SAFWA ISLAMIC BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN-THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

TOGETHER WITH THE INDEPENDENT
AUDITOR'S REPORT

SAFWA ISLAMIC BANK
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN-THE HASHEMITE KINGDOM OF JORDAN
31 DECEMBER 2022

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Deloitte.

Deloitte & Touche (ME) – Jordan
Jabal Amman, 5th Circle
190Zahran Street
Amman 11118, Jordan

Tel: +962 (6) 5502200
Fax: +962 (6) 5502210
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT

AM/014589

To the Shareholders of
Safwa Islamic Bank
(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 Safwa Islamic Bank and its subsidiary (referred to together as "the Group"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of profit or loss and comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows, statement of the sources and uses of Al Qard Al hasan, and consolidated statement of changes in restricted Wakala accounts for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022, and the consolidated results of the operations, changes in shareholders' equity, its cash flows, statement of the sources and uses of Al Qard Al hasan, and changes in restricted wakala accounts for the year then ended in accordance with the Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI") as modified by the Central Bank of Jordan.

In our opinion, the Group has also complied with the Islamic Shariah Principles and Rules as determined by the Shariah Supervisory Board of the Bank during the year ended 31 December 2022.

Basis for Opinion

We conducted our audit in accordance with the Auditing Standards for Islamic Financial Institutions ("ASIFIs") issued by AAOIFI. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the AAOIFI's Code of Ethics for Accountants and Auditors of Islamic Financial Institutions ("the Code"), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Jordan, and we have fulfilled our other responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Deloitte.

Other Matter
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.

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 December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

The details of how our audit addressed the matter is described as below:

Key Audit Matter	How our audit addressed the key audit matter
1- Expected credit losses ("ECL") on the financing portfolio (Deferred sales and other receivables and ijara muntahia bittamleek assets) and indirect facilities As described in notes 8, 13 and 22 to the consolidated financial statements, the Group had a net Deferred sales and other receivables and ijara muntahia bittamleek assets portfolio of JD 1.9 Billion as of december 31 , 2022, which represented 75% of total assets, the total allowance for expected credit losses relating to these facilities was 56 milion. The Group also had indirect facilities of JD 284 million, which are not recognized in the Statement of Financial Position, the total allowance for expected credit losses relating to these facilities was JD 1.3 million. The determination of the Group'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.	We established an audit approach which included 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 f information for evaluating the creditworthiness 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. 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. In calculating expected credit losses, the Bank considered credit quality indicators for each loan and portfolio, stratified financing by risk grades and estimated losses for each facility based upon their nature and risk profile.

The Gruop's expected credit losses are calculated against credit exposures, according to the requirements by AAOIFI (30) as modified by the Central Bank of Jordan. 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. In addition, expected credit losses are also adjusted to take into consideration any special arrangements with the Central Bank of Jordan.

The 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 financing 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.

For credit facilities not assessed 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.

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, 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 Financial Accounting Standards issued by AAOIFI as modified by the Central Bank of Jordan.

We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of the Financial Accounting Standards issued by AAOIFI.

Key Audit Matter

1- 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.

How our audit addressed the 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.

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.

Other Information included in the Group's Annual Report for the Year 2022
Other information consists of the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon. The Board of Directors is responsible for other information. 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 when its available to us 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.

If, based on the work we have performed, we conclude that there is a material mistatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
These consolidated financial statements and the Group's undertaking to operate in accordance with the Islamic Shari'ah rules and Principles are the responsibility of the Group's Board of Directors.

The Group's Board of Directors is also responsible for the preparation and fair presentation of the consolidated financial statements in accordance with FAS issued by the AAOIFI as adopted by the Central Bank of Jordan and for such internal control as the Group's Board of Directors 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, the Group's Board of Directors 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 the Group Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group 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 the ASIFIs issued by the AAOIFI will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

- Obtain sufficient and appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and implementation of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements
The Group maintains proper books of accounts, which are in agreement with the consolidated financial statements. We recommend approving it.

Deloitte & Touche

Amman – The Hashemite Kingdom of Jordan   **Deloitte & Touche (M.E.) – Jordan**
February 16, 2023

Deloitte & Touche (M.E.)
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Statement "A"

Safwa Islamic Bank
(A Public Shareholding Limited Company)
Amman-The Hashemite Kingdom of Jordan
Consolidated Statement of Financial Position

	Note	31 December 2022	31 December 2021
		JD	JD
Assets			
Cash and balances at the Central Bank	4	203,295,535	358,653,364
Balances at banks and the financial institutions	5	13,551,162	8,293,931
International wakala investments-net	6	63,141,396	86,124,648
Financial assets at fair value through profit or loss	7	35,143	1,565,294
Deferred sales receivables and other receivables-net	8	1,316,974,157	1,063,215,294
Financial assets at fair value through shareholders' equity -self financed	9	235,000	-
Financial assets at fair value through unrestricted investment accounts' holders equity-net	10	272,659,187	164,363,677
Financial assets at amortized cost -net	11	37,313,000	64,752,000
Investment in associate	12	345,954	343,708
Ijara Muntahia Bittamleek assets-net	13	613,299,772	533,805,256
Qard Hasan-Net	Statement "E"	6,780,358	1,619,321
Property and equipment-net	14	21,286,068	22,333,251
Intangible assets - net	15	2,002,476	1,919,527
Right of use assets	47/A	10,017,830	9,367,268
Deferred tax assets	21/C	8,268,512	6,734,092
Other assets	16	14,911,705	13,044,688
Total Assets		**2,584,117,255**	**2,336,135,319**
Liabilities, Unrestricted Investment Accounts Holders' and Shareholders' Equity			
Liabilities			
Banks and financial Institutions accounts	17	17,989,093	16,530,718
Customers' current accounts	18	299,878,280	290,066,768
Cash margins	19	42,900,132	56,124,802
Income tax provision	21/A	8,746,097	8,332,402
Other provisions	20	440,000	440,000
Lease liabilities	47/B	10,044,519	9,342,554
Other liabilities	22	57,997,365	51,211,325
Total Liabilities		**437,995,486**	**432,048,569**
Unrestricted Investment Accounts Holders' Equity			
Unrestricted investment accounts	23	1,975,334,213	1,741,326,610
Fair value reserve	24/B	(1,016,785)	82,413
Total Unrestricted Investment Accounts Holders' Equity		**1,974,317,428**	**1,741,409,023**
Shareholders' Equity			
Paid up capital	25	100,000,000	100,000,000
Statutory reserve	26	32,208,887	29,766,889
Fair value reserve - Self	24/A	14,593	-
Retained earnings	27	39,580,861	32,910,838
Total Shareholders' Equity		**171,804,341**	**162,677,727**
Total Liabilities, Unrestricted Investment Accounts Holders' and Shareholders' Equity		**2,584,117,255**	**2,336,135,319**
Wakala Investments accounts	Statement "F"	**730,737**	**4,288,847**

The accompanying notes are part of these consolidated financial statements and should be read with them and with the accompanying audit report.

Statement "B"

Safwa Islamic Bank

(A Public Shareholding Limited Company)

Amman-The Hashemite Kingdom of Jordan

Consolidated Statement of Profit or loss and Comprehensive Income

	Note	For the year ended 31 December 2022	2021
		JD	JD
Deferred sales revenue	28	71,473,780	58,754,853
Ijara Muntahia Bittamleek assets revenue	29	39,909,620	33,606,273
Gains from International wakala investments	30	1,279,221	269,264
Gains from financial assets at fair value through unrestricted investment accounts' holders equity	31	5,843,745	1,933,740
(Losses) gains from financial assets at fair value through profit or loss	32	(11,732)	118,407
Gains from financial assets at amortized cost	33	2,281,432	3,539,642
Net share of joint funds from profits of associate company	12	8,496	451
(Losses) from foreign currencies evaluation	34	(152,393)	(48,324)
Other revenue - jointly financed -net		1,490,758	85,909
Total unrestricted investment revenue		**122,122,927**	**98,260,215**
Deposit Insurance fees - jointly financed accounts		(2,390,379)	(1,928,999)
Share of unrestricted investment accounts holders'	35	(63,214,784)	(45,658,680)
Expected credit losses on jointly items	6 & 8 & 10 & 22	(11,904,950)	(9,499,586)
Bank's share of unrestricted investments revenue as a mudarib and rab - mal	36	**44,612,814**	**41,172,950**
Bank's self financed revenue	37	773,949	686,602
Banks share from the restricted investments revenue as agent (wakeel)	38	95,577	150,018
Gain from foreign currencies	39	1,568,168	1,491,988
Banking services revenue - Net	40	8,613,592	6,722,733
Other revenue	41	16,563	158,770
Deposit Insurance fees - self financed		(1,623,164)	(1,184,299)
Gross Income		**54,057,499**	**49,198,762**
Employees' expenses	42	(15,384,277)	(14,402,503)
Depreciation and amortization	14 & 15	(3,152,976)	(3,240,190)
Depreciation of Ijara muntahia bittamleek assets- self financed	29	(425,348)	(387,164)
Expected credit losses on - self items	Statements "E" & 8 & 22	(122,890)	(21,767)
Depreciation of right of use assets	47	(1,657,348)	(1,445,208)
Finance costs / discount on lease liability	47	(349,169)	(299,732)
Rent expenses		(181,243)	(198,802)
Recovered from (expenses) miscellaneous provisions	20	-	514,597
Other expenses	43	(8,364,273)	(6,900,813)
Total expenses		**(29,637,524)**	**(26,381,582)**
Profit for the Year before tax		24,419,975	22,817,180
Income tax expense	21/B	(9,307,954)	(8,756,860)
Profit for the Year		**15,112,021**	**14,060,320**
Comprehensive income items			
Items after tax that will not be reclassified subsequently to the consolidated statement of profit or loss :			
Add: other comprehensive Income items after tax :			
Net change in fair value reserve for financial assets		14,593	-
Total comprehensive income for the year		**15,126,614**	**14,060,320**
		JD/FILS	JD/FILS
Basic and diluted earnings per share	44	0/151	0/141

The accompanying notes are part of these consolidated financial statements and should be read with them and with the accompanying audit report.

Statement "C"

Safwa Islamic Bank

(A Public Shareholding Limited Company)

Amman-The Hashemite Kingdom of Jordan

Consolidated Statement of Changes in Shareholders' Equity

	Paid up capital	Statutory reserve	Fair value reserve - Self	Retained Earnings *	Total
	JD	JD	JD	JD	JD
For the year ended 31 December 2022					
Balance as at the beginning of the year	100,000,000	29,766,889	-	32,910,838	162,677,727
Total comprehensive income for the year - (Statement B)	-	-	14,593	15,112,021	15,126,614
Distributed dividends**	-	-	-	(6,000,000)	(6,000,000)
Transferred to reserves	-	2,441,998	-	(2,441,998)	-
Balance as at 31 December 2022	**100,000,000**	**32,208,887**	**14,593**	**39,580,861**	**171,804,341**
For the year ended 31 December 2021					
Balance as at the beginning of the year	100,000,000	27,485,171	-	27,132,236	154,617,407
Total comprehensive income for the year - (Statement B)	-	-	-	14,060,320	14,060,320
Distributed Dividends	-	-	-	(6,000,000)	(6,000,000)
Transferred to reserves	-	2,281,718	-	(2,281,718)	-
Balance as at 31 December 2021	**100,000,000**	**29,766,889**	**-**	**32,910,838**	**162,677,727**

- Retained earnings balance as at 31 December 2022 includes an amount of JD 793,221 (JD 669,296 as at 31 December 2021) which represents the self financed deferred tax assets and it is restricted from use in accordance with the Central Bank of Jordan instructions.

* Based on CBJ instructions no.(13/2018) that were issued on 6 June 2018 . the general banking risks reserve which was transferred to retained earnings,amounted to JD 108,397 is restricted from use without prior approval of the Central Bank of Jordan.

** In its meeting held on 24 April 2022, the General Assembly approved the Board of Directors' recommendation to distribute cash dividends of (6) million dinars for the year 2021 at a rate of 6% of the capital.

The accompanying notes are part of these consolidated financial statements and should be read with them and with the accompanying audit report.

Statement "D"

Safwa Islamic Bank

(A Public Shareholding Limited Company)

Amman-The Hashemite Kingdom of Jordan

Consolidated Statement of Cash Flows

	Note	For the year ended 31 December 2022	2021
		JD	JD
Cash Flows from Operating Activities			
Profit for the year before tax - statement B		**24,419,975**	**22,817,180**
Adjustments for non-cash items:			
Depreciation and amortization	14&15	3,152,976	3,240,190
Depreciation of Ijara Muntahia Bittamleek assets(self & jointly financed)	29	42,986,082	41,855,727
Depreciation of right of use assets	47	1,657,348	1,445,208
Finance costs (discount lease liabilities)	47	349,169	299,732
Unrealized (gain) of financial assets at fair value through profit or loss	32	(172)	(6,269)
Expected credit losses provision - joint	6&8&10&22	11,904,950	9,499,586
Expected credit losses provision - self	8 & 22	122,890	21,767
(Recovered) from miscellaneous provisions	20	-	(514,597)
Provision for seized assets	16	242,123	643,364
Net share of joint funds from associate company (profits)	12	(8,496)	(451)
Loss (Gain) from disposal of property and equipment	41	3,460	(11,102)
(Gain) Loss from sale of seized assets against debts		(624,583)	37,313
Cash Flows from Operating Activities before Changes in working capital		**84,205,722**	**79,327,648**
Changes in working capital:			
(Increase) in deferred sales receivables and other receivables		(265,645,621)	(318,626,975)
(Increase) in Ijara Muntahia Bittamleek assets		(122,480,598)	(153,593,487)
(Increase) decrease in Qard Hasan		(5,440,196)	150,990
(Increase) in other assets		(3,101,725)	(3,346,941)
Increase in customers' current accounts		9,811,512	61,686,679
(Decrease) Increase in cash margin accounts		(13,224,670)	29,267,834
Increase in other liabilities		6,527,391	10,677,719
Net cash flows (used in) operating activities before income tax paid		**(309,348,185)**	**(294,456,533)**
Income tax paid	21	(10,406,611)	(10,143,483)
Net cash flows (used in) operating activities		**(319,754,796)**	**(304,600,016)**
Cash Flows from Investing Activities			
Net sale (purchase) of financial assets at fair value through profit or loss		1,530,323	(45,850)
Net (purchase) of financial assets at fair value through shareholders' equity -self financed		(220,407)	-
Net (purchase) of financial assets at fair value through unrestricted investment accounts holders		(109,394,849)	(105,811,560)
Maturity of financial assets at amortized cost- Net		27,439,000	27,439,000
Cash dividends from associate company	12	6,250	6,250
(Purchase) of intangibles assets	15	(875,719)	(616,659)
(Purchase) of property and equipment & payments on purchase of property, equipment and projects under progress	14	(1,326,051)	(2,001,380)
Proceeds from sale of property and equipment		9,568	50,404
Proceeds from sale of assets seized by the bank against debts		1,595,100	347,000
Decrease (Increase) in International Wakala Investments		23,261,391	(7,827,197)
Net cash flows (used in) investing activities		**(57,975,394)**	**(88,459,992)**
Cash Flows from Financing Activities			
Increase in unrestricted investment 'holders equity		234,007,603	414,753,416
Paid of Lease liability	47	(1,955,114)	(1,698,910)
(Profits) distributed to shareholders		(5,881,272)	(5,856,675)
Net cash flows generated by financing activities		**226,171,217**	**407,197,831**
Net (Decrease) increase in cash and cash equivalents		**(151,558,973)**	**14,137,823**
Cash and cash equivalents at the beginning of the year		350,416,577	336,278,754
Cash and cash equivalents at the end of the year	45	**198,857,604**	**350,416,577**
Non-cash transactions:			
Transfer to property and equipment from installments to purchase property, equipment and projects in progress	14	**594,373**	**242,214**

The accompanying notes are part of these consolidated financial statements and should be read with them and with the accompanying audit report.

Statement "E"

Safwa Islamic Bank

(A Public Shareholding Limited Company)

Amman-The Hashemite Kingdom of Jordan

Statement Of Sources And Uses Of Al-Qard Al-Hasan Fund

	31 December	
	2022	2021
	JD	JD
Balance at the beginning of the year	**1,279,581**	**981,882**
Sources of the fund from :		
Shareholders' equity	(12,596,708)	(6,152,124)
Total Sources of the fund during the year	**(12,596,708)**	**(6,152,124)**
Uses of the fund on :		
Companies	15,526,344	6,444,856
Employees	31,276	4,967
Total uses during the year	**15,557,620**	**6,449,823**
Gross balance	**4,240,493**	**1,279,581**
Add: exposed accounts	3,019,285	540,001
Less : Expected credit losses provision	(479,420)	(200,261)
Balance at the end of the year - Net	**6,780,358**	**1,619,321**

Statement "F"

Safwa Islamic Bank

(A Public Shareholding Limited Company)

Amman-The Hashemite Kingdom of Jordan

Consolidated Statement of Changes in Restricted Wakala Accounts

	Note	Local Murabaha	Total
		JD	JD
For the Year ended 31 December 2022			
Beginning balance of the year		4,288,847	4,288,847
Add: Deposits		1,694,227	1,694,227
Less: Withdrawals		(5,252,337)	(5,252,337)
Add: Investments' gains	37	1,272,942	1,272,942
Less: Banks share as agent (wakeel)	37	(95,577)	(95,577)
Less: Muwakel's share	37	(1,177,365)	(1,177,365)
Investments at the end of year		**730,737**	**730,737**
Deferred revenue		**48,722**	**48,722**
Suspended revenue		-	-
Balance as at 31 December 2022		**48,722**	**48,722**
For the Year ended 31 December 2021			
Beginning balance of the year		7,096,305	7,096,305
Add: Deposits		10,287,479	10,287,479
Less: Withdrawals		(13,094,937)	(13,094,937)
Add: Investments' gains	37	1,136,746	1,136,746
Less: Banks share as agent (wakeel)	37	(150,018)	(150,018)
Less: Muwakel's share	37	(986,728)	(986,728)
Investments at the end of year		**4,288,847**	**4,288,847**
Deferred revenue		**114,515**	**114,515**
Suspended revenue		-	-
Balance as at 31 December 2021		**114,515**	**114,515**

(1) GENERAL

Safwa Islamic Bank (the "Bank") is a public shareholding company licensed by the Central Bank of Jordan to practice and provide Islamic business and banking services in accordance with the Banking Law and the Companies Law.

The Bank provides all financial banking and structured investment services on a non-Interest basis in accordance with Islamic shari'a through the Bank's head office and its forty branches within the Kingdom and its subsidiary, in accordance with the effective Banking Law.

The authorized and paid-up capital of the bank is 100 million dinars, per 100 million shares, with a nominal value of one dinar per share.

Etihad Islamic Investment Company owns 62.37% of the Bank's capital.

The consolidated financial statements were approved by the Bank's Board of Directors in their meeting No. (1/2023) held on 15 February 2023, are subject to the approval of the General Assembly of Shareholders.

The consolidated financial statements were read and reviewed by the Bank's Sharia Supervisory Board, in their meeting No. (1/2023) held on 6 February 2023, and the board issued its shari'ah report thereon.

(2) SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Bank have been prepared according to the financial accounting standards issued by The Accounting and Auditing Organization for Islamic Financial Institutions as adopted by the Central Bank of Jordan.

The standards issued by the International Accounting Standards Board and the interpretations issued by the International Financial Reporting Interpretations Committee are applied in the absence of standards issued by The Accounting and Auditing Organization for Islamic Financial Institutions and will be replaced later by Standards when the new standards are issued.

The main differences between what should have been applied according to the financial accounting standards issued and what has been approved by the Central Bank of Jordan consist of the following:

First: Provisions for expected credit losses are made in accordance with FAS (30) issued by the Organization for Islamic Financial Institutions and according to the instructions of the Central Bank of Jordan, whichever is stricter, the major differences are as follows:

Sukuk issued or guaranteed by the Jordanian government are excluded so that credit exposures on the Jordanian government and guaranteed by it are addressed without credit losses.

When calculating credit losses against credit exposures, the results are compared according to FAS (30) issued by Organization for Islamic Financial Institutions with the instructions of the Central Bank of Jordan No. (47/2009) dated 10 December 2009 for each stage separately. The strictest result is selected.

Revenue and commissions are suspended on non-performing credit financing granted to clients in accordance with the Central Bank of Jordan instructions.

Second: Assets seized by the bank against debts are disclosed in the consolidated statement of financial position in the other asset, and recorded using the acquisition value or fair value, whichever is lower, and they are reevaluated individually at the date of the consolidated financial statements, and any impairment in value is taken to the consolidated statement of profit or loss; any increase is not recorded as revenue. Subsequent increase in fair value is recorded in the consolidated statement of Profit or loss and comprehensive income to the extent that it does not exceed the value of the decrease that has been previously recorded. Also, a progressive provision was recorded for the assets seized against debts, according to the Circular of the Central Bank of Jordan No. 10/3/13246 dated on 2 September 2021 as (5%) of the total book values of these properties starting from the year 2022 so as to achieve the required percentage of (50%) for these properties by the end of the year 2030, On October 10, 2022, a subsequent circular was issued by the Central Bank of Jordan canceling the calculation of provisions against expropriated real estate in violation, with an emphasis on the need to maintain the allocations against real estate in violation of Banking Law, provisions be released against any of the real estate that is disposed.

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

The separation between what belongs to the Shareholders' equity and what belongs to the unrestricted investment accounts holders has been taken into consideration unrestricted investment accounts mean joint investment accounts wherever they are mentioned.

The consolidated financial statements are prepared on historical cost basis except for the financial assets at fair value through statement of Profit or loss, financial assets at fair value through unrestricted investment accounts ' holders equity and financial assets at fair value through shareholders' equity that have been measured at fair value.

BASIS OF CONSOLIDATION OF THE FINANCIAL STATEMENTS

The Consolidated financial statements comprise of the financial statements of the Bank and its subsidiary which is financed by the Bank's Self Funds where the Bank has control to govern the operational and financial policies of the entity to obtain benefits from their activities. All intra-company balances, transactions, revenues, expenses and off-balance sheet items between the Bank and its subsidiary are eliminated.

The financial statements of the subsidiary are prepared for the same reporting period as the group, using same accounting policies used by the group. If the subsidiary uses different accounting policies than those used by the group, the necessary adjustments are made to the financial statements of the subsidiary to comply to the accounting policies adopted by the group.

The subsidiary owned by the Bank as at 31 December 2022 is as follows:

Company name	Paid up Capital	Source of Funding	Ownership %	Company Main Activity	Operation location	Acquisition Date
	(JD)					
Misc for brokerage company	2,000,000	Self	100%	Brokerage	Amman	2011

The results of the operations of the subsidiary are consolidated in the consolidated statement of Profit or loss and comprehensive income from the date of its acquisition, which is the date on which the bank's control is effectively transferred to its subsidiary, and the results of the operations of the subsidiary that were disposed of are consolidated in the consolidated statement of Profit or loss and comprehensive income until the date of disposal, which is the date in which the bank loses control of its subsidiary.

When preparing the separate financial statements for the Bank as an independent entity, investments in subsidiaries are shown at cost or net proceeds value in case of liquidation.

Control is achieved when the Bank: -

- Has the ability to control the investee.
- Is subject to variable returns or has the right to variable returns arising from its association with the investee; and
- Has the ability to use its power to influence the returns of the investee.

The Bank re-assesses whether it controls the investee companies or whether the facts and circumstances indicate that there are changes to one or more control check points referred to above.

If the voting rights of the Bank are less than the majority of voting rights in any of the investee companies, it shall have the power to control when the voting rights suffice to grant the Bank the ability to direct the activities of the related subsidiary unilaterally. The Bank takes into consideration all the facts and circumstances when assessing whether the Bank has voting rights in the investee so as to grant it the ability to control or not. Among these facts and circumstances are the following:

- The volume of voting rights owned by the Bank in relation to the volume and distribution of other voting right;
- Potential voting rights held by the Bank and any other voting rights holders or third parties;
- Rights arising from other contractual arrangements;

- Any additional facts and circumstances indicating that the Bank has or does not have current responsibility for directing relevant activities at the time of making the required decisions, including how to vote at previous General Assembly meetings.

When the Bank loses control over any of its subsidiaries, the Bank:

- Derecognizes the assets of the subsidiary (including goodwill) and liabilities;
- Derecognizes the carrying amount of any uncontrolled interest;
- Derecognizes the cumulative transfer differences recognized in equity;
- Derecognizes the fair value of the consideration received;
- Derecognizes the fair value of any investment held;
- Derecognizes the surplus or deficit in the statement of Profit or loss.
- Reclassifies the equity of the previously restricted bank in other comprehensive income to the statement of Profit or loss or retained earnings, as appropriate.

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

CHANGES IN ACCOUNTING POLICIES

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the consolidated financial statments for the year ended 31 December 2021, Except for the impact of the new and revised standards issued by the accounting and auditing organization for islamic financial institutions mentioned below that became effective from 1 January 2022 with no effect on the consolidated financial statement

-Financial Accounting Standard No. 37 "Financial Reporting for Endowment Establishments"
This standard sets out the comprehensive accounting and financial reporting requirements for endowment institutions and similar institutions, including requirements for public presentation and disclosure and special presentation requirements such as yield requirements and basic accounting treatments related to some aspects of endowment institutions.
The principles contained in this standard are consistent with the principles and provisions of Sharia, and this helps to reach a better understanding of the information contained in the general-purpose financial statements and enhances the confidence of stakeholders in endowment institutions. This standard will be applied as of 1 January 2022, with early application permitted. The newly established endowment institutions must apply this standard since its establishment.

-Financial Accounting Standard No. 38 "(Promise), (Option), (Hedging) "
This standard describes the accounting and reporting principles and requirements for (promise), (option), and (hedging) arrangements for Islamic financial institutions. Many products such as Murabaha and Ijara offered by institutions incorporate the implementation of a promise or option in one way or another. An additional promise or option that aligns with this Standard is a promise or option associated with a Shariah-compliant arrangement

concerning its structure that does not generate any asset or liability unless it turns into an impairment contract or liability. On the other hand, a Waad product is a stand-alone arrangement that is compatible with Sharia and is used either as a regular product or, in some cases, for hedging purposes. It can take the for of a single transaction or a series or a group, of financial transactions and it can become a future transaction or a series of transactions in line with the principles and rules of Sharia. Such transactions result in an asset or a liability to the counterparties according to the conditions set out in the standard. The effective date for this is 1 January 2022.

Segments information

A business is a group of assets and operations that jointly engage in the rendering of products or services subject to risks and rewards different from those of other business segments, and which are measured according to reports used by the chief executive officer and the main decision maker of the Bank.

A geographical segment is associated with the provision of products or services in a specific economic environment subject to risks and rewards that differ from those of segments operating in other economic environments.

The basis for the distribution of joint investment profits between shareholders' equity and holders of joint investment accounts

The combined return on investment of equity holders and holders of joint investment accounts for the year 2022 was distributed as follows:

	Percentage
Share of joint investment account holders	**61%**
Share of shareholders' equity	**39%**

The Joint Investment Accounts shall participate in the results of the investment profits, and shall be distributed to the depositors each according to their participation rate, taking into consideration the weights of the concerned joint investment accounts and the terms of the account signed between the Bank and the depositor.

The weights of the joint investment accounts are as follows:

- From 20% to 34% of the lowest balance of savings accounts in Jordanian Dinars.
- From 14% to 33% of the lowest balance of savings accounts in foreign currencies.
- From 53% to 95% of the average balance of term accounts in Jordanian Dinars.
- From 18% to 51% of the average balance of foreign currency term accounts.
- 90% of average the balance of the accounts of the investment certificates of deposit in Jordanian Dinars.
- From 80% to 85% of the average balance of the certificates of deposit in foreign currencies.

The Bank shall bear all administrative expenses except for the advertising and marketing expenses of the products. The insurance expenses of the Ijarah Muntahia Bittamleek assets are incurred in the joint investment pool.

The Bank combines (mixes) its funds and any other funds (which were not received by the Bank on the basis of Mudaraba contract) in the Joint Investment Accounts.

Priority Investment / Equal Investment Opportunities and Profit Sharing:

The principle of equal investment opportunities is applied to the shareholders' funds and the funds of the investment account holders in the joint Mudaraba. The Bank's own investments are presented in separate accounts from investments through the rights of the Joint Investment Accounts holders' equity.

Moreover, the joint investment accounts shall share in the results of the investment profits, which shall distribute to the holders of the joint investment accounts according to their participation rate, taking into account the weights of the respective investment accounts concerned and the terms of the account signed between the Bank and the depositor.

The weighting of the joint investment accounts proposed by the Bank's management is approved by the Bank's Shari'ah Supervisory Board.

Zakat

Zakat is the responsibility of the shareholders and unrestricted investment accounts holders. In this regard, the Bank is not directly and explicitly authorized to expend it, nor is there a law for its collection. In addition, the Bank's Articles of Association do not prescribe it, nor the General Assembly's decisions do not specify it. There is no related authorization by the shareholders either. Therefore, the shareholders and the unrestricted investment accounts holder shall pay zakat on their shares and funds if the Shari'ah conditions and rules are fulfilled.

Revenue, gains, expenses and losses in violation of Islamic Shari'ah

The sums devolved to the bank from sources or by means that are inconsistent with the provisions and principles of Islamic Sharia are set aside to the charity account within the other credit balances in the consolidated balance sheet, to be disbursed for charitable causes in accordance with what is decided by the Sharia supervisory board in the bank.

Deferred sales receivable

Murabaha contracts:
Murabaha: is the sale of an item at the same price at which the seller bought it plus an agreed profit margin based on a certain percentage of the price or a lump sum, which is one of the sales of the trust on which the purchase price or cost is based.

Murabaha to the purchase order: it is the sale of an asset by the Bank to its client (the purchase order) with a specific increase in the asset's price or cost after determining the increase (Murabaha profit in the promise).

The Bank applies the principle of making the promise in Murabaha transactions to the buying manager in accordance with the standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions.

Deferred sales revenue is recognized when the transaction is executed (which paid in one installment after the current financial period or paid in installments over subsequent financial periods). Revenue is allocated to future financial periods for each period, irrespective of whether cash has been paid or not.

Deferred sales receivables are recognized when they occur at their nominal value and are measured at the end of the financial period on the basis of net realizable value.

At the end of the financial period, finance assets are carried at cost or at the expected recoverable cash value, whichever is lower.

Deferred sales revenue which was granted to non-performing customers is suspended in accordance with the instructions of the Central Bank of Jordan.

Deferred sales receivable and funds financed from the joint investment accounts are written off in case of the measures taken to collect them are ineffective which will be written off against the joint provisions and suspended profits (if any), the proceeds from the joint provisions (if any) previously written off are transferred to the common pool profits (presented in the Consolidated Statement of Profit or loss and Comprehensive Income). On the other hand, deferred sales receivable and financing from the Bank's self-funds for which there is an impairment provision are written off in case the measures for their collection are ineffective. In this respect, they are deducted from the self-provisions and suspended profits (if any), and any provision surplus is transferred to the consolidated statement of Profit or loss and comprehensive income / Prior funding is written off to income, any shortage will be recorded on the consolidated statement of profit or loss and comprehensive income.

Financial instruments

Initial recognition and measurement:
Financial assets and 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. Moreover, funds are recognized to customers since they are credited to the customer's accounts.

Financial assets and financial liabilities are measured initially at fair value, transaction costs directly attributable to the acquisition or issuance of financial assets and liabilities, and are added to the fair value of the financial asset or financial liability or, where appropriate, deducted from the financial asset at initial recognition. Furthermore, transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through Profit or loss are recognized directly in the consolidated statement of Profit or loss.

Financial assets

Initial recognition and measurement:

All financial assets are recognized on the trade date when the purchase or sale of a financial asset under a contract that requires the delivery of the financial asset within a time frame determined by the relevant market and is initially measured at fair value plus transaction costs except for those financial assets designated at fair value through Profit or loss. Transaction costs directly attributable to the acquisition of financial assets designated at fair value through Profit or loss are recognized in the Consolidated Statement of Profit or loss.

Subsequent measurement:

The measurement of all recognized financial assets that fall within the scope of AAOIFI (33) is subsequently carried at amortized cost or fair value based on the entity's business model for managing financial assets and contractual cash flow characteristics of financial assets.

Specifically:

- Finance instruments held in a business model intended to collect contractual cash flows that have contractual cash flows and are subsequently measured at amortized cost; and
- All other financing instruments, such as:

  - Financial assets managed on a fair value basis through the unrestricted investment account holders are measured at fair value through the rights of the joint investment holder’s equity.
  - Financial assets at fair value through shareholders equity are subsequently measured at fair value through other statement of comprehensive income.
  - Financial assets at fair value through the statement of Profit or loss are subsequently measured at fair value through the statement of Profit or loss.

Evaluation of the business model

An assessment of the business model for managing the financial assets is essential for their classification. The Bank defines a business model at a level that reflects how the groups of financial assets are managed together to achieve a particular business objective. Moreover, the Bank's business model does not rely on management intentions in relation to an individual instrument, and therefore the business model is assessed at a group level and not on an instrument-by-instrument basis.

The Bank adopts a business model to manage its financial instruments that reflects how the Bank manages its financial assets in order to generate cash flows. In addition, the Bank's business model determines whether cash flows will result from the collection of contractual cash flows or the sale of financial assets or both.

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

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

- How to evaluate the performance of the business model and financial assets held in this business model and to report to key management personnel;

- Risks affecting the performance of the business model (and the financial assets of that model), in particular, the manner in which such risks are managed; and

- How to compensate business managers (for example, whether compensation is based on the fair value of the assets managed or on the contractual cash flows received).

Upon initial recognition of a financial instrument, the Bank determines whether the newly recognized financial asset is part of its existing business model or whether it reflects the beginning of a new business model. In this respect, the Bank evaluates its business model for each reporting period to determine whether the business model needs to be changed from the prior period.

When the instruments measured at fair value through shareholders equity-self are derecognized, the cumulative gain / loss previously recognized in other comprehensive income in shareholders equity is reclassified to the consolidated statement of Profit or loss. On the other hand, for equity investments measured at fair value through shareholders' equity, the cumulative gain / loss previously recognized in other comprehensive income is not subsequently reclassified to the consolidated statement of Profit or loss but transferred directly to shareholders' equity.

In respect of Sukuk and equity instruments within joint investments, when these financial assets are derecognized which are measured at fair value through the unrestricted investment account holders, the cumulative gain / loss previously recognized in the fair value reserve - joint in the unrestricted investment account holder's equity is reclassified to the consolidated statement of Profit or loss and comprehensive income.

Sukuk subsequently measured at amortized cost or at fair value are subjected to the impairment test.

Reclassification

If the business model in which the Bank retains financial assets is reclassified, the financial assets that have been affected are reclassified. The classification and measurement requirements relating to the new class are effective from the first day of the first reporting period after the change in the business model resulting in the reclassification of the Bank's financial assets. Moreover, the changes in contractual cash flows are considered. The accounting policy framework for the adjustment and disposal of financial assets is described below:

Financial assets at fair value through the statement of Profit or loss

Financial assets at fair value through the statement of Profit or loss are:

- Assets with contractual cash flows that are not payments on assets and returns on the principal outstanding amount; and / or

- Assets held in a business model other than those held to collect contractual cash flows or held for collection and sale; or.

These assets are measured at fair value any gain/loss arising on remeasurement recognized in the consolidated statement of Profit or loss and comprehensive income.

Financial assets at fair value through shareholders' equity-self financed.

These assets represent investments in equity instruments and sukuk instruments financed from the Bank's own funds for the purpose of maintaining them over the long term.

These assets are recognized at fair value, plus acquisition costs, and subsequently revalued at fair value. The change in fair value is included in the fair value reserve under shareholders' equity.

In case of sale of these assets or part thereof, the resulting gain or loss is recognized in retained earnings within shareholders' equity.

Gains and losses arising from foreign exchange differences on these assets, if any, are recognized in the fair value reserve in shareholders' equity- self financed.

Financial assets at fair value through unrestricted investment account holders' equity

These assets represent investments in equity and (Sukuk) instruments financed from the joint investment accounts for the purpose of maintaining them over the long term.

These assets are recognized at fair value, plus acquisition costs, and are subsequently revaluated at fair value. The change in fair value under fair value reserve is shown in the unrestricted investment account holders' equity.

The impairment loss previously recognized in the consolidated statement of Profit or loss and comprehensive income can be reversed if it is objectively determined that the increase in fair value occurred in a subsequent period to record impairment losses through the fair value reserve that is reflected in the unrestricted investment accounts.

As the unrestricted investment accounts on a continuous joint Mudaraba basis are characterized by a discontinuity at the beginning and end of the deposits in the accounts, the profit of the deferred operations over subsequent periods is distributed over the entire term of maturity and proportionality with each period.

Gains and losses arising from the foreign currency translation differences of these assets, if any, are recognized in the fair value reserve within unrestricted investment accounts holders' equity.

Financial assets for which fair value cannot be reliably measured are stated at cost. Impairment test of these assets is carried out at the end of each financial period, and any impairment is recognized in the consolidated statement of Profit or loss and comprehensive income. And the impairment loss can't be retrieved on subsequent periods.

Financial assets at amortized cost

These are the financial assets that the Bank's management, in accordance with its business model, intends to maintain to collect contractual cash flows that represent fixed or determinable payments to the capital and profits of such assets.

These assets are recognized at cost, plus acquisition costs, and are revalued at the end of the current period using the effective profit rate method. Moreover, any gain or loss arising from amortization is recognized in the consolidated statement of Profit or loss and comprehensive income. Additionally, any expected credit losses regarding self-finaced instruments are recognized in the consolidated statement of Profit or loss and comprehensive income. As for joint investments, the calculated expected credit losses are recognized in the consolidated statement of Profit or loss and comprehensive income (joint investment pool).

The amount of impairment in value for these assets represents the difference between the carrying amount and the present value of the expected cash flows calculated on the basis of the original effective profit rate and any impairment provisions.

Gain and loss on sale, purchase and valuation of foreign currencies

Transactions in foreign currencies are recorded during the year at the rates prevailing at the transaction date (Trading).

The balances of financial assets and financial liabilities are translated at the average foreign exchange rates prevailing at the consolidated statement of financial position date, as announced by the Central Bank of Jordan.

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 at the average exchange rates for the period, unless exchange rates change significantly during that period, in which case the exchange rates on the date of the transactions are used. The exchange differences arising therefrom, if any, are recognized in the consolidated statement of Profit or loss and comprehensive income.

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

Foreign exchange gains and losses are recognized in the consolidated statement of Profit or loss and comprehensive income.

Translation differences on non-monetary assets and liabilities in foreign currencies (such as equity) are recorded in the fair value reserve self within the shareholders equity of the financial assets financed by the Bank's own funds and within the fair value reserve – joint within the unrestricted investment account holder’s equity.

Lease contracts

The Bank applied the Islamic Financial Accounting Standard No. (32) “Ijara and Ijara Muntahia Bittamleek‟which defines the principles relating to of recognition, classification, measurement and About the different types of rent as a landlord and tenant and Ijara transactions ending with ownership.

The Bank as a lessee

The Bank recognizes the right of use assets and the lease liabilities in relation to all lease arrangements in which the bank is a leasee,except for short-term lease contracts (defined as 12-month or less lease contracts) and low value asset leases contract, and for these contracts,the bank recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease,unless another regular basis is more representative of the time pattern in which the economic benefits from the leased assets are taken advantage of.

The lease obligation is initially measured at the present value of the lease payments that were not paid on the start date of the lease, deducted using the additional financing rate.

The lease payments included in the rental obligation measurement include:

- Fixed rental payments (includes fixed pay mentsin the contract), minus receivable rental incentives

- Variable rental payments that depend on an index or rate, initially measured using the indicator or the rate at the date the contract begins;

- The amount expected to be paid by the lessee under the residual value guarantees;

- The price of the exercise of purchase options, if the tenant is reasonably certain of the exercise of the options; and

- The price of the exercise of purchase options, if the tenant is reasonably certain of the exercise of the options; and

- Paying the contract termination fines, if the lease reflects the exercise of the lease termination option.

Lease obligations are presented as a separate line item in the consolidated statement of financial position.
Lease obligations are subsequently measured by increasing the carrying amount to reflect the costs of the additional financing over the lease obligations (using the incremental cost of financing method) and by reducing the carrying amount to reflect the paid rental payments.

The lease obligations (and a similar adjustment to the related right-to-use assets) are re-measured whenever:

- The lease term has changed or there is an important event or change in the conditions that lead to a change in the exercise of the purchase option assessment, in which case the lease obligations are re-measured by deducting the adjusted lease payment using the adjusted discount rate.
- Lease payments change due to changes in an index, rate, or change in expected payments under the guaranteed residual value. In these cases, the rental obligation is remeasured by deducting the modified rental payments using an unchanged discount rate.
- The lease contract is modified and the lease agreement is not accounted for as a separate lease, in which case the lease obligation is re-measured based on the duration of the modified lease contract by deducting the modified rental payments using the adjusted discount rate at the actual price at the date of the amendment.

The right of use assets are depreciated over the life of the lease or the useful life of the asset (whichever is shorter). If the lease transfers the ownership of the underlying asset or the cost of the right of use, which reflects that the bank expects to exercise the option to purchase, then the relevant value of the right to use is depreciated over the useful life of the asset. Depreciation begins from the start date of the lease.

Right of use assets are presented as a separate line item in the consolidated statement of financial position.

The Bank applies International Accounting Standard (36) to determine whether the value of the right to use has decreased its value and any impairment losses are calculated as described in the "property and equipment" policy.

Variable rents that are not dependent on an index or rate are not included in the measurement of lease obligations and right of use assets. The related payments are recognized as an expense in the period in which the event or condition that leads to these payments occurs and are included in the statement of Profit or loss and the comprehensive statement of income.

The Bank as a lessor

The bank enters into leases as a lessor in relation to some of its investment properties.

Lease contracts in which the bank is leased are classified as finance or operating leases. In the event that the terms of the lease contract transfer all risks and benefits of ownership to the lessee, the contract is classified as a finance lease and all other leases are classified as operating leases.

When the Bank is an intermediary lease, it represents the main lease and sub-contract as two separate contracts. The sublease contract is classified as finance or operating lease by reference to the original right of use arising from the main lease.

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

The amounts due from the leasee under finance leases are recognized as receivables with the amount of the company's net investment in the lease contracts. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the bank’s existing net investment in relation to lease contracts.

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

Investment in an associate

An associate is a company in which the Bank exercises effective influence over its financial and operating policy decisions, and which is not held for trading. In this respect, the investments in the associate are accounted for using the equity method.

Investments in the associate are included in the consolidated statement of financial position at cost, in addition to the Bank's share of changes in the net assets of the associate. Goodwill arising on investment in an associate is recognized as part of the investment account of the associate and is not amortized. The Bank's share of the associate's income is recognized in the consolidated statement of Profit or loss and comprehensive income. If there is a change in the equity of the associate, such a change is recognized in the statement of changes in shareholders' equity. Gains and losses arising from transactions between the Bank and the associate are eliminated to the extent of the Bank's interest in the associate company.

In the separate financial statements of the Bank as an independent entity, investments in the associate are stated at cost.

Ijara and Ijara Muntahia Bittamleek

Ijara is ownership of the benefit of return and is divided into:

Operating Ijara: Ijara contracts that doesn’t end with translated ownership of the leased asset of the lease.

Ijarah Muntahia Bittamleek: Ijarah which ends with the lessee owning the leased assets and taking several types as stated in the Ijara and Ijarah Muntahia Bittamleek standard No. (32) issued by the Accounting and Auditing Organization for Financial and Islamic Institutions.

Assets acquired for the purpose of leasing are measured at historical cost, including direct expenses, to make them usable. The leased assets are depreciated in accordance with the Bank's depreciation policy.

When the recoverable amount of any asset acquired for Ijara is less than its net carrying amount, the amount is reduced to the recoverable amount, and the impairment loss is recognized in the Consolidated Statement of Profit or loss and Comprehensive Income.

The income of Ijara shall be distributed in proportion to the financial periods covered by the lease contract.

Basic insurance and maintenance expenses of leased assets are recognized in the financial period in which they arise.

Transfer of assets

Any transfers of tangible and financial assets made between the assets financed from the joint investment accounts, shareholders' equity, restricted investment accounts, investment funds, conversion bases and accounting policies adopted for this purpose shall be disclosed. Disclosure shall also be made of the related financial effect, balances of any assets transferred to the beginning of the financial period, changes that occurred during the financial period, and the balance at the end of the period.

All transfers to related parties are disclosed, and description is made of the nature of the relationship, type of transactions carried out, and total value of the operations at the beginning and end of the financial period, indicating the financial implications.

The Bank's bases for asset valuation are disclosed when transfers are made.

Differences resulting from foreign currency transactions and financial implications are also disclosed.

The nature and terms of the transferred assets are disclosed as to whether they are separable, and any related provisions are disclosed as well.

The reasons and principles governing the transfer of assets between different investment accounts are disclosed.

Obligations and restrictions required by the contractual relationship between investment account holders and equity holders, if any, are disclosed.

Profit equalization reserve

This reserve is created / set up with a view to allocate appropriate and competitive rates of return to the Joint/Restricted Investment Account holders and to the shareholders in the event of exceptional circumstances and sharp fluctuations in the markets that actually make the actual profit rates less than what the holders of the Joint Investment Accounts expect. The same applies to the Bank's shareholders. This reserve is established based on the pre-approval of the Shari'ah Supervisory Board and approval of the unrestricted investment accounts holders' equity.

This reserve shall be allocated to the share of the profits of the holders of the Joint Investment Accounts holders' equity and the shareholders equity before the deduction of Mudarib's share. The balance available in the reserve account shall be invested in the aggregated joint money account. The profits from the investment shall be credited to the reserve account.

If the balance in the profit equalization reserve account is insufficient to meet the competition, the shareholders may give part of their share of profits to the holders of the joint investment accounts as a donation.

The bank abides by what is stated in the Financial Accounting Standard No. (35) "Risk Reserve" issued by the Accounting and Auditing Organization for Islamic Financial Institutions when there is a need to create/compose a profit rate reserve.

The profit equalization reserve is transferred to the shareholders and unrestricted investment accounts holders' equity each according to its share of the deduction.

Fair value of financial assets

Fair value is defined as the price at which an asset should 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 it is estimated using another valuation technique. When estimating the fair value of an asset or liability, the Bank takes into consideration, upon determining the price of any asset or liability, whether market participants are required to take these factors into account at the measurement date. The fair value for the purposes of measurement and / or disclosure is determined for these financial statements on the same basis.

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 regarding the fair value measurements and the importance of inputs to the full fair value measurements. The details are as follows:

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

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

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

Impairment of financial assets

The Bank applies the expected credit loss requirements and the amendments relating to the classification and measurement of financial instruments. The effect of the following instructions of the Central Bank of Jordan related to the application of AAOIFI (30) is recognized by recording the impact on the consolidated statement of Profit or loss and comprehensive income in respect of assets and financing (self). The expected credit losses and other provisions for jointly financed and investments, that were classified at fair value through unrestricted investment accounts holders' equity will be charged through statements of Profit or loss and comprehensive income (common pool).

The expected credit losses provisions are calculated on the following financial instruments:

- International wakala agencies
- Direct credit financing (self and joint).
- Qard Hasan (self)
- (Sukuk) within financial assets at amortized cost.
- (Sukuk) within financial assets at fair value through shareholders equity – self
- (Sukuk) within financial assets at fair value through investment account holders' equity – joint
- Off-balance sheet exposures subject to credit risk (self and joint).

No impairment loss is recognized in equity instruments.

The expected credit losses should be measured through an impairment provision equivelant of:

- The expected (12) -month credit losses, or, the expected life of the expected credit losses resulting from those default events on financial instruments that can be achieved within (12) months after the reporting date, referred to as stage one, or
- Expected life time credit loss, life of expected credit losses arising from all possible default events over the life the financial instrument referred to the stage two and stage three.

A provision for the expected credit loss over the life of a financial instrument is required if the credit risk on that instrument increases substantially since initial recognition.

For all other financial instruments, the ECL is measured at an amount equal to the expected credit loss for a period of (12) months.

The expected credit losses are a possible weighted estimate of the present value of the credit loss. This value is 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 is expected to receive arising from the weighting of several future economic scenarios, discounted at the effective yield rate of the asset.

For unutilized limits, the expected credit losses are the difference between the present value of the difference between the contractual cash flows payable to the Bank, if the borrower withdraws the financing, and cash flows that the Bank expects to receive, if the financing is utilized; and The Bank measures the expected credit losses on an individual basis or on a collective basis for funding that shares the characteristics of similar economic risks. The measurement of the provision for loss is based on the present value of the expected cash flows of the asset using the original effective rate of return of the asset, irrespective of whether it is measured on an individual or collective basis.

Credit-impaired financial assets

The financial asset is considered to be "credit- impaired" when one or more events have an adverse effect on the estimated future cash flows of the financial asset. Credit-impaired financial assets are referred to as third stage assets. Evidence of credit impairment includes observable data on the following events:

- Significant financial difficulties faced by the borrower or issuer;
- Breach of contract, e.g., deficit or delay in payment;
- The Bank gives the borrower, for economic or contractual reasons related to the borrower's financial difficulty, a concession; or
- The disappearance of an active market for this financial asset due to financial difficulties; or
- Buying a financial asset at a significant discount that reflects the credit losses incurred.
- Customer's due exceeds 90 days or more.

If a single event cannot be identified, instead, the combined effect of several events may cause the financial assets to turn into assets with a credit-impaired value. The Bank assesses whether there has been a decline in credit of financial instruments measured at amortized cost or fair value through comprehensive income at each reporting date. To assess whether there is credit impairment to corporate debt instruments. Furthermore, a combination of factors such as Sukuk proceeds, credit rating, and the borrower's ability to increase funding is considered.

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

To determinate the impairment provision of financial assets, the bank's management requires to issue important judgments to estimate the amounts of future cash flows and their timing, in addition to estimating any substantial increase in the credit risk of financial assets after their initial recognition, taking into consideration future measurement information for expected credit losses.

Default

The definition of default is very important in determining the expected credit loss. It is used to measure the expected credit loss and determine whether the expected credit less provision for loss is based on the expected 12-month or lifetime loss.

The Bank considers the following as an event of default:

- Failure to pay for more than 90 days for any important credit commitment to the Bank; or
- It is unlikely that the customer will pay his entire credit obligations to the Bank.

The definition of default is designed to reflect the different characteristics of different types of assets.

In assessing whether a customer is unlikely to pay his credit commitment, the Bank takes into account qualitative and quantitative indicators. The information is based on the type of asset, and the Bank uses various sources of information to assess defaults that are internally developed or obtained from external sources.

Significant increase in credit risk

The Bank monitors all financial assets, financial liabilities, and financial guarantee contracts that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there is a significant increase in credit risk, the Bank will measure the allowance for loss on a life-long basis rather than the expected (12) month credit loss.

The Bank does not consider financial assets with "low" credit risk at the reporting date if they have not been exposed to a significant increase in credit risk. As a result, the Bank monitors all financial assets and liabilities of financing issued and financial guarantees contracts that are subject to impairment for the significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased substantially since initial recognition, the Bank compares the risk of default of the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of default for the remaining maturity period at the date of the current report when the financial instrument is recognized for the first time. In the assessment process, the Bank considers both quantitative and qualitative information that is reasonable and reliable, including historical experience and future information available at no cost or undue effort, based on the Bank's historical experience and the assessment of the credit expert, including future information.

Multiple economic scenarios represent the basis for determining the probability of default on initial recognition and subsequent reporting dates. Various economic scenarios will result in a different probability of default. The weighting of the different scenarios is the basis of the weighted average probability of default that is used to determine whether the credit risk has increased significantly.

The qualitative factors that indicate a marked increase in credit risk are reflected in the probability of default models at the appropriate time. However, the Bank is still looking separately at some qualitative factors to assess whether the credit risk has increased significantly. With regard to corporate finance, there is a particular focus on the assets included in the "watch list" where exposure is included in the watch list when there are concerns about the deterioration of credit worthiness. With regard to individual financing, the Bank takes into account expectations of the non-payment periods and defaults, and signs of low credit.

Quantitative information is a key indicator of the significant increase in credit risk and is based on a change in the probability of default over a lifetime by comparing:

- The probability of remaining life-long defaults at the reporting date; and
- The probability of life-long defaults remaining at this point from the time estimated on the basis of facts and circumstances at initial recognition of exposure.

The Bank uses the same methodologies and data used to measure expected credit loss provisions.

Since the significant increase in credit risk since the initial recognition is a relative measure, a specific change, in absolute terms, in the probability of non-payment will be more important to a financial instrument with a lower initial non-payment probability compared to a financial instrument with a higher non-payment probability.

As a safety valve when an asset's maturity exceeds more than (30) days, the bank considers that a significant increase in credit risk has occurred, and the asset is in the second stage of the impairment model, meaning that the loss provision is measured as a credit loss for life expectancy.

Presentation of Provision for expected credit loss in the consolidated statement of financial position

The expected credit loss provisions are presented in the consolidated statement of financial position as follows:

For joint financial assets: as a deduction from the total value of the net assets.

Direct and indirect financing – Self**:** The provision for credit losses is recognized as a deduction from the balance of self-financing, and off-balance sheet items are presented in other liabilities.

Direct and indirect financing – Joint**:** The provision for credit losses is recognized as a deduction from the balance of joint financing, and off-balance sheet items are presented in other liabilities.

Write-off

Financial assets are derecognized when there is no reasonable expectation of recovery, such as a client's failure to participate in a payment plan with the Bank. The Bank classifies funds or amounts due to be written off after all possible payment methods have been exhausted. However, if the financing or receivables are written off, the Bank continues its enforcement activity to attempt to recover the receivable, which is recognized in the consolidated statement of Profit or loss upon recovery.

Property, plant & equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Property and equipment (excluding land) are depreciated when they are ready to be used on a straight-line basis over the estimated useful life using the following annual rates:

Item	Annual depreciation rate
Buildings	2%
Equipment, device and furniture	15%
Vehicles	15%
Computers	20%
Others	4% - 10%

Where the estimated recoverable amount of any property and equipment is less than its net carrying amount, the carrying amount of the asset and equipment is written down to its recoverable amount, and the amount of impairment is recognized in the consolidated statement of Profit or loss and comprehensive income statement.

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

Property and equipment are derecognized upon disposal or when no future benefits are expected to arise from its use or disposal.

Intangible assets

Intangible assets are classified on the basis of their estimated useful lives for a specified period or unspecified period. Intangible assets with a finite useful life are amortized over a period of up to four years, and the amortization is recognized in the consolidated statement of Profit or loss and comprehensive income. Intangible assets with an indefinite useful life are reviewed for impairment at the consolidated statement of financial position date, and any impairment loss is recognized in the consolidated statement of Profit or loss and comprehensive income.

Intangible assets arising from the Bank's business are not capitalized and are recognized in the consolidated statement of Profit or loss and comprehensive income for the same period.

Any indications of impairment of intangible assets are reviewed at the date of consolidated statement of financial position date. The life of the asset is reviewed, and any adjustments are made in the subsequent periods.

The amortization rate for the groups intangible assets item is as follows:

Computer’s systems & Softwires	20%

Seized assets by the Bank against debts

Assets seized by the bank’s ownership are shown in the consolidated statement of financial position under “other assets” at the value it devolved to the bank or the fair value whichever is lower. They are re-evaluated at the date of the consolidated financial statements at fair value individually, and any decrease in its value is recorded as a loss in the consolidated statement of Profit or loss and comprehensive income and the increase is not recorded as revenue, a progressive provision is calculated for real estate according to Central Bank Circular No. 10/3/13246 of 2 September 2021, at a rate of (5%) of the total book values of those real estate as of the year 2022, so that the arrival To the required percentage (50%) of those real estate by the end of 2030, On October 10, 2022, a subsequent circular was issued by the Central Bank of Jordan cancelling the calculation of provisions against expropriated real estate in violation, with an emphasis on the need to maintain the allocations against real estate in violation of Banking Law, provisions be released against any of the real estate that is disposed.

Impairment in non-financial assets:

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

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

The recoverable amount is the fair value of the asset - less selling costs - or the value of its use, whichever is greater.

All impairment losses are recognized in the statement of Profit or loss and comprehensive income.

Provisions

Provisions are recognized when the Bank has obligations as of the date of the consolidated statement of financial position arising from past events, and the payment of the liability is probable and can be reliably measured.

Income tax

Tax expenses represent amounts of accrued taxes and deferred taxes.

Due taxes are calculated based on taxable profits, which differ from those declared in the financial statements. In this regard, declared profits include non-taxable income or expenses not deductible in the fiscal year but deductible in subsequent years, deductible accumulated tax losses, or items not subject to tax or tax deductible.

The Bank deducts taxes and establishes a provision for income tax in accordance with Income Tax Law No. (34) of 2014 and IAS (12), which recognizes deferred taxes arising from time differences in the fair value reserve.

Deferred taxes are the taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets or liabilities in the financial statements and the amount on which the taxable profit is calculated. Deferred taxes are calculated using the method that complies with the consolidated statement of financial position, and they are calculated according to the tax rates expected to be applied when the tax liability is settled or deferred tax assets are realized. A rate of 38% was used to calculate deferred taxes for this year (35% tax rate, 3% national contribution rate), effective from 1 January 2019, to calculate deferred taxes in accordance with the Income Tax Law No. 38 of 2018. As such deferred taxes should be calculated according to the prescribed rate or expected rates for future periods.

The balance of deferred tax assets is reviewed at the date of the consolidated financial statements, and is reduced in case that it is not probable that the tax asset will be fully or partially utilized.

Deposit guarantee

On April 1, 2019, a law amending the Deposit Insurance Corporation Law was issued, which included Islamic banks under the Deposit Insurance Corporation, noting that Islamic banks were not previously covered by the law, and the amended law stipulated that deposit accounts that fall within the bank’s trust (credit accounts or the like, The part that does not participate in the profits from the joint investment accounts) entails fees for guaranteeing deposits and the bank bears from its own funds. As for the joint investment accounts, the owners of the joint investment accounts bear the participation fees for these accounts.

Offsetting

Financial assets are offseted against financial liabilities, and the net amount is recognized in the consolidated statement of financial position only when the legally binding rights are available and settled on an offsetting basis, or the asset is realized and the liability settled simultaneously.

Wakala Investment accounts

The accounts managed by the Bank are represented by Wakala within a specific program with the Central Bank of Jordan. Funds invested in the Wakala are shown off-side the consolidated statement of financial position, and the Bank's share of the Wakala (gains) is included in the consolidated statement of Profit or loss and comprehensive income.

Realization of revenues and recognition of expenses

Revenues and expenses are recognized on the accrual basis except for non-performing deferred sales revenue and financing which are recognized in the suspended revenue account.

Commission income and expenses

Commissions are recognized as income, when the related services are provided, in the consolidated statement of Profit or loss and comprehensive income. Commissions are charged in respect of banking services and financing services when they are met.

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, including any related income, expenses and dividends.

Dividend income

Dividend income is recognized when the right to receive payment is established, which is the earlier date of the earnings per share and is usually the date on which the shareholders approve the dividend for unquoted equity.
Dividend distribution in the consolidated statement of Profit or loss depends on the classification and measurement of equity investment, i.e.:

- With respect to equity instruments held for trading, dividend income is recognized in the consolidated statement of Profit or loss and comprehensive within item gain (loss) on financial assets at fair value through Profit or loss; and

- For equity instruments classified at fair value through shareholders' equity, equity is recognized in the consolidated statement of Profit or loss and comprehensive income under the Bank's self-financed revenue; and

- For equity instruments that are not classified at fair value through shareholders equity - self and not held for trading, equity gains are recognized in the consolidated statement of Profit or loss and consolidated comprehensive income under other income - self; and

- With respect to equity instruments classified at fair value through the joint investment accounts holders' equity, the income from equity is included in the consolidated statement of Profit or loss and comprehensive income under profit from financial assets at fair value through unrestricted investment account holders' equity.

Cash and cash equivalents

Cash and cash balances maturing within three months, including: cash and balances with the Central Bank, balances with banks and banking institutions, and deposits of banks and banking institutions with maturities of three months and restricted balances.

(3) Significant accounting estimated and key sources of estimation uncertainty

The preparation of the consolidated financial statements and the application of accounting policies require management to make estimates and judgments that affect the amounts of financial assets and liabilities and to disclose potential liabilities. These estimates and judgments also affect profit or loss, comprehensive income, equity and equity holders of joint investment accounts. In particular, the Bank's management is required to issue significant judgments to estimate the amounts and timing of future cash flows. These estimates are necessarily based on assumptions and multiple factors that have varying degrees of estimation and uncertainty and that the actual results may differ from the estimates as a result of changes resulting from the circumstances and circumstances of those estimates in the future.

Judgments, estimates, and assumptions are reviewed periodically. 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, and the effect of the change in estimates is recognized in the financial period in which the change occurs and in future periods In case the change affects the financial period and future financial periods.

We believe that our estimates in the consolidated financial statements are reasonable, and the estimates are summarized as follows: -

Significant Judgments in applying the bank's accounting policies

Evaluation of business model

The classification and measurement of financial assets depends on the test results of the principal amount and profit payment on the principal outstanding and the business model test. The Bank defines a business model at a level that reflects how the groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment that reflects all relevant evidence, including how to assess the performance of the asset, measure its performance and the risks that affect the performance of the asset and how it is managed, and how the asset managers are compensated. The Bank monitors financial assets measured at amortized cost or fair value through income - equity or fair value through the rights of the holders of the joint investment that have been derecognized before maturity to understand the reasons for derecognition and whether the reasons are consistent with the objective of the business being retained. The control is part of the Group's continuous assessment of whether the business model under which the remaining financial assets are retained is appropriate, and whether it is inappropriate if there is a change in the business model and therefore a future change is made in the classification of those assets.

Significant increase in credit risk

The expected credit loss is measured as an allowance equivalent to the expected credit loss of 12 months for the assets of stage (1), or the credit loss over the life of the assets of the stage (2) and (3). The asset transferred to the stage (2) if credit risk increases significantly since initial recognition. FAS (30) issued by the Accounting and Auditing Organization for Financial and Islamic Institutions. does not specify what constitutes a significant increase in credit risk. In assessing whether the credit risk of any asset has increased significantly, the Bank takes into account reasonable and reliable quantitative and qualitative information. The estimates and uses by the Bank's management of the significant change in credit risk that result in a change in classification within the three stages (1, 2 and 3) are explained in detail in Note (48).

Establishment of groups of assets with similar credit risk characteristics

When the expected credit losses are measured on a cumulative basis, the financial instruments are grouped on the basis of common risk characteristics (eg instrument type, credit risk, type of collateral, date of initial recognition, remaining period of maturity, industry, geographical location of the customer, 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.

Models and assumptions used.

The Bank uses various models and assumptions in measuring the fair value of financial assets as well as in assessing the expected credit loss described in note (48). 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.

Extension and termination options in lease contracts:

Extension and termination options are included in the number of leases, these conditions are used to increase operational flexibility in contract management. Most extension and termination options are exercisable by both the bank and the lessor when determining the duration of a lease, management takes into consideration all facts and circumstances that create an economic incentive to exercise the option of extension or not to exercise the option of termination. Extension options (or periods following termination options) are only included in the term of the lease if the lease contract is reasonably confirmed to be extended (or not terminated). An assessment is reviewed if an important event or a significant change occurs in the circumstances affecting the valuation that are under the control of the lessee.

Key sources of estimation uncertainty

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

Impairment in value of seized assets by the bank against debt

Any impairment in value of the seized assets is recorded as a loss in the consolidated statement of Profit or loss and other comprehensive income however, the increase in value is not recorded as revenue. Subsequent increase is recorded in the consolidated statement of Profit or loss and comprehensive income to the extent that it does not exceed the value of the decrease that has been previously recorded.
According to the circular Central Bank No. 10/2/13246 dated on 2 September 2021 recognizing of the required allocations against the properties acquired as (5%) of the total book values of these properties starting from the year 2022 so that achieve the required percentage amount (50%) of these properties with the end of the year 2030, On October 10, 2022, a subsequent circular was issued by the Central Bank of Jordan canceling the calculation of provisions against expropriated real estate in violation, with an emphasis on the need to maintain the allocations against real estate in violation of Banking Law, provisions be released against any of the real estate that is disposed.

The useful lives of tangible assets and intangible assets

The management periodically recalculates the useful lives of tangible assets and intangible assets for the purpose of calculating annual depreciation and amortization based on the general condition of these assets and estimated future useful lives. Moreover, impairment losses are recognized in the consolidated statement of profit or loss and comprehensive income for the year.

Income tax provision:

The income tax expense is charged to its financial year according to the accounting regulations, laws and standards. Deferred tax assets, liabilities, and required tax provision are recognized and calculated.

Legal Provisions:

A provision is taken to meet any potential legal obligations based on the legal study prepared by the Bank's legal counsel and by the Bank's legal department, which identifies the risks that may arise in the future and reviews the study periodically.

Assets that are stated at cost:

The management periodically reviews financial assets stated at cost to assess any impairment in their value, which is taken to the consolidated statement of Profit or loss and comprehensive income.

Provision for expected credit losses:

Requires management to use significant judgments and estimates to estimate the amounts and timing of future cash flows and to estimate the risks of an increase in credit risk for financial assets after initial recognition and future measurement information for expected credit losses.

Provisions against assets financed by joint investment account holders (including provisions against sales receivables and joint financing) are charged to the profit of the joint investment pool.
Where provisions for expected credit losses were formed in accordance with FAS (30) in accordance with the instructions of the Central Bank of Jordan, whichever is stricter.

Determining the number and estimated weight of scenarios of 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 effects and how these affect each other.

The probability of default

The probability of default is a key input in measuring the expected credit loss. It 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 on the assumption of 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.

Discount of lease payments

Lease payments are discounted using the bank's average finance cost, where the administration has applied judgments and estimates to determine the average financing costs when the lease contract begins.

(4) CASH AND BALANCES AT THE CENTRAL BANK

The details of this item are as follows:

	31 December	
	2022	2021
	JD	JD
Cash on hand	25,077,875	22,099,424
Balances at the Central Bank of Jordan:		
Current accounts	90,036,172	259,858,283
Statutory cash reserve	88,181,488	76,695,657
Total	**203,295,535**	**358,653,364**

- Except for the statutory cash reserve, there are no other restricted cash accounts as at 31 December 2022 and 31 December 2021.
- No provision for expected credit losses has been calculated on the balances with the Central Bank, as they are exposures to the Jordanian government.

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

	Stage 1 (individual)	Stage 1 (individual)
	for the year ended 31 December 2022	for the year ended 31 December 2021
	JD	JD
Balance at the beginning of the year	336,553,940	330,865,686
New balances during the year	8,140,186	25,536,862
Repaid balances	(166,476,466)	(19,848,608)
Balance at the end of the year	**178,217,660**	**336,553,940**

(5) BALANCES AT BANKS AND FINANCIAL INSTITUTIONS

The details of this item are as follows:

	Local banks and financial institutions		Foreign banks and financial institutions		Total	
	31 December		31 December		31 December	
	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD
Current and on -Demand accounts	754,210	713,698	12,796,952	7,580,233	13,551,162	8,293,931
Total	**754,210**	**713,698**	**12,796,952**	**7,580,233**	**13,551,162**	**8,293,931**

- There are no balances at banks and financial institutions on which the bank receives returns as at 31 December 2022 and 31 December 2021.
- There are no balances with banks and banking institutions for which the bank charges returns as on 31 December 2022 and as on 31 December 2021.
- All balances have current accounts that use the bank's operations, and there is no need for calculating financial provisions for them according to Islamic Financial Accounting Standard No. (30).

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

	Stage 1 (individual)	Stage 1 (individual)
	For the year ended 31 December	For the year ended 31 December
	2022	2021
	JD	JD
Balance at the beginning of the year	8,293,931	9,669,834
New balances during the year	713,955	186,595
Repaid balances	(122,385)	(26)
Changes resulting from modifications	4,665,661	(1,562,472)
Balance at the end of the year	**13,551,162**	**8,293,931**

(6) INTERNATIONAL WAKALA INVESTMENTS - NET

The details of this item are as follows:

	Jointly financed 31 December	
	2022	2021
Matures:	JD	JD
Within a month	37,005,663	66,701,844
From a month to three	18,395,607	17,209,456
From three to six months	2,127,000	2,771,936
From six months to year	5,893,575	-
Total International Wakala Investments	**63,421,845**	**86,683,236**
Less: Expected credit losses for international wakala investment	(280,449)	(558,588)
Net International Wakala Investments	**63,141,396**	**86,124,648**

The movement on the gross International Wakala Investments was as follows:

	For the year ended 31 December 2022				For the year ended 31 December 2021
Item	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	**86,683,236**	**-**	**-**	**86,683,236**	**78,856,039**
New balances and deposits during the year	63,421,845	-	-	63,421,845	86,683,236
Repaid balances and deposits	(86,683,236)	-	-	(86,683,236)	(78,856,039)
Total balance at the end of the year	**63,421,845**	**-**	**-**	**63,421,845**	**86,683,236**

- There are no transfers between the stages (First , second and third) or written off balances .

The movement on the gross International Wakala Investments was as follows:

	For the year ended 31 December 2022				For the year ended 31 December 2021
Item	Stage 1 (Individual)	Stage 2 (Individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	**558,588**	**-**	**-**	**558,588**	**138,690**
Impairment loss of new balances during the year	280,449	-	-	280,449	558,588
Recoverable from impairment loss on repaid balance and deposits	(558,588)	-	-	(558,588)	(138,690)
Total balance at the end of the year	**280,449**	**-**	**-**	**280,449**	**558,588**

(7) FINACIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The details of this item are as follows:

	Jointly financed 31 December	
	2022	2021
	JD	JD
Shares corporate listed in financial markets	-	69,813
Islamic sukuk listed in financial markets	35,143	1,495,481
Total	**35,143**	**1,565,294**

(8) DEFERRED SALES RECEIVABLES AND OTHER RECEIVABLES - NET

The details of this item are as follows:

	Jointly financed		Self financed		Total	
	31 December		31 December		31 December	
	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD
Individuals (retail)						
Murabaha to the purchase orderer	422,186,379	357,150,865	1,573,351	1,387,424	423,759,730	358,538,289
Ijara Muntahia Bittamleek - receivables	445,923	1,440,495	782	246	446,705	1,440,741
Other receivables	6,502,529	5,243,641	26,633	30,612	6,529,162	5,274,253
Real estate financing	20,838,066	23,922,928	-	-	20,838,066	23,922,928
Ijara Muntahia Bittamleek - receivables	939,480	431,709	-	-	939,480	431,709
Corporate						
Murabaha to the purchase orderer	524,119,481	430,360,904	-	-	524,119,481	430,360,904
Ijara Muntahia Bittamleek - receivables	1,821,670	2,161,551	-	-	1,821,670	2,161,551
Other receivables	-	-	324,783	779,145	324,783	779,145
Small and medium enterprises						
Murabaha to the purchase orderer	53,176,897	44,951,938	-	-	53,176,897	44,951,938
Ijara Muntahia Bittamleek - receivables	92,223	20,110	-	-	92,223	20,110
Other receivables	-	-	648,089	1,922,767	648,089	1,922,767
Government and the public sector	522,438,962	384,465,171	-	-	522,438,962	384,465,171
Total	**1,552,561,610**	**1,250,149,312**	**2,573,638**	**4,120,194**	**1,555,135,248**	**1,254,269,506**
Less: Deferred revenue	178,770,653	144,157,955	207,853	174,257	178,978,506	144,332,212
Suspended revenue	2,723,411	2,149,584	7,112	7,112	2,730,523	2,156,696
Expected credit losses	56,409,431	44,532,900	42,631	32,404	56,452,062	44,565,304
Net deferred sales receivable and other receivables	**1,314,658,115**	**1,059,308,873**	**2,316,042**	**3,906,421**	**1,316,974,157**	**1,063,215,294**

- The non- performing deferred sales receivables , other receivables , facilities, Ijara Muntahia Bittamleek receivables and Qard Al-Hasan amounted to JD 40,904,287 as at 31 December 2022, representing 2.62% of deferred sales receivables, other receivables, facilities, Ijara Muntahia Bittamleek receivables and Qard Al-Hasan(JD30,246,226 as at 31 December 2021, representing 2.41% of deferred sales receivables, other receivables, facilities, Ijara Muntahia Bittamleek receivables and Qard Al-Hasan).

- The non- performing deferred sales receivables , other receivables , facilities, Ijara Muntahia Bittamleek receivables and Qard Al-Hasan amounted to JD 38,173,764 as at 31 December 2022, representing 2.45% of deferred sales receivables, other receivables, facilities, Ijara Muntahia Bittamleek receivables and Qard Al-Hasan (JD 28,089,530 as at 31 December 2021, representing 2.24% of deferred sales receivables, other receivables, facilities, Ijara Muntahia Bittamleek receivables and Qard Al-Hasan).

- The provision for impairment of the jointly financed facilities portfolio, which is calculated based on the Central Bank of Jordan's Instructions No.(47/2009) and based on (watch list) amounted to JD 674,809 Moreover, the provision calculated based on the "individual customer"(non-performing) amounted to JD 33,082,180 as at 31 December 2022(JD 642,260 and JD 24,646,935 respectively as at 31 December 2021).

- The deferred sales receivables and other receivables and facilities granted to and guaranteed by the Government of the Hashemite Kingdom of Jordan amounted to JD 439,496,601 as at 31 December 2022 , representing 28.13% of the balance of deferred sales receivables , other receivables , facilities and Qard Al-Hasan (JD 235,350,835 as at 31 December 2021, representing 18.74% of the balance of deferred sales receivables , other receivables , facilities and Qard Al-Hasan).

- **The movement on credit financing (after deducting suspended and deferred revenue) :**

A- Self-financed (Deferred sales receivables and other receivables and Alqard alhassn)

Item	For the year ended at 31 December 2022					
	Stage 1		Stage 2		Stage 3	Total
	individual	Collective	individual	Collective		
	JD	JD	JD	JD	JD	JD
Total balance at the beginning of the year	1,814,416	2,146,470	242,810	1,015,554	539,157	5,758,407
New facilities during the year	4,904,246	626,516	635,535	162,985	332,000	6,661,282
Repaid facilities	(922,121)	(516,943)	(71,704)	(326,147)	(4,612)	(1,841,527)
Transfer to Stage 1	-	21,270	-	(21,270)	-	-
Transfer to Stage 2	(14,683)	(224,465)	14,683	224,465	-	-
Transfer to Stage 3	-	(72,965)	-	(135,951)	208,916	-
The total impact on the size of exposures as a result of changing the classification between stages	-	(15,364)	266,710	(91,567)	(52,719)	107,060
Changes resulting from modifications	(181,971)	(483,048)	(45,764)	(353,712)	(2,276)	(1,066,771)
Total balance at the end of the year	**5,599,887**	**1,481,471**	**1,042,270**	**474,357**	**1,020,466**	**9,618,451**

- **The movement of the expected credit losses provision / self financed :**

Item	For the year ended at 31 December 2022					
	Corporate	**Small and medium enterprises**	**Retail (individual)**	**Real estate financing**	**Government and the public sector**	**Total**
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	24,306	55,397	152,962	-	-	232,665
Impairment loss on new facilities during the year	228,840	2,232	43,834	-	-	274,906
Recovered from impairment loss on repaid facilities	(10,003)	(141)	(5,459)	-	-	(15,603)
Transfer to Stage 1	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
Effect on the provision - as at the end of the year - as a result of the change in classification between the three stages during the year	18,338	10,256	1,596	-	-	30,190
Changes resulting from modifications	(446)	(1,400)	1,739	-	-	(107)
Total balance at the end of the year	**261,035**	**66,344**	**194,672**	**-**	**-**	**522,051**
Redistribution:						
Provisions on an individual basis	261,035	65,197	184,149	-	-	510,381
Provisions on a collective basis	-	1,147	10,523	-	-	11,670

- **The movement on credit facilities (after deducting deferred revenue and suspended revenue) :**

B- Jointly financed

Item	For the year ended at 31 December 2022					
	Stage 1		Stage 2		Stage 3	Total
	individual	Collective	individual	Collective		
	JD	JD	JD	JD	JD	JD
Total balance at the beginning of the year	666,727,092	302,213,964	69,779,932	37,610,805	27,509,980	1,103,841,773
New facilities during the year	265,472,153	137,463,100	47,208,515	3,560,869	4,781,045	458,485,682
Repaid facilities	(79,412,148)	(31,243,997)	(6,006,449)	(6,067,060)	(812,102)	(123,541,756)
Transfer to Stage 1	14,386,360	13,102,572	(14,386,360)	(13,073,745)	(28,827)	-
Transfer to Stage 2	(20,406,817)	(5,174,008)	20,406,817	6,293,444	(1,119,436)	-
Transfer to Stage 3	-	(2,335,336)	(3,939,098)	(3,356,399)	9,630,833	-
The total impact on the size of exposures as a result of changing the classification between stages	(2,376,824)	(1,322,693)	2,181,399	(674,926)	(2,499,214)	(4,692,258)
Changes resulting from modifications	(6,496,196)	(39,709,928)	(16,513,999)	7,147	(312,919)	(63,025,895)
Total balance at the end of the year	**837,893,620**	**372,993,674**	**98,730,757**	**24,300,135**	**37,149,360**	**1,371,067,546**

- **The movement on expected credit losses provision / jointly financed:**

Item	For the year ended at 31 December 2022					
	Corporate	Small and medium enterprises	Retail (individual)	Real estate financing	Government and the public sector	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	29,450,057	1,574,594	9,478,100	4,030,149	-	44,532,900
Impairment loss on new facilities during the year	11,727,499	179,590	1,453,813	356,919	-	13,717,821
Recovered from impairment loss on repaid facilities	(2,277,849)	(230,500)	(790,512)	(147,603)	-	(3,446,464)
Transfer to Stage 1	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
Effect on the provision - as at the end of the year - as a result of the change in classification between the three stages during the year	4,357,795	219,590	1,182,808	97,587	-	5,857,780
Changes resulting from modifications	(4,399,855)	313,937	862,822	(1,029,510)	-	(4,252,606)
Total balance at the end of the year	**38,857,647**	**2,057,211**	**12,187,031**	**3,307,542**	**-**	**56,409,431**
Redistribution:						
Provisions on an individual basis	38,857,647	1,622,588	-	3,302,807	-	43,783,042
Provisions at a collective basis	-	434,623	12,187,031	4,735	-	12,626,389

<u>Suspended revenue :</u>

The movement on suspended revenue is as follows:

	For the year ended 31 December 2022				For the year ended 31 December 2021			
	Retail (individual)	Corporate	Small and medium enterprises	Total	Retail (individual)	Corporate	Small and medium enterprises	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year (Self)	-	7,112	-	7,112	-	7,112	-	7,112
Add: suspended revenue during the year	-	-	-	-	-	-	-	-
Less: suspended revenue transferred to revenue	-	-	-	-	-	-	-	-
Balance at the end of the year (Self)	**-**	**7,112**	**-**	**7,112**	**-**	**7,112**	**-**	**7,112**
Balance at the beginning of the year (Joint)	984,711	1,081,696	83,177	2,149,584	815,512	932,660	34,853	1,783,025
Add: suspended revenue during the year	609,566	288,274	52,271	950,111	461,987	222,544	51,489	736,020
Less: suspended revenue transferred to revenue	368,473	6,688	1,123	376,284	292,788	73,508	3,165	369,461
Balance at the end of the year (Joint)	**1,225,804**	**1,363,282**	**134,325**	**2,723,411**	**984,711**	**1,081,696**	**83,177**	**2,149,584**

1) Impairment loss on Credit financing - corporates
(A) Self (Deferred sales receivables and other receivables and Qard Hassan)
The distribution of total finances according to the Bank's internal credit rating categories (After deducting deferred and suspended revenue):

Item	31 December 2022				31 December 2021
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Almost risk free	-	-	-	-	14,442
Low risk	196,087	-	-	196,087	49,443
Normal risk	1,557,301	-	-	1,557,301	866,224
Acceptable risk	3,336,839	121,817	-	3,458,656	579,460
Acceptable with due care	-	2,883	-	2,883	37,474
Watch list	-	282,044	-	282,044	-
Substandard	-	-	293,333	293,333	-
Doubtful	-	-	-	-	10
Loss	-	-	320,704	320,704	331,433
Unrated	-	635,526	12,732	648,258	2,810
Total	**5,090,227**	**1,042,270**	**626,769**	**6,759,266**	**1,881,296**

-The movement of financing:

Item	For the year ended 31 December 2022			
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the year	1,304,756	242,810	333,730	1,881,296
New facilities during the year	4,904,246	635,535	293,492	5,833,273
settled facilities	(922,121)	(71,704)	(27)	(993,852)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(14,683)	14,683	-	-
Transfer to Stage 3	-	-	-	-
The total impact on the size of exposures as a result of changing the classification between stages	-	266,710	-	266,710
Changes resulting from modifications	(181,971)	(45,764)	(426)	(228,161)
Total balance at the end of the year	**5,090,227**	**1,042,270**	**626,769**	**6,759,266**

- The movement of impairment provision:

Item	For the year ended 31 December 2022			
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the year	10,104	41	14,161	24,306
Impairment loss on new financing during the year	63,968	18,047	146,825	228,840
Recoverable from the loss of impairment on reimbursements	(9,940)	(36)	(27)	(10,003)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Effect on the provision - as at the end of the year - as a result of the change in classification between the three stages during the year	-	18,338	-	18,338
Changes resulting from modifications	(18)	(2)	(426)	(446)
Total balance at the end of the year	**64,114**	**36,388**	**160,533**	**261,035**

B-Jointly financed
The distribution of total finances according to the Bank's internal credit rating categories (After deducting deferred and suspensed revenue):

Item	31 December 2022				31 December 2021
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Insignificant	4,531,388	-	-	4,531,388	5,432,849
Almost risk free	3,993,931	-	-	3,993,931	5,092,255
Low risk	28,445,461	-	-	28,445,461	14,127,108
Normal risk	100,510,005	2,943,052	-	103,453,057	160,827,850
Acceptable risk	230,335,067	37,329,425	-	267,664,492	168,091,871
Acceptable with due care	9,786,428	23,153,497	-	32,939,925	39,376,608
Watch list	-	21,087,457	-	21,087,457	2,832
Substandard	-	-	3,632,955	3,632,955	3,444,487
Doubtful	-	-	2,883,360	2,883,360	1,146,495
Loss	-	-	16,308,064	16,308,064	12,064,458
Unrated	3,938,170	3,088,173	-	7,026,343	1,725,092
Total	**381,540,450**	**87,601,604**	**22,824,379**	**491,966,433**	**411,331,905**

-The movement on financing:

Item	For the year ended 31 December 2022			
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the year	335,256,744	59,419,721	16,655,440	411,331,905
New facilities during the year	126,737,816	45,885,633	4,451,381	177,074,830
settled facilities	(72,167,468)	(5,999,664)	-	(78,167,132)
Transfer to Stage 1	14,280,206	(14,280,206)	-	-
Transfer to Stage 2	(19,471,764)	19,471,764	-	-
Transfer to Stage 3	-	(3,925,113)	3,925,113	-
The total impact on the size of exposures as a result of changing the classification between stages	(2,341,838)	2,463,259	(1,860,179)	(1,738,758)
Changes resulting from modifications	(753,246)	(15,433,790)	(347,376)	(16,534,412)
Total balance at the end of the year	**381,540,450**	**87,601,604**	**22,824,379**	**491,966,433**

- The movement on impairment provision:

Item	For the year ended 31 December 2022			
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the year	3,750,027	9,089,288	16,610,742	29,450,057
Impairment loss on new financing during the year	593,170	7,654,939	3,479,390	11,727,499
Recoverable from the loss of impairment on reimbursements	(1,144,873)	(1,132,976)	-	(2,277,849)
Transfer to Stage 1	187,951	(187,951)	-	-
Transfer to Stage 2	(244,041)	244,041	-	-
Transfer to Stage 3	-	(1,701,533)	1,701,533	-
Effect on the provision - as at the end of the year - as a result of the change in classification between the three stages during the year	(108,429)	4,431,294	34,930	4,357,795
Changes resulting from modifications	(326,199)	(3,470,002)	(603,654)	(4,399,855)
Total balance at the end of the year	**2,707,606**	**14,927,100**	**21,222,941**	**38,857,647**

2) Impairment Loss on Credit Financing - Small and Medium Enterprises:

A-Self financed

-The distribution of total finances according to the Bank's internal credit rating categories (After deducting deferred and suspended revenue) :

Item	31 December 2022						31 December 2021
	Stage 1		Stage 2		Stage 3	Total	Total
	(individual)	(Collective)	(individual)	(Collective)			
	JD	JD	JD	JD	JD	JD	JD
Not rated	-	87,884	-	417,744	209,534	715,162	1,978,535
Total	**-**	**87,884**	**-**	**417,744**	**209,534**	**715,162**	**1,978,535**

-The movement on financing

Item	For the year ended 31 December 2022					
	Stage 1		Stage 2		Stage 3	Total
	individual	Collective	individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	-	908,055	-	1,015,092	55,388	1,978,535
New facilities during the year	-	76	-	106,669	1,087	107,832
settled facilities	-	(290,115)	-	(326,122)	(134)	(616,371)
Transfer to Stage 1	-	21,268	-	(21,268)	-	-
Transfer to Stage 2	-	(224,465)	-	224,465	-	-
Transfer to Stage 3	-	(72,959)	-	(135,807)	208,766	-
The total impact on the size of exposures as a result of changing the classification between stages	-	(15,366)	-	(91,567)	(54,173)	(161,106)
Changes resulting from modifications	-	(238,610)	-	(353,718)	(1,400)	(593,728)
Total balance at the end of the year	**-**	**87,884**	**-**	**417,744**	**209,534**	**715,162**

- The movement on impairment provision:

Item	For the year ended 31 December 2022					
	Stage 1		Stage 2		Stage 3	Total
	(individual)	(Collective)	(individual)	(Collective)		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	-	5	-	4	55,388	55,397
Impairment loss on new financing during the year	-	-	-	1,145	1,087	2,232
Recoverable from the loss of impairment on reimbursements	-	(1)	-	(6)	(134)	(141)
Transfer to Stage 1	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
Effect on the provision - as at the end of the year - as a result of the change in classification between the three stages during the year	-	-	-	-	10,256	10,256
Changes resulting from modifications	-	-	-	-	(1,400)	(1,400)
Total balance at the end of the year	**-**	**4**	**-**	**1,143**	**65,197**	**66,344**

B-Jointly financed

-The distribution of total finances according to the Bank's internal credit rating categories (After deducting deferred and suspended revenue) :

Item	31 December 2022						31 December 2021
	Stage 1		Stage 2		Stage 3	Total	Total
	(individual)	(Collective)	(individual)	(Collective)			
	JD	JD	JD	JD	JD	JD	JD
unrated	-	29,188,828	-	18,143,840	3,514,267	50,846,935	43,017,222
Total	**-**	**29,188,828**	**-**	**18,143,840**	**3,514,267**	**50,846,935**	**43,017,222**

-The movement on financing :

Item	For the year ended 31 December 2022					
	Stage 1		Stage 2		Stage 3	Total
	(individual)	(Collective)	(individual)	(Collective)		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	-	20,151,623	-	20,475,259	2,390,340	43,017,222
New facilities during the year	-	13,769,917	-	3,462,858	279,939	17,512,714
settled facilities	-	(3,952,251)	-	(4,555,961)	(125,498)	(8,633,710)
Transfer to Stage 1	-	3,893,291	-	(3,877,742)	(15,549)	-
Transfer to Stage 2	-	(3,330,395)	-	3,369,799	(39,404)	-
Transfer to Stage 3	-	(510,068)	-	(1,170,979)	1,681,047	-
The total impact on the size of exposures as a result of changing the classification between stages	-	375,991	-	(247,214)	(628,316)	(499,539)
Changes resulting from modifications	-	(1,209,280)	-	687,820	(28,292)	(549,752)
Total balance at the end of the year	**-**	**29,188,828**	**-**	**18,143,840**	**3,514,267**	**50,846,935**

- The movement on impairment provision:

Item	For the year ended 31 December 2022					
	Stage 1		Stage 2		Stage 3	Total
	(individual)	(Collective)	(individual)	(Collective)		
	JD	JD	JD	JD	JD	JD
Balance of beginning of the year	-	27,731	-	649,299	897,564	1,574,594
Impairment loss on new financing during the year	-	29,647	-	9,156	140,787	179,590
Recoverable from the loss of impairment on reimbursements	-	(6,912)	-	(173,669)	(49,919)	(230,500)
Transfer to Stage 1	-	37,565	-	(37,565)	-	-
Transfer to Stage 2	-	(5,087)	-	21,907	(16,820)	-
Transfer to Stage 3	-	(3,230)	-	(499)	3,729	-
Effect on the provision - as at the end of the year - as a result of the change in classification between the three stages during the year	-	(33,107)	-	8,074	244,623	219,590
Changes resulting from modifications	-	(2,794)	-	(85,893)	402,624	313,937
Total balance at the end of the year	**-**	**43,813**	**-**	**390,810**	**1,622,588**	**2,057,211**

3) Impairment loss on credit facilities - Individual portfolio (retail):

A-Self financed

- The distribution of total finances according to the Bank's internal credit rating categories (After deducting deferred and suspended revenue) :

	31 December 2022				31 December 2021
Item	Stage 1 (collective)	Stage 2 (collective)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Unrated	1,393,587	56,613	184,163	1,634,363	1,388,916
Total	**1,393,587**	**56,613**	**184,163**	**1,634,363**	**1,388,916**

-The movement on financing

	For the year ended 31 December 2022			
Item	Stage 1 (collective)	Stage 2 (collective)	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the year	1,238,415	462	150,039	1,388,916
New facilities during the year	626,440	56,316	37,421	720,177
settled facilities	(226,828)	(25)	(4,451)	(231,304)
Transfer to Stage 1	2	(2)	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	(6)	(144)	150	-
The total impact on the size of exposures as a result of changing the classification between stages	2	-	1,454	1,456
Changes resulting from modifications	(244,438)	6	(450)	(244,882)
Total balance at the end of the year	**1,393,587**	**56,613**	**184,163**	**1,634,363**

- The movement on impairment provision:

	For the year ended 31 December 2022			
Item	Stage 1 (collective)	Stage 2 (collective)	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the year	5,872	13	147,077	152,962
Impairment loss on new financing during the year	2,776	3,637	37,421	43,834
Recoverable from the loss of impairment on reimbursements	(1,007)	(1)	(4,451)	(5,459)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	(8)	8	-
Effect on the provision - as at the end of the year - as a result of the change in classification between the three stages during the year	-	-	1,596	1,596
Changes resulting from modifications	(760)	1	2,498	1,739
Total balance at the end of the year	**6,881**	**3,642**	**184,149**	**194,672**

B-Jointly financed

- The distribution of total finances according to the Bank's internal credit rating categories (After deducting deferred and suspensed revenue) :

	31 December 2022				31 December 2021
Item	Stage 1 (collective)	Stage 2 (collective)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Unrated	339,351,104	6,156,295	10,265,051	355,772,450	301,652,519
Total	**339,351,104**	**6,156,295**	**10,265,051**	**355,772,450**	**301,652,519**

-The movement on financing:

	For the year ended 31 December 2022			
Item	Stage 1 (collective)	Stage 2 (collective)	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the year	276,706,634	16,676,113	8,269,772	301,652,519
New facilities during the year	122,791,014	98,011	39,488	122,928,513
settled facilities	(26,560,718)	(1,427,653)	(686,604)	(28,674,975)
Transfer to Stage 1	9,089,426	(9,076,148)	(13,278)	-
Transfer to Stage 2	(1,843,613)	2,923,645	(1,080,032)	-
Transfer to Stage 3	(1,825,268)	(1,929,288)	3,754,556	-
The total impact on the size of exposures as a result of changing the classification between stages	(1,667,642)	(427,712)	(60,325)	(2,155,679)
Changes resulting from modifications	(37,338,729)	(680,673)	41,474	(37,977,928)
Total balance at the end of the year	**339,351,104**	**6,156,295**	**10,265,051**	**355,772,450**

- The movement on impairment provision:

	For the year ended 31 December 2022			
Item	Stage 1 (collective)	Stage 2 (collective)	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the year	1,174,893	1,295,105	7,008,102	9,478,100
Impairment loss on new financing during the year	1,432,391	3,385	18,037	1,453,813
Recoverable from the loss of impairment on reimbursements	(94,937)	(65,825)	(629,750)	(790,512)
Transfer to Stage 1	807,027	(800,376)	(6,651)	-
Transfer to Stage 2	(7,359)	820,717	(813,358)	-
Transfer to Stage 3	(8,543)	(178,958)	187,501	-
Effect on the provision - as at the end of the year - as a result of the change in classification between the three stages during the year	(788,333)	(767,866)	2,739,007	1,182,808
Changes resulting from modifications	(40,913)	(194,002)	1,097,737	862,822
Total balance at the end of the year	**2,474,226**	**112,180**	**9,600,625**	**12,187,031**

4) Impairment loss on credit facilities - Real estate financing:

A-Self financed

The distribution of total finances according to the Bank's internal credit rating categories (After deducting deferred and suspended revenue) :

Item	31 December 2022						31 December 2021
	Stage 1		Stage 2		Stage 3	Total	Total
	(individual)	(Collective)	(individual)	(Collective)			
	JD	.	JD	JD	JD	JD	JD
Total	-	-	-	-	-	-	-

-The movement on financing:

Item	For the year ended 31 December 2022					
	Stage 1		Stage 2		Stage 3	Total
	(individual)	(Collective)	(individual)	(Collective)		
	JD	JD	JD	JD	JD	JD
Total balance at the beginning of the year	-	-	-	-	-	-
Total balance at the end of the year	-	-	-	-	-	-

- The movement on impairment provision:

Item	For the year ended 31 December 2022					
	Stage 1		Stage 2		Stage 3	Total
	(individual)	(Collective)	(individual)	(Collective)		
	JD	JD	JD	JD	JD	JD
Total balance at the end of the year	-	-	-	-	-	-

B-Jointly financed

- The distribution of total finances according to the Bank's internal credit rating categories (After deducting deferred and suspended revenue) :

Item	31 December 2022						31 December 2021
	Stage 1		Stage 2		Stage 3	Total	Total
	(individual)	(Collective)	(individual)	(Collective)			
	JD	JD	JD	JD	JD	JD	JD
Almost free risk	-	-	624,150	-	-	624,150	1,006,883
Low risk	55,162	-	-	-	-	55,162	-
Normal Risk	-	-	59,540	-	-	59,540	86,857
Acceptable risk	1,536,856	-	615,234	-	-	2,152,090	4,156,463
Acceptable with due care	3,948	-	9,597,158	-	-	9,601,106	8,556,925
Watch list	-	-	233,071	-	-	233,071	20,769
Doubtful	-	-	-	-	65,881	65,881	-
Unrated	310,727	4,453,742	-	-	479,782	5,244,251	6,017,589
Total	**1,906,693**	**4,453,742**	**11,129,153**	**-**	**545,663**	**18,035,251**	**19,845,486**

-The movement on financing:

Item	For the year ended 31 December 2022					
	Stage 1		Stage 2		Stage 3	Total
	(individual)	(Collective)	(individual)	(Collective)		
	JD	JD	JD	JD	JD	JD
Total balance at the beginning of the year	3,475,707	5,355,707	10,360,211	459,433	194,428	19,845,486
New facilities during the year	281,558	902,169	1,322,882	-	10,237	2,516,846
Settled facilities	(79,725)	(731,028)	(6,785)	(83,446)	-	(900,984)
Transfer to Stage 1	106,154	119,855	(106,154)	(119,855)	-	-
Transfer to Stage 2	(935,053)	-	935,053	-	-	-
Transfer to Stage 3	-	-	(13,985)	(256,132)	270,117	-
The total impact on the size of exposures as a result of changing the classification between stages	(34,986)	(31,042)	(281,860)	-	49,606	(298,282)
Changes resulting from modifications	(906,962)	(1,161,919)	(1,080,209)	-	21,275	(3,127,815)
Total balance at the end of the year	**1,906,693**	**4,453,742**	**11,129,153**	**-**	**545,663**	**18,035,251**

- The movement on impairment provision:

Item	For the year ended 31 December 2022					
	Stage 1		Stage 2		Stage 3	Total
	(individual)	(Collective)	(individual)	(Collective)		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	3,518	173	3,895,931	-	130,527	4,030,149
Impairment loss on new financing during the year	693	4,328	331,094	-	20,804	356,919
Recoverable from the loss of impairment on reimbursements	-	(13)	(147,590)	-	-	(147,603)
Transfer to Stage 1	1,162	-	(1,162)	-	-	-
Transfer to Stage 2	(70)	-	70	-	-	-
Transfer to Stage 3	-	-	(319,765)	-	319,765	-
Effect on the provision - as at the end of the year - as a result of the change in classification between the three stages during the year	(903)	-	2,625	-	95,865	97,587
Changes resulting from modifications	(1,742)	247	(1,097,080)	-	69,065	(1,029,510)
Total balance at the end of the year	**2,658**	**4,735**	**2,664,123**	**-**	**636,026**	**3,307,542**

5) Impairment loss on credit facilities - Government and public sector:

A- Self financed

-The distribution of total finances according to the Bank's internal credit rating categories (After deducting deferred and suspended revenue) :

Item	31 December 2022				31 December 2021
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk	-	-	-	-	509,660
Almost free risk	509,660	-	-	509,660	-
Total	**509,660**	**-**	**-**	**509,660**	**509,660**

The movement on financing:-

Item	For the year ended 31 December 2022			
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total
	JD	JD	JD	JD
Total balance at the beginning of the year	509,660	-	-	509,660
Total balance at the end of the year	**509,660**	**-**	**-**	**509,660**

- The movement on impairment provision:

Item	For the year ended 31 December 2022			
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the year	-	-	-	-
Total balance at the end of the year	-	-	-	-

B-Jointly financed

- The distribution of total finances according to the Bank's internal credit rating categories (After deducting deferred and suspended revenue) :

Item	For the year ended 31 December 2022				31 December 2021
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk	454,446,477	-	-	454,446,477	327,994,641
Total	**454,446,477**	**-**	**-**	**454,446,477**	**327,994,641**

-The movement on financing:

Item	For the year ended 31 December 2022			
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total
	JD	JD	JD	JD
Total balance at the beginning of the year	327,994,641	-	-	327,994,641
New facilities during the year	138,452,779	-	-	138,452,779
settled facilities	(7,164,955)	-	-	(7,164,955)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
The total impact on the size of exposures as a result of changing the classification between stages	-	-	-	-
Changes resulting from modifications	(4,835,988)	-	-	(4,835,988)
Total balance at the end of the year	**454,446,477**	**-**	**-**	**454,446,477**

-The movement on impairment provision:

Item	For the year ended 31 December 2022			
	Stage 1 (individual)	Stage 2 (individual)	Stage 3	Total
	JD	JD	JD	JD
Balance at the beginning of the year	-	-	-	-
Total balance at the end of the year	**-**	**-**	**-**	**-**

The following are credit exposures in accordance to financial accounting standard (30) Issued by the Accounting and Auditing Organization for Islamic Financial Institutions as at 31 December 2022

A- Self-financed

	Stage 1				Stage 2				Stage 3				Total			
	Total	ECL	Suspended revenue	Deferred revenue	Total	ECL	Suspended revenue	Deferred revenue	Total	ECL	Suspended revenue	Deferred revenue	Total	ECL	Suspended revenue	Deferred revenue
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Corporates	5,090,227	64,114	-	-	1,042,270	36,388	-	-	633,881	160,533	7,112	-	6,766,378	261,035	7,112	-
Small and medium enterprises	87,884	4	-	-	417,744	1,143	-	-	209,534	65,197	-	-	715,162	66,344	-	-
Retail (Individual)	1,601,440	6,881	-	207,853	56,613	3,642	-	-	184,163	184,149	-	-	1,842,216	194,672	-	207,853
Real estate financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Government and public sector	509,660	-	-	-	-	-	-	-	-	-	-	-	509,660	-	-	-
Total	**7,289,211**	**70,999**	**-**	**207,853**	**1,516,627**	**41,173**	**-**	**-**	**1,027,578**	**409,879**	**7,112**	**-**	**9,833,416**	**522,051**	**7,112**	**207,853**

- The financing amount in according to financial accounting standard (30) Issued by the Accounting and Auditing Organization for Islamic Financial Institutions instructions does not include the amount of JD (6,168,880), representing Ijara Muntahia Bittamleek.

B - Jointly financed

	Stage 1				Stage 2				Stage 3				Total			
	Total	ECL	Suspended revenue	Deferred revenue	Total	ECL	Suspended revenue	Deferred revenue	Total	ECL	Suspended revenue	Deferred revenue	Total	ECL	Suspended revenue	Deferred revenue
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Corporates	405,381,364	2,707,606	-	23,840,914	96,094,166	14,927,100	-	8,492,562	24,465,621	21,222,941	1,326,283	314,959	525,941,151	38,857,647	1,326,283	32,648,435
Small and medium enterprises	30,530,086	43,813	-	1,341,258	19,012,516	390,810	-	868,676	3,726,518	1,622,588	134,325	77,926	53,269,120	2,057,211	134,325	2,287,860
Retail (Individual)	410,128,672	2,474,226	-	70,777,568	6,826,814	112,180	-	670,519	12,179,345	9,600,625	1,155,526	758,768	429,134,831	12,187,031	1,155,526	72,206,855
Real estate financing	7,190,329	7,393	-	829,894	13,908,130	2,664,123	-	2,778,977	679,087	636,026	107,277	26,147	21,777,546	3,307,542	107,277	3,635,018
Government and public sector	522,438,962	-	-	67,992,485	-	-	-	-	-	-	-	-	522,438,962	-	-	67,992,485
Total	**1,375,669,413**	**5,233,038**	**-**	**164,782,119**	**135,841,626**	**18,094,213**	**-**	**12,810,734**	**41,050,571**	**33,082,180**	**2,723,411**	**1,177,800**	**1,552,561,610**	**56,409,431**	**2,723,411**	**178,770,653**

- The financing amount in accordance with Financial accounting standard (30) Issued by the Accounting and Auditing Organization for Islamic Financial Institutions instructions does not include the amount of JD (607,130,892) representing Ijara Muntahia Bittamleek.

The following are credit exposures in accordance to financial accounting standard (30) Issued by the Accounting and Auditing Organization for Islamic Financial Institutions as at 31 December 2021

A- Self-financed

	Stage 1				Stage 2				Stage 3				Total			
	Total	ECL	Suspended revenue	Deferred revenue	Total	ECL	Suspended revenue	Deferred revenue	Total	ECL	Suspended revenue	Deferred revenue	Total	ECL	Suspended revenue	Deferred revenue
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Corporates	1,304,756	10,104	-	-	242,810	41	-	-	340,842	14,161	7,112	-	1,888,408	24,306	7,112	-
Small and medium enterprises	908,055	5	-	-	1,015,092	4	-	-	55,388	55,388	-	-	1,978,535	55,397	-	-
Retail (Individual)	1,412,672	5,872	-	174,257	462	13	-	-	150,039	147,077	-	-	1,563,173	152,962	-	174,257
Real estate financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Government and public sector	509,660	-	-	-	-	-	-	-	-	-	-	-	509,660	-	-	-
Total	**4,135,143**	**15,981**	**-**	**174,257**	**1,258,364**	**58**	**-**	**-**	**546,269**	**216,626**	**7,112**	**-**	**5,939,776**	**232,665**	**7,112**	**174,257**

-The financing amount in according to financial accounting standard (30) Issued by the Accounting and Auditing Organization for Islamic Financial Institutions instructions does not include the amount of JD (5,457,190) , representing Ijara Muntahia Bittamleek.

B - Jointly financed

	Stage 1				Stage 2				Stage 3				Total			
	Total	ECL	Suspended revenue	Deferred revenue	Total	ECL	Suspended revenue	Deferred revenue	Total	ECL	Suspended revenue	Deferred revenue	Total	ECL	Suspended revenue	Deferred revenue
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Corporates	352,068,357	3,750,027	-	16,811,613	62,266,523	9,089,288	-	2,846,802	18,187,575	16,610,742	1,081,696	450,439	432,522,455	29,450,057	1,081,696	20,108,854
Small and medium enterprises	21,031,716	27,731	-	880,093	21,364,938	649,299	-	889,679	2,575,394	897,564	83,177	101,877	44,972,048	1,574,594	83,177	1,871,649
Retail (Individual)	334,740,676	1,174,893	-	58,034,042	19,207,257	1,295,105	-	2,531,144	9,887,068	7,008,102	940,593	676,703	363,835,001	9,478,100	940,593	61,241,889
Real estate financing	10,088,171	3,691	-	1,256,757	14,014,751	3,895,931	-	3,195,107	251,715	130,527	44,118	13,169	24,354,637	4,030,149	44,118	4,465,033
Government and public sector	384,465,171	-	-	56,470,530	-	-	-	-	-	-	-	-	384,465,171	-	-	56,470,530
Total	**1,102,394,091**	**4,956,342**	**-**	**133,453,035**	**116,853,469**	**14,929,623**	**-**	**9,462,732**	**30,901,752**	**24,646,935**	**2,149,584**	**1,242,188**	**1,250,149,312**	**44,532,900**	**2,149,584**	**144,157,955**

-The financing amount in accordance with Financial accounting standard (30) Issued by the Accounting and Auditing Organization for Islamic Financial Institutions instructions does not include the amount of JD (528,348,066) representing Ijara Muntahia Bittamleek.

Disclosure of credit exposures according to the classification instructions No. (47/2009) and in comparison with Financial Accounting Standard No. (30) issued by the Accounting and Auditing Organization for Islamic Financial Institutions as of December 31, 2022

A- Self

	According to classification instructions No. (47/2009)					according to financial accounting standard (30)												Total			
						stage 1				stage 2				stage 3							
	Total	Deferred revenue	Suspended revenue	Net	ECL	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Performing loans	14,540,453	207,853	-	14,332,600	-	7,289,211	70,999	207,853	-	1,082,346	18,032	-	-	16	11	-	-	8,371,573	89,042	207,853	-
Watch list	434,281	-	-	434,281	45,733	-	-	-	-	434,281	23,141	-	-	-	-	-	-	434,281	23,141	-	-
Non-performing debt	1,027,562	-	7,112	1,020,450	409,879	-	-	-	-	-	-	-	-	1,027,562	362,007	-	7,112	1,027,562	362,007	-	7,112
of watch :				-																	
Substandard	48,415	-	-	48,415	2,328	-	-	-	-	-	-	-	-	48,415	7,819	-	-	48,415	7,819	-	-
Bad debts	375,799	-	-	375,799	191,684	-	-	-	-	-	-	-	-	375,799	186,675	-	-	375,799	186,675	-	-
Loss	603,348	-	7,112	596,236	215,867	-	-	-	-	-	-	-	-	603,348	167,513	-	7,112	603,348	167,513	-	7,112
Total	**16,002,296**	**207,853**	**7,112**	**15,787,331**	**455,612**	**7,289,211**	**70,999**	**207,853**	**-**	**1,516,627**	**41,173**	**-**	**-**	**1,027,578**	**362,018**	**-**	**7,112**	**9,833,416**	**474,190**	**207,853**	**7,112**

- The finances that are covered according to Instructions No. 47/2009 were linked to the results of their calculation according to the instructions of the Central Bank of Jordan.

B-joint

	According to classification instructions No. (47/2009)					according to financial accounting standard (30)												Total			
						stage 1				stage 2				stage 3							
	Total	Deferred revenue	Suspended revenue	Net	ECL	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Performing loans	2,092,635,393	176,359,391	-	1,916,276,002	-	1,374,256,295	5,231,370	164,548,797	-	110,074,360	13,105,604	11,810,594	-	1,173,846	20,660	-	-	1,485,504,501	18,357,634	176,359,391	-
Watch list	27,180,384	1,233,462	-	25,946,922	674,809	1,413,118	1,668	233,322	-	25,767,266	4,988,609	1,000,140	-	-	-	-	-	27,180,384	4,990,277	1,233,462	-
Non-performing debt	39,876,725	1,177,800	2,723,411	35,975,514	33,082,180	-	-	-	-	-	-	-	-	39,876,725	23,713,584	1,177,800	2,723,411	39,876,725	23,713,584	1,177,800	2,723,411
of watch :																					
Substandard	2,014,658	168,720	12,076	1,833,862	753,804	-	-	-	-	-	-	-	-	2,014,658	675,003	168,720	12,076	2,014,658	675,003	168,720	12,076
Bad debts	8,554,261	180,586	110,028	8,263,647	5,854,986	-	-	-	-	-	-	-	-	8,554,261	3,675,049	180,586	110,028	8,554,261	3,675,049	180,586	110,028
Loss	29,307,806	828,494	2,601,307	25,878,005	26,473,390	-	-	-	-	-	-	-	-	29,307,806	19,363,532	828,494	2,601,307	29,307,806	19,363,532	828,494	2,601,307
Total	**2,159,692,502**	**178,770,653**	**2,723,411**	**1,978,198,438**	**33,756,989**	**1,375,669,413**	**5,233,038**	**164,782,119**	**-**	**135,841,626**	**18,094,213**	**12,810,734**	**-**	**41,050,571**	**23,734,244**	**1,177,800**	**2,723,411**	**1,552,561,610**	**47,061,495**	**178,770,653**	**2,723,411**

- The finances that are covered according to Instructions No. 47/2009 were linked to the results of their calculation according to the instructions of the Central Bank of Jordan.

Disclosure of credit exposures according to the classification instructions No. 47/2009 and in comparison with Financial Accounting Standard No. (30) issued by the Accounting and Auditing Organization for Islamic Financial Institutions as of December 31, 2021

A- Self

	According to classification instructions No. (47/2009)					according to financial accounting standard (30)												Total			
						stage 1				stage 2				stage 3							
	Total	Deferred revenue	Suspended revenue	Net	ECL	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Performing loans	10,853,339	174,257	-	10,679,082	-	4,135,143	15,981	174,257	-	1,258,042	42	-	-	2,964	2,357	-	-	5,396,149	18,380	174,257	-
Watch list	322	-	-	322	42	-	-	-	-	322	16	-	-	-	-	-	-	322	16	-	-
Non-performing debt	543,305	-	7,112	536,193	216,626	-	-	-	-	-	-	-	-	543,305	178,789	-	7,112	543,305	178,789	-	7,112
of watch :				-														-	-	-	-
Substandard	62	-	-	62	61	-	-	-	-	-	-	-	-	62	47	-	-	62	47	-	-
Bad debts	3,064	-	-	3,064	3,064	-	-	-	-	-	-	-	-	3,064	2,436	-	-	3,064	2,436	-	-
Loss	540,179	-	7,112	533,067	213,501	-	-	-	-	-	-	-	-	540,179	176,306	-	7,112	540,179	176,306	-	7,112
Total	**11,396,966**	**174,257**	**7,112**	**11,215,597**	**216,668**	**4,135,143**	**15,981**	**174,257**	**-**	**1,258,364**	**58**	**-**	**-**	**546,269**	**181,146**	**-**	**7,112**	**5,939,776**	**197,185**	**174,257**	**7,112**

The finances that are covered according to Instructions No. 47/2009 were linked to the results of their calculation according to the instructions of the Central Bank of Jordan.

B-joint

	According to classification instructions No. (47/2009)					according to financial accounting standard (30)												Total			
						stage 1				stage 2				stage 3							
	Total	Deferred revenue	Suspended revenue	Net	ECL	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue	Total	ECL	Deferred revenue	Suspended revenue
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Performing loans	1,742,352,738	142,283,374	-	1,600,069,364	-	1,102,380,976	4,956,296	133,452,276	-	110,578,445	13,966,197	8,831,098	-	1,045,251	2,376	-	-	1,214,004,672	18,924,869	142,283,374	-
Watch list	6,441,719	636,310	-	5,805,409	642,260	13,115	46	759	-	6,275,024	963,426	631,634	-	153,580	-	3,917	-	6,441,719	963,472	636,310	-
Non-performing debt	29,702,921	1,238,271	2,149,584	26,315,066	24,646,935	-	-	-	-	-	-	-	-	29,702,921	19,868,416	1,238,271	2,149,584	29,702,921	19,868,416	1,238,271	2,149,584
of watch :																					
Substandard	2,377,119	226,452	11,677	2,138,990	778,655	-	-	-	-	-	-	-	-	2,377,119	782,057	226,452	11,677	2,377,119	782,057	226,452	11,677
Bad debts	2,909,108	293,729	87,685	2,527,694	2,069,877	-	-	-	-	-	-	-	-	2,909,108	1,321,415	293,729	87,685	2,909,108	1,321,415	293,729	87,685
Loss	24,416,694	718,090	2,050,222	21,648,382	21,798,403	-	-	-	-	-	-	-	-	24,416,694	17,764,944	718,090	2,050,222	24,416,694	17,764,944	718,090	2,050,222
Total	**1,778,497,378**	**144,157,955**	**2,149,584**	**1,632,189,839**	**25,289,195**	**1,102,394,091**	**4,956,342**	**133,453,035**	**-**	**116,853,469**	**14,929,623**	**9,462,732**	**-**	**30,901,752**	**19,870,792**	**1,242,188**	**2,149,584**	**1,250,149,312**	**39,756,757**	**144,157,955**	**2,149,584**

.The finances that are covered according to Instructions No. 47/2009 were linked to the results of their calculation according to the instructions of the Central Bank of Jordan

(9) FINANCIAL ASSETS AT FAIR VALUE THROUGH SHAREHOLDERS' EQUITY-SELF FINANCED

The details of this item are as follows:

	31 December	
	2022	2021
	JD	JD
Quoted Financial Assets :		
Corporate Shares	235,000	-
Total quoted Financial Assets	**235,000**	**-**
Total Financial assets at fair value through shareholders' equity -self financed	**235,000**	**-**

(10) FINANCIAL ASSETS AT FAIR VALUE THROUGH UNRESTRICTED INVESTMENT ACCOUNTS HOLDERS' EQUITY - NET

The details of this item are as follows:

	Jointly financed	
	31 December	
	2022	2021
	JD	JD
Quoted Financial Assets :		
Corporate Shares	1,748,930	478,651
Islamic Sukuk	53,086,503	71,457,019
Total quoted Financial Assets	**54,835,433**	**71,935,670**
Unquoted Financial Assets		
Corporate Shares	3,951,976	2,564,807
Islamic Sukuk	214,104,719	90,096,000
Total unquoted financial assets	**218,056,695**	**92,660,807**
Total Financial Assets At Fair Value through Unrestricted Investment Accounts Holders' Equity-Net	**272,892,128**	**164,596,477**
Less: Expected Credit Losses provision of financial assets	**(232,941)**	**(232,800)**
Net Financial Assets At Fair Value through Unrestricted Investment Accounts Holders' Equity	**272,659,187**	**164,363,677**

- Unquoted financial assets were presented at cost or in accordance with latest financial statements.

- **The movement of the total financial assets at fair value through unrestricted investment accounts holders' equity for the year ended 31 December 2022:**

Item	Stage1 (Individual)	Stage2 (Individual)	Stage3	Total
	JD	JD	JD	JD
Fair value as at the beginning of the year	164,596,477	-	-	164,596,477
New investments during the year	136,593,962	-	-	136,593,962
Matured and sold investments	(44,634,201)	-	-	(44,634,201)
Change in Fair value	-	-	-	-
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
The total impact on the size of exposures as a result of changing the classification between stages	-	-	-	-
Changes resulting from modifications	16,335,890	-	-	16,335,890
Total balance at the end of year	**272,892,128**	**-**	**-**	**272,892,128**

-Movement on the Expected Credit Losses provision for the financial assets at fair value through unrestricted investment accounts holders' equity for the year ended 31 December 2022:

Item	Stage1 (Individual)	Stage2 (Individual)	Stage3	Total
	JD	JD	JD	JD
Fair value as at the beginning of the year	232,800	-	-	232,800
Impairment loss on new investments during the period	35,486	-	-	35,486
Recovered from loss of Matured and sold investments	(36,060)	-	-	(36,060)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Effect on the provision - as at the end of the year - as a result of the change in classification between the three stages during the year	-	-	-	-
Changes resulting from modifications	715	-	-	715
Total balance at the end of year	**232,941**	**-**	**-**	**232,941**

(11) FINANCIAL ASSETS AT AMORTIZED COST

The details of this item are as follows:

	Jointly financed	
	31 December	
	2022	2021
	JD	JD
Unquoted Financial Assets:		
Islamic Sukuk	37,313,000	64,752,000
Total unquoted Financial Assets	**37,313,000**	**64,752,000**
Total Financial Assets at Amortized Cost- Net	**37,313,000**	**64,752,000**

- The assets mentioned above mature during the years 2023.
- No need to record expected credit losses provision against financial assets at amortized cost since these sukuk are guaranteed by The Jordanian Government in accordance with CBJ instructions.

(12) INVESTMENT IN ASSOCIATE

Investment in associated company (jointly financed)

	Percentage of ownership	Country	Principal activity	31 December 2022	31 December 2021
				JD	JD
Jordan Blending and Packing of Fertilizers Company	25%	Jordan	Manufacturing	345,954	343,708

- Cash dividend for the bank from the associate amounted to JD 6,250 during the year 2022 (JD 6,250 during the year 2021).

The movement on the investment in associate was as follows:

	Jointly financed	
	31 December	
	2022	2021
	JD	JD
Beginning balance	343,708	349,507
Share of profit	8,496	12,951
The share of joint funds from the loss of decline in the affiliate's investment	-	(12,500)
Dividends received	(6,250)	(6,250)
Ending balance for the year*	**345,954**	**343,708**

* The latest audited and approved financial statements of the associate have been used for the purpose of valuation.

(13) IJARA MUNTAHIA BITTAMLEEK ASSETS - NET

31 December 2022	Jointly financed			Self financed			Total		
	Cost	Accumulated Depreciation	Net Value	Cost	Accumulated Depreciation	Net Value	Cost	Accumulated Depreciation	Net Value
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Ijara Muntahia Bittamleek assets-Real Estate	671,947,039	(105,315,553)	566,631,486	7,900,380	(1,731,500)	6,168,880	679,847,419	(107,047,053)	572,800,366
Ijara Muntahia Bittamleek assets-Machines	55,246,985	(18,272,951)	36,974,034	-	-	-	55,246,985	(18,272,951)	36,974,034
Ijara Muntahia Bittamleek assets-vehicles	3,759,188	(233,816)	3,525,372	-	-	-	3,759,188	(233,816)	3,525,372
Total	**730,953,212**	**(123,822,320)**	**607,130,892**	**7,900,380**	**(1,731,500)**	**6,168,880**	**738,853,592**	**(125,553,820)**	**613,299,772**

31 December 2021	Jointly financed			Self financed			Total		
	Cost	Accumulated Depreciation	Net Value	Cost	Accumulated Depreciation	Net Value	Cost	Accumulated Depreciation	Net Value
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Ijara Muntahia Bittamleek assets-Real Estate	580,679,266	(91,816,833)	488,862,433	6,879,147	(1,421,957)	5,457,190	587,558,413	(93,238,790)	494,319,623
Ijara Muntahia Bittamleek assets-Machines	51,976,724	(12,579,226)	39,397,498	-	-	-	51,976,724	(12,579,226)	39,397,498
Ijara Muntahia Bittamleek assets-vehicles	117,976	(29,841)	88,135	-	-	-	117,976	(29,841)	88,135
Total	**632,773,966**	**(104,425,900)**	**528,348,066**	**6,879,147**	**(1,421,957)**	**5,457,190**	**639,653,113**	**(105,847,857)**	**533,805,256**

-The accrued Ijara installments amounted to JD 3,300,078 as at 31 December 2022 (JD 4,054,111 as at 31 December 2021). Moreover the due Ijara installments were presented under deferred sales receivables and other receivables-Net (Note 8).

-The non-performing Ijara Muntahia Bittamleek amounted to JD 6,259,572 as at 31 December 2022 representing 1.02% of the balance of Ijara Muntahia Bittamleek assets (JD 3,583,586 as at 31 December 2021, representing 0.67% of the balance of Ijara Muntahia Bittamleek assets).

(14) PROPERTY AND EQUIPMENT - NET

For the year ended 31 December 2022	Lands	Buildings	Equipment, Devices and furniture	Vehicles	Computers	Others	Total
	JD	JD	JD	JD	JD	JD	JD
Cost:							
Beginning balance for the year	2,747,021	12,882,553	17,639,022	282,131	5,336,017	1,139,949	40,026,693
Additions / capitalization*	-	-	1,447,104	-	415,571	23,135	1,885,810
Disposals	-	-	777,459	-	97,258	-	874,717
Ending balance for the year	**2,747,021**	**12,882,553**	**18,308,667**	**282,131**	**5,654,330**	**1,163,084**	**41,037,786**
Accumulated depreciation:							
Beginning balance for the year	-	2,187,466	12,480,116	126,454	4,007,462	302,698	19,104,196
Depreciation for the year	-	257,303	1,480,009	36,923	519,048	66,923	2,360,206
Disposals	-	-	770,873	-	90,816	-	861,689
Ending balance for the year	-	2,444,769	13,189,252	163,377	4,435,694	369,621	20,602,713
Net book value for property and equipment	**2,747,021**	**10,437,784**	**5,119,415**	**118,754**	**1,218,636**	**793,463**	**20,435,073**
Advance payments on purchasing property and equipment	-	-	18,369	-	339,503	277,941	635,813
Projects in progress	-	-	215,182	-	-	-	215,182
Net property and equipment at the end of year	**2,747,021**	**10,437,784**	**5,352,966**	**118,754**	**1,558,139**	**1,071,404**	**21,286,068**
For the year ended 31 December 2021							
Cost:							
Beginning balance for the year	2,747,021	12,882,553	17,013,040	279,530	5,132,919	1,139,949	39,195,012
Additions / capitalization*	-	-	745,717	63,501	236,684	-	1,045,902
Disposals	-	-	119,735	60,900	33,586	-	214,221
Ending balance for the year	**2,747,021**	**12,882,553**	**17,639,022**	**282,131**	**5,336,017**	**1,139,949**	**40,026,693**
Accumulated depreciation:							
Beginning balance for the year	-	1,929,875	10,896,811	158,824	3,539,449	235,984	16,760,943
Depreciation for the year	-	257,591	1,667,381	28,526	497,960	66,714	2,518,172
Disposals	-	-	84,076	60,896	29,947	-	174,919
Ending balance for the year	-	2,187,466	12,480,116	126,454	4,007,462	302,698	19,104,196
Net book value for property and equipment	**2,747,021**	**10,695,087**	**5,158,906**	**155,677**	**1,328,555**	**837,251**	**20,922,497**
Advance payments on purchasing property and equipment	-	-	60,062	-	339,503	634,061	1,033,626
Projects in progress	-	-	377,128	-	-	-	377,128
Net property and equipment at the end of year	**2,747,021**	**10,695,087**	**5,596,096**	**155,677**	**1,668,058**	**1,471,312**	**22,333,251**
Annual depreciation rate	-	%2	%15	%15	%20	%10-%4	

-Fully depreciated property and equipment amounted to JD 11,120,531 as at 31 December 2022(JD 10,358,001 as at 31 December 2021).

-The total estimated cost to complete projects in progress amounted to JD 333,212 as at 31 December 2022.

*An amount of JD 594,373 was capitalized from payments on the purchase of property, equipment and projects under implementation in 2022 (JD 242,214 during the year 2021).

(15) INTANGIBLE ASSETS-NET

The details of this item are as follows:

	Computer Systems & Software	
	31 December	
	2022	2021
	JD	JD
Beginning balance for the year	1,919,527	2,024,886
Additions	875,719	616,659
Amortization for the year	(792,770)	(722,018)
Ending balance for the year	**2,002,476**	**1,919,527**
Annual amortization rate	20%	20%

(16) OTHER ASSETS

The details of this item are as follows:

	31 December	
	2022	2021
	JD	JD
Seized assets by the Bank against debts-Net*	8,283,321	7,941,658
Prepaid expenses	1,540,096	1,120,008
Accrued revenue	3,038,178	1,580,066
Stationery and printing inventory	239,181	228,399
Withholding income tax	21,695	31,180
Petty cash	37,460	134,170
Other accounts receivable	795,418	648,306
Others	956,356	1,360,901
Total	**14,911,705**	**13,044,688**

* The movement of the seized assets by the Bank against debts was as follows:

	For the year ended 31 December 2022			For the year ended 31 December 2021
	Seized real estates -self financed	Seized real estates- jointly financed	Total	Total
	JD	JD	JD	JD
Balance at the beginning of the year	409,833	8,620,321	9,030,154	6,945,645
Additions	-	1,532,849	1,532,849	2,468,822
Sales and disposal	(17,589)	(931,474)	(949,063)	(384,313)
Total	**392,244**	**9,221,696**	**9,613,940**	**9,030,154**
Provision for impairment of real estate - Jordan Central Bank instructions	(343,441)	(987,178)	(1,330,619)	(1,088,496)
Balance at the end of the year	**48,803**	**8,234,518**	**8,283,321**	**7,941,658**

- The Central Bank of Jordan's regulations require disposal of seized assets during a maximum period of 2 years from the date of repossession, and in some cases the Central Bank of Jordan can extend the period for an additional 2 years at max.
- The recorded provision for seized assets against debts that violate Article (48) of the Banking Law No.(28) for the year 2000 and its amendments amounted to JD 256,148 as at 31 December 2022 (JD 225,754 as at 31 December 2021) .

The movement of real estate provision was as follows:

	For the year ended 31 December 2022			For the year ended 31 December 2021
	Seized real estates -self financed	Seized real estates- jointly financed	Total	Total
	JD	JD	JD	JD
Provision balance at the beginning of the year	(343,441)	(745,055)	(1,088,496)	(445,132)
Additions to the provision for impairment in real estate	-	(222,164)	(222,164)	(662,240)
Additions to the real estate provision (instructions of the Central Bank of Jordan)	(108)	(30,286)	(30,394)	(12,197)
Released from the provision for impairment of real estate	108	10,327	10,435	30,240
Released from the real estate provision (Central Bank of Jordan instructions)	-	-	-	833
Balance at the end of the year	**(343,441)**	**(987,178)**	**(1,330,619)**	**(1,088,496)**

(17) BANKS AND FINANCIAL INSTITUTIONS ACCOUNTS

The details of this item are as follows:

	31 December 2022			31 December 2021
	Inside the Kingdom	Outside the Kingdom	Total	Total
	JD	JD	JD	JD
Current accounts	6,742,584	11,246,509	17,989,093	16,530,718
Total	**6,742,584**	**11,246,509**	**17,989,093**	**16,530,718**

(18) CUSTOMERS' CURRENT ACCOUNTS

The details of this item are as follows:

	31 December 2022				
	Retail	Corporate	Small and medium companies	Governmental and Public sector	Total
	JD	JD	JD	JD	JD
Current accounts	190,396,725	29,164,531	77,042,701	3,274,323	299,878,280
Total	**190,396,725**	**29,164,531**	**77,042,701**	**3,274,323**	**299,878,280**

	31 December 2021				
	Retail	Corporate	Small and medium companies	Governmental and Public sector	Total
	JD	JD	JD	JD	JD
Current accounts	175,393,369	31,782,908	80,641,325	2,249,166	290,066,768
Total	**175,393,369**	**31,782,908**	**80,641,325**	**2,249,166**	**290,066,768**

- Government and public sector deposits inside the Kingdom as at 31 December 2022 amounted to JD 3,274,323 representing 1.09 % of the total customers' current accounts (As at 31 December 2021 amounted to JD 2,249,166 representing 0.78 % of the total customers' current accounts) .

- The restricted accounts as at 31 December 2022 amounted to JD 1,038,984 representing 0.35% of the total customers' current accounts (As at31 December 2021 amounted to JD 1,465,904 representing 0.51% of the total customers' current accounts) .

- The dormant accounts as at 31 December 2022 amounted to JD 11,322,528 (As at 31 December 2021 amounted to JD 9,820,599).

(19) CASH MARGIN ACCOUNTS

The details of this item are as follows:

	31 December 2022	31 December 2021
	JD	JD
Margins against direct facilities	31,983,899	39,702,662
Margins against indirect facilities	9,716,465	15,501,135
Other margins	1,199,768	921,005
Total	**42,900,132**	**56,124,802**

(20) OTHER PROVISIONS

The details of this item are as follows:

31 December 2022	Beginning balance	Provided during the year	Used during the year	Reversed to income	Ending balance
	JD	JD	JD	JD	JD
Provision of lawsuits against the bank	340,000	-	-	-	340,000
Provision for contingent liabilities	100,000	-	-	-	100,000
Total	**440,000**	**-**	**-**	**-**	**440,000**

31 December 2021	Beginning balance	Provided during the year	Used during the year	Reversed to income	Ending balance
	JD	JD	JD	JD	JD
Provision of lawsuits against the bank	193,597	146,403	-	-	340,000
Provision for contingent liabilities	761,000	-	-	661,000	100,000
Total	**954,597**	**146,403**	**-**	**661,000**	**440,000**

(21) INCOME TAX PROVISION

A- Income tax provision

The movement of the income tax provision is as follows :

	For the year ended 31 December	
	2022	2021
	JD	JD
Beginning balance for the year	8,332,402	8,298,808
Income tax expense	10,842,374	10,177,077
Previous years settelement (netting from tax deposits of the subsidiary company)	(22,068)	-
Less : Income tax paid for the year*	(10,406,611)	(10,143,483)
Ending balance for the year	**8,746,097**	**8,332,402**

* Of which, an amount of JD 2,064,360 paid in advance for the income tax for the year 2022 (JD 1,891,615 paid in advance for the incom tax for the year 2021).

B- The income tax expense presented in the Statement of Profits or losses and Comprehensive Income consists of the following:

	For the year ended 31 December	
	2022	2021
	JD	JD
Income tax due	(10,842,374)	(10,177,077)
Add : Released deferred tax assets/self financed	(48,054)	(296,780)
Less : Deferred tax assets / self financed	171,979	158,616
Less : Deferred tax assets / jointly financed	1,410,495	1,558,381
Total	**(9,307,954)**	**(8,756,860)**

- 35% was used to calculate the income tax provision according to the Income and Sales Tax Law No. 38 of 2018, which was implemented from first of January 2019, in addition to the percentage of 3% as national contributions.

Tax Status:

The Bank :

-Tax clearance was obtained for end the year 2020 from The Income and Sales Tax Department.

-The tax returns for the year is 2021 were submitted within the statutory period and were still not reviewed by the Income and Sales Tax Department until the date of preparing the consolidated financial statements .

The Subsidiary :

Misk Financial Brokerage Company:

- A tax clearance was obtained from the Income and Sales Tax Department until the end of 2021 except for 2019, the tax returns for the year 2019 had been submitted and still pending review by the Income and Sales Tax Department .
- Regarding the tax returns for the years 2011, 2012 and 2013, a court decision was issued to write off the amounts and accept the tax returns as they are. The court's decision has not been implemented by the Income and Sales Tax Department to date.

In the opinion of the Bank's management, and the bank's tax consultant the provisions booked in the consolidated financial statements are sufficient for all tax liabilities.

C- Deferred tax assets

The details of this item are as follows:

	For the year ended 31 December					ended 31 December
	2022					2021
	Beginning Balance for the year	Released Amounts	Additional Amounts	Ending Balance for the year	Deferred tax	Deferred tax
	JD	JD	JD	JD	JD	JD
Deferred tax assets						
Deferred tax assets - self financed						
Provision of lawsuits against the bank	340,000	-	-	340,000	129,200	129,200
Provision for impairment of assets seized by the bank aginst debts-self financed	343,441	-	-	343,441	130,508	130,508
Provision for credit losses for the first and second stages - self financed	283,830	70,363	-	213,467	81,117	107,855
Difference in the application of FAS (32) - Leases	636,762	-	136,576	773,338	293,868	241,970
Provision for contingent liabilities	100,000	-	-	100,000	38,000	38,000
Unpaid employee bounses	57,272	56,094	316,000	317,178	120,528	21,763
Total Deferred tax assets - self financed	**1,761,305**	**126,457**	**452,576**	**2,087,424**	**793,221**	**669,296**
Deferred tax assets - jointly financed						
Provision for impairment of expropriated real estate - jointly financed	643,364	-	242,123	885,487	336,485	244,478
Provision for credit losses for the first and second stages - jointly financed	15,316,625	-	3,469,706	18,786,331	7,138,806	5,820,318
Total Deferred tax assets - jointly financed	**15,959,989**	**-**	**3,711,829**	**19,671,818**	**7,475,291**	**6,064,796**
Total	**17,721,294**	**126,457**	**4,164,405**	**21,759,242**	**8,268,512**	**6,734,092**

-The movement on self-financed deferred tax assets is as follows:

	For the year ended 31 December	
	2022	2021
	JD	JD
Balance at the beginning of the year	669,296	807,460
Additions during the year	171,979	158,616
Amortized during the year	(48,054)	(296,780)
Balance at the End of the year	**793,221**	**669,296**

- **The movement on Jointly-financed deferred tax assets is as follows:**

	For the year ended 31 December	
	2022	2021
	JD	JD
Balance at the beginning of the year	6,064,796	4,506,415
Additions during the year	1,410,495	1,558,381
Balance at the End of the year	**7,475,291**	**6,064,796**

D - Reconciliation summary between taxable income and accounting income were as follow:

	For the year ended 31 December	
	2022	2021
	JD	JD
Accounting profit for the Bank	24,419,975	22,817,180
Less: Non-taxable income	(181,629)	(842,955)
Add: Non-deductible expenses	4,566,741	5,041,180
Tax income for the Bank	28,805,087	27,015,405
Attributable to :		
Taxable income for the Bank (separated)	27,787,238	26,109,462
Subsidiary's and associate's taxable profit	1,017,849	905,943
Statutory tax rate- bank	38%	38%
Statutory tax rate- subsidiary	28%	28%
Effective tax rate	38.1%	38.4%

(22) OTHER LIABILITIES

The details of this item are as follows:

	For the year ended 31 December	
	2022	2021
	JD	JD
Accrued expenses and not paid	850,782	410,517
Certified cheques	6,405,993	5,925,643
Expected credit losses on off - balance sheet items-self financed(Note 54)**	175,041	341,537
Expected credit losses on off balance sheet items - Jointly financed(Note 54)***	1,148,342	841,925
Shareholders and customers deposits	7,611,239	10,702,612
Customers' share of profits from unrestricted investment	26,127,822	17,867,612
Temporary deposits*	11,842,010	12,591,008
Visa Claims	2,897,543	2,099,032
Others	938,593	431,439
Total	**57,997,365**	**51,211,325**

* It includes intermediate accounts for an amount of JD 9,227,465 as at 31 December 2022 (JD 10,993,035 as at 31 December 2021), which is the value of credits and deferred policies, and the value will be paid when due.

• Expected credit losses

****Expected credit loss of indirect facilities**

A-Self-financed

- Movement on indirect facilities for the year ended 31 December 2022:

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Total balance at the beginning of the year	90,741,077	-	9,059,946	-	125,309	99,926,332
New exposures during the year	57,145,518	-	4,757,455	-	-	61,902,973
Accrued exposures	(44,447,537)	-	(6,870,769)	-	-	(51,318,306)
Transfer to Stage 1	513,120	-	(503,120)	-	(10,000)	-
Transfer to Stage 2	(242,500)	-	242,500	-	-	-
Transfer to Stage 3	(10,000)	-	-	-	10,000	-
The total impact on the size of exposures as a result of changing the classification between stages	(32,582)	-	(31,700)	-	-	(64,282)
Changes resulting from modifications	3,473,802	-	(119,159)	-	-	3,354,643
Total balance at the end of the year	**107,140,898**	**-**	**6,535,153**	**-**	**125,309**	**113,801,360**

- **Movement on the provision for expected credit losses (indirect facilities /self financed) for the year ended 31 December 2022:**

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	276,031	-	65,506	-	-	341,537
Impairment loss on new exposures during the year	51,347	-	5,039	-	-	56,386
Impairment loss of matured / derecognized exposures	(126,485)	-	(38,006)	-	-	(164,491)
Transfer to Stage 1	4,122	-	(4,122)	-	-	-
Transfer to Stage 2	(1,203)	-	1,203	-	-	-
Transfer to Stage 3	(163)	-	-	-	163	-
Effect on the provision - as at the end of the Year - as a result of the change in classification between the three stages during the year	(3,250)	-	(623)	-	(163)	(4,036)
Changes resulting from modifications	(49,818)	-	(4,537)	-	-	(54,355)
Total balance at the end of the year	**150,581**	**-**	**24,460**	**-**	**-**	**175,041**

****Expected credit loss of indirect facilities / guarantees**

Distribution of total indirect facilities / guarantees

Item	31 December 2022						31 December 2021
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Almost risk free	18,172,348	-	-	-	-	18,172,348	17,105,132
Low risk	1,977,381	-	-	-	-	1,977,381	1,196,966
Normal Risk	2,866,946	-	-	-	-	2,866,946	2,300,663
Acceptable risk	12,489,562	-	-	-	-	12,489,562	11,511,930
Acceptable with due care	792,138	-	12,600	-	-	804,738	1,686,863
Watch list	-	-	186,863	-	-	186,863	-
Doubtful	-	-	-	-	-	-	54,809
Loss	-	-	-	-	114,809	114,809	60,000
Not rated	4,617,730	-	2,637,219	-	10,500	7,265,449	5,087,199
Total	**40,916,105**	**-**	**2,836,682**	**-**	**125,309**	**43,878,096**	**39,003,562**

- Movement on indirect facilities / guarantees for the year ended 31 December 2022 :

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	35,282,179	-	3,596,074	-	125,309	39,003,562
New exposures during the year	9,065,844	-	1,058,984	-	-	10,124,828
Matured exposures	(2,698,748)	-	(1,406,897)	-	-	(4,105,645)
Transfer to Stage 1	513,120	-	(503,120)	-	(10,000)	-
Transfer to Stage 2	(242,500)	-	242,500	-	-	-
Transfer to Stage 3	(10,000)	-	-	-	10,000	-
The total impact on the size of exposures as a result of changing the classification between stages	(32,582)		(31,700)		-	(64,282)
Changes resulting from modifications	(961,208)	-	(119,159)	-	-	(1,080,367)
Total balance at the end of the year	**40,916,105**	**-**	**2,836,682**	**-**	**125,309**	**43,878,096**

- Movement on the provision for expected credit loss (indirect facilities / guarantees) for the year ended 31 December 2022:

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	157,106	-	50,308	-	-	**207,414**
Impairment loss on new exposures during the year	38,901	-	5,039	-	-	43,940
Impairment loss of matured / derecognized exposures	(23,603)	-	(22,808)	-	-	(46,411)
Transfer to Stage 1	4,122	-	(4,122)	-	-	-
Transfer to Stage 2	(1,203)	-	1,203	-	-	-
Transfer to Stage 3	(163)	-	-	-	163	-
Effect on the provision - as at the end of the Year - as a result of the change in classification between the three stages during the year	(3,250)	-	(623)	-	(163)	(4,036)
Changes resulting from modifications	(44,019)	-	(4,537)	-	-	(48,556)
Total balance at the end of the year	**127,891**	**-**	**24,460**	**-**	**-**	**152,351**

****Expected credit loss of indirect facilities / Acceptance**

Distribution of total on indirect facilities /Acceptance

Item	31 December 2022						31 December 2021
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Almost free risk	624,955	-	-	-	-	624,955	-
Low risk	1,148,967	-	-	-	-	1,148,967	1,176,762
Normal risk	4,451,823	-	-	-	-	4,451,823	317,076
Acceptable risk	286,531	-	-	-	-	286,531	163,539
Not rated	33,460,647	-	-	-	-	33,460,647	8,205,116
Total	**39,972,923**	**-**	**-**	**-**	**-**	**39,972,923**	**9,862,493**

_ **Movement on the provision for expected credit loss(indirect facilities / acceptance) for the year ended 31 December 2022:**

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	9,862,493	-	-	-	-	9,862,493
New exposures during the year	38,823,956	-	-	-	-	38,823,956
repaid exposures	(8,474,897)	-	-	-	-	(8,474,897)
Transfer to Stage 1	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
The total impact on the size of exposures as a result of changing the classification between stages	-	-	-	-	-	-
Changes resulting from modifications	(238,629)	-	-	-	-	(238,629)
Total balance at the end of the year	**39,972,923**	**-**	**-**	**-**	**-**	**39,972,923**

_ **Movement on the provision for expected credit loss(indirect facilities / Acceptance) for the year ended 31 December 2022:**

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	34,093	-	-	-	-	34,093
New exposures during the year	6,587	-	-	-	-	6,587
Impairment loss on accrued exposures	(32,143)	-	-	-	-	(32,143)
Transfer to Stage 1	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
Effect on the provision as a result of the change in classification between the stages	-	-	-	-	-	-
Changes resulting from modifications	(1,313)	-	-	-	-	(1,313)
Total balance at the end of the year	**7,224**	**-**	**-**	**-**	**-**	**7,224**

****Expected credit loss of indirect facilities / Credits**

Distribution of total on indirect facilities / credits	31 December 2022						31 December 2021
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Almost free risk	158,175	-	-	-	-	158,175	-
Low risk	9,878,957	-	-	-	-	9,878,957	7,356,403
Normal risk	1,104,288	-	-	-	-	1,104,288	11,128,280
Acceptable risk	6,938,170	-	-	-	-	6,938,170	19,588,466
Acceptable with due care	139,886	-	-	-	-	139,886	1,308,247
Not rated	8,032,394	-	3,698,471	-	-	11,730,865	11,678,881
Total	**26,251,870**	**-**	**3,698,471**	**-**	**-**	**29,950,341**	**51,060,277**

- **Movement on the provision for expected credit loss(indirect facilities / credits) for the year ended 31 December 2022:**

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	45,596,405	-	5,463,872	-	-	51,060,277
New exposures during the year	9,255,718	-	3,698,471	-	-	12,954,189
repaid exposures	(33,273,892)	-	(5,463,872)	-	-	(38,737,764)
Transfer to Stage 1	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
The total impact on the size of exposures as a result of changing the classification between stages	-	-	-	-	-	-
Changes resulting from modifications	4,673,639	-	-	-	-	4,673,639
Total balance at the end of the year	**26,251,870**	**-**	**3,698,471**	**-**	**-**	**29,950,341**

- **Movement on the provision for expected credit loss(indirect facilities / credits) for the year ended 31 December 2022:**

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	84,832	-	15,198	-	-	100,030
Impairment loss on new exposures during the year	5,859	-	-	-	-	5,859
Impairment loss of matured / derecognized exposures	(70,739)	-	(15,198)	-	-	(85,937)
Transfer to Stage 1	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-
Effect on the provision - as at the end of the Year - as a result of the change in classification between the three stages during the year	-	-	-	-	-	-
Changes resulting from modifications	(4,486)	-	-	-	-	(4,486)
Total balance at the end of the year	**15,466**	**-**	**-**	**-**	**-**	**15,466**

*****Expected credit loss of indirect facilities**

B- jointly financed

- **Movement on indirect facilities for the year ended 31 December 2022:**

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	115,142,593	-	4,163,458	-	-	119,306,051
New exposures during the year	42,208,220	-	1,235,540	-	-	43,443,760
Accrued exposures	(30,775,248)	-	(1,297,509)	-	-	(32,072,757)
Transferred to Stage 1	1,658,491	-	(1,658,491)	-	-	-
Transfered to Stage 2	(216,767)	-	216,767	-	-	-
Transfered to Stage 3	-	-	-	-	-	-
The total impact on the size of exposures as a result of changing the classification between stages	(238,463)	-	(81,793)	-	-	(320,256)
Changes resulting from modifications	39,929,352	-	383,553	-	-	40,312,905
Total balance at the end of the year	**167,708,178**	-	**2,961,525**	-	-	**170,669,703**

- **Movement on the provision for expected credit losses (indirect facilities /jointly financed) for the year ended 31 December 2022:**

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	774,674	-	67,251	-	-	841,925
Impairment loss on new exposures during the year	208,608	-	16,830	-	-	225,438
Impairment loss of matured / derecognized exposures	(176,076)	-	(19,046)	-	-	(195,122)
Transferred to Stage 1	27,266	-	(27,266)	-	-	-
Transfered to Stage 2	(1,862)	-	1,862	-	-	-
Transfered to Stage 3	-	-	-	-	-	-
Effect on the provision - as at the end of the Year - as a result of the change in classification between the three stages during the year	(17,922)	-	3,962	-	-	(13,960)
Changes resulting from modifications	281,764	-	8,297	-	-	290,061
Total balance at the end of the year	**1,096,452**	**-**	**51,890**	**-**	**-**	**1,148,342**

*****Expected credit loss of indirect facilities - unutilized credit limits**

Distribution of total on indirect facilities - unutilized credit limits

Item	31 December 2022						31 December 2021
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Low risk	1,982,764	-	-	-	-	1,982,764	719,301
Semi free risk	3,062,545	-	-	-	-	3,062,545	2,285,402
Low risk	22,296,242	-	-	-	-	22,296,242	20,805,416
Normal risk	55,670,354	-	-	-	-	55,670,354	20,763,684
Acceptable risk	42,738,950	-	-	-	-	42,738,950	30,356,018
Acceptable with due care	15,721,699	-	821,608	-	-	16,543,307	15,281,145
Watch list	-	-	134,974	-	-	134,974	18,611
Not rated	26,235,624	-	2,004,943	-	-	28,240,567	29,076,474
Total	**167,708,178**	**-**	**2,961,525**	**-**	**-**	**170,669,703**	**119,306,051**

- **Movement on the indirect facilities/credit unutilized credit limits for the year ended 31 December 2022:**

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	115,142,593	-	4,163,458	-	-	119,306,051
New exposures during the year	42,208,220	-	1,235,540	-	-	43,443,760
Repaid exposures	(30,775,248)	-	(1,297,509)	-	-	(32,072,757)
Transfered to Stage 1	1,658,491	-	(1,658,491)	-	-	-
Transferred to Stage 2	(216,767)	-	216,767	-	-	-
Transferred to Stage 3	-	-	-	-	-	-
The total impact on the size of exposures as a result of changing the classification between stages	(238,463)		(81,793)			(320,256)
Changes resulting from modifications	39,929,352	-	383,553	-	-	40,312,905
Total balance at the end of the year	**167,708,178**	**-**	**2,961,525**	**-**	**-**	**170,669,703**

- **Movement on the provision for expected credit loss (indirect facilities) /unutilized credit limits for the year ended 31 December 2022:**

Item	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	774,674	-	67,251	-	-	841,925
Impairment loss on new exposures during the year	208,608	-	16,830	-	-	225,438
Impairment loss of matured / derecognized exposures	(176,076)	-	(19,046)	-	-	(195,122)
Transfered to Stage 1	27,266	-	(27,266)	-	-	-
Transferred to Stage 2	(1,862)	-	1,862	-	-	-
Transferred to Stage 3	-	-	-	-	-	-
Effect on the provision - as at the end of the period - as a result of the change in classification between the three stages during the year	(17,922)	-	3,962	-	-	(13,960)
Changes resulting from modifications	281,764	-	8,297	-	-	290,061
Total balance at the end of the year	**1,096,452**	**-**	**51,890**	**-**	**-**	**1,148,342**

(23) UNRESTRICTED INVESTMENT ACCOUNTS

The details of this item are as follows:

	31 December 2022					
	Individuals	Corporate	Small and Medium enterprises	Governmental and Public sector	Financial Institutions	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	177,773,742	26,744,680	49,189,613	5,707,890	28,950,959	288,366,884
Term accounts/ Investing deposits	880,052,230	206,978,206	93,892,953	191,523,819	6,422,843	1,378,870,051
Certificates of investing deposit	160,658,806	5,233,022	13,403,169	27,770,873	37,816,624	244,882,494
Total	**1,218,484,778**	**238,955,908**	**156,485,735**	**225,002,582**	**73,190,426**	**1,912,119,429**
Depositors' share from investments' revenue	40,246,149	8,298,053	4,427,200	8,247,442	1,995,940	63,214,784
Total unrestricted investment accounts	**1,258,730,927**	**247,253,961**	**160,912,935**	**233,250,024**	**75,186,366**	**1,975,334,213**

	31 December 2021					
	Individuals	Corporate	Small and Medium enterprises	Governmental and Public sector	Financial Institutions	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	153,230,289	37,799,497	21,999,806	2,219,758	28,071,380	243,320,730
Term accounts/ Investing deposits	845,988,575	142,699,456	105,834,239	163,084,662	7,894,984	1,265,501,916
Certificates of investing deposit	114,130,375	5,080,952	10,693,672	18,388,208	38,552,077	186,845,284
Total	**1,113,349,239**	**185,579,905**	**138,527,717**	**183,692,628**	**74,518,441**	**1,695,667,930**
Depositors' share from investments' revenue	30,363,437	4,735,740	3,699,343	5,537,513	1,322,647	45,658,680
Total unrestricted investment accounts	**1,143,712,676**	**190,315,645**	**142,227,060**	**189,230,141**	**75,841,088**	**1,741,326,610**

- Unrestricted investment accounts share of profit is calculated as follows:
- 20% to 34% of the minimum balance of saving accounts in Jordanian Dinar.
- 14% to 33% of the minimum balance of saving accounts in foreign currencies.
- 53% to 95% of the average term accounts in Jordanian Dinar.
- 18% to 51% of the average term accounts in foreign currencies.
- 90% of the average balances of investing certificates of deposit in Jordanian Dinar.
- 80% to 85% of average balances of certificates of investing deposit in foreign currencies .
- The percentage of the profit on the Jordanian Dinar for the Year ended 31 December 2022 is (%3.59) (for the Year ended 31 December 2021 was (3.27%)).
- The percentage of the profit on USD for the Year ended 31 December 2022 is (1.96%) (for the Year ended 31 December 2021 was(1.13%)).
- The unrestricted investment accounts for the Government and Public sector amounted to JD 233,250,024 as at 31 December 2022, which represents11.81% of the total unrestricted investment accounts (As at 31 December 2021 amounted to JD 189,230,141 which represents 10.87% of the total unrestricted investment accounts).
- The restricted accounts amounted to JD 351,127 as at 31 December 2022, which represents 0.02% of the total unrestricted investment (As at 31 December 2021 amounted to JD 437,006 which represent 0.03% f the total unrestricted investment).
- The dormant accounts as at 31 December 2022 amounted to JD 18,942,524 (As at 31 December 2021 amounted to JD 18,797,250).

(24) FAIR VALUE RESERVE

The details of this item are as follows:

A - Self financed

Financial assets at fair value through unrestricted investment accounts reserves - Self financed	For the year ended 31 December	
	2022	2021
	JD	JD
Beginning balance	-	-
Unrealized gains on debt instruments / shares	14,593	-
Ending balance	**14,593**	**-**

B - Jointly financed

Financial assets at fair value through unrestricted investment accounts reserves - jointly financed	For the year ended 31 December	
	2022	2021
	JD	JD
Beginning balance	82,413	151,894
Unrealized (losses) on debt instruments / sukuk	(1,176,120)	(38,076)
Unrealized gains (losses) on shares	76,922	(31,405)
Ending balance	**(1,016,785)**	**82,413**

(25) PAID IN CAPITAL

The authorized and paid-in capital amounted to JD 100,000,000, consisting of 100,000,000 shares, at a par value of JD 1 per share as at 31 December 2022 and 31 December 2021.

(26) RESERVES

- Statutory reserve :

The accumulated amounts in this account represent the transferred (10%) of annual profits before taxes during the years, according to the Banks and Companies Laws. This reserve is not available for distribution to shareholders.

The following reserves are restricted:	31 December		
	2022	2021	
Reserve name	JD	JD	Nature of recordly
Statutory reserve	32,208,887	29,766,889	Law's requirement (Banking and companies)

(27) RETAINED EARNINGS

	31 December	
	2022	2021
	JD	JD
Beginning balance of the year	32,910,838	27,132,236
Transferred statutary reserve	(2,441,998)	(2,281,718)
Dividends	(6,000,000)	(6,000,000)
Profit for the year	15,112,021	14,060,320
Ending balance of the year	**39,580,861**	**32,910,838**

-The retained earnings balance as at 31 December 2022 includes an amount to JD 793,221 (2021 amounted to JD 669,296) which represent deferred tax assets-self financed and it is restricted from use in accordance with the Central Bank of Jordan regulations.

-It is prohibited to dispose of the surplus from the balance of the general banking risk reserve, which is transferred to the retained earnings, amounting to JD 108,397 , except with the prior approval of the Central Bank of Jordan, where the accumulated balance of the general banking risk reserve has been transferred to the retained earnings based on the instructions of the Central Bank of Jordan No. (13/2018) issued On 6 June 2018.

(28) DEFERRED SALES REVENUE

The details of this item are as follows:

	For the year ended 31 December			
	2022		2021	
	Jointly financed	Self financed	Jointly financed	Self financed
	JD	JD	JD	JD
Individuals (Retail)				
Murabaha to the purchase orderer	25,877,688	97,419	21,926,610	94,854
Real estate facilities	2,193,303	-	1,990,177	-
Corporate				
International Murabaha	50,535	-	4,814	-
Murabaha to the purchase orderer	24,928,127	-	20,993,858	-
Small and medium enterprises				
Murabaha to the purchase orderer	2,973,677	-	2,119,075	-
Government and the public sector	15,450,450	-	11,720,319	-
Total	**71,473,780**	**97,419**	**58,754,853**	**94,854**

(29) IJARA MUNTAHIA BELTAMLEEK REVENUE

The details of this item are as follows:

	For the year ended 31 December			
	2022		2021	
	Jointly financed	Self financed	Jointly financed	Self financed
	JD	JD	JD	JD
Ijara Muntahia Beltamleek – real state	78,600,398	657,054	71,430,304	588,122
Ijara Muntahia Beltamleek – machines	3,680,339	-	3,644,532	-
Ijara Muntahia Bittamleek assets-vehicles	189,617	-	-	-
Depreciation for Ijara Muntahia Beltamleek assets	(42,560,734)	(425,348)	(41,468,563)	(387,164)
Total	**39,909,620**	**231,706**	**33,606,273**	**200,958**

(30)GAINS FROM INTERNATIONAL WAKALA INVESTMENT

The details of this item are as follows:

	Jointly	
	For the year ended 31 December	
	2022	2021
	JD	JD
Gains from International Wakala investment	1,279,221	269,264
Total	**1,279,221**	**269,264**

(31) GAINS FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH UNRESTRICTED INVESTMENT ACCOUNTS' HOLDERS EQUITY

The details of this item are as follows:

	Jointly financed	
	For the year ended 31 December	
	2022	2021
	JD	JD
Shares dividends	38,773	19,941
(Losses) gains on sale of financial assets	(41,756)	214,925
Islamic Sukuk profits	5,846,728	1,698,874
Total	**5,843,745**	**1,933,740**

(32) (LOSSES) GAINS FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The details of this item are as follows:

	Jointly financed							
	For the year ended 31 December							
	2022				2021			
	Realized (Losses) gains	Unrealized gains	Dividends	Total	Realized gains	Unrealized (Losses) gains	Dividends	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Corporate Shares	(23,987)	-	541	**(23,446)**	**26,717**	(312)	781	**27,186**
Sukuk	12,372	172	-	**12,544**	87,462	6,581	-	**94,043**
Total	**(11,615)**	**172**	**541**	**(10,902)**	**114,179**	**6,269**	**781**	**121,229**
Less:								
Contract commission	830	**-**	**-**	**830**	**2,822**	**-**	-	**2,822**
Total	**(12,445)**	**172**	**541**	**(11,732)**	**111,357**	**6,269**	**781**	**118,407**

(33) GAINS FROM FINANCIAL ASSETS AT AMORTIZED COST

The details of this item are as follows:

	Jointly financed	
	For the year ended 31 December	
	2022	2021
	JD	JD
Sukuk	2,281,432	3,539,642
Total	**2,281,432**	**3,539,642**

(34) (LOSSES) FROM FOREIGN CURRENCIES VALUATION

The details of this item are as follows:

	Jointly financed	
	For the year ended 31 December	
	2022	2021
	JD	JD
(Losses) foreign currencies valuation	(152,393)	(48,324)
Total	**(152,393)**	**(48,324)**

(35) SHARE OF UNRESTRICTED INVESTMENT ACCOUNTS HOLDERS'

The details of this item are as follows:

	Jointly financed	
	For the year ended 31 December	
	2022	2021
	JD	JD
Customers		
Saving accounts	2,214,646	1,540,645
Term accounts	52,414,883	37,860,999
Certificates of deposit	6,589,315	4,934,389
Total Revenue From Customers	**61,218,844**	**44,336,033**
Banks		
Banks and financial Institutions accounts	1,995,940	1,322,647
Total Revenue From Banks	**1,995,940**	**1,322,647**
Total	**63,214,784**	**45,658,680**

(36) BANK'S SHARE OF REVENUE FROM UNRESTRICTED INVESTMENT ACCOUNTS AS MUDARIB AND RAB MAL

The details of this item are as follows:

	Jointly financed	
	For the year ended 31 December	
	2022	2021
	JD	JD
Bank's share as Mudarib*	35,124,286	35,438,981
Bank's share as Rab Mal	9,488,528	5,733,969
Total	**44,612,814**	**41,172,950**

*The bank's share of the revenues of joint investment accounts in its capacity as mudarib amounted to JD 41,284,321 , and JD 6,160,035 were donated with the approval of Sharia supervision for the benefit of joint investment account holders.

(37) BANK'S SELF FINANCED REVENUE

The details of this item are as follows:

	Note	Self financed For the year ended 31 December 2022	2021
		JD	JD
Ijara Muntahia Bittamleek revenue	29	657,054	588,122
Deferred sales revenue	28	97,419	94,854
Cash dividends - financial assets at fair value through profit or loss - self financed		19,476	3,626
Total		**773,949**	**686,602**

(38) BANKS SHARE FROM THE RESTRICTED INVESTMENT REVENUE AS AGENT WAKEEL

The details of this item are as follows:

	For the year ended 31 December 2022	2021
	JD	JD
Deferred sales revenue	1,272,942	1,136,746
Less: Muwakel's share	(1,177,365)	(986,728)
Banks share as an agent (wakeel) statement "F"	**95,577**	**150,018**

This item represents revenue from Murabaha to purchase order within the Restricted Wakala Investment agreement signed with the Central Bank of Jordan.

(39) GAIN FROM FOREIGN CURRENCIES

The details of this item are as follows:

	For the year ended 31 December 2022	2021
	JD	JD
As a result of trading / dealing foreign currencies	1,568,168	1,491,988
Total	**1,568,168**	**1,491,988**

(40) BANKING SERVICES REVENUE - NET

The details of this item are as follows:

	For the year ended 31 December 2022	2021
	JD	JD
Indirect facilities commissions	2,766,932	1,415,625
Direct facilities commissions	2,200,127	2,222,238
Other commissions	6,882,641	5,267,299
Less : debit commission	(3,236,108)	(2,182,429)
Total	**8,613,592**	**6,722,733**

(41) OTHER REVENUE

The details of this item are as follows:	For the year ended 31 December	
	2022	2021
	JD	JD
(Losses) gain from sale of fixed assets	(3,460)	11,102
Gain (losses) from sale of seized assets*	2,411	(11,008)
Membership in the Board of Directors of Jordan Fertilizer Processing Company	3,891	4,941
Revenue from settlment accounts	-	147,650
Other revenue	13,721	6,085
Total	**16,563**	**158,770**

* Relates to self-revenue only, as there are sales profits for the joint part amounted to JD 643,626 for the year ended 31 December 2022 (JD 26,305 (losses) for the year ended 31 December 2021).

(42) EMPLOYEES' EXPENSES

The details of this item are as follows:	For the year ended 31 December	
	2022	2021
	JD	JD
Salaries, benefits, allowances and bonuses for employees	11,259,740	11,126,175
Bank's contribution for social security	1,193,900	1,147,113
Medical expenses	733,430	620,116
Employees training	105,051	54,657
Insurance expenses	35,461	35,538
Other employees 'expenses	2,056,695	1,418,904
Total	**15,384,277**	**14,402,503**

(43) OTHER EXPENSES

The details of this item are as follows:	For the year ended 31 December	
	2022	2021
	JD	JD
Stationery and printing materials	371,619	252,666
Postal telecommunications	612,201	509,608
Utilities	562,310	369,389
Travel and transportation	156,760	121,979
Marketing and advertising	903,918	951,154
Subscription and fees	584,699	487,255
Maintenance and Cleaning	489,288	466,983
Licences and fees	560,334	552,488
Board of Directors' meetings expenses	558,193	562,005
Information technology expenses	1,451,673	1,200,639
Security and insurance expenses	530,858	478,532
Donations	640,716	47,500
Management and consulting fees	270,433	211,411
Professional fees	138,444	130,200
Board of Directors' remunerations	55,000	55,000
Hospitality expenses	89,593	65,391
Money transportation expenses	214,997	207,790
Legal expenses - Self financed	11,490	68,786
Others	161,747	162,037
Total	**8,364,273**	**6,900,813**

(44) EARNINGS PER SHARE

The details of this item are as follows:

	For the year ended 31 December	
	2022	2021
	JD	JD
Profit for the year	15,112,021	14,060,320
	Share	Share
Weighted average number of shares	100,000,000	100,000,000
	JD/Fils	JD/Fils
Basic and diluted earnings per share for the year	**0/151**	**0/141**

(45) CASH AND CASH EQUIVALENTS

The details of this item are as follows:

	For the year ended 31 December	
	2022	2021
	JD	JD
Cash balances with CBJ maturing within three months	203,295,535	358,653,364
Add: cash at banks and banking institutions maturing within three months	13,551,162	8,293,931
Less: banks and financial banking accounts maturing within three months	(17,989,093)	(16,530,718)
Total	**198,857,604**	**350,416,577**

(46) RELATED PARTY TRANSACTIONS

The Bank entered into transactions with shareholders, board members, and senior management within its normal operations using normal rates of Murabaha and trade commissions , All deferred sales receivables and facilities granted to related parties are performing, and no provisions were taken for these balances. The related parties' transactions are as follows :

	Main shareholders	Senior management	Board of Directors members	Al-Etihad Islamic company for investment*	Sharia directors members	Total 31 December 2022	Total 31 December 2021
	JD	JD	JD	JD	JD	JD	JD
Consolidated statements of financial position items							
Balances at banks and banking institutions	-	-	-	191,518	-	191,518	270,824
Unrestricted investments accounts and current accounts	615,511	1,284,697	20,721,004	10,451,524	59,270	33,132,006	32,042,165
Deferred sales receivables and facilities	-	283,666	11,007	-	-	294,673	256,660
Ijara Muntahia Bittamleek assets	-	1,535,305	488,060	-	-	2,023,365	1,908,945
Off statement of financial position items :							
Letters of guarantee	-	-	1,500	-	-	1,500	-

Consolidated statement of profit or loss and Comprehensive Income items						For the year ended 31 December 2022	For the year ended 31 December 2021
Dividends	88	19,077	698,411	313,346	1,372	1,032,294	848,181
Salaries and bonuses	-	2,432,365	55,000	-	52,400	2,539,765	2,653,064
Transportation	-	-	543,400	-	30,800	574,200	585,200
Cards Services	-	-	-	8,508	-	8,508	8,510

*Al Etihad Islamic For Investment Company which owns 62.37% of Safwa Islamic Bank .

- The lowest and highest received Murabaha rate were 5.47% and 9.46% respectively.
- The lowest and highest rate of Ijara Muntahia Bittamleek received by the Bank were3.71 % and 8.00% respectively.
- The lowest and highest distributed profit rate were 0.87% and 5.35% respectively.
- Executive management salaries and benefits for the year ended 31 December 2022 amounted to JD 2,432,365(JD 2,548,031 as at 31 December 2021).
- All facilities granted to related parties are performing and no provisions were recorded for it .

(47) Right of use assets / lease liabilities

The details of this item are as follows:

A- Right of use assets

The bank rents real estate and stores for periods ranging from one to 15 years, the average lease term is 7 years, the following is the movement on the right of use assets during the year:

	For the year ended 31 December 2022	For the year ended 31 December 2021
	JD	JD
Balance at the beginning of the year	9,367,268	8,969,372
Add : Additions during the year	2,531,720	1,989,830
Less : Disposals during the year	(223,810)	(146,726)
Less : depreciation for the year	(1,657,348)	(1,445,208)
Balance at the end of year	**10,017,830**	**9,367,268**

The amounts recorded in the consolidated Statement of Profit or loss and comprehensive income :

	For the year ended 31 December 2022	For the year ended 31 December 2021
	JD	JD
Depreciation of the right of use assets for the year	(1,657,348)	(1,445,208)
Finance costs (discounting of rental obligations) during the year	(349,169)	(299,732)

B- Lease liabilities

	For the year ended 31 December 2022	For the year ended 31 December 2021
	JD	JD
Balance at the beginning of the year	9,342,554	8,898,628
Add : Additions during the year	2,531,720	1,989,830
Less : Disposals during the year	(223,810)	(146,726)
Finance costs (discounting of rental obligations) during the year	349,169	299,732
Less : paid during the year	(1,955,114)	(1,698,910)
Balance at the end of year	**10,044,519**	**9,342,554**

Analysis of lease tenancy contract liability maturity :	For the year ended 31 December 2022	For the year ended 31 December 2021
In less than a year	81,748	85,839
From 1 to 5 years	2,352,945	2,287,215
More than 5 years	7,609,826	6,969,500
	10,044,519	**9,342,554**

The value of undiscounted rental contract obligations amounted to JD 11,288,442 as at 31 December 2022, and the following is the maturity analysis:

Maturity of undiscounted lease obligations:	For the year ended 31 December 2022	For the year ended 31 December 2021
	JD	JD
In less than a year	83,005	86,427
From 1 to 5 years	2,496,082	2,400,532
More than 5 years	8,709,355	8,091,827
	11,288,442	**10,578,786**

(48) Risk Management

Safwa Islamic Bank applies a risk management system that adopts the concept of Enterprise Risk Management to manage the risks that the bank is exposed to according to the concept of prevention before treatment, where the bank adopts a Risk Management framework which is documented and approved by the Board of Directors as the basis for other policies related to the Risk Appetite and other risk policies and a basis of preparing an Internal Capital Adequacy Assessment Plan (ICAAP) and Stress Testing.

Risk Management is a prime responsibility of the bank's Board of Directors through the Board Risk Committee that endorsing to the board of directors to approve the Risk Framework. The Risk Management Department role is to facilitate the management process of different types of risks that the bank is exposed to and evaluating, measuring and developing an appropriate measurement method to mitigate these risks that's affecting the Bank's profitability and Capital Adequacy in line with the approved Risk framework. The Risk Management Department prepares periodic reports to the Board of Directors through the Risk Management Committee to inform them with the latest developments related to risk management for their evaluation and recommendations.

The Internal Audit Department also reports to the Board of Directors through Board Audit Committee on the compliance level of all departments with risk management policies and procedures; as well as auditing the Risk Management Department activities and reporting the findings to the concerned parties.

The bank applies the Central Bank of Jordan instructions related to Risk Management through developing an Internal Capital Adequacy Assessment Plan (ICAAP) and Stress Testing on an annual and regular basis.

Risk Management Department adopts an integrated Risk Management methodology through identifying all risk factor that the bank exposed to and then managing each type of risk within an integrated cycle that includes the following:

A. Define all types of risk.
B. Determine the strategic objectives for managing this type of risk.
C. Defining the risk appetite.
D. Assess and measure the type risks.
E. Managing the risks.
F. Monitoring and reporting of exposures.

The bank is exposed to the following risks:

1- Credit risk:

The bank defines credit risk as the risk arising from the client's inability or unwillingness to fulfill their obligations (principal amount and / or profits) according to the agreed terms and maturities which is causing the bank to incur financial losses.

The Risk Management Department manages credit risk by applying the Credit Manual that organizes and governs the credit process for corporate clients, in addition to the credit Policy for retail and small business clients, as well as the policy of financial institutions credit limits, in line with the Central Bank of Jordan policies and the Basel requirements.

- **Bank's exposure to credit risk in the bank arises from its financing and investment operations, including:**

- Risks related to the client and the nature of business.
- Risks related to the granting and implementing of financing.
- Concentration risk.
- Risks related to Islamic financing instruments.

- **In this field, the bank monitors and controls credit risks through**:

- Managing and controlling portfolio risks through a number of committees such as Board Risk Management committee approved by the Bank Board at director.
- Reviewing and approving credit applications through Credit Committees according to specific authorities that is documented and approved by the Board of Directors, where small amounts are approved by individual authorities.
- Applying credit rating methodologies in line with best practices.
- Monitor credit limits and issuing the needed reports to avoid breach of that limits and monitoring the quality of portfolio.
- Diversifying between financing and investment to avoid the Concentration Risk within individuals, groups or clients of specific geographical regions, specific economic sectors, or specific financing instruments or in the term of financing period.
- Managing nonperforming loans to reduce the expected credit losses.
- Segregation of duties between marketing and credit decision tasks.
- Segregation of duties between implementation and credit control role.
- Setting and updating credit policy, which is responsible of the credit process and decisions.

- **Credit risk measurement:**

The bank applies the Standardized Approach for measuring credit risk by measuring the weighted assets of credit risks mentioned in the consolidated Balance sheet as per the Regulatory Capital Instruction in accordance with the Amended Standard No. 15 (issued by the Islamic Financial Services Board (IFSB)).The bank is taking the necessary steps to apply the Foundation Internal Risk Basis (FIRB), where a corporate credit rating system is periodically applied in addition to a specialized credit rating system for small companies and for individual clients to determine the credit quality for each client when granting the credit and monitoring this quality throughout the financing period to specify any deterioration that may occur and to specify the quality of the whole credit portfolio on a regular basis which will be reflected on credit policy and pricing.

- **Credit Risk mitigation:**

The bank uses various credit risk mitigation tools (such as real estate guarantees, financial, etc.) accordance to the approved credit risk mitigation policy in order to mitigate the exposure credit risks and the related impact on the bank, where the volume and value of the required collateral is determined based on approved credit risk mitigation policy.

The systems used by the bank to manage Credit Risk:

The bank is currently using advanced technological programs to improve the quality of risk management. Perhaps the most important systems currently used are:

1. **Expected Credit Losses System (ECL):**
   Risk management department with the related bank's departments has accomplished setting the Financial Accounting Standard (FAS 30) through an integrated and automated system to calculate the expected credit loss that is linked with the core banking system.
2. **Internal Credit Rating system and how it works:**
   Rating system is a tool that is used to evaluate and improve the quality of the credit decision, in addition to be considered as a primary base to improve and develop the credit risk in line with the Basel requirements and FAS (30) instructions.
   Safwa Islamic Bank implements the best international practices related to the internal credit rating on the Corporate Banking clients (CreditLens: Moody's System),where the classification process is based on qualitative and quantitative credit criteria. Where the credit rating includes two ratings, one at the customer level (Obligor Risk Rating "ORR") and the other at the level of financing (Facility Risk Rating "FRR"). Whereas, the credit rating system is the main focus of calculating the Probability of Default "PD" in addition to calculating losses upon default and within the concept of losses assuming default (Loss Given Default "LGD").

The credit rating system (ORR) is determined by ten degrees and divided as follows:

- From one to six degrees for operating financing, where the first degree is considered the best.
- The seventh degree for operating under supervision
- Degrees eight to ten are for non-performing financing.

The customer is classified on the credit rating system at least once a year in case that no credit event occurs during the year (Credit Events).

In addition, a special system for internal credit rating has been implemented for small business customers, where the classification process is based on qualitative and quantitative criteria. Credit Decisions are made relying mainly on the system output.

Risk Scoring System has been implemented, noting that it is considered an essential part of an integrated project to automate individual financing requests through a Work Flow System that includes all stages of submitting applications and approvals in the relevant departments.

The Bank continuously seeks to review and develop the credit rating systems applied for the various bank's portfolios in accordance with the best international practices that complies with the international and local legislative requirements.

3. **Management Information System (MIS)**

The management information system is considered a base for the development of credit risk management system in accordance with the requirements of the Basel decisions and the instructions for the application of the Accounting and Auditing Organization for Islamic Financial Institutions FAS (30). Where the system contributes to control risk management related to granted credit by providing periodic oversight reports. Which in turn contributes to control risk within acceptable levels.

Governance of implementation of Financial Accounting Standard (FAS 30):

The bank applies an integrated corporate governance for the implementation of Financial Account Standard (FAS 30) where the board of directors' responsibility is to ensure compliance with the FAS 30, through adopting methodology and policies for the standard, which include defining the roles of relevant committees, departments, and business units also it includes the adopting of system for Financial Accounting Standard (FAS 30), implementation and providing the necessary infrastructure.

Also, through the Board committees the Board of Directors' responsibility is to approve the periodic results of expected credit loss in line with (FAS 30) instructions.

Definition of Default Implementation and the Mechanism of Handling the Default

The bank applied the Central Bank of Jordan instructions regarding the default where the facilities is considered as defaulted (Non-performing) if its maturity or the maturity of one of the installments is equal or more than 90 days or there are indicators that the facilities may be defaulted. The possibility of non-payment of financial Sukuk, International Murabaha and International Wakala with the banking institutions also included into Bank's default concept.

Payment of due installments are monitored through the related departments within approved framework and policies.

The Mechanism of Calculating the Expected Credit Losses (ECL)

The mathematical model for calculating the Expected Credit Loss according to Financial Accounting Standard (FAS 30) instructions is as follows:

Expected Credit Loss = Probability of Default (PD) * Exposure at Default (EAD) * Loss Given Default (LGD)

The calculation of Expected Credit Loss (ECL) depended on the calculation of the following variables:

A. **Probability of Default (PD)**
   Definition of Probability of Default and the Mechanism of Calculation and Controlling (PD):
   It is the probability of irregularity in repayment where it is measured for the purpose of calculating the expected credit loss for each stage from the implementation of the Financial Accounting Standard (30) based on historical data that reflecting historical default rates as well as macroeconomic factors stress testing, Where the bank has developed appropriate perceptions according to levels of risk for each economic sector and made several perceptions for sectors with high levels of risk and calculated the impact of this on expected credit losses. Moreover, the bank also reflected the global and local economic conditions, in addition to the effects of Covid-19 pandemic on the possibility of default (Macroeconomic Adjusted

PD) And adopting it as a basis in the process of calculating expected credit losses, with the aim of precaution.

The probability of default for a period of 12 months is calculated for the funds included in the first phase and the probability of default for the entire life of the financing for the funds included in the second and third stages. Whereas, the bank adopts a default rate on the level of corporate portfolio clients and investment portfolio clients on an individual basis, while a general ratio for each individual product is based on a collective basis.

B. Exposure at Default (EAD)

Definition of Exposure at Default and Mechanism of Calculating and Controlling (EAD):

It is the amount of potential exposure that is subject to risk - uncovered balance by acceptable collateral - for exposures that fall within the scope of Financial Accounting Standard (FAS 30) through a forward-looking for the period, which the default may occur. Where the exposure at default is measured for the purposes of calculating Expected Credit Loss for each stage of (FAS 30) instruction. An EAD Haircut is used to determine the on-balance exposure that subjected to risk where the off-balance statistical exposure utilization (DDF) is used to determine the potential utilization for those exposures (LGs, LCs and Unutilized Limits). Exposure at Default (EAD) is calculated by the total facilities for the first and second stage and net facilities for the third stage.

C. Loss Given Default (LGD)

Definition of Loss Given Default and Mechanism of Calculating and Controlling (LGD):

It is the amount of loss that arises as a result of defaulted facilities and that is calculated through a statistical model which analyzes the historical collections for each portfolio, where it measured for the purpose of calculating the expected credit loss for each stage of Expected Credit Losses according to the instructions for the implementation of (FAS 30) by calculating the recoverable amount of the different collateral (Cars, Real Estate, Cash, Land, Machinery, Equipment and Vehicles) provided to the Bank against the facilities that granted and legally documented into contracts through a conversion factor for each type of collateral taking into consideration the timing of reaching each type of collateral and turn them into cash (expected cash flow and timing).

The bank has developed a methodology for calculating loss on default (LGD), according to the following:

1. The loss ratio was taken under the assumption of default for the first and second stage customers, based on updated historical data for the amounts or collaterals recovered from the dealers.
2. The loss on default ratio was considered for the third stage dealers based on the default period, so that the relationship between the loss on default and the default period is positive.
3. The bank has updated the data related to the loss on default ratio (LGD) and increased it based on economic studies issued by the international rating agencies.

<u>The Bank's policy in Determining the Elements of calculating Credit Risk and Expected Credit Loss on a Collective or Individual Basis.</u>

The expected Credit Loss (ECL) methodology is classified into individual or collective basis where the collective basis was adopted for retail portfolio through a general PD ratio for each product and then calculating the expected credit loss for each retail portfolio product. While the individual basis was adopted for corporate portfolio as well as for each investment in the Bank's investment portfolios that are subjected to (FAS 30) instructions through a PD ratio for corporate and investment portfolio then calculating the Expected Credit Loss for corporate and investment portfolio.

Key indicators of credit risk on which the Bank has relied in distributing its credit exposures among the three stages

Bank classified exposures on the Expected Credit Loss automated system in line with Financial Accounting Standard (FAS 30) instructions into three stages depending on a set of determinants such as: corporate client internal credit rating, external credit rating, number of dues installments, restructuring and rescheduling, negative changes in the client behavior, increase credit risk, classifying the client under watching-list stage adjusting the credit terms, negative changes on the guarantees value, negative changes in the customer’s economic sector, the bank’s legal follow-up with the client, In addition to the classification criteria mentioned in the CBJ instructions No. (47/2009) December 10, 2009.

The Main Economic Factors Used by the Bank in Calculating the Expected Credit Loss (ECL)

The main economic factors (macroeconomic factors) were included in the automated system for calculating the expected credit loss. The bank adopts three scenarios, which are the base scenario, the upturn scenario, and the downturn scenario, which were determined based on economic studies issued by the World Bank and international rating agencies.

2- Market Risk:

The bank defines market risk as the potential losses that the bank may be exposed to as a result of the decrease in the prices of the various financial instruments in which it invests, including equity instruments, Sukuk, currency exchange and commodities. The Bank also adopts a conservative policy that aims to identify, assess, measure and manage all types of market risks that may be exposed, which ensures that the Bank's risk factors are reduced and kept within the minimum limits.

3- Operational Risk:

The risk of losses resulting from inadequate or failure of internal processes and/or the human resources and/or systems and/or from external events.

Operational risk factors are managed according to a framework approved by the Board of Directors. This framework includes policies and procedures that clarify the mechanism of identifying and evaluating risk factors and assessing the current controls to determine the adequacy of these controls in mitigating the risk factors and reducing the likelihood of occurrence.

The Bank adopted and applied the Risk & Control Self-Assessment methodology through workshops to define and measure all the Operational Risk factors of operations, activities, products and services of the bank, and to assess the effectiveness of current controls in mitigating these risks and to develop corrective plans to handle such gaps. As this methodology promotes and enhance the principles of direct responsibility of the business units for managing risk factors of their areas. also, it achieves the principle of continuous monitoring risk factors. Risk profiles were developed for all departments which are monthly examined and providing the results to the Risk Management Department.

Operational risk department reviews the internal audit reports of bank's business units and includes new operational risks factors within the unit's risk profile in addition to the internal control unit findings.

The bank applies Loss Data Collection methodology that arise as a result of operational events and the Board of Directors has adopted a detailed policy. The data for these events are currently collected, analyzed, linked with risk factors.

The bank has adopted a general framework for Key Risk Indicators (KRIs), which provides an important tool in managing operational risk factors and improving the Banks ability to manage these risks even before they occur.

All policies and procedures related to departments and business units are reviewed by Risk Management Department - within the process of approved policies and procedures – for the purpose of assessing the adequacy of controls to mitigate risk factors.

With regard to the bank wide awareness of risk culture, Risk Department conducted many workshops for Bank employees on an annual basis.
As for capital adequacy purposes, the Operational Risks are measured using the Basic Indicator Approach according to the instructions of the Central Bank of Jordan, and the bank is working to develop a methodology for transferring to the Standardized Approach in calculating Capital Adequacy against Operational Risks.

Information security and cybersecurity

Policies and strategies were developed based on the best practice of Information Security and Cybersecurity in order to maintain the Confidentiality and Availability of client information and provide banking services within the highest levels of safety and to maintain a safety and secured work environment in which the goals related to information protection, confidentiality, integrity and availability are achieved by the bank using the following:

- A long-term strategy and an integrated annual plan were developed to include the implementation of strategies, policies, standards and systems in the area of Information Security and Cybersecurity to reach a more secure environment and enhance the cybersecurity capabilities of the Bank.

- Developing and updating the Security Operations Center (SOC), for 24/7 monitoring.

- Several projects related to Information Security and Cyber Security were implemented for the purpose of implementing the best solutions and programs to protect and monitor the information systems in the bank.

- The bank adherence to the International Standards for the year 2022 (such as the Payment Card Security Standard PCI DSS) and the bank has obtained a certificate of compliance with the standard.

- Compliance with SWIFT financial network security standard by applying SWIFT Customer Security Program (CSP).

- In the field of security breaches, several tests were conducted on networks and systems, and also tests covered of banking applications (Internet Banking and Mobile Banking).

- The risk factors related to Information Technology are also managed through a continuous updating of Risk Matrix for Information Technology, Information Security and Cyber Security. also, controls are tested Periodically and making sure all control gaps are handled in a proper manner.

- With regard to Awareness of Information Security, Cyber Security and Business Continuity, training workshops are held for bank staff on an annual basis, also, many Awareness Messages (including SMS) related to cyber security were sent to our staff and customers.

Business continuity
An amendment has been made to the Business Continuity, as remote access mechanism was applied and staff were relocated between the bank's sites to ensure social distancing.

Bank's alternative site was redesigned and reactivated to provide a safe and healthy work environment while achieving the terms of social distancing, and work continued in this alternative site until the pandemic's situation became acceptable and safer.

In addition, the bank conducts periodic checks of Alternative Sites and Business Continuity Plan to ensure they are ready in emergency situations.

The bank conducted an emergency plan for sensitive and critical financial systems with participation of several departments. This test was coordinated with the Central Bank of Jordan. The findings of the tests were followed up directly after the test.

In order to align with the best international practices, the alternative site has been moved outside Amman to ensure that the alternative site is not exposed to the same risks as the original site

4- Reputational risk

The bank considers reputation risks as the negative effects on the bank's reputation and brand which is resulted from bank failure to fulfill its responsibility towards all clients and / or its failure to manage its affairs efficiently and effectively and / or the failure to comply with the Sharia requirements and / or the failure to manage All other types of risks which leads to several negative effects, including a loss of client confidence and thus a decline in the client base and an increase of costs or a decrease of profits.

Reputational risks are managed by the following up on customers complaints and answering them through the customer complaints unit. A specialized team also follows up the comments and interventions on social networking sites, the bank follows up the inquiries of customers and the public about matters related to the legal aspects of banking on the official website of the bank.

5- Non-compliance risks

The risks of non-compliance are the risks of legal or regulatory penalties, material losses or reputation risks to which the bank may be exposed due to non-compliance with laws, regulations, instructions, codes of conduct and banking standards.

The bank evaluates and monitors compliance with the instructions issued by the Central Bank and other official bodies. In addition to reviewing all policies, procedures, agreements, announcements, and any new services or products to ensure the availability of the necessary controls to avoid risks arising from non-compliance.

The bank educates employees on compliance issues and prepares written instructions in this regard. The Compliance Department provides advice and guidance to the executive management on applicable laws, regulations and standards and any amendments to them.

The bank conducts a comprehensive assessment of the risks of money laundering and terrorist financing at least annually, or in the event that a need arises to conduct this assessment as a result of a fundamental change in the nature of the risks to which the bank is exposed. Geographical regions, products, services, processes and service delivery channels, according to a methodology approved by the Board of Directors.

The bank's commitment to the anti-money laundering and terrorist financing policy works to build a business relationship with customers based on ethical standers and best practices, especially with regard to (Know Your Customer) and taking the necessary measures to determine the true beneficiary of all transactions.

6- Legal risks related to operational activities

Risks of exposure to legal procedures, follow-ups and fines as a result of the occurrence of operational risks and events, and the disputes arising as a result of non-compliance with applicable regulations and instructions, also the financial fines and claims that can be resulted from a third party. The insufficiency of documents and the lack of legal capacity and / or the invalidity of contracts and / or their lack of enforceability resulting from lack of proper documentation are among the most important causes of legal risks.

The responsibility for managing these risks lies with the legal department, as it reviews all contracts and documents related to the bank's transactions, in addition to legal follow-up to the bank's debtors – in coordination with the Credit Department-, and careful follow-up of the lawsuits to which the bank is a party.

7- Risks of non-compliance Sharia Laws

These are the risks that Islamic banks exposed to, which lead to non-recognition of income. Also it includes the losses resulting from their operations in addition to the reputational risks resulting from non-compliance with Sharia laws. Where these risks are managed through an integrated system of Sharia controls for both the Sharia Supervision Department supervised by the Sharia Supervisory Board and the regulatory control of the Sharia Compliance Department and the Risk Management Department.

The culture of the bank risk management and the role of risk management policies and strategies in supporting and spreading the bank's risk culture

Risk Management Culture is considered as one of the main pillars of the risk management framework, as it enhances the understanding and communication process among all bank's employees in a way that enables them to perform their daily work and make decisions on a basis of the risk management methodology.

Risk management framework includes a main component related to strengthening the concept of Risk Management Culture through the support of the Board of Directors and Executive Management and the necessity to raise awareness of all managerial levels with a culture of risk management in addition to create an integrated training system for all the bank employees to develop Risk Management Culture.

Bank Risk Appetite in line with the Approved business models

The bank adopts a documented and integrated policy of Risk Appetite, which is approved by the bank's Board of Directors. Approved risk appetite aims to link the bank's strategic objectives with the bank risk management system as well as with the business models.

The concept of integration of Risk Appetite into Risk Management Culture and the involvement of the various managerial levels will lead to the linkage of the strategic plan and the methodology of risk management at different managerial levels.

Risk Appetite have been specified for each type of risk in a manner consistent with the bank's strategic directions and CBJ requirements in addition to analyze historical data for each type of risk.

An integrated system of control has been adopted for the Risk Appetite in terms of following up all these levels according to the periodicity specified in the approved document and issuing reports on Risk Appetite to management and to related committees with specifying the responsibility to follow up on any breach.

Stress testing

Stress testing is considered as one of the most important tools that the bank uses to measure its ability to withstand against shocks and high risks, as these tests aim to assess the financial position and the capital adequacy ratio for the bank within different scenarios.

The bank adopts a comprehensive methodology for conducting stress testing. These tests include the following:

Sensitivity Analysis Tests: These tests aim to measure the impact of different economic factors and internal risk factors on the financial position and the adequacy ratio of the bank's capital. These tests cover credit, market, operational, liquidity and any other risks the bank believes is necessary to stress tested.

Scenarios tests: These tests aim to assess the bank's tolerance of crises and shocks related to the overall economy of the country, such as changes in the rate of economic growth, unemployment rates, high interest rates, and their impact on the financial position and capital adequacy ratio of the bank.

A policy for stress tests was prepared and approved by the bank’s board of directors to cover all the requirements for stress tests and to define the methodology adopted for applying these tests and their periodicity, as the instructions of the Central Bank of Jordan were based on.

This is in light of the spread of the new Corona virus (Covid-19) and its impact on the Jordanian economy, the bank has added special scenarios to measure the bank's ability to withstand shocks resulting from the economic changes due to the pandemic.
The bank seeks to consider the results of stressful situations as a basic reference for developing future plans and appropriate strategies. The concept of stress tests is being incorporated into the department’s monthly reports to create a comprehensive culture of the modern risk management concept.

The bank adopts an integrated system for the governance of stress tests whereby the risk management periodically conducts stress tests and then submits them to the Risk Management Committee and then submits them to take the appropriate recommendation from the Board of Directors Committee for Risk Management and then approves it by the Board of Directors, where it simulates the best practical practices in involving the bank’s board of directors and senior executive management in the methodology of stress tests and the impact of their results on the bank’s strategic decisions.

(49/ A) CREDIT RISK

1)Credit risk exposure (After impairment provision and before collateral and other risk reducers):

	31 December 2022		
	Jointly financed	Self financed	Total
	JD	JD	JD
Balances with Central Bank	-	178,217,660	178,217,660
Balances at banks and financial institutions	-	13,551,162	13,551,162
International Wakala investments	63,141,396	-	63,141,396
Deferred sales receivables and other receivables			
Retail (individual)	343,585,419	1,323,557	344,908,976
Real estate financing	14,727,709	-	14,727,709
Corporate	453,108,786	355,345	453,464,131
Small and medium companies	48,789,724	637,140	49,426,864
Public and governmental sectors	454,446,477	-	454,446,477
Sukuk			
Within financial assets at fair value through Profit or loss	35,143	-	35,143
Financial assets at fair value through unrestricted investments accounts	266,958,281	-	266,958,281
Financial Assets at Amortized Cost	37,313,000	-	37,313,000
Qard hasan	-	6,780,358	6,780,358
Other assets	3,002,702	983,469	3,986,171
Total consolidated statement of financial position items	**1,685,108,637**	**201,848,691**	**1,886,957,328**
Off-consolidated statement of financial position items:			
Letters of guarantees	-	43,725,745	43,725,745
Letters of credit	-	29,934,875	29,934,875
Acceptances	-	39,965,699	39,965,699
Unutilized limits	169,521,361	-	169,521,361
Total	**1,854,629,998**	**315,475,010**	**2,170,105,008**

	31 December 2021		
	Jointly financed	Self financed	Total
	JD	JD	JD
Balances with Central Bank	-	336,553,940	336,553,940
Balances at banks and financial institutions	-	8,293,931	8,293,931
International Wakala investments	86,124,648	-	86,124,648
Deferred sales receivables and other receivables			
Retail (individual)	292,174,419	1,216,379	293,390,798
Real estate financing	15,815,337	-	15,815,337
Corporate	381,881,848	767,277	382,649,125
Small and medium companies	41,442,628	1,922,765	43,365,393
Public and governmental sectors	327,994,641	-	327,994,641
Sukuk			
Within financial assets at fair value through Profit or loss	1,495,481	-	1,495,481
Financial assets at fair value through unrestricted investments accounts	161,320,219	-	161,320,219
Financial Assets at Amortized Cost	64,752,000	-	64,752,000
Qard hasan	-	1,619,321	1,619,321
Other assets	1,552,641	780,808	2,333,449
Total consolidated statement of financial position items	**1,374,553,862**	**351,154,421**	**1,725,708,283**
Off-consolidated statement of financial position items:			
Letters of guarantees	-	38,796,148	38,796,148
Letters of credit	-	50,960,247	50,960,247
Acceptances	-	9,828,400	9,828,400
Unutilized limits	118,464,126	-	118,464,126
Total	**1,493,017,988**	**450,739,216**	**1,943,757,204**

Distribution of credit exposures

A. Distribution of credit exposures - self (After deducting the deferred and suspended revenues):

31 December 2022							
Internal rating of the Bank	Category Classification by Instructions (47/2009)	Total exposure value	Expected credit loss	The probability of default (PD)	Classification according to external classification institutions	Exposure at default (EAD) per million dinars	Average loss at default (LGD)%
		JD	JD			JD	
A- Direct credit financing (After deducting suspended and deferred revenue):							
Almost free risk	Performing exposure	509,660	-	0.5%	-	0.428	53%
Low risk	Performing exposure	196,087	1,296	1%	-	0.167	53%
Normal risk	Performing exposure	1,557,301	15,285	2%	-	1.310	53%
Acceptable risk	Performing exposure	3,458,656	47,533	3%	-	2.941	53%
Acceptable with due care	Performing exposure	2,883	1	5%	-	0.002	53%
Watch list	Performing exposure	282,044	18,340	15%	-	0.242	53%
Not rated	Performing exposure	2,591,354	29,716	2%	-	2.272	71%
Total (performing debt)		**8,597,985**	**112,171**			**7.362**	
Substandard	Non - performing exposure	293,333	146,667	100%	-	0.293	53%
Loss	Non - performing exposure	320,704	7,109	100%	-	0.321	88%
Not rated	Non - performing exposure	406,429	256,103	100%	-	0.406	73%
Total (Non-performing debt)		**1,020,466**	**409,879**			**1.020**	
Sub Total		**9,618,451**	**522,050**			**8.383**	
B. Indirect credit financing (Off statement of financial position items - self) :							
Almost free risk	Performing exposure	18,955,478	17,617	0.5%	-	7.514	53%
Low risk	Performing exposure	13,005,305	11,302	1%	-	1.835	53%
Normal risk	Performing exposure	8,423,057	13,216	2%	-	1.681	53%
Acceptable risk	Performing exposure	19,714,263	88,896	3%	-	5.725	53%
Acceptable with due care	Performing exposure	944,624	7,189	5%	-	0.338	53%
Watch list	Performing exposure	186,863	4,846	15%	-	0.075	53%
Not rated	Performing exposure	52,446,461	31,975	3%	-	7.098	65%
Total (performing debt)		**113,676,051**	**175,041**			**24.266**	
loss	Non - performing exposure	114,809	-	100%	-	0.115	77%
Not rated	Non - performing exposure	10,500	-	100%	-	0.001	77%
Total (Non-performing debt)		**125,309**	**-**			**0.125**	
Sub Total		**113,801,360**	**175,041**			**24.392**	

Distribution of credit exposures

B. Distribution of credit exposures - Jointly financed (After deducting the deferred and suspended revenues):

31 December 2022							
Internal rating of the Bank	Category Classification by Instructions (47/2009)	Total exposure value	Expected credit loss	The probability of default (PD)	Classification according to external classification institutions	Exposure at default (EAD) per million dinars	Average loss at default (LGD)%
		JD	JD			JD	
A- International wakala investments	Performing exposure	63,421,845	280,449	0.5%	A-CCC	64.0	75%
B- Islamic Sukuk:							
Within financial assets at fair value through Profit or loss	Performing exposure	35,143	-	0.0%	B	-	75%
Within financial assets at fair value through unrestricted investments accounts	Performing exposure	267,191,222	232,941	1.1%	A - BBB-	267.191	75%
Within financial Assets at Amortized Cost	Performing exposure	37,313,000	-	0.0%	B	-	0%
C -Direct credit financing (After deducting suspended and deferred revenue):							
Low risk	Performing exposure	458,977,865	5	0%	-	443.799	37%
Almost free risk	Performing exposure	4,618,081	3,004	0.5%	-	4.342	54%
Low risk	Performing exposure	28,500,623	121,844	2%	-	26.078	54%
Normal risk	Performing exposure	103,512,597	634,014	3%	-	93.447	53%
Acceptable risk	Performing exposure	269,816,582	8,503,895	3%	-	252.624	53%
Acceptable with due care	Performing exposure	42,541,031	6,262,663	11%	-	41.650	53%
Watch list	Performing exposure	21,320,528	4,668,223	19%	-	19.336	54%
Not rated	Performing exposure	404,630,879	3,133,603	1%	-	413.100	70%
Total (performing debt)		**1,333,918,186**	**23,327,251**			**1,294.376**	
Substandard	Non - performing exposure	3,632,955	2,444,511	100%	-	3.633	53%
Doubtful	Non - performing exposure	2,949,241	3,158,204	100%	-	2.949	53%
Loss	Non - performing exposure	16,308,064	16,006,469	100%	-	16.308	89%
Not rated	Non - performing exposure	14,259,100	11,472,996	100%	-	14.259	80%
Total (Non-performing debt)		**37,149,360**	**33,082,180**			**37.150**	
Sub Total		**1,371,067,546**	**56,409,431**			**1,331.525**	
D - Unutilized limits							
Low risk	Performing exposure	1,982,764	-	0%	-	1.091	0%
Almost free risk	Performing exposure	3,062,545	4,507	0.5%	-	1.684	53%
Low risk	Performing exposure	22,296,242	93,854	1%	-	12.263	53%
Normal risk	Performing exposure	55,670,354	383,711	2%	-	30.619	53%
Acceptable risk	Performing exposure	42,738,950	388,097	3%	-	23.506	53%
Acceptable with due care	Performing exposure	16,543,307	195,325	4%	-	9.099	53%
Watch list	Performing exposure	134,974	5,825	15%	-	0.074	53%
Unrated	Performing exposure	28,240,567	77,023	2%	-	6.234	70%
Total (performing)		**170,669,703**	**1,148,342**			**84.570**	
Sub Total		**170,669,703**	**1,148,342**			**84.570**	

2. Classification of deferred sales and other receivables according to the degree of risk In accordance with the Financial Accounting Standard (30) issued by the Accounting and Auditing Organization for Islamic Financial Institutions :

A) Distribution of the fair value of collateral against credit exposures - for total credit exposure - joint according to the following table:

The bank maintains collateral or other credit enhancements to mitigate credit risk associated with financial assets. The Group maintains cash, investments and (joint) financing balances amounting to JD 1,742,031,458 as of 31 December 2022 (compared to JD 1,419,878,150 as of 31 December 2021). The estimated value of the joint collateral held is JD 309,528,583 as on 31 December 2022 (compared to JD 267,332,949 as on 31 December 2021) The value of collateral is only considered to the extent that it mitigates credit risk. There has been no change in The bank's guarantees policy during the current year.

The table below shows each type of exposure and the associated collateral :

	31 December 2022									
		Fair value of collateral								
Item	Total exposure value	Cash margin	Traded shares	Bank guarantees	Real estate financing	Cars and mechanics	Other	Total value of collateral	Net exposure after collateral	Expected credit loss
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances with Central Bank	-	-	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-
International Wakala investments	63,421,845	-	-	-	-	-	-	-	63,421,845	280,449
Direct credit financing - net :										
Retail	355,772,450	7,388,328	-	-	1,218,443	125,053,952	-	133,660,723	222,111,727	12,187,031
Real estate financing	18,035,251	211,391	-	-	9,080,806	18,951	-	9,311,148	8,724,103	3,307,542
For corporate	491,966,433	9,368,349	-	-	95,972,046	12,257,392	3,082,276	120,680,063	371,286,370	38,857,647
Small and medium enterprises	50,846,935	1,819,027	-	-	41,159,043	1,455,933	1,442,646	45,876,649	4,970,286	2,057,211
Public and governmental sectors	454,446,477	-	-	-	-	-	-	-	454,446,477	-
Sukuk										
Within financial assets at fair value through Profit or loss	35,143	-	-	-	-	-	-	-	35,143	-
Financial assets at fair value through unrestricted investments accounts	267,191,222	-	-	-	-	-	-	-	267,191,222	232,941
Financial Assets at Amortized Cost-net	37,313,000	-	-	-	-	-	-	-	37,313,000	-
Other assets	3,002,702	-	-	-	-	-	-	-	3,002,702	-
Subtotal	**1,742,031,458**	**18,787,095**	**-**	**-**	**147,430,338**	**138,786,228**	**4,524,922**	**309,528,583**	**1,432,502,875**	**56,922,821**
Unutilized credit limits	170,669,703	-	-	-	-	-	-	-	170,669,703	1,148,342
Total	**1,912,701,161**	**18,787,095**	**-**	**-**	**147,430,338**	**138,786,228**	**4,524,922**	**309,528,583**	**1,603,172,578**	**58,071,163**

B. Distribution of the fair value of collateral against credit exposure - for total credit exposures - self according to the following table:

The bank maintains collateral or other credit enhancements to mitigate credit risk associated with financial assets The Bank maintains cash, investments and (self-financing) balances amounting to JD 202,370,742 as of 31 December 2022 (compared to JD 351,387,086 as of 31 December 2021). The estimated value of the joint guarantees held is JD 1,670,124 as on 31 December 2022 (compared to JD 3,237,420 as on December 2021). The value of collateral is only considered to the extent that it mitigates .credit risk. There was no change in the bank's guarantees policy during the current year

The table below shows each type of exposure and the associated collateral :

	31 December 2022									
		Fair value of collateral								
Item	Total exposure value	Cash margin	Traded shares	Bank guarantees	Real estate financing	Cars and mechanics	Other	Total value of collateral	Net exposure after collateral	Expected credit loss
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances with Central Bank	178,217,660	-	-	-	-	-	-	-	178,217,660	-
Balances at banks and financial institutions	13,551,162	-	-	-	-	-	-	-	13,551,162	-
Direct credit financing - net :										
Retail	1,634,363	-	-	-	782	703,582	-	704,364	929,999	194,672
Real estate financing	-	-	-	-	-	-	-	-	-	-
For corporate	6,759,266	5,972	-	-	290,358	16,771	4,570	317,671	6,441,595	261,035
Small and medium enterprises	715,162	-	-	-	574,887	942	72,260	648,089	67,073	66,344
Public and governmental sectors	509,660	-	-	-	-	-	-	-	509,660	-
Other assets	983,469	-	-	-	-	-	-	-	983,469	-
Subtotal	**202,370,742**	**5,972**	**-**	**-**	**866,027**	**721,295**	**76,830**	**1,670,124**	**200,700,618**	**522,051**
Bank guarantees	43,878,096	5,294,884	-	-	-	-	-	5,294,884	38,583,212	152,351
Credits	29,950,341	4,421,581	-	-	-	-	-	4,421,581	25,528,760	15,466
Acceptance	39,972,923	-	-	-	-	-	-	-	39,972,923	7,224
Total	**316,172,102**	**9,722,437**	**-**	**-**	**866,027**	**721,295**	**76,830**	**11,386,589**	**304,785,513**	**697,092**

C. Distribution of the fair value of collateral against credit exposures included in the third stage - joint according to the following table:

Item	31 December 2022									
		Fair value of collateral								
	Total exposure value	Cash Insurance	Shares traded	Bank guarantees are acceptable	Real estate	Cars and Mechanics	Other	Total value of collateral	Net exposure after collateral	Expected Credit Loss (ECL)
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
	-	-	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Investment by an international agency - net	-	-	-	-	-	-	-	-	-	-
Direct credit facilities -net										
Retail	10,265,051	2,609	-	-	255,635	4,503,147	-	4,761,391	5,503,660	9,600,625
Real estate financing	545,663	-	-	-	496,449	-	-	496,449	49,214	636,026
For corporate	22,824,379	148,708	-	-	1,428,170	285,637	-	1,862,515	20,961,864	21,222,941
Small and medium enterprises	3,514,267	646,097	-	-	2,310,278	75,767	-	3,032,142	482,125	1,622,588
Public and governmental sectors	-	-	-	-	-	-		-	-	-
Sukuk:										
Within financial assets at fair value through Profit or loss	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through the holders of the joint investment accounts - net	-	-	-	-	-	-	-	-	-	-
Within financial assets at amortized cost-net	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Subtotal	**37,149,360**	**797,414**	**-**	**-**	**4,490,532**	**4,864,551**	**-**	**10,152,497**	**26,996,863**	**33,082,180**
Unutilized credit limits	-	-	-	-	-	-	-	-	-	-
Total	**37,149,360**	**797,414**	**-**	**-**	**4,490,532**	**4,864,551**	**-**	**10,152,497**	**26,996,863**	**33,082,180**

D. Distribution of the fair value of collateral against credit exposures included in the third stage - Self according to the following table:

	31 December 2022									
		Fair value of collateral								
Item	Total exposure value	Cash Insurance	Shares traded	Bank guarantees are acceptable	Real estate	Cars and Mechanics	Other	Total value of collateral	Net exposure after collateral	Expected Credit Loss (ECL)
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances with Central Bank	-	-	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Direct credit facilities -net :										
Retail	184,163	-	-	-	-	-	-	-	184,163	184,149
Real estate financing	-	-	-	-	-	-	-	-	-	-
For corporate	626,769	5,972	-	-	4,757	-	-	10,729	616,040	160,533
Small and medium enterprises	209,534	-	-	-	143,313	-	-	143,313	66,221	65,197
Public and governmental sectors	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Subtotal	**1,020,466**	**5,972**	**-**	**-**	**148,070**	**-**	**-**	**154,042**	**866,424**	**409,879**
Bank guarantees	125,309	-	-	-	-	-	-	-	125,309	-
Credits	-	-	-	-	-	-	-	-	-	-
Acceptance	-	-	-	-	-	-	-	-	-	-
Total	**1,145,775**	**5,972**	**-**	**-**	**148,070**	**-**	**-**	**154,042**	**991,733**	**409,879**

Deferred sales and other receivables and scheduled financing:

Are those that have previously been classified as non-performing financing and are eliminated from the balance of non-performing loans and borrowings under a fundamental schedule whether they are still under control or transferred to a transaction. Moreover, they are classified as cash and cash equivalents. Deferred sales and other receivables amounted to JD 3,001,559 as at 31 December 2022 (JD 1,290,534 as at 31 December 2021).

Deferred sales and other receivables and restructured financing:

Restructuring means a rearrangement of the status of the receivables / financing in terms of instalment adjustment, extension of the life of the receivables / financing, postponement of certain instalments, or extension of the grace period. They were classified as receivables / financing under control. Deferred sales and restructured receivables amounted to JD 148,761,272 as at 31 December 2022 (JD 174,968,149 as at 31 December 2021).

3) Sukuk

The following table illustrates sukuk grading under financial assets at fair value through unrestricted investment accounts holders in accordance with foreign grading institutions.

A- Financial assets at fair value through unrestricted investment accounts

Classification grade	Grading institution	31 December 2022	31 December 2021
		JD	JD
Aa3	Moody's	9,205,907	3,644,959
A1	Moody's	3,395,168	4,084,677
A2	Moody's	3,749,679	5,473,834
A3	Moody's	2,698,776	-
B1	Moody's	141,837	-
B2	Moody's	-	658,702
B3	Moody's	698,673	-
Ba3	Moody's	1,307,203	934,549
A+	Fitch	7,029,230	2,074,029
A	Fitch	12,558,924	39,926,595
A-	Fitch	3,086,705	-
AA-	Fitch	2,798,227	-
BBB+	Fitch	689,811	-
N/R	-	5,493,422	14,426,874
Government	-	13,328,000	-
Government guarantee	-	200,776,719	90,096,000
		266,958,281	**161,320,219**
B- Financial assets at amortized cost			
Government guarantee	-	37,313,000	64,752,000
		37,313,000	**64,752,000**
C- Financial assets at fair value through income statement			
A	Fitch	35,143	-
N/R	-	-	1,495,481
		35,143	**1,495,481**
	Total	**304,306,424**	**227,567,700**

- All the above instruments are classified within the first stage for the year 2022 .

4 -Concentration in credit exposures by geographical distribution .

1. The total distribution of exposures by geographical region-self financed (after impairment provision) :

Item	31 December 2022								31 December 2021
	Within the Kingdom	Other Middle Eastern countries	Europe	Asia *	Africa	America	Other countries	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cash and balances with central banks	178,217,660	-	-	-	-	-	-	**178,217,660**	**336,553,940**
Balances at banks and financial institutions	754,210	2,435,363	4,180,508	226,476	-	5,944,036	10,569	**13,551,162**	**8,293,931**
Deposits with banks and financial institutions	-	-	-	-	-	-	-	**-**	**-**
Direct credit facilities -net	9,096,400	-	-	-	-	-	-	**9,096,400**	**5,525,742**
Sukuk:									
Within financial assets at fair value through Profit or loss	-	-	-	-	-	-	-	**-**	**-**
Within financial assets at fair value through unrestricted investment accounts holders' equity -net	-	-	-	-	-	-	-	**-**	**-**
Within financial assets at amortized cost -net	-	-	-	-	-	-	-	**-**	**-**
Other assets	983,469	-	-	-	-	-	-	**983,469**	**780,808**
Total / current period	**189,051,739**	**2,435,363**	**4,180,508**	**226,476**	**-**	**5,944,036**	**10,569**	**201,848,691**	**351,154,421**
Letter of guarantees	42,641,905	1,083,840	-	-	-	-	-	**43,725,745**	**38,796,148**
Credits	25,993,985	3,940,890	-	-	-	-	-	**29,934,875**	**50,960,247**
Acceptances	39,875,124	90,575	-	-	-	-	-	**39,965,699**	**9,828,400**
Sub Total	**297,562,753**	**7,550,668**	**4,180,508**	**226,476**	**-**	**5,944,036**	**10,569**	**315,475,010**	**450,739,216**

*Except for Middle Eastern countries

2. Distributions according to classification according to classification according to the FAS No. (30) - Self financed :

Item	31 December 2022					
	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Within the Kingdom	287,366,124	1,474,586	7,516,575	469,572	735,896	**297,562,753**
Other Middle Eastern countries	7,550,668	-	-	-	-	**7,550,668**
Europe	4,180,508	-	-	-	-	**4,180,508**
Asia	226,476	-	-	-	-	**226,476**
Africa	-	-	-	-	-	**-**
America	5,944,036	-	-	-	-	**5,944,036**
Other countries	10,569	-	-	-	-	**10,569**
Total	**305,278,381**	**1,474,586**	**7,516,575**	**469,572**	**735,896**	**315,475,010**

3. Total distribution of exposures by geographical region-jointly financed (after impairment provision) :

Item	31 December 2022								31 December 2021
	Within the Kingdom	Other Middle Eastern countries	Europe	Asia *	Africa	America	Other countries	Total	Total
	JD	JD	JD	JD		JD	JD	JD	JD
Cash and balances with central banks	-	-	-	-	-	-	-	**-**	**-**
Balances at banks and financial institutions	-	-	-	-	-	-	-	**-**	**-**
Deposits with banks and financial institutions	-	-	-	-	-	-	-	**-**	**-**
International wakala investments -net	-	63,141,396	-	-	-	-	-	**63,141,396**	**86,124,648**
Direct credit facilities -net	1,314,658,115	-	-	-	-	-	-	**1,314,658,115**	**1,059,308,873**
Sukuk:									
Within financial assets at fair value through Profit or loss	-	35,143	-	-	-	-	-	**35,143**	**1,495,481**
Within financial assets at fair value through unrestricted investment accounts holders' equity - net	214,104,719	52,154,889	698,673	-	-	-	-	**266,958,281**	**161,320,219**
Within financial assets at amortized cost -net	37,313,000	-	-	-	-	-	-	**37,313,000**	**64,752,000**
Other assets	3,002,702	-	-	-	-	-	-	**3,002,702**	**1,552,641**
Total / current period	**1,569,078,536**	**115,331,428**	**698,673**	**-**	**-**	**-**	**-**	**1,685,108,637**	**1,374,553,862**
Unutilized credit limits	169,521,361	-	-	-	-	-	-	**169,521,361**	**118,464,126**
Sub Total	**1,738,599,897**	**115,331,428**	**698,673**	**-**	**-**	**-**	**-**	**1,854,629,998**	**1,493,017,988**

* except for middle eastern contries

4.Distribution of exposures according to the classification stages according to the FAS (30) - jointly financed :

Item	31 December 2022					
	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Within the Kingdom	1,256,215,503	370,470,900	84,049,169	23,797,145	4,067,180	**1,738,599,897**
Other Middle Eastern countries	115,331,428	-	-	-	-	**115,331,428**
Europe	698,673	-	-	-	-	**698,673**
Asia	-	-	-	-	-	**-**
Africa	-	-	-	-	-	**-**
America	-	-	-	-	-	**-**
Other countries	-	-	-	-	-	**-**
Total	**1,372,245,604**	**370,470,900**	**84,049,169**	**23,797,145**	**4,067,180**	**1,854,629,998**

5- Distribution of exposures by economic sectors:

1. Total distribution of exposures by financial instrument - self financed (after impairment provision) :

Item	31 December 2022										31 December 2021
	Financial	Industry	Trade	Real estates	Agriculture	Shares	Retail	Government and public sector	Other	Total	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cash and balances with central banks	178,217,660	-	-	-	-	-	-	-	-	**178,217,660**	**336,553,940**
Balances at banks and financial institutions	13,551,162	-	-	-	-	-	-	-	-	**13,551,162**	**8,293,931**
Deposits with banks and financial institutions	-	-	-	-	-	-	-	-	-	**-**	**-**
Direct credit facilities -net	-	126,502	4,160,717	-	-	812,379	561,507	509,660	2,925,635	**9,096,400**	**5,525,742**
sukuk :											
Included in financial assets at fair value through Profit or loss	-	-	-	-	-	-	-	-	-	**-**	**-**
Within financial assets at fair value through unrestricted investment accounts holders' equity -net	-	-	-	-	-	-	-	-	-	**-**	**-**
Within financial assets at amortized cost - net	-	-	-	-	-	-	-	-	-	**-**	**-**
Other assets	983,469	-	-	-	-	-	-	-	-	**983,469**	**780,808**
Total / current year	**192,752,291**	**126,502**	**4,160,717**	**-**	**-**	**812,379**	**561,507**	**509,660**	**2,925,635**	**201,848,691**	**351,154,421**
Financial letter of guarantees	533,099	3,900,316	10,393,006	3,419,258	518,178	-	2,324,692	-	22,637,196	**43,725,745**	**38,796,148**
Letters of credit	7,164,365	1,253,018	19,910,773	-	-	-	1,302,542	-	304,177	**29,934,875**	**50,960,247**
Acceptances	669,445	1,121,527	37,842,580	286,071	-	-	-	-	46,076	**39,965,699**	**9,828,400**
Sub Total	**201,119,200**	**6,401,363**	**72,307,076**	**3,705,329**	**518,178**	**812,379**	**4,188,741**	**509,660**	**25,913,084**	**315,475,010**	**450,739,216**

2.Distribution of divisions according to classification according to the classification of the FAS (30) self financed :

Item	31 December 2022					
	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	Total
	JD	JD	JD	JD	JD	JD
Financial	201,119,200	-	-	-	-	**201,119,200**
Industry	6,014,645	1,905	269,628	108,713	6,472	**6,401,363**
Trade	65,881,710	61,003	5,681,404	165,249	517,710	**72,307,076**
Real estates	3,699,982	785	4,562	-	-	**3,705,329**
Agriculture	5,000	-	513,178	-	-	**518,178**
Share's	-	812,379	-	-	-	**812,379**
Retail	3,616,234	561,507	11,000	-	-	**4,188,741**
Government and public sector	509,660	-	-	-	-	**509,660**
Other	24,431,950	37,007	1,036,803	195,610	211,714	**25,913,084**
Total	**305,278,381**	**1,474,586**	**7,516,575**	**469,572**	**735,896**	**315,475,010**

3. Total distribution of exposures by economic sector-jointly financed (after impairment provision) :

Item	Financial	Industry	trade	real estates	Agriculture	Shares	Retail	Government and public sector	Other	Total	Total
	31 December 2022										31 December 2021
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
International wakala investments -net	63,141,396	-	-	-	-	-	-	-	-	**63,141,396**	**86,124,648**
Direct credit facilities - net	4,614,718	135,402,246	181,339,360	14,727,706	1,337,093	233,705,663	142,234,251	454,446,477	146,850,601	**1,314,658,115**	**1,059,308,873**
Sukuk:											
Within financial assets at fair value through Profit or loss	35,143	-	-	-	-	-	-	-	-	**35,143**	**1,495,481**
Within financial assets at fair value through unrestricted investment accounts holders' equity -net	52,853,562	-	-	-	-	-	-	214,104,719	-	**266,958,281**	**161,320,219**
Within financial assets at amortized cost -net	-	-	-	-	-	-	-	37,313,000	-	**37,313,000**	**64,752,000**
Other assets	3,002,702	-	-	-	-	-	-	-	-	**3,002,702**	**1,552,641**
Total / current period	**123,647,521**	**135,402,246**	**181,339,360**	**14,727,706**	**1,337,093**	**233,705,663**	**142,234,251**	**705,864,196**	**146,850,601**	**1,685,108,637**	**1,374,553,862**
Unutilized credit limits	6,830	78,835,520	51,465,962	529,231	960,990	2,087,966	19,500,033	-	16,134,829	**169,521,361**	**118,464,126**
Total	**123,654,351**	**214,237,766**	**232,805,322**	**15,256,937**	**2,298,083**	**235,793,629**	**161,734,284**	**705,864,196**	**162,985,430**	**1,854,629,998**	**1,493,017,988**

4.Distribution of exposures according to the classification stages according to the FAS (30) - jointly financed

Item	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3	Total
	31 December 2022					
	JD	JD	JD	JD	JD	JD
Financial	123,647,225	-	-	7,126	-	**123,654,351**
Industry	186,502,729	5,182,326	20,516,497	2,475,416	(439,202)	**214,237,766**
Trade	171,685,049	15,762,935	34,540,477	7,657,586	3,159,275	**232,805,322**
Real estates	2,433,268	4,449,006	8,465,028	-	(90,365)	**15,256,937**
Agriculture	960,991	960,194	-	376,898	-	**2,298,083**
Shares	16,561,135	201,378,770	14,562,557	2,624,085	667,082	**235,793,629**
Retail	19,116,309	137,429,373	383,724	4,251,208	553,670	**161,734,284**
Government and public sector	705,864,196	-	-	-	-	**705,864,196**
Other	145,474,702	5,308,296	5,580,886	6,404,826	216,720	**162,985,430**
Total	**1,372,245,604**	**370,470,900**	**84,049,169**	**23,797,145**	**4,067,180**	**1,854,629,998**

6- **Credit exposures that have been reclassified**

1. Total credit exposures classified:

A. Self financed

Item	**31 December 2022**					
	Stage 2		**Stage 3**		**Total exposures that have been reclassified**	**Percentage of rated exposures**
	Total exposure value	The exposures that have been reclassified	Total exposure value	The exposures that have been reclassified		
	JD	JD	JD	JD	JD	
Direct credit facilities-net	1,516,627	81,927	1,020,466	208,916	290,843	11.46%
Letters of guarantee	2,836,682	(260,620)	125,309	-	(260,620)	(8.80%)
Acceptances	-	-	-	-	-	-
Credits	3,698,471	-	-	-	-	-
Total	**8,051,780**	**(178,693)**	**1,145,775**	**208,916**	**30,223**	**0.33%**

B. Jointly financed

Item	**31 December 2022**					
	Stage 2		**Stage 3**		**Total exposures that have been reclassified**	**Percentage of rated exposures**
	Total exposure value	The exposures that have been reclassified	Total exposure value	The exposures that have been reclassified		
	JD	JD	JD	JD	JD	
Direct credit facilities-net	123,030,892	(8,055,341)	37,149,360	8,482,570	427,229	0.27%
Unutilized credit limits	2,961,525	(1,441,724)	-	-	(1,441,724)	(48.68%)
Total	**125,992,417**	**(9,497,065)**	**37,149,360**	**8,482,570**	**(1,014,495)**	**(0.62%)**

2.Credit losses expected for exposures that have been reclassified:

Item	31 December 2022							
	The exposures that have been reclassified			**Expected credit loss on exposures that have been reclassified**				Total
	Total exposures that have been reclassified rated from Stage 2	Total exposures that have been reclassified rated from Stage 3	Total exposures that have been reclassified	Stage 2 Individual	Stage 2 Collective	Stage 3 Individual	Stage 3 Collective	
A. Self financed	JD	JD	JD	JD	JD	JD	JD	JD
Direct credit facilities	81,927	208,916	290,843	-	(8)	-	8	-
Letters of guarantee	(260,620)	-	(260,620)	(2,919)	-	163	-	(2,756)
Credits	-	-	-	-	-	-	-	-
Acceptances	-	-	-	-	-	-	-	-
Total	**(178,693)**	**208,916**	**30,223**	**(2,919)**	**(8)**	**163**	**8**	**(2,756)**

Item	31 December 2022							
	The exposures that have been reclassified			**Expected credit loss on exposures that have been reclassified**				Total
	Total exposures that have been reclassified rated from Stage 2	Total exposures that have been reclassified rated from Stage 3	Total exposures that have been reclassified	Stage 2 Individual	Stage 2 Collective	Stage 3 Individual	Stage 3 Collective	
B. Jointly financed	JD	JD	JD	JD	JD	JD	JD	JD
Direct credit facilities	(8,055,341)	8,482,570	427,229	(1,966,300)	(174,774)	1,701,533	(325,834)	(765,375)
Other Liabilities	(1,441,724)	-	(1,441,724)	(25,404)	-	-	-	(25,404)
Total	**(9,497,065)**	**8,482,570**	**(1,014,495)**	**(1,991,704)**	**(174,774)**	**1,701,533**	**(325,834)**	**(790,779)**

(49/B) MARKET RISKS

The Bank follows certain financial policies to manage different risks within a specific strategy. There is also a committee concerned with managing assets and liabilities in the Bank. This committee is charged with monitoring and controlling risks, and conducting the best strategic distribution of assets and liabilities whether on- or off -the statement of financial position. Its responsibilities include:

- Updating the investment policy followed by the Bank, submitting it to the Board of Directors to be approved on a regular basis, reviewing the implemented investment policy, and assessing its results against the banking market and competitive indicators.
- Forming investment decision-making committees and related authorities, according to the Bank's investment policy.
- Preparing the annual investment plan, in line with the Assets and Liabilities Committee's expectations of revenues and changes in market rates, including low-risk investment instruments available in the market.
- Preparing a report including market prices and presenting it to the Asset and Liabilities Committee to monitor any sudden change in prices of financial instruments and avoid changes in market prices.

1- Rate of Return Risks

- Risks of rate of return arise from the unexpected changes in the market rates. Necessary procedures must be taken to ensure the existence of administrative procedures related to reviewing, measuring, and monitoring of rate of return risks.

- The Bank is exposed to rate of return risks as a result of the gap between assets and liabilities according to their terms and re-pricing the rate on subsequent transactions.

- The Bank manages these risks by determining the rates of future profits according to the expectations of market conditions and developing new instruments that comply with the Islamic rules and regulations through the Bank's risk management strategy:

1. Attaining the best returns available in the market based on market indicators as a standard and Benchmarks for both the portfolios an investments managed by the Bank.

2. Taking into account the risks resulting from these investments, depending on the diversification option based on countries and institutions to ensure mitigation of the impact of risks.

3. The Bank is committed to manage investments based on matching the Bank's liabilities (represented by deposits term accounts) and assets in foreign currencies (represented by investments in foreign currencies).

2)Currency Risks

Foreign currency centers are managed by Treasury and Investment Department on a daily basis in accordance with the principles of Islamic shari'a . The bank's policy of managing foreign currency centers is a conservative policy based on clearing the centers first and covering the required positions according to customers needs.

The maximum positions in foreign currencies shall not exceed 5% of shareholders' equity for each currency except for the US Dollar at no more than 15% of total shareholders' equity. The total foreign currencies position shall not exceed 15% of total equity

Below is the effect of foreign currency exchange against JD with other variables being constant:

2022	Change in the indicator	Impact on Statement of Profit or loss and Comprehensive income	Impact on equity
currency	5%	JD	JD
USD	-	-	-
Euro	21,705	21,705	21,705
GBP	3,442	3,442	3,442
Japanese Yen	8,369	8,369	8,369
Other currencies	51,366	51,366	51,366

2021	Change in the indicator	Impact on Statement of Profit or loss and Comprehensive income	Impact on equity
currency	5%	JD	JD
USD	-	-	-
Euro	19,499	19,499	19,499
GBP	4,084	4,084	4,084
Japanese Yen	13,400	13,400	13,400
Other currencies	35,604	35,604	35,604

The impact of the decrease in the exchange rate by 5% has the same impact of the opposite sign.

Concentration in foreign currencies risks :

	31 December 2022					
	US Dollars	Euro	GBP	Japanese Yen	Others	Total
Assets :						
Cash and balances with Central Banks	24,553,000	2,129,205	323,669	-	190,019	27,195,893
Balances at banks and financial institutions	6,714,398	3,440,449	678,039	167,372	2,550,732	13,550,990
Deferred sale receivables	185,853,976	-	-	-	-	185,853,976
International Wakala Investment	42,540,000	17,552,240	3,329,605	-	-	63,421,845
Financial assets at fair value through unrestricted investment accounts	50,461,679	2,799,820	-	-	-	53,261,499
Financial assets at low value through Profit or loss	35,143	-	-	-	-	35,143
Other assets	514,812	(1,941,627)	11,378	-	-	(1,415,437)
Total assets	**310,673,008**	**23,980,087**	**4,342,691**	**167,372**	**2,740,751**	**341,903,909**
liabilities :						
Banks and financial institutions' accounts	3,488,368	87,250	164	-	7,246	3,583,028
Customers' (current, saving, term) accounts	269,500,506	20,690,044	4,270,119	-	1,665,803	296,126,472
Cash margins accounts	7,803,651	1,745,224	-	-	39,415	9,588,290
Other liabilities	9,928,669	1,023,464	3,564	-	966	10,956,663
Total liabilities	**290,721,194**	**23,545,982**	**4,273,847**	**-**	**1,713,430**	**320,254,453**
Net concentration in current year's financial position	**19,951,814**	**434,105**	**68,844**	**167,372**	**1,027,321**	**21,649,456**
Contingent liabilities outside current year's financial position	140,666,156	7,658,701	-	-	19,583,697	167,908,554

	31 December 2021					
	US Dollars	Euro	GBP	Japanese Yen	Others	Total
Total Assets	288,806,015	25,310,467	4,793,731	267,992	2,439,965	321,618,170
Total Liabilities	272,552,409	24,920,481	4,712,061	-	1,727,885	303,912,836
Net concentration in current year's financial position	**16,253,606**	**389,986**	**81,670**	**267,992**	**712,080**	**17,705,334**
Contingent liabilities outside current year's financial position	**81,239,492**	**11,869,225**	**-**	**-**	**16,484,273**	**109,592,990**

3- Stocks price risk:

Financial assets price risk is related to the supply and demand in the financial markets which causes a change in the fair value of the investments portfolio. The Treasury Department uses scientific and advanced financial bases to mitigate the risk of price change and to ensure that the Bank and the Bank's customers get better rates of return on their investments. The Department uses segmental and geographical distribution methodology and the credit ratings of the best credit rating agencies (Moody's, Standard & Poor, etc...). Moreover, the department analyses the financial indicators of these prices and evaluates them with a fair estimate of the weighted weight for the total investment portfolios managed by the bank to manage them accurately to ensure the risk of price fluctuations .

Below is the effect of market index movement by 5% with the other variables being constant:

2022	Increase in the indicator (5٪)	Impact on consolidated Statement of Profit or loss	Impact on equity	Impact on unrestricted investment accounts holders
Indicator		JD	JD	JD
Amman Stock Market	90,447	-	11,750	78,697
Foreign markets	8,750	-	-	8,750

2021	Increase in the indicator (5٪)	Impact on consolidated Statement of Profit or loss	Impact on equity	Impact on unrestricted investment accounts holders
Indicator		JD	JD	JD
Amman Stock Market	23,933	-	-	23,933
Foreign markets	3,491	3,491	-	-

The impact of the decrease in the exchange rate by 5% has the same impact of the opposite sign.

4- COMMODITIES RISKS

Commodities risks are caused by any fluctuations in the prices of tradable or leasable assets, and relate to the current and future fluctuations in the market values of specific assets. The Bank is exposed to fluctuations in prices of fully-paid commodities after concluding the sale contracts during the year of possession, in addition to being exposed to the fluctuation in the residual value of leased asset at the end of the lease term.

(49/C) LIQUIDITY RISKS

The Cash Liquidity management ensures the Bank's ability to meet short and long-term cash obligations. The Bank's cash liquidity is reviewed and managed regularly. The cash obligations and available funds are assessed daily by the finance department and treasury department. Moreover, review and analysis of cash liquidity of the Bank's assets and liabilities are performed on a monthly basis. Moreover, the maturity of assets and liabilities is analysed. This also includes analysis of the sources of funds according to the nature of the sources and their uses.

First: below is a summary of the maturities of the Bank's undiscounted liabilities and unrestricted investment accounts holders' , based on the contractual payment date as of the date of the consolidated financial statements :

	Less than one month	1-3 months	3-6 months	6 months to 1 year	1-3 years	More than 3 years	Without maturity	Total
31 December 2022 :	JD	JD	JD	JD	JD	JD	JD	JD
Bank and financial institutions' accounts	17,989,093	-	-	-	-	-	-	17,989,093
Customers' current accounts	299,878,280	-	-	-	-	-	-	299,878,280
Cash margins accounts	30,072,762	927,566	753,548	11,349,204	-	-	-	43,103,080
Income tax provisions	8,746,097	-	-	-	-	-	-	8,746,097
Other provisions	440,000	-	-	-	-	-	-	440,000
Lease obligations - long term	-	-	78,005	5,000	2,496,082	8,709,355	-	11,288,442
Other liabilities	41,388,963	15,679,975	503,036	425,391	-	-	-	57,997,365
Unrestricted investment accounts	365,518,178	394,172,702	378,820,423	735,649,005	116,159,529	10,939,250	-	2,001,259,087
Total undiscounted liabilities and unrestricted investment accounts holders'	**764,033,373**	**410,780,243**	**380,155,012**	**747,428,600**	**118,655,611**	**19,648,605**	**-**	**2,440,701,444**
Total assets maturities as expected due dates	**345,951,877**	**148,847,716**	**139,043,346**	**250,181,812**	**626,838,792**	**1,033,078,386**	**40,175,326**	**2,584,117,255**
31 December 2021 :								
Bank and financial institutions' accounts	16,530,718	-	-	-	-	-	-	16,530,718
Customers' current accounts	290,066,768	-	-	-	-	-	-	290,066,768
Cash margins accounts	45,399,354	2,398,481	2,182,612	6,314,897	-	-	-	56,295,344
Income tax provisions	8,332,402	-	-	-	-	-	-	8,332,402
Other provisions	440,000	-	-	-	-	-	-	440,000
Lease liabilites - long term	-	80,427	-	6,000	2,400,532	8,091,827	-	10,578,786
Other liabilities	29,511,362	15,631,927	5,862,777	205,259	-	-	-	51,211,325
Unrestricted investment accounts	295,094,472	312,941,778	331,392,892	692,787,270	126,807,268	-	-	1,759,023,680
Total undiscounted liabilities and unrestricted investment accounts holders'	**685,375,076**	**331,052,613**	**339,438,281**	**699,313,426**	**129,207,800**	**8,091,827**	**-**	**2,192,479,023**
Total assets maturities as expected due dates	**491,283,058**	**185,992,568**	**130,532,585**	**157,276,555**	**503,610,464**	**828,760,437**	**38,679,652**	**2,336,135,319**

Second: Off statement of financial position items

	Up to 1 year	
	2022	2021
	JD	JD
Letters of credit	29,950,341	51,060,277
Acceptances	39,972,923	9,862,493
Letters of guarantee	43,878,096	39,003,562
Unutilized limits	170,669,703	119,306,051
Total	**284,471,063**	**219,232,383**

(50) SEGMENT INFORMATION

a. Information on the Bank's Activities

The Bank is structured for administrative purposes whereby sectors are measured according to the reports used by the executive director and main decision maker at the Bank through three major business sectors :

Retail Accounts:

This sector follows up on the unrestricted investment accounts, deferred sales receivables, financings, and other services related to retail.

Corporate Accounts:

This sector handles unrestricted investment accounts, deferred sales receivables, financings, and other banking services related to corporate customers.

Treasury:

This sector handles the services of brokerage, treasury and management of the Bank's funds.

Information on the Bank's segments according to activities is shown as follows:

	Retail	Corporate	Treasury	Other	2022 Total	2021 Total
	JD	JD	JD	JD		
Total revenues (joint and self financed)	25,293,240	22,644,544	16,334,768	1,689,897	**65,962,449**	**58,698,348**
Expected credit losses (joint and self financed)	(2,750,641)	(9,570,354)	293,155	-	**(12,027,840)**	**(9,521,353)**
Results of segment's operations	22,542,599	13,074,190	16,627,923	1,689,897	**53,934,609**	**49,176,995**
Distributed expenses	(3,698,481)	(1,190,255)	(719,694)	-	**(5,608,430)**	**(3,208,487)**
Undistributed expenses	-	-	-	(23,906,204)	**(23,906,204)**	**(23,151,328)**
Profit for the year before tax	**18,844,118**	**11,883,935**	**15,908,229**	**(22,216,307)**	**24,419,975**	**22,817,180**
Income tax expense	-	-	-	(9,307,954)	**(9,307,954)**	**(8,756,860)**
Profit for the year	**18,844,118**	**11,883,935**	**15,908,229**	**(31,524,261)**	**15,112,021**	**14,060,320**

					2022	2021
					JD	JD
Segments' assets	811,984,666	974,644,621	741,001,377	-	**2,527,630,664**	**1,911,882,196**
Undistributed assets	-	-	-	56,486,591	**56,486,591**	**424,253,123**
Total assets	**811,984,666**	**974,644,621**	**741,001,377**	**56,486,591**	**2,584,117,255**	**2,336,135,319**
Segments' liabilities and total equity of unrestricted investment accounts holders	1,464,886,794	774,924,194	95,273,945	-	**2,335,084,933**	**2,103,470,211**
Undistributed liabilities	-	-	-	77,227,981	**77,227,981**	**69,987,381**
Total liabilities and Total equity of unrestricted investment accounts holders	**1,464,886,794**	**774,924,194**	**95,273,945**	**77,227,981**	**2,412,312,914**	**2,173,457,592**

	2022	2021
	JD	JD
Capital expenditure	**2,201,770**	**2,618,039**
Depreciation and amortization	**3,152,976**	**3,240,190**

Geographical Distribution Information

The following disclosure represents the geographical distribution.The Bank performs its operations mainly inside the Kingdom.

Distribution of the Bank's revenue, assets and capital expenditure according to geographical area is as follows:

	31 December 2022			31 December 2021		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
Total assets	2,455,115,206	129,002,049	**2,584,117,255**	2,169,640,925	166,494,394	**2,336,135,319**
Total revenue	63,206,043	2,756,406	**65,962,449**	56,422,880	2,275,468	**58,698,348**
Capital expenditure	2,201,770	-	**2,201,770**	2,618,039	-	**2,618,039**

(51) CAPITAL MANAGEMENT

The Bank’s management takes into consideration the Central Bank of Jordan's requirements which require the Bank to have sufficient self-financed resources to cover a certain percentage of its risk-weighted assets based on the nature of the finance granted and direct investment made. Accordingly, the capital considered as per the Central Bank of Jordan's requirements is the regulatory capital (both basic and additional capital) .

Capital management aims to invest the Bank’s fund in various risk-weighted investments (low and high risk) to ensure that the Bank obtains a better rate of return and to maintain a capital adequacy of 12% as required by the Central Bank of Jordan.

The capital adequacy ratio is calculated as on 31 December 2022 according to the instructions of the regulatory capital No. (72/2018) issued by the Central Bank of Jordan in accordance with the revised standard No. (15) issued by the Islamic Financial Services Council (IFSB) in support of the provisions of Article (99) / B) from the Banking Law. The following is the capital adequacy ratio in thousands of dinars:

	31 December	
	2022	**2021**
	JD"000	**JD"000**
Basic capital items	**164,358**	**151,339**
Authorised and Paid in capital	100,000	100,000
Retained earnings	39,581	32,911
Statutory reserve	32,209	29,767
Proposed dividends	-	(6,000)
Full fair value reserve (self)	15	-
The bank's share of the fair value reserve in full if the fund's are mixed	(489)	35
Intangible assets	(2,002)	(1,920)
Deferred tax assets (self financed)	(793)	(669)
The Bank's share of the deferred tax assets (jointly financed)	(3,591)	(2,614)
Investment in financial institutions,Banks and takaful companies that is less than 10%	(572)	(171)
Additional capital	**-**	**-**
Supporting capital	**3,509**	**2,133**
Self financed general banking risks reserve and the bank's share from the General banking risks reserve (joint) (not to exceed 1.25% of the weighted of financial assets weighted by credit risks)	3,509	2,152
Investment in financial institutions,Banks and takaful companies that is less than 10%	-	(19)
Investments in non-consolidated subsidiaries' capital accounts with bank accounts	-	-
Total regulatory capital	**167,867**	**153,472**
Total risk weighted assets	**995,811**	**846,971**
Capital adequacy ratio (%)	16.86%	18.12%
Basic capital ratio (%)	16.50%	17.87%
First slide ratio Tier 1 (%)	16.50%	17.87%
Second slide ratio Tier 2 (%)	0.35%	0.25%
Leverage ratio	15.35%	14.04%

(52) Liquidity Coverage Ratio

- The liquidity coverage ratio in total amounted to 235.8% as on 31 December 2022 with an average rate of 367.8% during the year (324.3% as on 31 December 2021 and an average rate of 427.0% during the year).
- The liquidity coverage ratio in Jordanian Dinars reached 233.9% as on 31 December 2022 with an average rate of 318.5% during the period (269.9% as on 31 December 2021 and an average rate of 252.9% during the year).

(53) ASSETS AND LIABILITIES MATURITY ANALYSIS:

Information on the Bank's segments according to activities is as follows:

31 December 2022	Within one year	More than one year	Total
	JD	JD	JD
Assets			
Cash and balances with Central Bank	203,295,535	-	203,295,535
Balances at Banks and financial institutions	13,551,162	-	13,551,162
International Wakala investments	63,141,396	-	63,141,396
Financial assets at fair value through profit or loss	35,143	-	35,143
Deferred sale receivables and other receivables, net	447,288,661	869,685,496	1,316,974,157
Financial assets at fair value through unrestricted investment accounts	27,945,090	244,714,097	272,659,187
Financial assets at fair value through shareholders' equity -self financed	235,000	-	235,000
Financial Assets at Amortized Cost- Net	37,313,000	-	37,313,000
Investment in associate	345,954	-	345,954
Ijara Muntahia Beltamleek assets, Net	61,500,002	551,799,770	613,299,772
Qard hasan-Net	6,190,701	589,657	6,780,358
Property and equipment-Net	-	21,286,068	21,286,068
Intangible assets-Net	-	2,002,476	2,002,476
Right to use assets	2,890	10,014,940	10,017,830
Deferred tax assets	8,268,512	-	8,268,512
Other assets	14,911,705	-	14,911,705
Total assets	**884,024,751**	**1,700,092,504**	**2,584,117,255**
'Liabilities and equity of unrestricted investment accounts holders			
Banks and financial institutions' accounts	17,989,093	-	17,989,093
Customers' current accounts	299,878,280	-	299,878,280
Cash margins accounts	42,900,132	-	42,900,132
Income tax provision	8,746,097	-	8,746,097
Other provisions	440,000	-	440,000
Lease liabilities-long term	81,748	9,962,771	10,044,519
Other liabilities	57,997,365	-	57,997,365
Fair value reserve – net	(1,016,785)	-	(1,016,785)
Unrestricted investment accounts	1,848,235,434	127,098,779	1,975,334,213
Total liabilities and equity of unrestricted investment accounts holders	**2,275,251,364**	**137,061,550**	**2,412,312,914**
Net	**(1,391,226,613)**	**1,563,030,954**	**171,804,341**

31 December 2021	Within one year	More than one year	Total
	JD	JD	JD
Assets			
Cash and balances with Central Bank	358,653,364	-	358,653,364
Balances at Banks and financial institutions	8,293,931	-	8,293,931
International Wakala investments	86,124,648	-	86,124,648
Financial assets at fair value through profit or loss	1,565,294	-	1,565,294
Deferred sale receivables and other receivables, net	405,461,658	657,753,636	1,063,215,294
Financial assets at fair value through unrestricted investment accounts	3,043,458	161,320,219	164,363,677
Financial Assets at Amortized Cost- Net	27,439,000	37,313,000	64,752,000
Investment in associate	343,708	-	343,708
Ijara Muntahia Beltamleek assets, net	53,199,183	480,606,073	533,805,256
Qard hasan	1,109,661	509,660	1,619,321
Property and equipment-Net	-	22,333,251	22,333,251
Intangible assets-Net	-	1,919,527	1,919,527
Right to use assets	72,081	9,295,187	9,367,268
Deferred tax assets	6,734,092	-	6,734,092
Other assets	13,044,688	-	13,044,688
Total assets	**965,084,766**	**1,371,050,553**	**2,336,135,319**
Liabilities and equity of unrestricted investment accounts' holders			
Banks and financial institutions' accounts	16,530,718	-	16,530,718
Customers' current accounts	290,066,768	-	290,066,768
Cash margins accounts	56,124,802	-	56,124,802
Income tax provision	8,332,402	-	8,332,402
Other provisions	440,000	-	440,000
Lease liabilities-long term	85,839	9,256,715	9,342,554
Other liabilities	51,211,325	-	51,211,325
Fair value reserve – net	82,413	-	82,413
Unrestricted investment accounts	1,614,519,342	126,807,268	1,741,326,610
Total liabilities and equity of unrestricted investment accounts holders	**2,037,393,609**	**136,063,983**	**2,173,457,592**
Net	**(1,072,308,843)**	**1,234,986,570**	**162,677,727**

(54) COMMITMENTS & CONTINGENT LIABILITIES :

A.Credit commitments and commitments/Self: *

	31 December 2022	31 December 2021
	JD	JD
Letters of credit	29,950,341	51,060,277
Acceptances	39,972,923	9,862,493
Letters of guarantees:		
Payment	16,243,883	9,091,293
Performance	16,412,649	12,988,791
Others	11,221,564	16,923,478
Total	**113,801,360**	**99,926,332**
B. Contingent credit and commitments/jointly financed		
Direct unutilized credit limits	170,669,703	119,306,051
Total	**170,669,703**	**119,306,051**

*Indirect unutilized credit limits / self financed amounted to JD (23,170,995) as of 31 December 2022.

The expected credit losses recorded against contingent credit commitments/self financed amounted under the implementation instructions of FAS (30) issued by Organization for Islamic Financial Institutions to JD 175,041 as at 31 December 2022 (JD341,536 as at 31 December 2021) and recorded in the other liabilities (note22).

The expected credit losses recorded against contingent credit commitments/jointly financed amounted under the implementation instructions of FAS (30) issued by Organization for Islamic Financial Institutions to JD1,148,342 as at 31 December 2022 (JD 841,925 as at 31 December 2021) and recorded in other liabilities (note 22).

(55) LAWSUITS AGAINST THE BANK

The Bank is a defendant in a number of lawsuits, which amounted to JD735,575 as at 31 December 2022 (JD 720,885 31 as at December 2021) and that is within the bank's normal activity. In the opinion of the Bank's Management and its legal advisor, the related provision of JD 340,000 is adequate should any liabilities arise therefrom.

(56) FAIR VALUE HIERARCHY

IFRS 13 requires the identification and disclosure of a level in the fair value hierarchy in which fair value measurements are categorized in full, and the fair value measurements are classified according to the levels specified in IFRS. The difference between level (2) and level (3) for fair value measurements means assessing whether information or inputs are observable and the importance of information that is not observable. This requires careful judgment and analysis of the inputs used to measure fair value including consideration of all factors affecting the asset or liability.

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

Some of the financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table provides information about how the fair value of these financial assets .and financial liabilities is determined(valuation techniques and key inputs)

	Fair value as at					
Financial Assets/Financial Liabilities	31 December 2022	31 December 2021	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable	Relationship of unobservable inputs to fair value
	JD	JD				
financial assets at fair value through Profit or loss	35,143	1,565,294	Level 1	Quoted rates in financial markets	Not applicable	Not applicable
'Financial assets at fair value through shareholders equity -self financed	235,000	-	Level 1	Quoted rates in financial markets	Not applicable	Not applicable
Financial assets at fair value through unrestricted investment accounts' holders equity						
Quoted shares	1,748,930	478,651	Level 1	Quoted rates in financial markets	Not applicable	Not applicable
Quoted sukuk	52,853,562	71,224,219	Level 1	Quoted rates in financial markets	Not applicable	Not applicable
Unquoted shares	3,951,976	2,564,807	Level 3	The latest financial prices available	Not applicable	Not applicable
Unquoted sukuk	214,104,719	90,096,000	Level 2	A similar financial instrument	Not applicable	Not applicable
Total Financial assets at fair value through unrestricted investments accounts	**272,659,187**	**164,363,677**				
Total	**272,929,330**	**165,928,971**				

There were no transfer between level 1 and 2 during the year ended 31 December 2021 and the year 2020.

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

Except for what is detailed in the following table, we believe that the carrying amounts of financial assets and financial liabilities recognized in the Bank's financial statements approximate their fair values .

	31 December 2022		31 December 2021		
	Book value	**Fair value**	**Book value**	**Fair value**	**Fair value hierarchy**
	JD	JD	JD	JD	
Financial assets not calculated at fair value					
Deferred sales receivables and other receivables	1,316,974,157	1,495,952,663	1,063,215,294	1,207,547,506	Level 2
Financial assets at amortized cost	37,313,000	38,017,572	64,752,000	65,774,037	Level 2
Ijara muntahia Bittamleek assets - Net	613,299,772	613,299,772	533,805,256	533,805,256	Level 2
Total financial assets not calculated at fair value	**1,967,586,929**	**2,147,270,007**	**1,661,772,550**	**1,807,126,799**	
Financial liabilities not calculated at fair value					
investment accounts	2,275,212,493	2,301,137,367	2,031,393,378	2,049,090,448	Level 2
Cash margin accounts	42,900,132	43,103,080	56,124,802	56,295,344	Level 2
Total financial liabilities not calculated at fair value	**2,318,112,625**	**2,344,240,447**	**2,087,518,180**	**2,105,385,792**	

(57) Accounts managed in favor of clients

Accounts managed in favor of clients amounted to JD 18,888,183 as on 31 December 2022 (JD 16,899,673 as on 31 December 2021). These accounts are not shown among the bank's assets and liabilities in the financial statements. Fees and commissions for managing these accounts are shown in the consolidated statement of income and comprehensive income, fees and commissions for managing these accounts amounted to JD15,421 for the year 2022 (JD 7,144 for the year 2021).

(58) Standards issued but not yet effective

Financial Accounting Standard 1 - Amended 2021 (Public Presentation and Disclosure in Financial Statements)

This Standard defines and improves the comprehensive presentation and disclosure requirements stipulated in line with international best practices and replaces the accounting standard Finance No.1.

The standard applies to all Islamic financial institutions and other institutions that follow the financial accounting standards 2021 issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). Financial Accounting Standard No. 1 - Amended 2022 is aligned with the amendments to the "Conceptual Framework for Financial Reporting of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)" (Amendment 2020) (Conceptual Framework). Amended Financial Accounting Standard No. 1 – 2021 will help prepare clear, transparent, and understandable financial statements, and in turn, will help users of financial statements to make better economic decisions.

Financial Accounting Standard No. 39 "Financial Reporting on Zakat

This standard improves and replaces the previously issued Financial Accounting Standard 9 "Zakat". This standard aims to specify the accounting treatment of Zakat in the records of Islamic financial institutions, including presentation and disclosure in their financial statements.

The standard describes the applicable financial reporting principles based on the obligation of Islamic financial institutions to pay zakat. Additionally, if an Islamic financial institution is not required by law or its founding charter to pay zakat, it must still determine and disclose the amount of zakat due for the benefit of the various stakeholders.

This standard will be applied as of 1 January 2023, with early application permitted

Financial Accounting Standard No. 40 "Financial Reporting for Islamic Finance Windows

This standard improves and replaces FAS 18 "Islamic financial services provided by conventional financial institutions" and specifies financial reporting requirements applicable to conventional financial institutions that provide Islamic financial services.

This standard requires traditional financial institutions that provide Islamic financial services through Islamic financing windows to prepare and submit financial statements for Islamic financing windows aligned with the requirements of this standard and other financial accounting standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). This standard provides principles of financial reporting including presentation and disclosure requirements applicable to Islamic finance windows.

This standard will be applied as of 1 January 2024, on the financial statements of Islamic financing windows for conventional financial institutions, allowing the early application, taking into account the simultaneous application of Financial Accounting Standard No. 1 "Public Presentation and Disclosure in Financial Statements".