,246,025	-	110,000	-	74,356,025
Total	**1,704,265,739**	**149,549,063**	**144,170,634**	**18,310,355**	**2,016,295,791**

* The Government of Jordan and the public sector deposits inside the Kingdom amounted JD 74,554,432 equivalent to 3.44% of total deposits as of December 31, 2023 (JD 9,227,915 equivalent to 0.46% of total deposits as of December 31,2022).

* Non-interest-bearing deposits amounted to JD 683,270,673 equivalent to 31.5% of total deposits as of December 31,2023 (JD 713,861,240 equivalent to 35.40% of total deposits as of December 31,2022).

* Restricted deposits amounted to JD 22,961,742 equivalent to 1.06% of total deposits as of December 31,2023 (JD 23,248,084 equivalent to 1/15% of total deposits as of December 31, 2022).

* Dormant deposits amounted to JD 59,078,155 as of December 31,2023 (JD 55,325,971 as of December 31,2022).

17. Cash Margins

The details of this item are as follows:

	December 31, 2023	December 31, 2022
	JD	JD
Cash margins against direct credit facilities	123,571,783	89,596,155
Cash margins against indirect credit facilities	16,702,775	20,026,931
	140,274,558	**109,623,086**

18. Sundry Provisions

The details of this item are as follows:

	Beginning Balance	Provision Created During the Year	Provision Used During the Year	Foreign Currencies Differences	Ending Balance
December 31, 2023	**JD**	**JD**	**JD**	**JD**	**JD**
Provision for end-of-service indemnity	3,870,675	674,335	(362,182)	51	4,182,879
Provision for lawsuits raised against the Bank	357,275	41,101	(104,912)	-	293,464
Sundry provisions	7,390	2,669,086	-	(5,627)	2,670,849
	4,235,340	**3,384,522**	**(467,094)**	**(5,576)**	**7,147,192**
December 31, 2022					
Provision for end-of-service indemnity	4,382,980	526,067	(1,038,372)	-	3,870,675
Provision for lawsuits raised against the Bank	764,385	417,150	(824,260)	-	357,275
Sundry provisions	8,868	-	-	(1,478)	7,390
	5,156,233	**943,217**	**(1,862,632)**	**(1,478)**	**4,235,340**

19. Income Tax

A. Income tax provision:

The movement on the income tax provision was as follows:

	2023	2022
	JD	JD
Balance at the Beginning of the Year	21,497,785	20,055,494
Income tax paid	(21,300,695)	(19,413,712)
Accrued Income tax	19,050,330	20,856,003
Balance at the end of the year	**19,247,420**	**21,497,785**

- Income tax presented in the consolidated statement of profit or loss represents the following:

	2023	2022
Income tax on current year's profit	19,050,330	20,856,003
Prior years income tax	164,668	121,688
Deferred tax assets for the year	(2,821,967)	(1,929,810)
Amortization of deferred tax assets	4,511,665	1,324,374
	20,904,696	**20,372,255**

- The statutory income tax rate in Jordan is 38% for banks, noting that the legal income tax rate in Palestine in which the bank has investments and branches is 15%, and in Syria (a subsidiary company) 25% and subsidiaries in Jordan 28%.

- A final settlement has been reached with the Income and Sales Tax Department in Jordan until the end of 2018. However, for the years 2019 and 2020, a final settlement has not been reached, and they are under objection with the Tax Court of First Instance. The bank has also submitted self-assessment statements for the years 2021 and 2022 and has paid the required amounts according to the law, with no final settlement reached with the Income and Sales Tax Department for those years yet. In the opinion of management, legal advisors, and tax advisors, the bank will not incur any obligations beyond the provisions made in the financial statements.

- A final settlement has been reached with both the Income Tax Department and the Value Added Tax Department regarding the bank's business results in Palestine until the end of 2022. In the opinion of management and the tax advisor, the provisions allocated in the consolidated financial statements are sufficient to settle the tax liabilities.

- A final settlement has been reached with the Income and Sales Tax Department in Jordan regarding Tafawuq Financial Investments Company (a subsidiary) until the end of 2022, except for the year 2021. The company has submitted a self-assessment statement for the year 2021 and paid the taxes, which have not yet been reviewed by the Income and Sales Tax Department. In the opinion of the company's management and tax advisor, the provisions allocated in the consolidated financial statements are sufficient to settle the tax liabilities.

- Jordan Leasing Company (a subsidiary) has reached a final settlement with the Income and Sales Tax Department until the end of 2020. Additionally, it has submitted self-assessment statements for the years 2021 and 2022, paid the declared taxes, which have not yet been reviewed by the Income and Sales Tax Department. In the opinion of management and the tax advisor, the provisions allocated in the consolidated financial statements are sufficient to settle the tax liabilities.

- The tax due on the bank, its subsidiaries, and foreign branches has been accounted for in the consolidated financial statements for the year ending December 31, 2023. In the opinion of management and the tax advisor, these provisions are sufficient to meet the tax obligations as of that date.

The following is a summary of the reconciliation between accounting profit and taxable profit:

	2023	**2022**
	JD	**JD**
Accounting income	65,359,883	60,931,928
Income untaxable	(33,713,945)	(24,611,097)
undetectable tax expenses	30,189,264	26,135,553
Taxable profit	**61,835,202**	**62,456,384**
Income tax rate	30.8%	33.4%
Income tax accrued on the profits for the year	**19,050,330**	**20,856,003**

b. Deferred Tax Assets:

The details for this item are as follows:

	December 31, 2023					December 31, 2022
	Beginning Balance	**Amounts released**	**Additions**	**Year-end balance**	**Deferred Tax**	**Deferred Tax**
<u>Accounts included</u>	**JD**	**JD**	**JD**	**JD**	**JD**	**JD**
Deferred Tax Assets						
Provision for non-performing loans	23,952,318	800,000	-	23,152,318	8,797,881	9,101,880
Prior years' provision for non-performing loans	8,910,815	6,780,162	-	2,130,653	679,869	3,166,927
Provision for end-of-service indemnity	3,775,500	341,475	593,051	4,027,076	1,167,084	1,091,384
Interest in suspense	606,426	322,600	223,640	507,466	144,341	174,608
Provision for lawsuits raised against Bank	357,275	104,912	41,101	293,464	101,464	119,837
Provision for seized assets	9,569,031	40,161	-	9,528,870	3,380,002	3,395,263
Impairment for assets available for sale	62,831	-	-	62,831	23,876	23,876
Seized assets valuation	837,287	-	-	837,287	318,169	318,169
Expected credit loss provision	21,463,443	3,894,414	4,526,607	22,095,636	7,571,270	7,770,191
Other allocations	-	-	3,625,427	3,625,427	1,288,481	-
	69,534,926	**12,283,724**	**9,009,826**	**66,261,028**	**23,472,437**	**25,162,135**

c. Deferred Tax Liabilities:

Fair value reserve	**1,107,985**	**-**	**1,032,751**	**2,140,736**	**471,683**	**107,367**

The movement on the deferred tax assets and liabilities accounts is as follows:

	Deferred tax assets		**Deferred tax liabilities**	
	2023	**2022**	**2023**	**2022**
	JD	JD	JD	JD
Balance -Beginning of year	25,162,135	24,556,699	107,367	51,871
Addition during the year	2,821,967	1,929,810	364,316	55,496
Amortized during the year	(4,511,665)	(1,324,374)	-	-
Balance -end of year	**23,472,437**	**25,162,135**	**471,683**	**107,367**

* The rate used in calculating the deferred taxes is the effective unified rate in the country where the Bank is located.

20. Borrowed Funds

The details of this item are as follows:

December 31, 2023	Amount	Number of Installments In Total	Number of Installments The Remaining	Periodic Installments Maturity	Collaterals	Price of Borrowing Interest
	JD					
Borrowing from Central Banks*	15,519,020	24-108	1-96	Monthly	Treasury Bonds and bills	Zero -1%
Lease liabilities ***	20,731,526	1083	600	Annual	None	Average 6,72%
Total	**36,250,546**					

December 31, 2022	Amount	Number of Installments In Total	Number of Installments The Remaining	Periodic Installments Maturity	Collaterals	Price of Borrowing Interest
	JD					
Borrowing from Central Banks*	25,298,097	24-108	1-60	Monthly	Treasury Bonds and bills	Zero -1%
Borrowing from Jordan Mortgage Refinance Company**	15,000,000	1	1	One payment	Assigning real estate loans mortgage certificates in favour of the company	4.15%
Lease liabilities ***	17,376,666	953	513	Annual	None	Average 6,28%
Total	**57,674,763**					

* The above balances has been re-financed to the Bank's customers classified under small and medium seized entities and corporates with an interest rate ranging from 2% - 6.83%.

- This balance is borrowed at a fixed interest rate, and there is no borrowing at floating interest rates, non - interest bearing borrowings related to loans issued by the Central Bank of Jordan amounted to JD 7,495,250 as of December 31, 2023.

** This item represents the amount borrowed from Jordan Mortgage Refinance Company which is due in one payment within three years.

*** **Lease liabilities – Against right of use of assets – leased:**

	December 31, 2023	December 31, 2022
Maturity analysis - undiscounted contractual cash flows	**JD**	**JD**
Less than one year	4,200,790	3,617,727
Year to five years	15,897,488	12,290,281
More than five years	6,229,764	7,231,831
Total undiscounted lease liabilities	**26,328,042**	**23,139,839**
Discounted lease liabilities included in the consolidated statement of financial position	**20,731,526**	**17,376,666**
Within one year	2,228,757	1,716,420
More than one year	18,502,769	15,660,246

21. Other Liabilities

The details of this item are as follows:

	December 31,	
	2023	2022
	JD	JD
Accrued interest payable	13,059,616	8,019,551
Deferred cheques	14,010,417	8,424,527
Temporary deposits	8,302,174	6,763,075
Dividends payable	3,044,288	2,739,253
Deposits on safe boxes	176,636	174,912
Margins against sold real estate	402,240	138,095
Financial derivatives - Note (39)	145,277	-
Expected credit loss provision against indirect credit facilities **	8,682,263	8,069,724
Other liabilities*	7,918,005	12,309,522
	55,740,916	**46,638,659**

* The details of other liabilities are as follows:

	December 31,	
	2023	2022
	JD	JD
Social security deposits	312,717	310,879
Income tax deposits	492,855	320,737
Accrued expenses	6,350,089	8,094,391
Incoming transfers	265,257	301,080
Board of Directors' remuneration	55,000	55,000
Other credit balances	442,087	3,227,435
	7,918,005	**12,309,522**

*Indirect credit facilities credit stages distribution was as follows:

Item	Aa of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
	Individual	Collective	Individual	Collective	Stage Three	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance at the Beginning of the Year	395,976,362	64,065,645	11,703,169	14,863,379	10,703,066	497,311,621	455,866,692
New exposures during the year	209,267,875	9,098,649	227,897	927,633	68,455	219,590,509	45,175,309
Accrued exposures	(117,048,632)	(4,638,490)	(669,023)	(1,228,961)	(160,113)	(123,745,219)	(91,693,589)
	488,195,605	**68,525,804**	**11,262,043**	**14,562,051**	**10,611,408**	**593,156,911**	**409,348,412**
Transferred to stage one	2,708,728	9,641,474	(2,707,728)	(9,641,474)	(1,000)	-	-
Transferred to stage two	(4,348,894)	(2,953,688)	4,367,394	2,953,688	(18,500)	-	-
Transferred to stage three	(201,903)	(267,950)	(1,491,894)	(165,545)	2,127,292	-	-
Effect as a result of classification changes between the three stages during the year	14,764	603,467	(1,097,340)	(831,642)	(1,214,305)	(2,525,056)	(5,474,156)
Changes due to the adjusments	(2,115,594)	(3,898,399)	(425,277)	71,409	-	(6,367,861)	94,283,581
Adjustments due to exchange rates fluctuations	(4,273,774)	-	(815,508)	-	(66,786)	(5,156,068)	(846,216)
Balance at the End of the Year	**479,978,932**	**71,650,708**	**9,091,690**	**6,948,487**	**11,438,109**	**579,107,926**	**497,311,621**

** Total expected credit loss provision distribution against indirect credit facilities was as follows:

Item	Aa of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
	Individual	**Collective**	**Individual**	**Collective**	**Stage Three**	**Total**	**Total**
Balance at the Beginning of the Year	695,233	43,570	372,319	29,242	6,929,260	8,069,724	7,694,926
Credit loss on new exposures during the period	422,535	6,723	1,206	1,306	12,965	444,735	64,662
Impairment loss over accrued exposures	(135,945)	(2,701)	(7,179)	(2,363)	(71,625)	(219,813)	(234,605)
	981,823	**47,592**	**366,346**	**28,185**	**6,870,600**	**8,294,646**	**7,524,983**
Transferred to stage one	16,513	17,217	(16,169)	(17,217)	(344)	-	-
Transferred to stage two	(23,091)	(1,889)	25,171	1,889	(2,080)	-	-
Transferred to stage three	(1,704)	(224)	(20,243)	(901)	23,072	-	-
Effect as a result of classification changes between the three stages during the year	(3,675)	(13,879)	15,614	3,362	575,956	577,378	59,731
Changes due to the adjustments	(135,497)	(6,706)	(43,230)	(3,186)	-	(188,619)	490,881
Adjustments due to exchange rates fluctuations	(1,423)	-	(1,708)	-	1,989	(1,142)	(5,871)
Balance at the End of the Year	**833,046**	**42,111**	**325,781**	**12,132**	**7,469,193**	**8,682,263**	**8,069,724**

Indirect credit facilities distribution was as follows:

A) Letter of credit

Item	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	Total
Credit risk rating based on the Bank's internal credit rating system:	JD	JD	JD	JD	JD	JD	JD
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-
3	6,139,917	-	-	-	-	6,139,917	784,461
4	26,486,491	-	-	-	-	26,486,491	1,534,916
5	1,725,597	-	38,286	-	-	1,763,883	14,891,397
6	291,815	-	-	-	-	291,815	1,242,161
7	-	-	-	-	-	-	-
8	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-
Total	**34,643,820**	**-**	**38,286**	**-**	**-**	**34,682,106**	**18,452,935**

Indirect facilities movement disclosure:

Item	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	18,387,714	-	65,221	-	-	18,452,935	26,587,459
New facilities during the year	24,882,622	-	-	-	-	24,882,622	(762,267)
Facilities paid	(894,835)	-	(65,221)	-	-	(960,056)	(6,985,694)
	42,375,501	**-**	**-**	**-**	**-**	**42,375,501**	**18,839,498**
Transferred to Stage One	-	-	-	-	-	-	-
Transferred to Stage Two	-	-	-	-	-	-	-
Transferred to Stage Three	-	-	-	-	-	-	-
The effect on the provision at the end of the year as a result of changes in classification between the three stages during the year	-	-	-	-	-	-	(4,679)
Changes due to the adjustments	(7,731,681)	-	38,286	-	-	(7,693,395)	(381,884)
Adjustments due to changes in exchange rates	-	-	-	-	-	-	-
Total Balance at the End of the Year	**34,643,820**	**-**	**38,286**	**-**	**-**	**34,682,106**	**18,452,935**

Impairment provision movement diclosure:

Item	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	42,530	-	27	-	-	42,557	20,775
Loss on new balances during the year	33,713	-	-	-	-	33,713	10,936
Recoveries from impairment on investments due	(12,543)	-	(27)	-	-	(12,570)	(8,847)
	63,700	**-**	**-**	**-**	**-**	**63,700**	**22,864**
Transferred to Stage One	-	-	-	-	-	-	-
Transferred to Stage Two	-	-	-	-	-	-	-
Transferred to Stage Three	-	-	-	-	-	-	-
The effect as a result of the reclassification between the three stages during the year	-	-	-	-	-	-	(848)
Changes due to the adjustments	(18,162)	-	**178**	-	-	(17,984)	20,541
Adjustments due to changes in exchange rates	-	-	-	-	-	-	-
Total Balance at the End of the Year	**45,538**	**-**	**178**	**-**	**-**	**45,716**	**42,557**

B) Acceptances

Item	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	Total
Credit risk rating based on the Bank's internal credit rating system:	JD	JD	JD	JD	JD	JD	JD
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-
3	1,732,442	-	-	-	-	1,732,442	313,866
4	73,201,306	-	-	-	-	73,201,306	14,716,069
5	16,331,633	-	17,902	-	-	16,349,535	4,066,020
6	169,508	-	-	-	-	169,508	506,231
7	-	-	-	-	-	-	-
8	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-
Total	**91,434,889**	**-**	**17,902**	**-**	**-**	**91,452,791**	**19,602,186**

Indirect facilities movement disclosure:

Item	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance at the Beginning of the year	19,602,186	-	-	-	-	19,602,186	13,942,004
New facilities during the year	88,424,230	-	17,902	-	-	88,442,132	15,503,620
Facilities setteled	(15,430,043)	-		-	-	(15,430,043)	(8,802,945)
	92,596,373	**-**	**17,902**	**-**	**-**	**92,614,275**	**20,642,679**
Transferred to Stage One	-	-	-	-	-	-	-
Transferred to Stage Two	-	-	-	-	-	-	-
Transferred to Stage Three	-	-	-	-	-	-	-
The effect as a result of reclassification between the three stages during the year	-	-	-	-	-	-	-
Changes due to the adjustments	(1,161,484)	-	-	-	-	(1,161,484)	(1,040,493)
Written off facilities	-	-	-	-	-	-	-
Adjustments due to changes in exchange rates	-	-	-	-	-	-	-
Total Balance at the End of the Year	**91,434,889**	**-**	**17,902**	**-**	**-**	**91,452,791**	**19,602,186**

Impairment provision movement diclosure:

Item	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance at the Beginning of the year	24,743	-	-	-	-	24,743	16,210
Impairment Loss of new balances during the year	91,946	-	83	-	-	92,029	14,393
Recoveries from impairment loss on facilities due	(15,039)	-	-	-	-	(15,039)	(12,404)
	101,650	**-**	**83**	**-**	**-**	**101,733**	**18,199**
Transferred to Stage One	-	-	-	-	-	-	-
Transferred to Stage Two	-	-	-	-	-	-	-
Transferred to Stage Three	-	-	-	-	-	-	-
The effect as a result of reclassification between the three stages during the year	-	-	-	-	-	-	-
Changes due to the adjustments	(5,323)	-	-	-	-	(5,323)	6,544
Adjustments due to changes in exchange rates	-	-	-	-	-	-	-
Total Balance at the End of the Year	**96,327**	**-**	**83**	**-**	**-**	**96,410**	**24,743**

C) Letters of guarantee

Item	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	Total
Credit risk rating based on the Bank's internal credit rating system:	JD	JD	JD	JD	JD	JD	JD
1	-	-	-	-	-	-	-
2	392,475	-	-	-	-	392,475	2,432,470
3	18,398,303	-	-	-	-	18,398,303	7,708,381
4	14,833,772	-	96,079	-	-	14,929,851	21,167,393
5	22,913,323	-	59,411	-	-	22,972,734	21,770,761
6	14,731,701	-	1,080,791	-	-	15,812,492	13,426,627
7	-	-	1,603,516	-	-	1,603,516	1,674,754
8	-	-	-	-	-	-	1,265
9	-	-	-	-	-	-	29,149
10	-	-	-	-	11,438,109	11,438,109	10,672,652
Unclassified	-	-	-	-	-	-	-
Total	**71,269,574**	**-**	**2,839,797**	**-**	**11,438,109**	**85,547,480**	**78,883,452**

Indirect facilities movement disclosure:

Item	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	62,063,634	-	6,116,752	-	10,703,066	78,883,452	95,353,731
New facilities during the Year	11,693,802	-	178,122	-	68,455	11,940,379	4,051,837
Facilities setteled	(3,222,427)	-	(390,281)	-	(160,113)	(3,772,821)	(5,383,833)
	70,535,009	**-**	**5,904,593**	**-**	**10,611,408**	**87,051,010**	**94,021,735**
Transferred to Stage One	1,493,499	-	(1,492,499)	-	(1,000)	-	-
Transferred to Stage Two	(166,246)	-	184,746	-	(18,500)	-	-
Transferred to Stage Three	(168,615)	-	(791,642)	-	960,257	-	-
The effect as a result of reclassification between the three stages during the year	(209,710)	-	(46,057)	-	(47,270)	(303,037)	716,805
Changes due to the adjustments	3,001,336	-	(103,836)	-	-	2,897,500	(15,108,450)
Adjustments due to changes in exchange rates	(3,215,699)	-	(815,508)	-	(66,786)	(4,097,993)	(746,638)
Total balance at the end of the year	**71,269,574**	**-**	**2,839,797**	**-**	**11,438,109**	**85,547,480**	**78,883,452**

Impairment provision movement diclosure:

Item	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	189,719	-	173,180	-	6,929,260	7,292,159	7,249,113
Impairment Loss of new balances during the year	43,034	-	866	-	12,965	56,865	7,740
Recoveries from impairment loss on facilities due	(9,611)	-	(5,528)	-	(71,625)	(86,764)	(129,944)
	223,142	**-**	**168,518**	**-**	**6,870,600**	**7,262,260**	**7,126,909**
Transferred to Stage One	11,111	-	(10,767)	-	(344)	-	-
Transferred to Stage Two	(877)	-	2,957	-	(2,080)	-	-
Transferred to Stage Three	(1,593)	-	(14,381)	-	15,974	-	-
The effect as a result of reclassification between the three stages during the year	(5,685)	-	3,799	-	583,054	581,168	72,768
Changes due to the adjustments	(4,519)	-	18,566	-	-	14,047	98,311
Adjustments due to changes in exchange rates	(964)	-	(1,708)	-	1,989	(683)	(5,829)
Total balance at the end of the year	**220,615**	**-**	**166,984**	**-**	**7,469,193**	**7,856,792**	**7,292,159**

D) Unutilized facilities limits

Item	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Credit risk rating based on the Bank's internal credit rating system:							
1	5,138	-	-	-	-	5,138	5,138
2	-	-	-	-	-	-	7,064,133
3	77,674,420	-	-	-	-	77,674,420	23,752,674
4	89,211,665	-	886,682	-	-	90,098,347	134,013,816
5	91,996,344	-	182,549	-	-	92,178,893	114,787,422
6	23,743,082	-	565,969	-	-	24,309,051	19,192,355
7	-	-	4,560,505	-	-	4,560,505	2,628,486
8	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-
Unclassified		71,650,708	-	6,948,487	-	78,599,195	78,929,024
Total	**282,630,649**	**71,650,708**	**6,195,705**	**6,948,487**	**-**	**367,425,549**	**380,373,048**

Unutilized facilities movement disclosure:

Item	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance at the Beginning of the year	295,922,828	64,065,645	5,521,196	14,863,379	-	380,373,048	319,983,498
New facilities during the year	84,267,221	9,098,649	31,873	927,633	-	94,325,376	26,382,119
Facilities paid	(97,501,327)	(4,638,490)	(213,521)	(1,228,961)	-	(103,582,299)	(70,521,117)
	282,688,722	**68,525,804**	**5,339,548**	**14,562,051**	**-**	**371,116,125**	**275,844,500**
Transferred to Stage One	1,215,229	9,641,474	(1,215,229)	(9,641,474)	-	-	-
Transferred to Stage Two	(4,182,648)	(2,953,688)	4,182,648	2,953,688	-	-	-
Transferred to Stage Three	(33,288)	(267,950)	(700,252)	(165,545)	1,167,035	-	-
The effect as a result of reclassification between the three stages during the year	224,474	603,467	(1,051,283)	(831,642)	(1,167,035)	(2,222,019)	(6,186,282)
Changes due to the adjustments	3,776,235	(3,898,399)	(359,727)	71,409		(410,482)	110,814,408
Written off facilities	-	-	-	-		-	-
Adjustments due to changes in exchange rates	(1,058,075)	-	-	-		(1,058,075)	(99,578)
Total Balance at the End of the Year	**282,630,649**	**71,650,708**	**6,195,705**	**6,948,487**	**-**	**367,425,549**	**380,373,048**

Impairment provision movement disclosure:

Item	As of December 31, 2023						As of December 31, 2022
	Stage One		Stage Two				
	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance at the Beginning of the year	438,341	43,570	199,112	29,242	-	710,265	408,828
Impairment Loss of new balances during the year	253,842	6,723	257	1,306	-	262,128	31,593
Recoveries from impairment loss on investments due	(98,752)	(2,701)	(1,624)	(2,363)	-	(105,440)	(83,410)
	593,431	**47,592**	**197,745**	**28,185**	**-**	**866,953**	**357,011**
Transferred to Stage One	5,402	17,217	(5,402)	(17,217)	-	-	-
Transferred to Stage Two	(22,214)	(1,889)	22,214	1,889	-	-	-
Transferred to Stage Three	(111)	(224)	(5,862)	(901)	7,098	-	-
The effect as a result of reclassification between the three stages during the year	2,010	(13,879)	11,815	3,362	(7,098)	(3,790)	(12,189)
Changes due to the adjustments	(107,493)	(6,706)	(61,974)	(3,186)	-	(179,359)	365,485
Written off facilities	-	-	-	-	-	-	-
Adjustments due to changes in exchange rates	(459)	-	-	-	-	(459)	(42)
Total Balance at the End of the Year	**470,566**	**42,111**	**158,536**	**12,132**	**-**	**683,345**	**710,265**

22. Paid -Up Capital

- The authorized capital of the Bank is JD 200 million as of December 31, 2023 and 2022.

- The authorized capital of the Bank is JD 200 million by year end, divided into 200 million shares at a par value of JD 1 each.

23. Reserves

- Statutory Reserve
  The amount accumulated in this account is transferred at 10% from the annual net income before tax during the year and previous years according to the Banks Law and Companies Law. This reserve cannot be distributed to shareholders.

- Voluntary Reserve
  The amounts accumulated in this account are transferred at 10% from the annual net income before taxes during the previous years. This reserve will be used for the purposes approved by the Board of Directors. Moreover, the General Assembly of Shareholders has the right to capitalize or distribute the whole reserve or part thereof as dividends.

- General Banking Risks Reserve
  This item represents the general banking risks reserve in line with the instructions of the Central Bank of Jordan. The balance of the general bank risk reserve has been transferred to retained earnings as of January 1ST 2018 based on Central Bank of Jordan Circular No. 1359/1/10 dated January 25, 2018 and Central Bank Instructions No. 13/2018 dated June 6, 2018 and other regulatory authorities.

- Special Reserve
  This reserve represents the periodic fluctuation reserve calculated according to the instructions of the Palestinian Monetary Authority concerning the Bank's branches operating in Palestine.

  The restricted reserves are as follows:

Reserve	Amount	Nature of Restriction
	JD	
Statutory reserve	116,928,669	Banking and corporate law
General banking risks reserve	4,102,021	Regulatory authorities
Special reserve	5,849,743	Regulatory authorities

24. Foreign Currency Translation Differences

This item represents the differences resulting from the translation of net investment in foreign subsidiary (Bank of Jordan – Syria) upon consolidating the financial statements.

The movement on this item during the year is as follows:

	2023	2022
	JD	JD
Balance at the Beginning of the Year	(13,033,639)	(13,009,685)
Changes in the translation of net investment in the subsidiary Company during the year*	3,471,559	(23,954)
Balance at the End of the Year	**(9,562,080)**	**(13,033,639)**

25. Fair Value Reserve

The details of the fair value reserve are as follows:

	2023	2022
	JD	JD
Balance - Beginnings of the Year	48,495,968	(3,979,324)
Unrealized gains – Equity instruments	(19,339,618)	51,879,948
Unrealized (losses) – debt instruments	3,067,585	-
Expected credit loss – debt instruments		-
Debt instruments at fair value through comprehensive income transferred to profit or loss as a result of sale	(65,395)	-
Equity instruments at fair value through comprehensive income transferred to retained earnings as a result of sale	-	650,840
Deferred Tax Liabilities	(364,316)	(55,496)
Balance at the End of the Year*	**31,794,224**	**48,495,968**

* Net after deferred tax which amounted to JD 471,683 for the year 2023 (JD 107,367 for the year 2022).

26. Retained Earnings

The details of this item are as follows:

	2023	2022
	JD	JD
beginning balance	173,238,442	176,032,362
Dividends distributed to shareholders	(36,000,000)	(36,000,000)
Profit for the year	44,023,403	40,139,436
Transferred (to) reserves	(6,595,784)	(6,143,884)
Profit transferred as a result of sale of financial assets through comprehensive income*	-	(903,399)
Foreign currency translation differences	181,041	113,927
Balance at the End of the Year	**174,847,102**	**173,238,442**

- Retained earnings include an amount of JD 23,472,437 restricted against deferred tax assets as of December 31, 2023 (JD 25,162,135 as of December 31, 2022).
- Retained earnings include an amount of JD 227,598 as of December 31, 2023, which represents the effect of early adoption of IFRS (9). These restricted amounts cannot be utilized unless realized as instructed by Jordan Securities Exchange Commission. Also retained earnings include an amount of JD 813,437 as of December 31, 2023 that cannot be utilized by distribution or any purpose unless there is a formal approval from Central Bank of Jordan resulting from the application of Central Bank of Jordan circular No. 10/1/1359 dated January 25, 2018.

* Presented net of Income tax.

27. Declared Dividends

The Bank's Board of Directors recommended in its meeting held in 25 January 2024 the distribution of 18% of the Bank's capital as cash dividends to the shareholders, this is subject to the General Assembly and Central Bank of Jordan approvals.

28. Interest Income

The details of this item are as follows:

	For the Year Ended December 31,	
	2023	2022
	JD	JD
Direct Credit Facilities at amortized cost:		
Individual (retail customers):	**53,386,694**	**50,704,604**
Overdraft accounts	1,262,393	1,334,653
Loans and discounted bills	47,576,491	44,746,821
Credit cards	4,547,810	4,623,130
Real estate loans	**20,104,893**	**18,806,733**
Corporate Entities:	**39,591,699**	**36,288,188**
Large corporate customers:	**24,544,272**	**20,521,905**
Overdraft accounts	2,853,282	2,781,864
Loans and discounted bills	21,690,990	17,740,041
SMEs:	**15,047,427**	**15,766,283**
Overdraft accounts	2,458,929	2,932,363
Loans and discounted bills	12,588,498	12,833,920
Government and Public Sector	**19,164,745**	**13,733,940**
Other items:		
Balances with central banks	27,956,952	6,918,692
Balances and deposits with banks and financial institutions	9,220,525	5,813,050
Financial assets at amortized cost	10,257,344	11,597,167
Financial assets at fair value through comprehensive income	5,616,107	-
Total	**185,298,959**	**143,862,374**

29. Interest Expense

The details of this item are as follows:

	For the Year Ended December 31,	
	2023	2022
	JD	JD
Banks and financial institution deposits	3,902,956	2,867,032
Customers' deposits:		
Current and demand deposits	5,269	5,557
Saving accounts	3,363,285	2,608,280
Time and notice deposits	31,135,083	14,990,725
Certificates of deposit	5,547,491	1,506,575
Borrowed funds	706,174	710,331
Cash margins	2,700,340	1,807,927
Deposits insurance fees	2,111,825	2,840,625
Interest on lease liabilities	1,237,933	1,134,358
	50,710,356	**28,471,410**

30. Net – Commission Income

The details of this item are as follows:

	For the Year Ended December 31, 2023	2022
	JD	JD
Commission Income:		
Direct credit facilities commission	3,881,801	4,545,012
Indirect credit facilities commission	5,093,356	2,426,520
Other commission	17,119,564	16,517,245
Total	**26,094,721**	**23,488,777**
Less: Commission Expense	1,438,338	1,586,369
Net Commission Income	**24,656,383**	**21,902,408**

31. Foreign Currencies Income

The details of this item are as follows:

	For the Year Ended December 31, 2023	2022
	JD	JD
From trading / dealing	609,325	89,726
From revaluation	3,543,115	4,106,128
	4,152,440	**4,195,854**

32. Gain from Financial Assets at Fair Value Through Profit or Loss

The details of this item are as follows:

During the Year 2023	Realized Gain	Unrealized Gain	Shares Dividends	Total
	JD	JD	JD	JD
Local shares	-	33,797	16,595	50,392
	-	**33,797**	**16,595**	**50,392**

During the Year 2022	Realized Gain	Unrealized Gain	Shares Dividends	Total
	JD	JD	JD	JD
Local shares	-	82,577	21,480	104,057
	-	**82,577**	**21,480**	**104,057**

33. Other Income

The details of this item are as follows:

	For the Year Ended December 31, 2023	2022
	JD	JD
Revenues recovered from prior years	472,415	1,761,686
Gain from the sale of assets seized by the Bank	238,349	1,182,584
Revenue from telephone, post, and swift	292,889	342,957
Rent income received from the Bank's real estate	189,254	170,001
Gain from the sale of property and equipment	267,206	65,913
Interest in suspense reversed to revenue	526,040	1,106,053
Other revenue	1,150,545	967,567
	3,136,698	**5,596,761**

34. Employees Expenses

The details of this item are as follows:

	For the year ended December 31,	
	2023	2022
	JD	JD
Salaries, bonuses, and employees' benefits	28,620,068	26,412,279
Bank's contribution to social security	2,392,952	2,250,491
Bank's contribution to provident fund	1,859,306	1,706,188
Medical expenses	1,245,914	1,274,127
Staff training expenses	372,417	396,392
Transportation and travel expenses	809,201	715,065
Life insurance	261,513	101,214
	35,561,371	**32,855,756**

35. Other Expenses

The details of this item are as follows:

	For the year ended December 31,	
	2023	2022
	JD	JD
Rent	458,147	1,017,884
Printing and stationery	818,420	758,378
Telephone, post and swift	2,419,011	2,201,853
Maintenance, repairs, and cleaning	7,416,954	7,639,183
Fees, taxes, and licenses	4,293,367	4,253,657
Advertisements and subscriptions	10,000,806	9,161,462
Insurance expenses	5,183,737	5,600,443
Electricity and heating	629,435	805,315
Donations	1,425,988	1,161,265
Hospitality	358,984	278,693
Professional, consultancy and legal fees	2,229,134	1,924,794
Board of Directors members remunerations	55,000	52,041
Miscellaneous	1,999,748	1,262,118
	37,288,731	**36,117,086**

36. Financial Assets Expected Credit Losses Expenses

The details on this item are as follows:

	For the year ended December 31,	
	2023	2022
	JD	JD
Balances central banks	82,677	95,424
Balances at banks and financial institutions	(30,816)	101,426
Deposits at banks and financial institutions	38	(32,467)
Direct credit facilities at amortized cost	14,196,918	5,985,123
Financial assets at amortized cost	(137,056)	(104,903)
Off statement of financial position items	613,681	380,669
	14,725,442	***6,425,272***

37. Earnings Per Share from Profit for the Year

The details of this item are as follows:

	2023	2022
	JD	JD
Profit for the year (Bank's shareholders)	44,023,403	40,139,436
Weighted average number of shares *	200,000,000	200,000,000
Net income for the year/share (Bank's shareholders)		
	JD/FILLS	**JD/FILLS**
Basic and diluted	**0.220**	**0.201**

- The average price of their shares is calculated from the average return, based on the number of authorized shares for the years ending on December 31, 2023, and 2022 in accordance with the requirements of International Accounting Standard No. 33.

38. Cash and Cash Equivalents

The details of this item are as follows:

	December 31,	
	2023	2022
	JD	JD
Cash and balances with Central Banks maturing within 3 months	858,096,861	663,396,371
Add: Balances with banks and other financial institutions maturing within 3 months	142,621,408	150,844,506
Less: Banks and financial institutions' deposits maturing within 3 months	(71,354,418)	(61,078,839)
Restricted balances	(113,318,551)	(123,395,472)
	816,045,300	**629,766,566**

39. Financial Derivatives

The details of financial derivatives at year-end are as follows:

December 31, 2023	Positive Fair Value	Negative Fair Value	Total Nominal Value	Nominal Value Maturities		
				Within 3 Months	From 3 To 12 Months	Total
	JD	JD	JD	JD	JD	JD
Foreign currencies forward contracts	-	(145,277)	48,688,028	44,721,147	3,966,881	48,688,028
Total	**-**	**(145,277)**	**48,688,028**	**44,721,147**	**3,966,881**	**48,688,028**

December 31, 2022	Positive Fair Value	Negative Fair Value	Total Nominal Value	Nominal Value Maturities		
				Within 3 Months	From 3 To 12 Months	Total
	JD	JD	JD	JD	JD	JD
Foreign currencies forward contracts	128,237	(9,774)	7,393,373	7,393,373	-	7,393,373
Total	**128,237**	**(9,774)**	**7,393,373**	**7,393,373**	**-**	**7,393,373**

- Nominal value indicates the value of transactions at year-end and does not relate to market risk or credit risk.

40. Related parties Transactions

Within its normal activities, the Bank entered into transactions with its major shareholders, members of the Board of Directors, executive management and the associate Company at the commercial rates of interest and commission. Moreover, all loans and advances with related parties are performing, and no provision for probable credit losses has been taken thereon.

The following are summaries of balances and transactions with related parties:

	Related party					Total	
						December 31,	
	Subsidiaries*	Board of Directors Members	Executives Management	Staff Provident Fund	Other Parties	2023	2022
Consolidated Statement of Financial Position Items:	JD	JD	JD	JD	JD	JD	JD
Assets:							
Investments	45,627,636	-	-	-	-	45,627,636	45,415,294
Credit Facilities	-	2,238,867	555,813	-	1,301,602	4,096,282	4,337,282
Current accounts and Deposits	10	-	-	-	-	10	10
Cash Margins	3,982,000	-	-	-	-	3,982,000	3,982,000
Liabilities:							
Customer Deposits and Margins	21,837,266	600,514	4,817,403	328,499	10,334,948	37,918,630	51,396,574
Bank Deposits	7,535,829	-	-	-	-	7,535,829	7,308,547
Borrowed funds	3,149,221	-	-	-	-	3,149,221	3,297,469
Off-consolidated balance sheet items							
Letters of guarantee	483,670	-	50,000	-	5,300	538,970	606,708
Acceptances and credits	-	-	-	-	-	-	-
						Total	
						for the Year Ended December 31,	
						2023	2022
Consolidated Statement of Profit or Loss Items:						JD	JD
Credit interest and commission	-	184,288	42,429	11	219,255	445,983	383,807
Debit interest and commission	1,710,635	11,116	211,895	85,067	1,342,471	3,361,184	1,757,433

Interest rates:

- Credit interest rates against facilities in JOD range from 1 % (minimum price represent interest rate against cash margin amounted to 100%) to 12%.

- No Credit interests in foreign currency due to the fact that there is no credit facilities granted in foreign currencies .

- Debit interest rates for JOD range from 0.0025% to 6 %.

- Debit interest rates for foreign currency range from 2.2% to 4.8%.

* Balances and transacations with subsidiary companies are excluded from the consolidated financial statements, but presented for clarification purposes only.

- Investment in subsisidary - Syria is shown at cost, noting that the bank has hedged against the impairment of this investment in its records.

- Related parties number that have been granted facilities is 34 customers as of Dec 31, 2023.

Bank's Executive Management Salaries and Remunerations Summary is as follows:

	For the Year Ended December 31,	
	2023	2022
	JD	JD
Salaries and executive benefits	2,918,212	2,343,120
Transportation and board secretary	18,000	27,036
Board of directors membership, transportation and bonuses	659,366	664,057
Total	**3,595,578**	**3,034,213**

41. Risk Management

First: Qualitative Disclosures

The Bank continuously develops the risk management structure to ensure effective management of all of its operations, the efficiency of the risk management process, and proper application of the regulatory controls across all of the Bank's operations (Execution).

The Bank has created a risk management committee emanated from the Board of Directors, which in its turn works to ensure the existence of an effective internal control system and to verify its good performance. The Board also approves risk management policies in general and defines their framework.

* **Risk management department takes the responsibility of managing different types of risks from which:**

- Preparing the policies and approve on it from the board of directors.
- Analysing all the risk types (credit, market, liquidity, operations, information security….)
- Develop measurement and control methodologies for each type of risk.
- Providee the Board of Directors and upper management with statements and information on measuring risks in the bank in a qualitative and quantitative manner.

* The Bank has applied a set of automatic systems to measure and control risks such as capital adequacy ratios, liquidity risk and ratios (LCR / NSFR), operational risks, operational production, and market risks.

Credit Risk:

Credit risks arise from the possibility of the inability and/or unwillingness of the borrower or the third party to fulfil its obligations at the agreed times. These risks include items within the financial statements such as loans and bonds, and items outside the financial statements such as guarantees and/or documentary credits, which leads to financial losses to the bank.

In this context, the Bank is strengthening the institutional frameworks that govern credit management through the following:

1- A set of independent specialized departments to manage credit risks are as follows:

- Corporate Credit Department (deals with corporate credit risk management)
- Small and Medium Credit Department (SME's) deals with managing the credit risks of small and medium sized entities.
- Individual Credit Department (deals with the individuals credit portfolios).
- Credit Portfolio Risk Department: which is mainly deals with preserving the quality of credit granted to bank customers (Corporates, SME's and Individual) and studying key risk indicators, and studying key performance indicators, through preparing studies and reports on the performance of economic sectors and industries, and comparing them with the performance of portfolios, provisions, and Preparing the necessary recommendations. In this regard, so that it helps in directing the business development departments towards expansion in the economic sectors and/or promising industries, or in not expanding them. It also prepares studies and medical reports concerned with the following:
- The credit concentrations of the portfolio at the level of economic activity.
- Credit concentrations of the portfolio at the product level.
- Reports on default rates, coverage ratios, and their comparison with the performance of the banking sector.
- Reports on the performance of credit portfolios by portfolio (SME, government, corporate and individuals) and a comparison of growth and profitability rates with the performance of the banking sector.
- Applying International Financial Reporting Standard IFRS9 through the reports and scenarios necessary to comply with the application of the standard at the beginning of the year 2018.

- The implementation of the Customer Risk Rating System (Risk Rating Systems) is performed by classifying customers into ten levels according to the following:
    a) Obligor Risk Rating (economic sector, management, financial status, experience, etc.).
    b) Facility Risk Rating (risk weight is given according to the nature of the credit type).
    c) Guarantee Classification (risk weight is given according to the nature of the provided guarantee and its type) which directly affects the recovery ratio, and thus the calculation of the loss given default LGD.

2- Separation between the different business development departments and credit risk departments.
3- Set of approved policies and procedures that determine the basis for defining, measuring, and managing this type of risks.
4- Determining credit concentrations at the level of credit type, economic sector, geographical distribution and credit portfolios...etc. The credit risk department, each within its competence, monitors these concentrations.
5- System of authorization and relationship management:

Bank of Jordan adopts a system of authorization that includes a mechanism for granting, delegating, supervising, and managing the relationship for different credit activities.

6- <u>Determine risk mitigation methods:</u>

The Bank follows a different methods to mitigate the credit risks which represents in the following:

- Provide an appropriate structure for credit, consistent with its purpose and for its repayment.
- Ensure the completion of all control aspects on the use of credit and sources of repayment
- Fulfillment of appropriate guarantees in order to hedge against any risks in this regard.
- Studying and evaluating credit transactions by credit risk departments.
- Periodic assessment of guarantees according to the nature, quality and degree of guarantee risks enhancing it and ensure its coverage for the credit granted up to date.
- Specialized committees for the credit approval.

7- Credit execution departments which include monitoring credit execution, in addition to a unit concerned with documentation, completing legal audits, and implementation.
8- Implementation of an electronic system to manage credit (Crems, E-loan).
9- Specialized departments to follow up the collection of receivables and bad debts.
10- Risk Management Committee at the management level to review credit, investment and risk policies and strategies.
11- Determine the tasks of the different credit departments in terms of the mechanism and periodicity of monitoring and extracted statements and the mechanism of escalation to senior management and the board of directors.
12- Economic fluctuations analysis in changes in the structure and quality of the credit portfolio.
13- Preparation of Reports for Country and Counterparty Limits:

The banks are required to prepare reports for monitoring country and counterparty limits. These reports ensure adherence to guidelines set by the Central Bank, specifically addressing exposure limits to individual countries and counterparties. The purpose is to maintain effective control and oversight, in line with regulatory requirements.

14- Preparation of Reports on Economic Capital:

The banks must prepare reports detailing economic capital, providing insights into its allocation and utilization. These reports are crucial for evaluating the financial strength of the banks and ensuring robust risk management.

15- Preparation and Conducting Stress Tests (Stress Testing) and (ICAAP):

Banks are responsible for preparing and conducting stress tests as part of the Internal Capital Adequacy Assessment Process (ICAAP). These tests evaluate the resilience of the banks under adverse conditions, helping identify vulnerabilities and ensuring adequate capital for various stress scenarios.

16- Credit Oversight Reports:

Credit departments, within their respective jurisdictions, undertake the monitoring and evaluation of all credit operations through a set of supervisory reports.

Daily Monitoring:
This involves overseeing credit breaches, outstanding limits that are not renewed, overdue accounts, and other related matters.

Quality Control and Portfolio Distribution Monitoring:
Ensuring the quality and distribution of the credit portfolio are maintained and adhered to.

Credit Risk Classification:
Analyzing credit risks based on economic sectors, credit types, collateral, concentrations, trends in the quality of credit assets, and more.

Credit Exposure Monitoring (Total Exposure):
Monitoring total exposure at various levels, including client-specific, geographical, credit type, economic sector, maturity date, type of collateral, and other relevant factors.

And these reports are submitted on a monthly basis to the Risk Management Committee, a subcommittee of the Board of Directors. As for daily operations, they are promptly submitted to the General Manager.

17- Early Warning Signals (EWS):
The Early Warning Signals (EWS) account contains indicators of potential risks or weaknesses requiring closer monitoring, supervision, or stronger management attention. EWS points, if left unaddressed, may decrease the likelihood of repayment, categorizing them as non-performing and suspicious accounts (B&D). Credit review departments conduct examinations, evaluations, and studies on early warning indicators. Coordination with business development departments determines whether these indicators significantly impact a client's business, its sustainability, and its ability to fulfill commitments to the bank. In case of alignment with the Business Development Department that there is no significant impact, these accounts are added to the Green Accounts list, referring to clients showing early warning signals without being presented to the Early Warning Indicators Committee.

Operational Risks:
Operational risk is defined as the risk of loss resulting from failure or inadequacy of internal processes, people or systems, or from an external event which includes legal risks where the operational risk department was established since 2003 as it was filled with the qualified human resources and automatic systems since that date it is managerially related to the risk management.

The Bank manages the operational risks within the following principles:
1- Preparing an operational risk policy and adopting it by the Board of Directors to apply it on the ground, which included the principles for defining, measuring, and monitoring risks, in addition to the level of acceptance of this type of risk.
2- Implementing an automatic system to manage operational risks (CAREWEB).

3- Updating risk profile files so that they include all types of operational risks and control procedures that limit them, and the periodicity of examining them to ensure their efficiency and continuity of work at the level of each of the Bank’s units. Reports are submitted to the Risk Management Committee to approve these files.

4- The Internal Audit Department is responsible for evaluating the validity of monthly self-assessment checks for the various units of the Bank, classifying these units within the approved classification criteria in this regard, and including them in the internal audit report. And provide the audit committee with it firstly. A report is prepared showing the results of the self-assessment, the results of the internal audit assessment for all the Bank's units and submitting it to the Audit Committee on a quarterly basis.

5- Continuous assessment of operational risk profiles.
Applying the methodology of self-assessment of risks and control procedures (CRSA) as a tool for managing operational risks and evaluating them continuously to identify new risks in addition to ensuring the efficiency of the work of control measures to reduce these risks and updating these files firstly to reflect the actual reality of the work environment.

6- Building a database of operational errors, analyzing them, and submitting periodic reports on the concentration and quality of these errors to the Risk Management Committee / Board of Directors.

7- Applying classification standards and evaluating the bank's units within international principles and standards according to the control environment.

8- Building, defining, and monitoring key risk indicators at the bank level and submitting reports to the concerned bank units on the results of these indicators to be followed up by them and applying corrective measures to address risks before they occur.

9- Preparing and conducting stress testing for operational risks.

10- Providing the Risk Management Committee / Board of Directors with periodic statements (monthly and quarterly) that reflect the reality of the control environment for the various units of the Bank.

11- Evaluate work procedures and policies and ensure that control gaps in control procedures are identified and corrected.

12- Training and educating the Bank's employees on operational risks and how to manage them to improve the control environment in the Bank.

13- The enterprise risk file has been updated in coordination with the Internal Audit Department to identify the risks that the facility may be exposed to and negatively affect the achievement of the enterprise's objectives, strategy and profits. Any modifications to the enterprise's risk profile are presented to the Risk Management Committee to be approved by them. It manages the internal audit on an annual base to evaluate the control procedures of the facility and present the results of the examinations to the Audit Committee and the Risk Management Committee.

Liquidity and market risk

- **Liquidity Risk:**

These are the risks that arise from the possibility of the bank’s inability to provide the necessary financing to perform its obligations on their due dates or to finance its activities without incurring high costs or incurring losses. Liquidity risks are divided into:

- Funding Liquidity Risk:
  It is the risk of the bank's inability to convert assets into cash - such as collecting receivables - or obtain financing to pay off obligations.

- Market Liquidity Risks:
  It is the risk of not being able to sell the asset in the market or selling it with incurring a large financial loss as a result of weak liquidity or demand in the market.

- **Market Risks**

  These are the risks of exposure of positions inside and outside the financial position to losses as a result of fluctuating prices and rates of return in the market, and the risks that arise from banking risks resulting from all types of investments / investments and investment aspects of the bank. Market risks include the following :
  - Interest rate risks
  - Exchange rate risks (Deals in foreign currencies)
  - Financial securities pricing risks.
  - Products risks.

  Market risk arises from:
  1- Changes that may occur in the political and economic conditions in the market.
  2- Interest rate fluctuations.
  3- Fluctuations in the prices of future financial instruments, buying and selling.
  4- Gaps in the maturity of assets, liabilities, and re-pricing.
  5- Possession of uncovered positions

  The basic tools used in measuring and managing market risks are the following:
  1- Basis Point Value
  2- Value at Risk
  3- Stress Testing

  The bank manages market and liquidity risks within the following information:
  - A set of policies and procedures approved by the Board of Directors that determine the basis for defining the measurement, monitoring, follow-up and management of market and liquidity risks.
    Implementing an Asset and Liabilities Management System to measure liquidity risk and interest rates.

- Preparing a liquidity crisis management plan that includes:
  - Specialized procedures for liquidity crisis management.
  - A specialized committee to manage the liquidity crisis.
  - Liquidity Contingency Plan.

  - Develop tools for measuring, managing and monitoring market and liquidity risks through:
  - Liquidity risk report according to maturity scale.
  - Monitoring the limits and quality of the investment portfolio.
  - Identifying, classifying and analyzing sources of funds according to their nature.
  - Monitoring the process of applying the Liquidity Coverage Ratio (LCR) and compliance with the minimum limits.
  - Monitoring legal and cash liquidity, which is maintaining a sufficient amount of liquid assets (monetary and semi-liquid assets) to meet liabilities.
  - Aligning the terms of assets and liabilities and taking into consideration all cash inflows and outflows.
  - Stress Testing.
  - Conducting periodic studies on developments in the global and local markets.
  - Monitoring investment tools and studying their compatibility with the investment limits set in the investment policy and the permissible stop-loss limits.
  - Studying investment limits and recommending amending them in line with the developments and conditions of the global and local markets and the risks surrounding them, and diversifying investment in order to achieve the best returns with the lowest possible risks.
  - Studying investment concentrations on an instrument basis.
  - Review and evaluation of portfolios of assets and liabilities.
  - Studying the credit rating of local and international banks according to the financial situation, the extent of its vulnerability to economic crises, and the extent of global spread.
  - Monitoring the volume of deposits, terms of deposit, the maturity date and the interest rates on them.
  - Preparing a report on the level of an excess in investment tools.

- Monitor interest rate changes at the local and international markets level.
- Monitoring the sensitivity of investment tools to changes in interest rates at the level of each investment performance.
- Monitoring the pricing of lending and borrowing/investment limits.
- Monitoring concentrations at market/instrument level and geographical distribution.
- Submitting periodic reports to the Investments Committee and the Risk Management and Compliance Committee / Board of Directors.

- **Information Security**

These are the risks that arise from threatening the bank's private information in terms of confidentiality, integrity and availability. The information security and protection unit was established to provide protection for information, users and assets alike by providing policies and procedures that ensure the continuity of achieving protection and through the use of means and requirements that detect, examine and develop the work environment to be more safe.

In order to enhance information security and protection, the Bank manages information security and protection risks within the following principles:

1- Reviewing and updating information security policies in line with international standards.
2 - Compliance with PCI-DSS requirements.
3 - Adherence to information security standards in accordance with ISO 27001 system.
4- Reviewing and monitoring powers and distributing them in accordance with policies, nature of work, job title, and approved approvals.
5 - Perform periodic checks on systems and review security vulnerabilities.
6- Reviewing the work continuity plan, crisis management and evacuation plan, and preparing studies showing the current situation.
7 - Continuing to conduct follow-up and periodic evaluation specialized in aspects of physical security.
8- Training and educating the bank's employees on the risks of information security and protection and how to deal with this issue through giving training courses and awareness brochures.
9- Submitting reports to the Risk Management Committee of the Board of Directors on a regular basis to keep abreast of business and developments.
10- Work to meet the requirements of SWIFT-CSP.
11- Preparing a guide to the governance of information management and its associated technology and publishing it on the bank's website.
12- Work on implementing the framework for the governance and management of information and the associated technology COBIT 2019

- **Compliance Risks.**

Compliance risks are defined as the risks that arise from the bank's possible compliance with applicable laws, legislations, and instructions, professional and ethical banking laws and regulations issued by local and international regulatory authorities, including the bank's internal policies.

Bank of Jordan believes that compliance with regulations, standards, and instructions is one of the most important foundations and factors for the success of financial institutions. It provides them with protection from statutory penalties and preserves their reputation and credibility. It realizes the impact of this in preserving the interests of shareholders, depositors, and stakeholders. Bank of Jordan considers compliance as an institutional culture and responsibility that is comprehensive and multifaceted, and it is the responsibility of all parties in the bank, starting from the Board of Directors and executive management, and ending with all employees, each according to his powers and tasks entrusted for him.

Based on this, the Bank of Jordan established the Compliance Department as an independent department affiliated to the Compliance Committee emanating from the Board of Directors, where the department submits its periodic reports to the Compliance Committee on topics related to all business axes described within the units that fall within the organizational structure of the department, and this department has been provided with qualified and trained human cadres and systems The necessary mechanism for it to achieve its objectives and to grant the department’s employees and the powers that enable them to perform their duties with complete independence and to allocate the necessary budgets for them. Compliance officers are appointed in all of the bank’s subsidiaries and foreign branches, and they are followed up and supervised on their work through the Compliance Department in the General Administration.

Compliance risk is managed within the following scenarios:

❖ **Risks of non-compliance with instructions, laws and regulations**

These risks are managed by the Compliance Unit as an independent unit affiliated to the Compliance Department and manage compliance risks at the bank level according to the following principles:

Preparing, developing and developing a compliance policy at the level of the Banking Group and having it approved by the Bank's Board of Directors, circulating it to all employees of the Bank and reviewing it periodically.

- Applying an automated system for managing compliance risks based on the risk based approach.
- Providing advice and advice to the Board of Directors and to the rest of the executive departments in the Bank regarding the proper application of instructions and laws (including internal laws and policies).
- Preparing the Compliance Monitoring Program to provide management with reasonable assurance that key compliance risks are being appropriately managed by the relevant authorities.
- Communicate changes related to the instructions to achieve common goals and share them with the business sector in a timely manner.
- The Compliance Department is the point of contact with the regulatory authorities and is responsible for assisting senior management in maintaining good relations with the regulatory authorities.
- Helping to promote a culture of compliance by acting in the role of advice, guidance and clarification of laws.
- Providing training and awareness to management and employees regarding compliance requirements on an ongoing basis and developing training programs according to developments.
- Coordinating with other oversight functions such as the internal audit department and risk departments, and coordinating the work carried out by these functions.

❖ **Risks of money laundering and terrorist financing**

These risks are managed through the Anti-Money Laundering and Terrorist Financing Operations Unit, as an independent unit and administratively affiliated to the Compliance Department. The unit manages the risks of money laundering and terrorist financing operations at the group level within the following bases:

- A policy to combat money laundering and terrorist financing at the Group Policy AML level approved by the Bank's Board of Directors and circulated to all employees of the Bank of all their job duties and all their administrative levels.
- Appointing a Money Laundering Reporting Officer MLRO who independently handles the reporting process to the Financial Intelligence Unit (FIU) about any suspicion related to money laundering, terrorist financing or tax evasion, and appointing a deputy for him.
- Implementing a program to identify customers (KYC) in line with the requirements of various regulatory authorities and applying customer due diligence procedures based on the risk-based approach so that enhanced customer due diligence is carried out for customers of natural and legal persons who are classified as high-risk customers. According to the bank’s approved methodology for classifying the risks of money laundering and terrorist financing. These procedures include the prohibition of dealing with any of the names on the international ban lists, the most important of which are the Security Council resolutions, as well as the prohibition of opening anonymous accounts or digital accounts or dealing with fictious banks.

- Adopt procedures that help the bank to identify the real beneficiary owner and the ultimate beneficiary owner when establishing the relationship and / or when conducting any financial transaction for the benefit of any customer through the bank.
- Adopt procedures for continuous follow-up and monitoring of financial movements and customer activities carried out through the Bank's various channels on an ongoing basis in accordance with the Risk Based Approach "RBA" to detect any suspicious activity that falls under the suspicion of money laundering, terrorist financing or tax evasion, and Notify about it immediately in accordance with the laws and instructions in force that apply to the bank according to the judicial sector in which the bank carries out business.
- It is the responsibility of the Compliance Department to study the products before they are offered, as well as to evaluate the service delivery channels before making them available to the bank's customers, and to assess the risks of exploiting them for money laundering and terrorism financing operations, and to set mitigating controls and develop control procedures.
- Allocate channels for the bank's employees to report any suspicion that falls within the framework of money laundering, terrorist financing, or tax evasion, encourage them to report, and provide them with protection based on the bank's policy of early warning, Whistleblowing Policy.
- Develop deterrent measures for any default or non-compliance with the requirements of the Bank's program to combat money laundering and CFP financing, and document this within the Code of Conduct.
- Conducting a periodic assessment of money laundering and terrorist financing risks faced by the bank at the level of the banking group, Self-Risk Assessment, taking into account customer risks - product risks - service delivery channels risks - risks of external branches, as well as the results of the National Risk Assessment process.
- Establishing procedures for dealing with foreign banks, including taking due diligence measures according to the degree of risk, evaluating compliance programs and anti-money laundering and terrorist financing programs in these banks, obtaining the approval of the Director General before any dealings, and following up the bank's dealings with these banks on an ongoing basis.
- Establishing a continuous training program that includes all the Bank's employees at all levels of management, including the Bank's Board of Directors, and developing this program on an ongoing basis.
- Documentation and record-keeping according to the instructions of the supervisory authorities in the judicial sectors in which the bank carries out business in accordance with the bank's procedures and mechanisms designated for this purpose.
- Conducting an independent audit by the Internal Audit Department and submitting the results and recommendations to the Audit Committee of the Board of Directors.

❖ **Foreign Account Tax Compliance Act FATCA**

Subsequently, Jordan has entered into an agreement with the United States of America and the government (partner countries in the agreement) regarding cooperation in order to facilitate the implementation of the Foreign Account Tax Compliance Act (FATCA) and Jordan adopting the government approach **IGA model 2**

As part of Bank of Jordan's compliance program, members of Bank of Jordan Group completed registration procedures with the US Treasury Department - Internal Revenue Service (IRS) as a participating foreign financial institution (PFFI), as part of efforts to comply with the requirements of the US Foreign Account Tax Compliance Act issued in 2010. (FATCA).

The Financial and Tax Verification Unit / FATCA unit takes the necessary measures to meet the requirements of the Foreign Account Tax Compliance Act for American Clients (FATCA) for all members of Bank of Jordan Group, according to the methodology and agreement signed with the Government of the United States of America IGA model 2, where Bank of Jordan / Jordan is The lead of the group and thus be responsible for the disclosure process for the entire group "except for the Bank of Jordan / Bahrain, which is subject to the methodology and agreement of the "IGA model 1".

Based on the FATCA compliance policy approved by the Board of Directors, which is reviewed periodically, the compliance program has been developed within the following main axes:

- ✓ **Due Diligence and Documentation axis**
- ✓ **Reporting axis**
- ✓ **Certificate axis**
- ✓ **Withholding according to the agreement requirements axis**

❖ **Risks of fraud and corruption**

Based on the caution of the bank's management to enhance the principles of integrity, integrity and teamwork, a special department was established to deal with fraud and corruption risks under the umbrella of the Compliance Department. The department was provided with human resources that have high skills and competencies.

The fraud risk management program at Bank of Jordan is based on the following principles:

- Adopting a unified policy to combat fraud and corruption at the level of the Aden Bank Group and its approval by the Bank's Board of Directors.
- Provide the necessary systems and powers for the Compliance Department that enable it to manage this type of risk and work on its continuous development.
- Adopting a KYE employee recognition policy that includes verifying people nominated for jobs in the bank in terms of integrity and the absence of negative indicators related to their behavior and continuing to verify the bank employees after appointment by employing mechanisms to verify the absence of negative indicators related to their behavior and performance.
  - Adopting mechanisms to verify suppliers before dealing and after contracting.
  - Adopt a policy to manage conflicts of interest and put in place mechanisms and work procedures to avoid any conflict of interests and monitor compliance with them on an ongoing basis.
  - Adopting a Code of Conduct and circulating it to all employees and educating them on its most important principles on an ongoing basis.
  - Provide a channel for reporting "Whistleblowing" about any breaches or suspicions and make this channel available to all stakeholders including employees / customers / shareholders / suppliers around the clock and make it available on the bank's official website.
  - Setting specific paths for escalation with regard to employee violations according to the data of each case (Compliance Department / Human Resources Department / Internal Audit Department / Audit Committee - Board of Directors).
  - Adopting an early warning policy by which the bank guarantees protection for whistleblowers and enables them to confidentially report any information related to the existence of violations or breaches.
  - Adopting the principle of transparency so that the Central Bank of Jordan and the concerned authorities are informed of any verified cases that have been dealt with.

❖ **Managing and handling customer complaints:**

The Bank of Jordan attaches special importance to dealing with customers with fairness and transparency, and this is clearly reflected in the daily business practiced by the bank, starting with product approval, offering and pricing, drafting contracts and forms, as well as advertisements and promotional campaigns. Dealing with customers with fairness and transparency No. 56/2012 issued by the Central Bank of Jordan on 10/31/2012 and administratively affiliated to the Compliance Department as a supervisory department is an indication of the importance that the bank attaches to its dealings with customers with fairness and transparency, as the Bank of Jordan believes that customer complaints are possible to be a very important tool for monitoring any violations in the bank's general policies and procedures and a means for development by receiving complaints, analyzing them, finding out their causes, and addressing any defect that may have caused the customer's complaint. Focusing on the role of customer complaints in improving the quality of service provided to customers through coordination between the unit Customer complaints and the daily service quality unit for the purposes of handling customer complaints.

Customer complaints are managed and handled according to the following:

- Preparing, developing, and approving a policy for dealing with customer complaints by the Bank's Board of Directors, circulating it to all employees of the Bank, and reviewing it periodically.

- Preparing a policy for dealing with customers fairly and transparently, developing and approving it by the Bank's Board of Directors, circulating it to all employees of the Bank, and reviewing it periodically.
- Providing various communication channels to receive customer complaints 24 hours a day, seven days a week.
- Preparing a mechanism for managing and handling customer complaints, approving them and reviewing them periodically.
- Providing automated systems within the CX system to manage and follow-up customer complaints.
- Complaints received from the Bank's customers, its subsidiaries and external branches are dealt with by finding out their causes, addressing them and ensuring that they are not repeated, within a time frame specified by the banking operational service level agreements that specify the time frame for handling complaints and in a manner that guarantees independence and impartiality.
- Keeping records of customer complaints, including recording calls and keeping them in accordance with the time frames required by the instructions.
- Submit periodic reports to the Board of Directors regarding customer complaints and the measures taken to deal with them
- Providing the Central Bank of Jordan with quarterly reports that include statistical data on the nature and type of complaints submitted to the bank.

❖ **Managing the risks of compliance with international sanctions programs**

Proceeding from the bank's faith in its role in the local and global economic system, the bank seeks to comply with the resolutions issued by the United Nations Security Council and ratified by the Hashemite Kingdom of Jordan related to terrorist lists and preventing the proliferation of weapons of mass destruction. It is also complying with any resolutions issued by international committees ratified by the Kingdom of Jordan. The Hashemite States, as well as the countries in which the bank carries out business, and the penalties and restrictions imposed by the countries in which the Bank of Jordan has dealings with correspondent banks subject to their jurisdiction and within the limits of dealing with the correspondent bank.

Bank of Jordan has established an independent function within the organizational structure of the Compliance Department, which is responsible for verifying the implementation of the bank's compliance program with international sanctions, following up on international developments in this regard, and reflecting them within the requirements of the international sanctions compliance program.

Bank of Jordan implements a program to comply with international sanctions at the banking group level, which includes the following:

A policy to comply with international sanctions at the group level, the Sanction Compliance Group Policy approved by the Bank's Board of Directors, which has been circulated to all employees of the Bank with different job duties and at all administrative levels in general. The Bank has followed a Zero Tolerance Approach with any form of Non-compliance with the financial penalties imposed by the international committees, which were previously referred to.

- According to the mentioned policy, Bank of Jordan is committed to the following:
  - ✓ The bank refuses to deal with any persons or entities listed in accordance with the resolutions issued by the Security Council.
  - ✓ Immediate freezing of the assets of any government, body, individual or institution within the sanctions lists issued by the decisions of the sanctions committees of the Security Council and informing the technical committee.
  - ✓ Not passing any currency to and from countries with which dealing is prohibited and in accordance with the sanctions programs imposed on these countries.☐
  - ✓ Not passing any transactions related to specific types of economic and commercial activities within a country subject to sanctions within the limits binding on the bank in this regard.
  - ✓ Compliance with the sanctions issued by the Office of Foreign Assets Control OFAC of the US Treasury within the limits binding on the bank in this regard.
  - ✓ Compliance with the sanctions issued by the European Union within the limits binding on the bank in this regard.

  - ✓ Employing automated systems that provide a database that includes all the global lists of persons and entities that are prohibited to deal with, and that have been updated on a daily basis.
- Verifying that none of the potential customers has been listed as Customer Onboarding before establishing the relationship and activating the account through "Integration work" of the global lists with the approved bank systems for opening accounts from various channels so that the name of the customer and the real beneficiary (partner / authorize) agent/guardian/guardian) is automatically verified.
- Verifying on an ongoing basis that any of the bank's existing pre-existing clients were not included in the lists after opening the account during the relationship, and this is done through the implementation of periodic automated surveys according to the degree of risk RBA.
- The automated system issues Alert alerts in the event of any similarity between the name of any of the bank's potential or current customers, individuals or legal persons, or the name of any authorized person under the agency, or the registration certificate within the basic files associated with the account, with the name of a listed person, so that the necessary investigation process is conducted by before the compliance department.
- Clear work procedures that clearly indicate the procedures to be followed in the event that it is found that any of the clients has become included in the lists in terms of escalation and reporting procedures.
- Verifying the parties to any financial transaction before executing it.
- Adopting **Online Safe Watch**, which is a system directly linked to the Swift system, which directly scans all fields of the Swift message, and verifies that no party is included in the fields of the message before issuing or receiving it, which ensures that no financial transactions are passed through banks The message contains no name listed.
- Periodically updated circulars at the level of the banking group that include the names of countries with high risks under Security Council resolutions and international sanctions programs, for the purpose of taking enhanced due diligence measures before executing any transaction to which one of these countries is a party.

- A continuous examination process to verify the compliance of all Bank employees with the requirements of the international sanctions compliance program within the compliance verification programs conducted by the Compliance Department on a regular basis.
- Internal audit programs to independently verify the adequacy of the measures taken to meet the requirements of the International Sanctions Compliance Program and that the Compliance Department plays the required role in this regard.
- Continuous training programs that include training courses and awareness brochures for employees at all levels of management, including the Bank's Board of Directors, and the continuous development of these programs.

It should be mentioned that all the activities of the Compliance Department are subject to continuous scrutiny and review by the Internal Audit Department as an independent entity, and the Internal Audit Department submits its reports in this regard to the Audit Committee of the Board of Directors.

<u>Disclosures related to the implementation of International Financial Reporting Standard No. (9) as adopted by the Central Bank of Jordan</u>

First: Qualitative disclosures

On July 24, 2014, the International Accounting Standards Committee issued the final version of International Financial Reporting Standard (9) related to financial instruments and provisions, and this standard replaced International Accounting Standard No. (39), and the standard includes the following:

- Initial recognition and measurement for financial instruments.
- Expected credit losses provisions
- Hedge accounting

This standard came in response to the results of the lessons taken from the global financial crisis, as it became clear that one of the reasons for the extension of the crisis was the delay in recognizing debt losses, as losses were recognized when they were realised. Non-payment by the borrower.

This standard introduces radical amendments to the methods used in calculating provisions in banks, as the current concept of setting provisions is based on monitoring actual provisions for losses incurred as a result of bad debts, while the new standard is based on setting provisions based on future expectations of credit exposures. It is called an expected credit loss.

The Bank of Jordan, in cooperation with Moody's, carried out the implementation of International Financial Reporting Standard No. 9, where the historical data of the Bank of Jordan Group was employed in measuring expected credit losses weighted by the impact of economic scenarios.

The Central Bank of Jordan instructions as well as the Bank's business Model, risk departments (risk framework) and supervisory departments were all taken into consideration when forming Bank of Jordan IFRS (9) methodology. The Bank’s management ensured that the methodology emulate the Bank’s business model and apply the best practices, quantitative methods and statistical models to produce the components of the expected credit loss formula in:

Expected Credit Loss = Probability of Default x Exposure at Default x Loss Given Default

<u>IFRS (9) Scope of Implementation:</u>

Bank of Jordan IFRS (9) methodology catered for applying the standard on group level (foreign branches) and its subsidiaries and in line with the host country laws and regulations. The model of Expected Credit Loss calculation covers the following:

- Loans and credit facilities (direct and indirect).
- Debt instruments carried at amortized cost.
- Financial guarantees (as per the standards requirements).
- Credit claims on banks and financial institutions (excluding current accounts used to cover the bank operations such as remittances, Letters of Guarantee and Letters of Credit) which falls within a short period of time (days).

The following are the main information and definitions used by the Bank to implement this standard:

1) Default: The occurrence of 90 days or more past due where such event indicates the obligor inability to meet the contractual obligations in full with the Bank.

2) Probability of Default PD: Probability of Default represent the risk of the customer's inability to meet its obligations toward the bank.

Determination of PD for Corporate and SME Portfolios: through mapping the obligors ratings generated by the internal risk rating system with it's equivalent Probability of Default at this level of risk, taking into account that each risk rate reflects a certain level of risk and weighted by the portfolios historical default events (Corporates and SMEs).

Determination of PD for Retail Portfolio: these PDs were established based on the historical product default data (collective level) for each product, where the Observed Default Rate is calculated by applying a statistical model (Autoregressive Model) for evaluating the default rate for each product.

3) Exposure at Default: represent the borrower outstanding indebtedness toward the bank when default takes place.

The calculation of exposure at default were carried out in line with the historical utilization for the credit facilities and according to its nature (direct, indirect, revolving and\or amortizing) thus the basis for calculating the exposure at default was set based on the facility nature and age.

4) Loss Given Default: represent the bank loss resulted from non-performing credit loss impairment, in other terms (1- Recovery Ratio).

At the level of corporate and SME portfolios: The Bank determine LGDs for credit instruments under Corporate and SME portfolios through using Moody's RiskCalc the LGD model, the model depends on the availability of several input such as obligor PD, business sector in addition to credit facility nature (revolving, amortizing) and takes into consideration the availability of tangible collaterals (secured or unsecured) and the collateral type and value. In addition to the above, the risk calculation LGD model avails LGD results according to credit maturity and its stage (12 months LGDs and the lifetime LGDs) accompanied with recovery ratios for each credit instrument.
At the level of the collective portfolio: the rate of loss was determined at the product level based on industry- standards and observed magnitudes in the region, in addition to business input from the Bank of Jordan.
Zero LGDs was assigned for 100% cash collateralized facilities (dominated in the same currency) and for facilities availed for the Government of Jordan and, or backed by the Government of Jordan (regardless of credit facilities currency).

Calculating the Expected Credit Loss ECL for Time Deposits Held with Other Banks:

- Using the Banks Risk Calculation model, the probability of default and default due to default has been reached. Through Banks Risk Calculation, the called Expected Default Frequency EDF is produced, which is equivalent to the probability of default for the banks with which deposits are held. The risk of default in the inputs of the Risk Calculation LGD model Loss due to default and then the balance is calculated at default on the assumption of the entire deposit value without any modification to the possibility of default as the deposits can be subject to the calculation of the possibility of default for a period of time adjustment.

Calculating the Expected Credit Loss ECL for Bonds:

- The largest share of the bond portfolio is bonds guaranteed by the Government of Jordan and are not subject to the expected credit loss.

- The PDs calculated by using Banks Risk Calculation model to cater for banks bonds while PDs for corporate bonds generated by mapping the Internal Risk Rate for the subject companies with the equivalent PDs. LGDs determination by using the Risk Calculation LGD model (same as other assets subject to ECL). Bond value at reporting date represent EAD. Once the ECL formula components defined, the Bank executes the calculations to define the ECL for bonds.

Internal Credit Risk Rating:

Bank of Jordan applies an internal risk rating system to classify the risks of corporate and small and medium-sized companies (SMEs) on a scale of 1-10, so each degree reflects the risk of default, thus identifying the possibility of the customer's failure through its risk rating.

The customer risk rating process includes the study and analysis of the customer's quantitative data so that the financial performance of the client is evaluated, the financial performance of the client, the business activity and its relationship with the Bank as well as industry risks.
The risk rating table consists of 10 grades, each of which internally reflects the degree of risk associated with the customer. The higher the level of the customer's risk, the greater the risk of default. Consequently, more control is imposed on the client's account and more stringent procedures are followed. The grades from 1 to 6 generally reflect relatively acceptable risks (hence credit is included in the first stage), Grade 7 reflects a significant increase in the degree of risk to the client (therefore included in the second stage/watchlist), finally grades 8-10 reflects the customer's entry in the default case, accordingly to be classified within stage as a non-performing classification.

Calculating Obligors Risk Rating and the Expected Credit Loss on Individual Basis:

The customer credit evaluation system is relied on by giving a score to each customer through the results of the application scorecard and behavioural scorecard, which depends mainly on the basic data of the customer, the product granted, and the customer’s performance in terms of commitment to repayment in the loans granted, the possibility of default is determined Depending on the historical default rates (Observed Default Rate) at the level of the accounts so that the Vintage PD curve is built and the curve is modified taking into account the credit evaluation of customers in addition to the economic scenarios, accordingly the expected credit losses are calculated at the level of the account and according to the probability of default and the specified percentage of loss when default the nature of the facilities and the credit age are considered.

IFRS (9) as Adopted by the Central Bank of Jordan Implementation Governance:

Bank of Jordan IFRS (9) methodology covers the Governance procedures followed in applying the standard which summarize the roles and responsibilities for all parties involved in implementation works in addition to data checking mechanisms applied in checking the data used in the standard implementation.

Governance procedures covers audit role and the validation of expected credit loss adequacy allocated by the Bank. In addition to the above Audit is also responsible for conducting periodic review to ensure data accuracy used in applying the standard in order to meet the regulator requirements. Furthermore, Audit are in charge of monitoring involved units and evaluate the standard implementation by generating periodic reports to the board who in turn approve the results and role responsible for applying effective monitoring through defining committees and unit roles in the Bank to unit roles in the Bank to provide the proper infrastructure and ensure work integration between these units ensure work integration between these units.

Changes in Credit Risk and Determinants Followed by the Bank's in Calculation of Expected Credit Loss:

Adopting the Internal Credit Rating System adopted by the Bank of Jordan in addition to the decisions of the Credit Committee. For the purpose of determining a significant change in the classification of a customer's risk rating, by comparing the customer current staging with the previous year customer staging (December data as a base for each year) where a decrease in customer’s rating by two full grades is customer risk increase indicator or (due appearance) for 30 days or more, which requires the transfer of the customer from Stage 1 to Stage 2 while a decline in customer rating (two notches) indicates a substantial change in the credit type.

For the purpose of transfer of credit claims between the stages, the following controls have been set:

1- Adoption of a standard (30-day due period) since the inception of the application as an indication of an increase in credit risk.
2- If there is a maturity of more than 30 days and up to 59 days at the account level, all the facilities granted to the customer are classified as Stage 2.
3- Client classified under watch list, all it’s products granted shall remain within Stage 2 until the customer is obliged to pay (3) monthly instalments, two quarterly instalments or one semi-annual premium. In the case of a customer's commitment and the transfer of its classification to a regular transaction, the customer is treated according to the base number of days due only.
4- If the classified client is not performing all the products granted to him remain within Stage 3. If the account is settled, the client is transferred to Stage 2, the classification of the customer will be under watch list transferred from non performing and the client will stay under this classification until point 3 is met.
5- The customer classified as non-working, all the products granted to him remain within Stage 3, and in the event that the account status is corrected, the customer will be moved to Stage 2, since the customer’s classification will be under monitoring, transferred from non-working, and will remain in it until clause No. 4 is fulfilled.

Applying Macroeconomic Scenarios on the Expected Credit Loss (ECL) Results:

The ECL result is a weighted average of 3 scenarios (40% of baseline scenario + 30% of downside scenario + 30% of upside scenario) on the final result of the expected credit loss at the facility/instrument level and the expected credit loss is the result of the maturity of each facility and the stage at which the customer is classified (Stage 1, Stage2 & Stage3).

Several factors were used to predict the expected future events and to use more than one scenario (basic, negative and positive). These factors were summarized in the adoption of the impact of change in GNP, the performance of the financial market (for the corporate portfolio and SMEs) and the change in the consumer price index, Domestic demand and borrowing, the real estate price index and the unemployment rate (for the individual portfolio) are indicators after studying their correlation with default rates according to historical data.

As a result of the war on Gaza and the resulting developments, the Bank has taken a series of measures and precautions since the beginning of the war, in addition to developing scenarios for stress situations. Some adjustments have been made to the expected credit loss calculation by modifying the weights assigned to economic scenarios for exposures in the West Bank or Gaza. A weight of 40% for the downturn scenario and 60% for the baseline scenario was adopted in the West Bank, while 100% was adopted for the downturn scenario for exposures in Gaza. Individual portfolios were studied and divided into segments based on sources of income, with some segments upgraded in their classifications based on the impact of repayment sources. Regarding corporate and commercial portfolios, customer situations were assessed after studying various indicators, including the degree of impact on business activity (economic sector), supply chain impact (purchasing), distribution chain impact (sales), debt collection impact, cash flows for activity, and operational impact of activity. Based on this, classification grades were downgraded for clients in Gaza affected by the war.

Employing the impact of economic scenarios in calculating the expected credit loss:

Corporates and SMEs Portfolio	The most statistically relevant model is one that includes the performance of the financial market Equity and GDP as independent variables having an impact on credit quality (dependent variable). Whenever one of these variables changes, it will affect the quality of credit (negatively or positively). Based on the results of the statistical test (t-statistics), the economic variables (the performance of the financial market and the GDP) were adopted as they were considered the most appropriate to determine the change in the credit quality of the customer.
Collective Portfolio	The economic indicators adopted in the calculation of the credit loss are the Consumer Price Index (CPI) and the Stock Prices Proxies Index (SPI) as an indicator that reflects the position of the labor market.These indicators were selected after studying the extent of their correlation with default rates according to historical data.
Bonds	The propability of default PD and the loss given default: financial data were entered for the Banks bonds purchased as this process produces Expected Default Frequency which is equivalent to the probability of default.Then LGD is generated after that exposure at default EAD is calculated assuming the full bond value. The expected ECL loss is calculated using statistcal calculation model.
Jordan Leasing Company	- EAD for Leasing Loan is calculated based on (Net Investment + unutilized portion of limit for stage1 and 2. -LGD (loss given default) for Wholesale is calculated using RiskCalc system taking into consideration the value of collateral/real estate for Wholesale Portfolio. -LGD for Retail was applied on Product level. -Linking customers propability of default (PD) with point in time propability of default (PIT PD) to be subject to economic scenarios. Accordingly, the expected credit loss results have been produced at customer's level by classifying them within the Wholesale or individval portfolios.
Excel for Financial invesmnet	- EAD is calculated on the gross limits although the utilization is tied to the deposit of shares (it is not possible to utilize without a contribution from the customer). -. Calculation of the LGD according to the value of the stock guarantee received by the company (the market value) and according to the system calculation - Giving customers in the portfolio a risk score of (5). -Linking the customer's portfolio propability of default with the point in time propability of default PIT PD to be subject to the economic scenarios and will therefore produce the expected credit loss at the client and portfolio levels.
Bank's Deposits	Calculating the probability of default and the loss given default LGD for the production of Expected Default Frequency EDF, which is equivalent to the probability of default for the banks whose deposits are held. The LGD is then generated and then EAD is calculated assuming the full deposit value then ECL is calculated using the statistical calculation model.

Second: Quantitative Disclosures:

(41/A) Credit Risk

Exposure to credit risk (net of expected credit losses provisions and interest in suspense and before collateral held or other mitigation factors):

	2023	2022
Consolidated Statement of Financial Position items	**JD**	**JD**
Balances at central banks	782,327,019	593,060,495
Balances at banks and financial institutions	142,551,211	150,738,734
Deposits at banks and financial institutions	447,949	939,947
Financial assets through other comprehensive income – debt instruments at fair value	144,192,002	-
Credit facilities:	1,432,871,078	1,512,159,209
Individuals (retail customers)	483,157,388	542,476,211
Real estate loans	222,535,728	261,931,212
Corporates	498,880,178	482,711,225
Large corporate customers	311,035,230	287,638,946
SMEs	187,844,948	195,072,279
Government and public sector	228,297,784	225,040,561
Financial assets at amortized cost (Bonds & Treasury Bills)	164,126,649	236,660,430
	2,666,515,908	**2,493,558,815**
consolidated off statement of financial position		
Letters of guarantee	77,690,688	71,591,293
Letters of credit	34,636,390	18,410,378
Acceptances	91,356,381	19,577,443
Un-utilized direct and indirect facilities limits	366,742,204	379,662,783
Total	**3,236,941,571**	**2,982,800,712**

The guarantees and mitigating credit risk factors against credit exposure mentioned above include the following:

- Obtaining suitable guarantees and recording them correctly against any potential risks. These guarantees represent cash guarantees, and non-cash guarantees such as real estate, vehicles, equipment and stock mortgages in addition to guarantees and credit derivatives binding to all parties involved and legally exercisable at all competent courts.

- Having a credit rating system for the Bank’s customers and relying on the credit ratings issued by international credit agencies for banks and corporates.

- Performing periodic evaluations of guarantees according to the nature, type and degree of risk to regularly ensure their adequacy against the credit granted.

- Conducting a legal audit of all contracts and documents their applicability according to the Bank’s system, laws and regulations.

- Having financial derivatives that mitigate market risks.

Table below illustrates credit exposures distributution according to the risk grades:

	December 31, 2023						
Credit risk Rating Based on the Bank's internal risk Rating System:	**Category Classification according to Instructions (47/2009)**	**Total Exposure**	**Expected Credit Losses (ECL)**	**Probability of Default (PD)**	**Classifications by External Classification Institutions**	**Exposure at Default (EAD)**	**Average Loss given Default (LGD)%**
		JD	**JD**			**JD**	
1	Performing	1,074,241,551	20,250	4.5% - 0%	Aaa	464,657,977	5.63%
2	Performing	59,564,585	4,398	0.15% - 0.01%	Aa1 - Aa3	59,112,636	46.33%
3	Performing	152,271,160	35,130	0.87% - 0.02%	A1 - A3	118,347,830	16.67%
4	Performing	470,263,234	370,571	1.55% - 0.08%	Baa1 - Baa3	453,747,330	43.53%
5	Performing	332,532,055	2,502,385	5.97% - 0.41%	Ba1 - Ba3	314,050,771	43.17%
6	Performing	345,607,559	2,007,410	52.16% - 0.03%	B1 - B3	236,610,155	47.74%
7	Performing	44,321,286	22,057,404	47.48% - 0.6%	Caa1 - Caa3	43,751,629	67.77%
Unclassified	Performing	773,879,929	10,118,685	100% - 0.001%	-	631,254,424	67.75%
Non - Performing exposure							
8	Non-performing	5,970,907	4,507,316	100%	Default	6,018,662	98.55%
Unclassified	Non-performing	4,818,252	1,374,315	100%	Default	4,816,159	67.44%
9	Non-performing	34,094	34,094	100%	Default	43,348	100.00%
Unclassified	Non-performing	5,779,058	3,969,967	100%	Default	5,778,745	66.66%
10	Non-performing	78,422,956	65,519,286	100%	Default	78,317,173	62.56%
Unclassified	Non-performing	50,760,567	49,004,412	100%	Default	50,742,893	67.77%
Total		**3,398,467,194**	**161,525,623**			**2,467,249,731**	

	December 31, 2022						
Credit risk Rating Based on the Bank's internal risk Rating System:	**Category Classification according to Instructions (47/2009)**	**Total Exposure**	**Expected Credit Losses (ECL)**	**Probability of Default (PD)**	**Classifications by External Classification Institutions**	**Exposure at Default (EAD)**	**Average Loss given Default (LGD)%**
		JD	**JD**			**JD**	
1	Performing	825,092,472	27,783	0.01-0.02%	Aaa	825,092,472	-
2	Performing	58,231,825	7,088	0.01-0.02%	Aa1 - Aa3	51,190,567	37.62%
3	Performing	154,487,699	36,871	0.03-0.17%	A1 - A3	156,192,614	48.36%
4	Performing	406,895,028	998,728	0.15-0.86%	Baa1 - Baa3	374,310,061	47.62%
5	Performing	392,491,298	4,186,844	0.43-3.37%	Ba1 - Ba3	373,109,170	45.93%
6	Performing	271,194,518	1,402,280	1.70-7.590%	B1 - B3	269,078,924	35.85%
7	Performing	30,206,196	24,169,826	3.68-48.64%	Caa1 - Caa3	30,100,278	41.31%
Unclassified	Performing	870,663,593	8,233,410	99-0.01%	-	718,998,849	40.09%
Non - Performing exposure							
8	Non-performing	2,095,231	1,274,160	100%	Default	1,099,718	61.89%
Unclassified	Non-performing	4,163,074	1,154,264	100%	Default	4,272,101	46.84%
9	Non-performing	9,384,622	7,199,455	100%	Default	9,384,610	58.70%
Unclassified	Non-performing	1,770,709	1,046,196	100%	Default	1,745,797	44.68%
10	Non-performing	79,479,191	75,073,546	100%	Default	80,790,290	66.34%
Unclassified	Non-performing	47,802,764	46,347,057	100%	Default	47,786,229	49.95%
Total		**3,153,958,220**	**171,157,508**			**2,943,151,680**	

- Exposure includes direct credit facilities, balances and deposit with banks and financial institutions, Treasury bonds and any assets with credit exposures.

Distribution of collaterals fair value against total credit exposures:

	December 31, 2023									
		Fair value of collaterals								
Item	**Total Exposure Value**	**Cash Collaterals**	**Quoted Stocks**	**Accepted Letter of Guaranteed**	**Real Estate**	**Cars and Mechanics**	**Others**	**Total Value of Collaterals**	**Net Exposure after Collaterals**	**Expected Credit Loss (ECL)**
	JD	**JD**	**JD**	**JD**	**JD**	**JD**	**JD**	**JD**	**JD**	**JD**
Balances with central banks	782,620,321	-	-	-	-	-	-	-	782,620,321	293,302
Balances with banks and financial institutions	142,621,408	-	-	-	-	-	-	-	142,621,408	70,197
Deposits with banks and financial institutions	448,000	-	-	-	-	-	-	-	448,000	51
Credit facilities at amortized cost:										
Individuals	540,912,869	31,341,867	-	-	11,013,979	43,435,886	-	85,791,732	455,121,137	57,755,481
Real estate loans	231,660,880	758,417	-	-	200,625,646	25,909	-	201,409,972	30,250,908	9,125,152
Corporate:										
Large corporate customers	356,914,076	14,950,442	10,383,494	-	35,308,618	1,175,901	-	61,818,455	295,095,621	45,878,846
SMEs	226,182,858	15,551,212	1,780,994	2,194	69,746,280	6,812,566	-	93,893,246	132,289,612	38,337,910
Government and Public Sector	229,445,084	-	-	-	-	-	-	-	229,445,084	1,147,300
Bonds and Treasury Bills:										
Within financial assets at amortized cost	164,361,770	-	-	-	-	-	-	-	164,361,770	235,121
Within financial assets at fair value through comprehensive income - debt	144,192,002	-	-	-	-	-	-	-	144,192,002	-
Total	**2,819,359,268**	**62,601,938**	**12,164,488**	**2,194**	**316,694,523**	**51,450,262**	**-**	**442,913,405**	**2,376,445,863**	**152,843,360**
Financial Guarantees	85,547,480	1,939,365	7,074	-	5,584,843	48,134	-	7,579,416	77,968,064	7,856,792
Letters of Credit and acceptances	126,134,897	8,152	-	-	23,729	-	-	31,881	126,103,016	142,126
Other Liabilities	367,425,549	-	-	-	-	-	-	-	367,425,549	683,345
Total	**3,398,467,194**	**64,549,455**	**12,171,562**	**2,194**	**322,303,095**	**51,498,396**	**-**	**450,524,702**	**2,947,942,492**	**161,525,623**

Distribution of collaterals fair value against total credit exposures:

	December 31, 2022									
		Fair value of collaterals								
Item	Total Exposure Value	Cash Collaterals	Quoted Stocks	Accepted Letter of Guarantees	Real Estate	Cars and Mechanics	Others	Total Value of Collaterals	Net Exposure after Collaterals	Expected Credit Loss (ECL)
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central banks	593,267,402	-	-	-	-	-	-	-	593,267,402	112,990
Balances with banks and financial institutions	150,844,506	-	-	-	-	-	-	-	150,844,506	105,772
Deposits with banks and financial institutions	940,000	-	-	-	-	-	-	-	940,000	53
Credit facilities at amortized cost:										
Individuals	592,403,904	19,773,911	249,499	-	11,006,553	41,690,143	-	72,720,107	519,683,797	49,927,693
Real estate loans	269,294,425	210,622	-	-	241,577,421	26,029	-	241,814,072	27,480,353	7,363,213
Corporate:										
Large corporate customers	350,263,423	15,113,541	10,668,470	-	48,092,676	1,397,169	-	75,271,856	274,991,567	62,624,477
SMEs	237,361,051	13,851,876	26,150	2,194	62,383,599	6,651,464	-	82,915,283	154,445,768	42,288,772
Government and Public Sector	225,239,281	-	-	-	-	-	-	-	225,239,281	198,720
Bonds and Treasury Bills:										
Within financial assets at amortized cost	237,032,607	-	-	-	-	-	-	-	237,032,607	372,177
Total	**2,656,646,599**	**48,949,950**	**10,944,119**	**2,194**	**363,060,249**	**49,764,805**	**-**	**472,721,318**	**2,183,925,281**	**162,993,867**
Financial Guarantees	78,883,452	3,735,497	10,809	-	6,625,856	48,842	-	10,421,004	68,462,448	7,292,159
Letters of Credit and acceptances	38,055,121	77,139	-	-	403,676	-	-	480,815	37,574,306	67,300
Other Liabilities	380,373,048	-	-	-	-	-	-	-	380,373,048	710,265
Total	**3,153,958,220**	**52,762,586**	**10,954,928**	**2,194**	**370,089,781**	**49,813,647**	**-**	**483,623,137**	**2,670,335,083**	**171,063,591**

Exposures classified under stage 3:

Item	December 31, 2023									
		Fair value of collaterals								
	Total Exposure Value	Cash Collaterals	Quoted Stocks	Accepted Letter of Guarantees	Real Estate	Cars and Mechanics	Others	Total Value of Collaterals	Net Exposure after Collaterals	Expected Credit Loss (ECL)
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Direct credit facilities at amortized cost:										
Individual (retail customers)	51,756,824	278,302	-	-	5,305,513	78,661	-	5,662,476	46,094,348	48,218,825
Real estate Loans	14,296,157	-	-	-	3,943,407	-	-	3,943,407	10,352,750	8,646,886
Corporate:										
Large corporate customers	32,095,805	-	-	-	2,629,680	20,375	-	2,650,055	29,445,750	30,229,212
SMEs	36,099,657	395,727	-	2,194	10,036,665	2,439,629	-	12,874,215	23,225,442	29,782,894
Government and Public Sector	-	-	-	-	-	-	-	-	-	-
Total	**134,248,443**	**674,029**	**-**	**2,194**	**21,915,265**	**2,538,665**	**-**	**25,130,153**	**109,118,290**	**116,877,817**
Financial Guarantees	11,438,109	62			13,400	11,115		24,577	11,413,532	7,469,193
Total	**145,686,552**	**674,091**	**-**	**2,194**	**21,928,665**	**2,549,780**	**-**	**25,154,730**	**120,531,822**	**124,347,010**

Exposures classified under stage 3:

Item	Total Exposure Value	Cash Collaterals	Quoted Stocks	Accepted Letter of Guarantees	Real Estate	Cars and Mechanics	Others	Total Value of Collaterals	Net Exposure after Collaterals	Expected Credit Loss (ECL)
	December 31, 2022									
		Fair value of collaterals								
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Direct credit facilities at amortized cost:										
Individual (retail customers)	44,692,182	275,963	-	-	3,987,969	123,193	-	4,387,125	40,305,057	42,135,235
Real estate Loans	9,493,986	-	-	-	1,220,690	-	-	1,220,690	8,273,296	6,716,634
Corporate:										
Large corporate customers	43,217,585	-	-	-	2,738,389	42,505	-	2,780,894	40,436,691	43,357,013
SMEs	36,489,994	421,632	-	2,194	10,524,822	2,412,944	-	13,361,592	23,128,402	32,857,759
Government and Public Sector	-	-	-	-	-	-	-	-	-	-
Total	**133,893,747**	**697,595**	**-**	**2,194**	**18,471,870**	**2,578,642**	**-**	**21,750,301**	**112,143,446**	**125,066,641**
Financial Guarantees	10,703,066	258	-	-	115,604	11,791	-	127,653	10,575,413	6,929,260
Total	**144,596,813**	**697,853**	**-**	**2,194**	**18,587,474**	**2,590,433**	**-**	**21,877,954**	**122,718,859**	**131,995,901**

1. Rescheduled Loans

These represent loans classified previously as non-performing, removed from non-performing credit facilities according to proper scheduling, and reclassified as debts under watch list. Total rescheduled loans amounted to JD 3,179,800 as of December 31, 2023 (JD 6,195,499) as of December 31, 2022).

This balance represents the rescheduled loans either classified as watch list or returned to performing loans.

2. Restructured Loans

Restructuring means to rearrange facilities installments by increasing their duration, postponing some installments or increasing their grace period, and classifying them as debts under watch list. Total restructured loans amounted to JD 69,653,111 as of December 31, 2023 (JD 80,342,048 as of December 31, 2022).

3. Bonds, Debentures and Treasury Bills

The schedule below shows the distribution of bonds, debentures and bills according to the international agencies' classification:

Rating Grade	Rating Agency	Classification	Included within financial assets at fair value through other comprehensive income	Within Financial Assets at Amortized Cost	Total
			JD	JD	JD
Foreign Bank Bonds	Fitch	AA -	-	712,949	712,949
Foreign Bank Bonds	Fitch	A +	-	712,770	712,770
Foreign Bank Bonds	Fitch	BB +	-	10,880,858	10,880,858
Foreign Bank Bonds	Fitch	B +	-	7,093,345	7,093,345
Jordanian Government Bonds and bills	Fitch	BB -	144,192,002	117,982,301	262,174,303
Foreign Government Bonds	Fitch	B -	-	10,672,547	10,672,547
Unrated Bonds	Fitch	NR	-	16,307,000	16,307,000
Total			**144,192,002**	**164,361,770**	**308,553,772**

4. Concentration in credit exposure according to geographical distribution was as follows:

A. Gross Distribution Exposures Based on Geographic Areas:

	December 31, 2023								December 31, 2022
Item	Inside the Kingdom	Other Middle East Countries	Europe	Asia	Africa	America	Other Countries	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	571,753,030	210,573,989	-	-	-	-	-	782,327,019	593,060,495
Balances at banks and financial institutions	54,724,876	40,579,344	4,728,421	2,491,921	-	40,026,649	-	142,551,211	150,738,734
Deposits at banks and financial institutions	-	447,949	-	-	-	-	-	447,949	939,947
Direct credit facilities	1,067,633,069	365,238,009	-	-	-	-	-	1,432,871,078	1,512,159,209
Bonds and Treasury Bills:									
Within financial assets at amortized cost	117,982,301	46,144,348	-	-	-	-	-	164,126,649	236,660,430
Within financial assets at fair value through comprehensive income - fair value	144,192,002	-	-	-	-	-	-	144,192,002	-
Total/Current year	**1,956,285,278**	**662,983,639**	**4,728,421**	**2,491,921**	**-**	**40,026,649**	**-**	**2,666,515,908**	**2,493,558,815**
Financial Guarantees	51,879,599	19,903,768	5,267,431	77,976	-	561,914	-	77,690,688	71,591,293
Letters of Credit	25,945,765	8,444,163	111,754	134,708	-	-	-	34,636,390	18,410,378
Acceptances	91,354,964	1,417	-	-	-	-	-	91,356,381	19,577,443
Un-utilized balances	274,686,556	82,346,935	9,708,713	-	-	-	-	366,742,204	379,662,783
Total	**2,400,152,162**	**773,679,922**	**19,816,319**	**2,704,605**	**-**	**40,588,563**	**-**	**3,236,941,571**	**2,982,800,712**

B. Exposure Distribution According to Stages Classification as Per IFRS (9) as adopted by the Central Bank of Jordan:

	December 31, 2023						December 31, 2022
	Stage One		Stage two				
Item	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Inside Jordan	1,716,787,813	589,204,787	19,350,718	54,540,267	20,268,577	2,400,152,162	2,220,150,430
Other middle east countries	619,157,064	112,717,420	33,396,646	7,300,925	1,107,867	773,679,922	676,356,527
Europe	19,816,319	-	-	-	-	19,816,319	32,914,720
Asia	2,704,605	-	-	-	-	2,704,605	8,637,254
Africa	-	-	-	-	-	-	10,472,916
America	40,588,563	-	-	-	-	40,588,563	34,268,865
Other Countries	-	-	-	-	-	-	-
Total	**2,399,054,364**	**701,922,207**	**52,747,364**	**61,841,192**	**21,376,444**	**3,236,941,571**	**2,982,800,712**

5. Concentration in credit exposure according to the economic sector as follows:

A. Gross distribution exposures based on financial instruments:

Item	December 31, 2023										As of December 2022
	Financial	Industrial	Trading	Real Estate	Agriculture	Touristic Hotels Restaurants Public Facilities	Stock	Individuals	Government and Public Sector	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central banks	782,327,019	-	-	-	-	-	-	-	-	782,327,019	593,060,495
Balances with banks and financial institutions	142,551,211	-	-	-	-	-	-	-	-	142,551,211	150,738,734
Deposits with banks and financial institutions	447,949	-	-	-	-	-	-	-	-	447,949	939,947
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	144,192,002	144,192,002	-
Direct credit facilities	9,394,475	141,095,718	229,135,155	241,374,691	14,198,966	74,067,380	13,690,371	481,616,538	228,297,784	1,432,871,078	1,512,159,209
Bonds and Treasury Bills:										-	
Within financial assets at amortized cost	19,315,061	13,417,881	2,830,840	-	-	-	-	-	128,562,867	164,126,649	236,660,430
Total current year	**954,035,715**	**154,513,599**	**231,965,995**	**241,374,691**	**14,198,966**	**74,067,380**	**13,690,371**	**481,616,538**	**501,052,653**	**2,666,515,908**	**2,493,558,815**
Financial Guarantees	10,653,027	7,972,596	29,747,567	13,267,547	127,693	13,399,073	46,884	2,476,301	-	77,690,688	71,591,293
Letters of Credit	1,352,890	7,814,088	25,306,919	20,813	-	141,680	-	-	-	34,636,390	18,410,378
Acceptances	1,417	336,249	89,734,939	33,063	1,086,558	164,155	-	-	-	91,356,381	19,577,443
Un-utilized balances	23,663,318	76,132,038	156,493,146	10,306,524	2,442,303	16,884,450	807,347	80,007,940	5,138	366,742,204	379,662,783
Gross Total	**989,706,367**	**246,768,570**	**533,248,566**	**265,002,638**	**17,855,520**	**104,656,738**	**14,544,602**	**564,100,779**	**501,057,791**	**3,236,941,571**	**2,982,800,712**

B. Exposure Distribution According to Stages Classification as Per IFRS (9) as adopted by the Central Bank of Jordan:

Item	As of December 2023						As of December 2022
	Stage One		Stage Two				
	Individual Level	Collective Level	Individual Level	Collective Level	Stage Three	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Financial	989,510,882	-	89,049	-	106,436	989,706,367	874,092,441
Industrial	238,008,098	37,962	8,086,749	-	635,761	246,768,570	260,475,717
Trade	515,706,923	84,994	11,285,174	-	6,171,475	533,248,566	368,939,234
Real estates	46,523,036	181,229,558	6,724,706	23,192,134	7,333,204	265,002,638	296,239,909
Agriculture	17,192,946	-	63,919	-	598,655	17,855,520	16,625,512
Tourism, restaurants and public facilities	89,648,468	3,240,776	8,893,537	4,831	2,869,126	104,656,738	139,806,971
Stocks	14,544,602	-	-	-	-	14,544,602	15,412,530
Individuals	4,312,478	517,328,917	153,370	38,644,227	3,661,787	564,100,779	623,137,241
Government and Public Sector	483,606,931	-	17,450,860	-	-	501,057,791	388,071,157
Total	**2,399,054,364**	**701,922,207**	**52,747,364**	**61,841,192**	**21,376,444**	**3,236,941,571**	**2,982,800,712**

6. Re-classified credit exposures

A. Total re-classified credit exposure:

	December 31, 2023					
	Stage Two		Stage Three			
Item	**Total Exposure Value**	**Reclassified exposures**	**Total Exposure Value**	**Reclassified exposures**	**Total reclassified exposures**	**Percentage of Reclassified Exposures**
	JD	JD	JD	JD	JD	
Cash and balances at central banks	-	-	-	-	-	0.00%
Balances at banks and financial institutions	-	-	99,282	-	-	0.00%
Deposits at banks and financial institutions	-	-	-	-	-	0.00%
Financial assets through comprehensive income - debt instruments	-	-	-	-	-	0.00%
Direct credit facilities at amortized cost	101,412,210	24,778,377	150,296,318	32,357,564	57,135,941	22.70%
Bonds and Treasury Bills within financial assets at amortized cost	10,672,648	10,672,648	-	-	10,672,648	100.00%
Total	**112,084,858**	**35,451,025**	**150,395,600**	**32,357,564**	**67,808,589**	**25.83%**
Letters of guarantees	2,839,797	(2,145,452)	11,438,109	893,487	(1,251,965)	8.77%-
Letters of credit	38,286	-	-	-	-	0.00%
Acceptances	17,902	-	-	-	-	0.00%
Un-utilized balances	13,144,192	(6,469,089)	-	-	(6,469,089)	49.22%-
Gross total	**128,125,035**	**26,836,484**	**161,833,709**	**33,251,051**	**60,087,535**	**20.72%**

B. Expected credit loss against reclassified exposures:

	December 31, 2023							
	Reclassified exposures			Expected credit loss for reclassified exposures				
				Stage Two		Stage Three		
Item	**Gross Reclassified Exposure from Stage Two**	**Gross Reclassified Exposure from Stage Three**	**Gross Reclassified Eexposure**	**Individual Level**	**Collective Level**	**Individual Level**	**Collective Level**	**Total**
	JD	JD	JD	JD	JD	JD	JD	JD
Cash and balances at central banks	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-	-	-
Financial assets through comprehensive income - debt instruments	-	-	-	-	-	-	-	-
Direct credit facilities at amortized cost	(2,768,883)	20,402,437	17,633,554	8,443,104	4,663,379	116,877,817		129,984,300
Bonds and Treasury Bills within financial assets at amortized cost	92,083	-	92,083	103,280	-	-	-	103,280
Total	**(2,676,800)**	**20,402,437**	**17,725,637**	**8,546,384**	**4,663,379**	**116,877,817**	**-**	**130,087,580**
Letters of guarantees	(18,392)	596,604	578,212	166,984	-	7,469,193	-	7,636,177
Letters of credit	-	-	-	178	-	-	-	178
Acceptances	-	-	-	83	-	-	-	83
Un-utilized balances	9,898	-	9,898	158,536	12,132	-	-	170,668
Gross total	**(2,685,294)**	**20,999,041**	**18,313,747**	**8,872,165**	**4,675,511**	**124,347,010**	**-**	**137,894,686**

6. Re-classified credit exposures

A. Total re-classified credit exposure:

Item	December 31, 2022					
	Stage Two		Stage Three			
	Total Exposure Value	Reclassified exposures	Total Exposure Value	Reclassified exposures	Total reclassified exposures	Percentage of Reclassified Exposures
	JD	JD	JD	JD	JD	
Cash and balances at central banks	-	-	-	-	-	0.00%
Balances at banks and financial institutions	-	-	98,778	-	-	0.00%
Deposits at banks and financial institutions	-	-	-	-	-	0.00%
Financial assets through comprehensive income - debt instruments	-	-	-	-	-	0.00%
Direct credit facilities at amortized cost	87,307,499	(22,431,210)	149,280,799	12,282,730	(10,148,480)	-4.29%
Bonds and Treasury Bills within financial assets at amortized cost	-	-	-	-	-	0.00%
Total	**87,307,499**	**(22,431,210)**	**149,379,577**	**12,282,730**	**(10,148,480)**	-4.29%
Letters of guarantees	6,116,752	(2,427,319)	10,703,066	(5,751)	(2,433,070)	-14.47%
Letters of credit	65,221	(61,399)	-	-	(61,399)	-94.14%
Acceptances	-	-	-	-	-	0.00%
Un-utilized balances	20,384,575	4,694,256	-	-	4,694,256	23.03%
Gross total	**113,874,047**	**(20,225,672)**	**160,082,643**	**12,276,979**	**(7,948,693)**	-2.90%

B. Expected credit loss against reclassified exposures:

Item	December 31, 2022							
	Reclassified exposures			Expected credit loss for reclassified exposures				
				Stage Two		Stage Three		
	Gross Reclassified Exposure from Stage Two	Gross Reclassified Exposure from Stage Three	Gross Reclassified Eexposure	Individual Level	Collective Level	Individual Level	Collective Level	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Cash and balances at central banks	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-	-	-
Financial assets through comprehensive income - debt instruments	-	-	-	-	-	-	-	-
Direct credit facilities at amortized cost	806,217	6,687,533	7,493,750	25,970,008	4,512,884	125,066,641	-	155,549,533
Bonds and Treasury Bills within financial assets at amortized cost	-	-	-	-	-	-	-	-
Total	**806,217**	**6,687,533**	**7,493,750**	**25,970,008**	**4,512,884**	**125,066,641**	**-**	**155,549,533**
Letters of guarantees	39,170	18,137	57,307	173,180	-	6,929,260	-	7,102,440
Letters of credit	(1,065)	-	(1,065)	27	-	-	-	27
Acceptances	-	-	-	-	-	-	-	-
Un-utilized balances	(10,664)	-	(10,664)	199,112	29,242	-	-	228,354
Gross total	**833,658**	**6,705,670**	**7,539,328**	**26,342,327**	**4,542,126**	**131,995,901**	**-**	**162,880,354**

41/B Market Risks:

Qualitative Disclosure:

These risks arise from the fluctuations in the fair values or the future cash flows of financial instruments due to the changes in market prices such as (interest rate, currency exchange rate, and shares prices). Moreover, market risks arise from the existence of open positions in interest rates, currency exchange rates, and investments in shares. These risks are monitored according to specific policies and procedures through special committees and associated work centres and include the following:

- Interest rate risks.
- Currency exchange rate risks.
- Fluctuation in share prices risks.
- Market risks: are the risks of exposure of the positions on and off the Bank's Consolidated Statement of Financial Position to losses as a result of price fluctuations in the market. This includes the risks arising from the volatility of interest rates and stock prices of investment portfolios, both for the purpose of trading or exchange.

Market risks arise from:

- Changes that may occur in the political and economic conditions in markets.
- Fluctuations in interest rates.
- Fluctuations in the prices of financial instruments held for future buying and selling.
- Foreign currency fluctuations.
- Gaps in maturities of assets and liabilities and interest rate re-pricing.
- Creation of uncovered positions.

Interest Rate Risks

Interest rate risks arise from the probable impact of changes in interest rates on the value of other financial assets. The Bank is exposed to the risk of interest rates due to a mismatch or a gap in the amounts of assets and liabilities, according to the various time limits or review of interest rates in a certain period. Moreover, the Bank manages these risks through reviewing the interest rates on assets and liabilities based on the risk management strategy undertaken by the Asset and Liability Management Committee. The Bank follows a policy of hedging all financial assets and financial liabilities whenever the need arises. Hedging is against anticipated future risks.

The Bank has developed analysis scenarios to measure the sensitivity of interest rate risk in addition to providing a system for controlling the difference in the history of re-pricing. This ensures control, reduces risk, and takes into account acceptable risk and balancing maturities of assets with liabilities, as well as the gaps and benefits of hedging their prices.

Foreign Currency Risks

Foreign currency risks are the risks arising from changes in the values of financial instruments as a result of fluctuations in the prices of foreign currencies.

The Bank’s investment policy includes a set of controls that limit this type of risk monitored by a market risk unit such as follows:

- Exceeding limits is not allowed, and any currency excess is settled immediately.
- Any dealer should close the position immediately when the loss reaches the allowed maximum limit.
- The Treasury and Investment Department analyses and controls open positions daily. It closes the positions in case of excesses of ceiling, loss limits or heightened risks due to market fluctuations.

The following is the net foreign currency positions at the Bank:

Currency Type	December 31, 2023	December 31, 2022
	JD	JD
USD	(13,308,860)	(21,605,359)
GBP	(6,299,486)	(6,810,850)
Euro	467,976	1,798,025
JPY	99	14,840
Other currencies	(63,483,332)	(38,034,085)
	(82,623,603)	**(65,637,429)**

Share Prices Risks
Share prices risks result from the changes in the fair values of investments in shares. The Bank manages these risks through diversifying investments across various geographical areas and economic sectors. Most of the shares investments held by the Bank are listed in Amman Stock Exchange.

Market Risk Management
The Bank follows financial and investment policies for risk management within a specified strategy. Moreover, the Bank has an Asset and Liability Management Committee that supervises, and controls risks and performs the optimal strategic distribution of assets and liabilities both on and off the Consolidated Statement of Financial Position. Moreover, a market risk unit was established, staffed with qualified human resources, and equipped with electronic systems. These risk management procedures include the following:

- Preparation and implementation of an investment policy approved by the Board of Directors and the Central Bank of Jordan.
- Preparation and application of a market risk management policy approved by the Board of Directors including the criteria for the definition, measurement, and monitoring of this type of risk.
- Implementation of (Reuters) Application to monitor continuity risk in the global capital market, cash markets and currency exchange.
- Preparation of a mechanism for management of ceilings of local and foreign investments.
- Development of market risk measurement, management, and monitoring tools through:
  - Value at risk (VAR).
  - Basis point analysis.
  - Stress testing.
  - Defining stop loss limit.
  - Preparation of investment concentration reports (geographical distribution, economic sector, currency, tool, etc.).
  - Controlling investment ceilings.
  - Controlling investment operations (based on financial positions, local and international stocks and bonds).
- Preparation of periodic reports, to be presented to the Investment Committee and Risk Management Committee /Board of Directors.

Quantitative Disclosures:

1. **Interest Rate Risks**

Currency	Increase in Interest Rate (%)	December 31, 2023 Sensitivity of Interest Revenue Analysis (Profits and Losses)	Sensitivity of Equity
		JD	JD
USD	2%	(266,586)	-
GBP	2%	(125,990)	-
Euro	2%	9,360	-
JPY	2%	2	-
Other Currencies	2%	(1,269,668)	-

Currency	Decrease in Interest Rate (%)	Sensitivity of Interest Revenue Analysis (Profits and Losses)	Sensitivity of Equity Analysis
		JD	JD
USD	2%	266,586	-
GBP	2%	125,990	-
Euro	2%	(9,360)	-
JPY	2%	(2)	-
Other Currencies	2%	1,269,668	-

Currency	Increase in Interest Rate (%)	December 31, 2022 Sensitivity of Interest Revenue Analysis (Profits and Losses)	Sensitivity of Equity
		JD	JD
USD	2%	(432,107)	-
GBP	2%	(136,217)	-
Euro	2%	35,961	-
JPY	2%	297	-
Other Currencies	2%	(780,682)	-

Currency	Decrease in Interest Rate (%)	Sensitivity of Interest Revenue Analysis (Profits and Losses)	Sensitivity of Equity Analysis
		JD	JD
USD	2%	432,107	-
GBP	2%	136,217	-
Euro	2%	(35,961)	-
JPY	2%	(297)	-
Other Currencies	2%	780,682	-

2. **Foreign Currency Risks**

Currency	December 31, 2023		
	Increase in Currency Exchange Rate (%)	Effect on Profits or Losses	Effect on Equity
		JD	JD
USD	5%	(666,465)	-
GBP	5%	23,399	-
Euro	5%	(314,974)	-
JPY	5%	5	-
Other Currencies	5%	(3,174,169)	-

Currency	December 31, 2022		
	Increase in Currency Exchange Rate (%)	Effect on Profits or Losses	Effect on Equity
		JD	JD
USD	5%	(1,080,268)	-
GBP	5%	(340,543)	-
Euro	5%	89,901	-
JPY	5%	742	-
Other Currencies	5%	(1,951,704)	-

3. **Fluctuation in Share Prices Risks**

Indicator	December 31, 2023		
	Increase in Index	Effect on Profits or Losses	Effect on Equity
		JD	JD
Amman Stock Exchange	5%	6,649	257,708
Palestine Stock Exchange	5%	-	404,748

Indicator	December 31, 2022		
	Increase in Index	Effect on Profits or Losses	Effect on Equity
		JD	JD
Amman Stock Exchange	5%	4,508	201,139
Palestine Stock Exchange	5%	-	458,108

4. Concentration of Foreign Currency Risk

	December 31, 2023					
Currency	**USD**	**GBP**	**Euro**	**JPY**	**Other**	**Total**
Item	**JD**	**JD**	**JD**	**JD**	**JD**	**JD**
Assets:						
Cash and balances at Central Banks	109,010,377	1,088,773	6,809,234	-	145,878,860	262,787,244
Balances at banks and financial institutions	96,241,363	768,992	2,793,582	59,292	6,197,808	106,061,037
Financial assets through comprehensive income	66,826,862	-	-	-	11,947	66,838,809
Direct credit facilities at amortized cost	242,543,846	-	2,754,415	-	227,328,507	472,626,768
Financial assets (at amortized cost and at fair value and associates)	70,855,653	-	3,565,174	-	-	74,420,827
Other assets	8,993,673	119	197,357	10	8,733,425	17,924,584
Total assets	**594,471,774**	**1,857,884**	**16,119,762**	**59,302**	**388,150,547**	**1,000,659,269**
Liabilities:						
Banks and financial institutions' deposits	44,042,748	2,717	1,060,333	-	22,268,097	67,373,895
Customers' deposits	438,255,754	8,090,174	13,860,330	55,688	297,511,528	757,773,474
Cash margins	21,241,029	5,840	346,305	3,515	14,435,996	36,032,685
Other liabilities	104,261,545	58,639	384,818	-	117,418,301	222,123,303
Total Liabilities	**607,801,076**	**8,157,370**	**15,651,786**	**59,203**	**451,633,922**	**1,083,303,357**
Net concentration in the consolidated statement of financial position for the year 2023	**(13,329,302)**	**(6,299,486)**	**467,976**	**99**	**(63,483,375)**	**(82,644,088)**
Commitments and contingent liabilities off balance sheet for the year 2023	**139,628,686**	**-**	**6,194,897**	**70,293**	**3,768,708**	**149,662,584**

	December 31, 2022					
	USD	**GBP**	**Euro**	**JPY**	**Other**	**Total**
Item	**JD**	**JD**	**JD**	**JD**	**JD**	**JD**
Total assets	**558,341,383**	**1,274,476**	**27,727,992**	**216,540**	**285,576,832**	**873,137,223**
Total Liabilities	**579,946,742**	**8,085,326**	**25,929,967**	**201,700**	**324,610,917**	**938,774,652**
Net concentration in the consolidated statement of financial position for the year 2022	**(21,605,359)**	**(6,810,850)**	**1,798,025**	**14,840**	**(39,034,085)**	**(65,637,429)**
Commitments and contingent liabilities off balance sheet for the year 2022	**45,463,671**	**-**	**7,338,207**	**54,580**	**4,795,263**	**57,651,721**

5. Interest Re-pricing Gap

Classification is based on periods of interest re-pricing or maturity

Year 2023	Less Than 1 Month	From 1 to 3 Months	From 3 to 6 Months	From 6 Months to 1 Year	From 1 to 3 Years	More Than 3 Years	Items Without Interests	Total
Assets	**JD**	**JD**	**JD**	**JD**	**JD**	**JD**	**JD**	**JD**
Cash and balances with Central Banks	458,289,763	-	-	-	-	10,635,000	399,513,796	868,438,559
Balances and deposit with banks and financial institutions	108,037,539	-	279,973	167,975	-	-	34,513,673	142,999,160
Financial assets at fair value	-	-	-	-	106,979,279	37,212,729	95,107,252	239,299,260
Direct credit facilities at amortized cost	86,731,551	154,147,610	143,298,613	169,401,679	419,927,564	459,364,059	-	1,432,871,078
Financial assets at amortized cost	17,106,210	-	11,498,654	12,065,453	46,688,721	76,767,611	-	164,126,649
Property and equipment – Net	-	-	-	-	-	-	58,489,765	58,489,765
Intangible assets	-	-	-	-	-	-	7,397,514	7,397,514
Deferred tax assets	-	-	-	-	-	-	23,472,437	23,472,437
Other assets	-	-	-	-	-	-	100,157,921	100,157,921
Total Assets	**670,165,063**	**154,147,610**	**155,077,240**	**181,635,107**	**573,595,564**	**583,979,399**	**718,652,358**	**3,037,252,343**
Liabilities								
Banks and financial institutions' deposits	15,524,039	42,700,300	-	3,864,050	-	-	9,266,029	71,354,418
Customers' deposits	518,336,443	200,432,195	239,985,230	303,612,863	223,417,328	-	683,270,673	2,169,054,732
Cash margins	15,615,393	5,815,690	8,623,825	14,532,668	28,716,126	4,604,711	62,366,145	140,274,558
Sundry provisions	-	-	-	-	-	-	7,147,192	7,147,192
Income tax provision	-	-	-	-	-	-	19,247,420	19,247,420
Borrowed funds	890,755	1,084,533	1,636,969	2,220,865	10,046,555	12,875,619	7,495,250	36,250,546
Deferred tax liabilities	-	-	-	-	-	-	471,683	471,683
Other liabilities	-	-	-	-	-	-	55,740,916	55,740,916
Total liabilities	**550,366,630**	**250,032,718**	**250,246,024**	**324,230,446**	**262,180,009**	**17,480,330**	**845,005,308**	**2,499,541,465**
Interest Re-pricing Gap	**119,798,433**	**(95,885,108)**	**(95,168,784)**	**(142,595,339)**	**311,415,555**	**566,499,069**	**(126,352,950)**	**537,710,878**
Year 2022								
Total Assets	**539,893,371**	**259,393,332**	**154,773,443**	**302,552,761**	**384,201,106**	**620,938,392**	**622,978,011**	**2,884,730,416**
Total liabilities	**629,061,260**	**221,254,162**	**205,046,791**	**201,313,962**	**217,558,619**	**10,675,075**	**857,476,761**	**2,342,386,630**
Interest Re-pricing Gap	**(89,167,889)**	**38,139,170**	**(50,273,348)**	**101,238,799**	**166,642,487**	**610,263,317**	**(234,498,750)**	**542,343,786**

Liquidity Risk

First: this table summarizes the (undiscounted) liabilities on the remaining period for contractual maturities at the date of consolidated financial statements:

December 31, 2023	Within 1 Month	From 1 to 3 Months	From 3 to 6 Months	From 6 Months to 1 Year	From 1 to 3 Years	Over 3 Years	Without Maturity	Total
Liabilities	JD	JD	JD	JD	JD	JD	JD	JD
Banks and financial institutions' deposits	20,958,803	40,218,800	-	177,250	-	-	9,999,565	71,354,418
Customers' deposits	607,754,662	360,342,193	354,393,746	394,236,694	452,327,437	-	-	2,169,054,732
Cash margins	18,746,133	4,356,083	10,761,742	35,794,867	66,011,021	4,604,712	-	140,274,558
Borrowed funds	1,388,835	2,058,069	3,001,299	3,824,038	15,437,260	10,541,045	-	36,250,546
Sundry provisions	-	-	-	-	-	-	7,147,192	7,147,192
Income tax provision	3,648,146	-	10,121,870	1,834,139	-	-	3,643,265	19,247,420
Deferred tax liabilities	-	-	-	-	-	-	471,683	471,683
Other liabilities	3,305,383	1,989,685	2,976,030	3,719,754	6,058,082	51,748	37,640,234	55,740,916
Total liabilities	**655,801,962**	**408,964,830**	**381,254,687**	**439,586,742**	**539,833,800**	**15,197,505**	**58,901,939**	**2,499,541,465**
Total Assets (According to expected maturity)	**741,106,376**	**154,775,980**	**155,668,167**	**182,565,388**	**578,387,739**	**656,986,274**	**567,762,419**	**3,037,252,343**

December 31, 2022	Within 1 Month	From 1 to 3 Months	From 3 to 6 Months	From 6 Months to 1 Year	From 1 to 3 Years	Over 3 Years	Without Maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities								
Banks and financial institutions' deposits	46,420,000	5,000,000	235,000	-	25,000,000	-	9,658,839	86,313,839
Customers' deposits	634,184,774	383,501,819	325,975,432	269,141,804	403,491,962	-	-	2,016,295,791
Cash margins	12,391,565	4,880,934	8,624,573	29,732,541	53,993,473	-	-	109,623,086
Borrowed funds	4,355,073	3,066,387	4,399,813	22,230,910	14,000,770	9,621,810	-	57,674,763
Sundry provisions	-	-	-	-	-	-	4,235,340	4,235,340
Income tax provision	3,789,097	-	12,187,569	2,673,513	-	-	2,847,606	21,497,785
Deferred tax liabilities	-	-	-	-	-	-	107,367	107,367
Other liabilities	2,814,687	2,074,557	2,523,545	2,855,719	5,822,981	29,460	30,517,710	46,638,659
Total liabilities	**703,955,196**	**398,523,697**	**353,945,932**	**326,634,487**	**502,309,186**	**9,651,270**	**47,366,862**	**2,342,386,630**
Total Assets (According to expected maturity)	**511,122,158**	**260,656,471**	**155,436,126**	**303,465,304**	**423,508,846**	**641,772,231**	**588,769,280**	**2,884,730,416**

2. This table summarizes the financial derivatives maturities on the remaining period of contractual maturity from the date of the consolidated financial statements.

Financial derivatives/liabilities which have been totally reconciled include:

	December 31, 2023			December 31, 2022		
	Up to 3 Months	from 3 Months to One Year	Total	Up to 3 Months	from 3 Months to One Year	Total
Trading Derivatives	JD	JD	JD	JD	JD	JD
Currency Derivatives:						
Outflow	(44,721,147)	(3,966,881)	(48,688,028)	(9,535,601)	-	(9,535,601)
Inflow	44,563,855	3,978,896	48,542,751	9,654,064	-	9,654,064
Total	**(157,292)**	**12,015**	**(145,277)**	**118,463**	**-**	**118,463**

Third: liquidity ratio

Average liquidity coverage ratio is 347.4 % as of December 31, 2023, (218% as of December 31, 2022) , and the liquidity coverage ratio was 376 % as of December 31, 2023 (2 (December 31, 2022

Off-consolidated statement of financial position Items:

	As of December 2023			
	Up to 1 Year	1 to 5 Years	Over 5 Years	Total
	JD	JD	JD	JD
Letters of credit and acceptances	126,125,928	8,969	-	126,134,897
Un-utilized balances	367,425,549	-	-	367,425,549
Letters of guarantee	83,330,403	2,217,077	-	85,547,480
Operational lease contracts	2,228,757	14,020,583	4,482,186	20,731,526
Capital commitments	233,600	-	-	233,600
Total	**579,344,237**	**16,246,629**	**4,482,186**	**600,073,052**

	As of December 2022			
	Up to 1 Year	1 to 5 Years	Over 5 Years	Total
	JD	JD	JD	JD
Letters of credit and acceptances	37,966,865	88,255	-	38,055,120
Un-utilized balances	380,373,048	-	-	380,373,048
Letters of guarantee	74,019,512	4,863,940	-	78,883,452
Operational lease contracts	1,716,420	10,002,790	5,657,456	17,376,666
Capital commitments	445,830	-	-	445,830
Total	**494,521,675**	**14,954,985**	**5,657,456**	**515,134,116**

42. Bank's Business Segments

1. Information about the Bank's business segments:

The Bank is organized for management purposes in a manner that allows measurement of its segments according to reports used by its Chief Executive Officer and main decision-makers through the following main segments:

- Retail Banking (individual): includes following up on individual customers' accounts, granting them loans, credit, credit cards, and other services.

- Corporate Banking: includes following up on deposits, credit facilities, and other banking services pertinent to corporate customers.

- Treasury: includes providing dealing and treasury services and management of the Bank's funds.

- Financial Brokerage Services: includes providing purchase services and sale of customers' portfolios on their behalf, custody of investments, financial consultations, custody service, and management of initial public offerings.

Information about Bank business segments distributed according to the activities are as follows :

	Individual (Retail Customers)	Corporation	Treasury	Financial Brokerage	Other	Total 2023	Total 2022
	JD	JD	JD	JD	JD	JD	JD
Total Revenue	53,027,403	59,846,292	51,651,471	244,206	2,737,627	167,506,999	147,854,714
Expected credit loss allowance	(9,026,791)	(5,741,623)	9,947	(583)	33,608	(14,725,442)	(6,425,272)
Segments operations results	**44,000,612**	**54,104,669**	**51,661,418**	**243,623**	**2,771,235**	**152,781,557**	**141,429,442**
Other expenses	(46,880,308)	(19,957,302)	(5,342,611)	(163,220)	(15,078,233)	(87,421,674)	(80,497,514)
Profit before tax	(2,879,697)	34,147,368	46,318,808	80,403	(12,306,999)	65,359,883	60,931,928
Income tax	1,210,078	(10,900,852)	(14,266,848)	(78,528)	3,131,454	(20,904,696)	(20,372,255)
Net profit for the Year	**(1,669,618)**	**23,246,515**	**32,051,959**	**1,875**	**(9,175,544)**	**44,455,187**	**40,559,673**
Other information							
Capital Expenditures	1,583,011	325,740	2,148	-	1,560,765	3,471,664	2,360,643
Depreciation and amortization	7,033,642	174,553	12,959	16,470	3,989,587	11,227,211	10,742,412
Total Assets	**707,161,569**	**748,492,516**	**1,425,987,369**	**-**	**155,610,889**	**3,037,252,343**	**2,884,730,416**
Total Liabilities	**1,876,945,356**	**447,595,425**	**118,945,338**	**-**	**56,055,346**	**2,499,541,465**	**2,342,386,630**

2 - Information about geographical distribution

This disclosure represents the geographical distribution for Bank's business. The Bank performs its main business activities in Jordan which represents the local business and also performs internationa

Following is the distribution of Revenues, Assets and Capital Expenditure according the geographical sector:

	In the country		Overseas		Total	
	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD
Total Revenue	181,103,178	140,571,095	38,552,515	37,341,398	219,655,693	177,912,493
Total Assets	2,167,332,073	2,070,906,578	869,920,270	813,823,838	3,037,252,343	2,884,730,416
Capital expenditures	2,599,536	1,112,498	872,128	1,248,145	3,471,664	2,360,643

43. Analysis of Assets and Liabilities Maturities:

The table below shows assets and liabilities analysis according the expected recovery or settlement period:

	December 31, 2023		
	Up to 1 Year	Over 1 Year	Total
	JD	JD	JD
Assets			
Cash on hand and balances at Central Banks	857,498,267	10,940,292	868,438,559
Balances at banks and financial institutions	142,551,211	-	142,551,211
Deposits at banks and financial institutions	447,949	-	447,949
Financial assets at fair value through profit or loss	350,797	-	350,797
Financial assets at fair value through comprehensive income	-	238,948,463	238,948,463
Direct credit facilities at amortized cost	553,579,455	879,291,623	1,432,871,078
Financial assets at amortized cost	40,698,478	123,428,171	164,126,649
Property and equipment – Net	-	58,489,765	58,489,765
Intangible assets	-	7,397,514	7,397,514
Deferred tax assets	-	23,472,437	23,472,437
Other Assets	22,358,874	77,799,047	100,157,921
Total Assets	**1,617,485,031**	**1,419,767,312**	**3,037,252,343**
Liabilities			
Banks and financial institutions' deposits	71,354,418	-	71,354,418
Customers' deposits	1,716,727,295	452,327,437	2,169,054,732
Cash margins	69,658,824	70,615,734	140,274,558
Other provisions	-	7,147,192	7,147,192
Income tax provision	15,604,155	3,643,265	19,247,420
Borrowed funds	10,272,240	25,978,306	36,250,546
Deferred tax liabilities	-	471,683	471,683
Other liabilities	11,990,852	43,750,064	55,740,916
Total Liabilities	**1,895,607,784**	**603,933,681**	**2,499,541,465**
Net	**(278,122,753)**	**815,833,631**	**537,710,878**

	December 31, 2022		
	Up to 1 Year	Over 1 Year	Total
	JD	JD	JD
Assets			
Cash on hand and balances at Central Banks	660,963,461	12,861,003	673,824,464
Balances at banks and financial institutions	150,738,734	-	150,738,734
Deposits at banks and financial institutions	939,947	-	939,947
Financial assets at fair value through profit or loss	15,317,000	-	15,317,000
Financial assets at fair value through comprehensive income	-	113,780,971	113,780,971
Direct credit facilities at amortized cost	676,066,019	836,093,190	1,512,159,209
Financial assets at amortized cost	78,413,044	158,247,386	236,660,430
Property and equipment – Net	-	57,559,384	57,559,384
Intangible assets	-	7,482,126	7,482,126
Deferred tax assets	-	25,162,135	25,162,135
Other Assets	20,165,516	70,940,500	91,106,016
Total Assets	**1,602,603,721**	**1,282,126,695**	**2,884,730,416**
Liabilities			
Banks and financial institutions' deposits	61,313,839	25,000,000	86,313,839
Customers' deposits	1,612,803,828	403,491,963	2,016,295,791
Cash margins	55,629,613	53,993,473	109,623,086
Other provisions	-	4,235,340	4,235,340
Income tax provision	18,650,179	2,847,606	21,497,785
Borrowed funds	34,052,183	23,622,580	57,674,763
Deferred tax liabilities	-	107,367	107,367
Other liabilities	10,268,508	36,370,151	46,638,659
Total Liabilities	**1,792,718,150**	**549,668,480**	**2,342,386,630**
Net	**(190,114,429)**	**732,458,215**	**542,343,786**

44. Fair Value Hierarchy

A. The Fair Value of Financial Assets and Financial Liabilities of the Bank Specified at Fair Value on an Ongoing Basis:

Some financial assets and liabilities of the Bank are evaluated at fair value at the end of each fiscal period, the following table shows the information about how to determine the fair value of these financial assets and liabilities (evaluation methods and inputs used).

Financial Assets/Financial Liabilities	Fair Value December 31, 2023	Fair Value December 31, 2022	The Level of Fair Value	Evaluation Method and Inputs Used	Important Intangible Inputs	Fair Value and the Important Intangible Inputs
Financial Assets at Fair Value	**JD**	**JD**				
Financial Assets at Fair Value Through Income Statement						
Quoted Shares	132,986	90,167	Level One	Stated Rates in financial markets	Not applicable	Not applicable
Unquoted Shares	217,811	226,833	Level Two	Financial Statements issued by companies		
Right to receive financial assets at fair value	-	15,000,000	Level One	Determined price	Not applicable	Not applicable
Total	**350,797**	**15,317,000**				
Financial Assets at Fair Value through Comprehensive Income						
Quoted Shares	13,249,113	14,508,170	Level One	Stated Rates in financial markets	Applicable	Not applicable
Unquoted Shares	2,326,678	2,257,097	Level Two	Financial Statements issued by companies or observable market input	Applicable	Not applicable
Unquoted Shares	79,180,670	97,015,704	Level Three	Evaluation methods using inputs that are not dependent on available market information	Applicable	Applicable
Quoted debt	144,192,002	-	Level One	Stated Rates in financial markets	Applicable	Not applicable
Total	**238,948,463**	**113,780,971**				
Forward foreign currency contracts	-	118,463	Level One	Stated Rates in financial markets	Not applicable	Not applicable
Total Financial Assets at Fair Value	**239,299,260**	**129,216,434**				
Financial Liabilities at Fair Value:						
Forward foreign currency contracts	**145,277**	-	Level One	Stated Rates in financial markets	Not applicable	Not applicable
Total	**145,277**	**-**				

There were no transfers between level 1 and level 2 during the year of 2023.
market multiplies and discontinued cash flows methods were used to evaluate the bank's investment in foreign shares that do not have available market price classified within level three, by comparing them with the results of similar companies operating in the same field as the investee company.

B . The Fair Value of Financial Assets and Financial Liabilities of the Bank Non-Specific Fair Value on an Ongoing Basis:

Except as detailed in the table below, we believe that the carrying amount of financial assets and liabilities shown in the consolidated financial statements of the Bank approximate their fair value, because the Bank management believes that the carrying value of the items is equivalent to the fair value, and this is due to either its short-term maturity or having interest rates that have been repriced during the year.

	December 31, 2023		December 31, 2022		The Level of
	Book Value	**Fair Value**	**Book Value**	**Fair Value**	**Fair Value**
	JD	**JD**	**JD**	**JD**	**JD**
Financial Assets of Non-Specified Fair Value					
Balances at central banks	782,620,321	782,882,301	593,267,402	593,528,472	Level Two
Balances at banks and financial institutions	142,621,408	142,691,096	150,844,506	150,884,724	Level Two
Deposits at banks and financial institutions	448,000	476,230	940,000	985,226	Level Two
Loans, bills and other	1,416,003,634	1,420,017,661	1,511,593,525	1,516,827,987	Level Two
Financial assets at amortized cost	164,361,770	166,958,169	237,032,607	240,138,994	Level Two
Total Financial Assets of non-specified Fair Value	**2,506,055,133**	**2,513,025,457**	**2,493,678,040**	**2,502,365,403**	
Financial Liabilities of Non-Specified Fair Value					
Deposits at banks and financial institutions	71,354,418	72,050,772	86,313,839	86,639,359	Level Two
Customers' deposits	2,169,054,732	2,181,414,333	2,016,295,791	2,023,975,334	Level Two
Cash insurance	140,274,558	140,278,219	109,623,086	109,637,575	Level Two
Total Financial Liabilities of Non-Specified Fair Value	**2,380,683,708**	**2,393,743,324**	**2,212,232,716**	**2,220,252,268**	

The fair value for the financial assets and liabilities that are in level 2 and level 3 were determined in accordance to agreed pricing models, which reflect the credit risk of the parties dealing with it.

(C) Non-Financial Assets and Liabilities not Measured at Fair Value but its in fair Value disclosed in the Consolidated Financial Statements:

	December 31, 2023		December 31, 2022		The Level of
	Book Value	**Fair Value**	**Book Value**	**Fair Value**	**Fair Value**
	JD	**JD**	**JD**	**JD**	**JD**
Other assets	82,312,612	128,409,791	76,212,320	120,394,071	Level Two
	82,312,612	**128,409,791**	**76,212,320**	**120,394,071**	

The above items set out the fair value of non-financial assets that are determined on the basis of prices of similar instruments in an inactive market.

45. Capital Management and liquidity

Capital Components:

- Paid-Up Capital:
  The paid-up capital of Bank of Jordan consists of (200) million ordinary shares at a nominal value of JD 1 per share. The Bank maintains capital, statutory reserves, and retained earnings to meet the growth in its operations and the requirements of local and regional expansion.

- Regulatory Capital:
  Regulatory capital is considered a control tool according to the requirements of regulatory authorities and Basel (III) for the purposes of achieving control over the adequacy of capital and the ratio of regulatory capital to risky and weighted assets and market risk. Regulatory capital according to Basel (III) consists of:

- Ordinary shares, retained earnings, accumulated comprehensive income items, declared reserves, minority interest and profit after tax and expected distributions and regulatory adjustments.

- Regulatory Authorities Requirements:
  The instructions of the regulatory authorities require that the minimum capital be (100) million dinars, as well as the capital adequacy ratio not less than 12% according to the instructions of the Central Bank of Jordan, and for the purposes of classifying the bank within the first category, the capital adequacy ratio must not be less than 14%, and in In the event that the bank is classified within D-SIBS banks, the capital adequacy ratio must not be less than (14%, + the capital required from the locally important banks according to the category to which the bank belongs), and the fair shareholder rights ratio should not be less CET1 to assets inside and outside the balance sheet (financial leverage) should not be less than 4%.

- Achieving the Objectives of Capital Management**:**
  The Bank’s management aims at achieving the capital management objectives through developing (enhancing) the Bank's activities, achieving a surplus in operating profits and revenues, and optimally investing available funds. All of this is geared towards reaching the targeted growth in owners’ equity, reflected in the increase in the legal reserves by (10)% and retained earning by (20%).

The regulatory capital adequacy ratios according to the standard approach are as follows:

Primary Capital Items for Ordinary Shareholders (CET 1):	**In Thousands JD 2023**	**In Thousands JD 2022**
Paid-up capital	200,000	200,000
Statutory reserve	116,929	110,453
Voluntary reserve	75	86
Other reserves	5,850	5,850
Fair value reserve	31,794	48,496
Retained earnings	137,806	136,197
Non-controlling interest in the capital of subsidiaries	4,725	5,215
Less: Regulatory capital adjustments	(40,432)	(45,678)
Total Primary Capital Ordinary Shareholder (CET 1)	**456,747**	**460,619**
Additional Capital Items		
Stage one provision balance against debt instruments not exceeding 1.25 % of the total risk weighted assets	10,260	8,178
General banking risk reserve	4,102	4,102
Total additional capital	**14,362**	**12,280**
Total regulatory capital	**471,109**	**472,900**
Total risk weighted assets	**2,198,638**	**2,086,493**
Capital adequacy ratio (%)	**21,43%**	**22,66%**
Primary capital for ordinary shareholders (CET 1) %	**20,77%**	**22,08%**
Capital adequacy Tier 1 (%)	**20,77%**	**22,08%**

46 Commitments and Contingent Liabilities

a. Contingent Liabilities:

	December 31,	
	2023	**2022**
	JD	**JD**
Letters of credit include	34,682,106	18,452,935
Acceptances	91,452,791	19,602,186
Letters of guarantee:		
Payment	28,260,740	27,555,710
Performance	30,462,694	30,766,779
Other	26,824,046	20,560,963
Un-utilized direct and indirect credit facilities limits	367,425,549	380,373,048
Total	**579,107,926**	**497,311,621**

Expected credit loss provision based on IFRS (9) requirements on the off – balance sheet items (unfunded) amounted to JD 8,682,263 for the year ended December 31, 2023 (JD 8,069,724 for the year ended December 31, 2022).

b. Contractual Obligations:

	December 31,	
	2023	**2022**
	JD	**JD**
Contracts for purchasing of property and equipment*	233,600	445,830
Contracts for operating and financing lease**	20,731,526	17,376,666
Total	**20,965,126**	**17,822,496**

* These commitments mature in less than 1 year.

** These commitments mature between 1 year to 10 years.

C. Lawsuits against the Bank

The Bank is a defendant in lawsuits demanding cancellation of the Bank's claims against others, lifting of real estate mortgages, compensation for damages, and suspension of cheques. These lawsuits amounted to JD 9,873,645 as of December 31, 2023 (JD 9,531,994 for prior year). In the opinion of the management and legal counsel, no material financial liabilities are likely to be incurred as a result of these lawsuits in excess of provision recorded which amounted to JD 293,464 as of December 31, 2023 (JD 357,275 as of December 31, 2022). Nothing that, amounts that will probably be paid by the Bank as a result of dismissal or amicable settlement of these lawsuits will be taken to the consolidated Statement of Profit or Loss or against the recorded provision when paid.