BANK AL ETIHAD
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN

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

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

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Independent Auditor's Report

AM/009498

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

Report on the Audit of the Consolidated Financial Statements

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Bank Al Etihad as of December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards) (IFRSs) as adopted by the Central Bank of Jordan.

Basis for Opinion

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

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Key Audit Matters

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

Key Audit Matters	How our audit addressed the key audit matter
1. Allowance for Credit Losses on Credit Facilities As described in note 9 to the consolidated financial statements, the Bank had direct credit facilities of JD 4,2 billion as at 31 December 2023 representing 57% of total assets. The total allowance for expected credit losses relating to these facilities were JD 194 million. The determination of the Banks's expected credit losses for credit facilities is a material and complex estimate requiring significant management judgement in the evaluation of the credit quality and the estimation of inherent losses in the portfolio. The financial statement risk arises from several aspects requiring substantial judgement of management, such as the estimation of probabilities of default and loss given defaults for various stages, the determination of significant increase in credit risk (SICR) and credit-impairment status (default), the use of different modelling techniques and consideration of manual adjustments. In calculating expected credit losses, the bank considered credit quality indicators for each loan and portfolio, stratifies loans and advances by risk grade and estimates losses for each loan based upon their nature and risk profile. Post-model adjustments are applied to address risks that are not specifically considered by the ECL models. The basis and calculation of the post-model adjustments require significant auditor judgement, including the consideration of the risk of management override. In calculating expected credit losses, the Bank considered credit quality indicators for each loan and portfolio, stratified credit facilities by risk grades and estimated losses for each facility based upon their nature and risk profile.	We established an audit approach, which includes both testing the design and assessed the operating effectiveness of certain relevant internal controls, over the determination of expected credit losses and risk-based substantive audit procedures. Our procedures over internal controls focused on obtaining an understanding and testing the design and implementation over the process controls around the ECL methodology governance, completeness and accuracy of loan data used in the expected loss models, management review of outcomes, the assignment of borrowers' risk classification, consistency of application of accounting policies and the process for calculating allowances. The primary procedures which we performed to address this key audit matter included, but were not limited to, the following: • For a risk-based sample of individual loans, we performed a detailed credit review, assessed the appropriateness of information for evaluating the 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. We assessed the consistency of the bank's application of its impairment allowances and governance controls, including assessing key management and committee meetings that form part of the approval process for loan impairment allowances. • For loans not tested individually, with the assistance of our subject matter experts, we assessed the methodology used to determine the expected credit losses, tested the inputs by agreeing these to supporting documentation, and reperformed the mathematical accuracy of the expected credit loss model. We also challenged key assumptions, evaluated the calculation methodology and traced a sample back to source data;

The Bank's expected credit losses are calculated against credit exposures, according to the requirements of International Financial Reporting Standard 9 Financial Instruments (IFRS 9) as adopted by the Central Bank of Jordan (CBJ). Credit exposures granted directly to the Jordanian Government as well as credit exposures guaranteed by the Jordanian Government are excluded from the determination of the allowance for expected credit losses. 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 recognized together with any additional allowances to be recognized based on management's estimate of expected cash flows related to those credit facilities.

Auditing these complex judgements and assumptions involves especially challenging auditor judgement due to the nature and extent of audit evidence and effort required to address these matters and therefore this item is considered to be a key audit matter.

- We evaluated key assumptions such as thresholds used to determine SICR and forward-looking macroeconomic scenarios 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, and challenged their rationale;
- We assessed the forward-looking information incorporated into the impairment calculations by involving our specialist to challenge the multiple economic scenarios chosen including the related weighting applied and reconciled the macroeconomic indicators with the respective sources used;
- We determined if the amount recorded as the allowance for expected credit losses was determined in accordance with the instructions of the Central Bank of Jordan; and
- We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRSs and CBJ requirements.

Key Audit Matters	How our audit addressed the key audit matter
2. IT systems and controls over financial reporting We identified IT systems and controls over the Bank's financial reporting as an area of focus due to the extensive volume and variety of transactions which are processed daily by the Bank and rely on the effective operation of automated and IT dependent manual controls. There is a risk that automated accounting procedures and related internal controls are not accurately designed and operating effectively. In particular, the incorporated relevant controls are essential to limit the potential for fraud and error as a result of change to an application or underlying data.	Our audit approach relies on automated controls and therefore the following procedures were designed to test access and control over IT systems: We obtained an understanding of the applications relevant to financial reporting and the infrastructure supporting these applications. We tested IT general controls relevant to automated controls and computer-generated information covering access security, program changes, data center and network operations. We examined computer generated information used in financial reports from relevant applications and key controls over their report logics. We performed testing on the key automated controls on significant IT systems relevant to business processes.

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.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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- 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 ("The Bank and its subsidiaries and foreign branches") 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards procedures.

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

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

Deloitte & Touche

Amman – Jordan
February 28, 2024

Deloitte & Touche (M.E) - Jordan

Deloitte & Touche (M.E.)
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BANK AL ETIHAD

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		December 31,	
	Note	**2023**	**2022**
Assets:		**JD**	**JD**
Cash and balances at the Central Banks	5	736,205,982	761,806,411
Balances at banks and financial institutions - net	6	371,943,707	207,342,608
Deposits at banks and financial institutions - net	7	14,082,419	14,013,824
Financial assets at fair value through statement of profit or loss	8	26,229,319	18,423,896
Direct credit facilities and financing - net	9	4,244,911,424	3,991,118,781
Financial assets at fair value through other comprehensive income	10	66,658,121	61,301,069
Financial assets at amortized cost - net	11	1,633,814,826	1,325,766,644
Investments in associates	12	349,622	345,954
Property and equipment - net	13	76,211,079	68,516,377
Deferred tax assets	21/b	37,416,374	32,820,280
Right of use assets - net	44	30,438,070	29,461,656
Intangible assets - net	14	28,532,909	26,893,693
Other assets - net	15	153,225,585	153,079,760
TOTAL ASSETS		**7,420,019,437**	**6,690,890,953**
LIABILITIES AND OWNERS' EQUITY:			
LIABILITIES:			
Banks' and financial institutions' deposits	16	311,250,220	337,850,140
Customers' deposits	17	5,651,353,018	5,186,344,444
Cash margins	18	329,660,434	257,368,027
Borrowed funds	19/a	190,406,392	141,707,946
Subordinated loans	19/b	60,295,000	46,115,000
Sundry provisions	20	525,787	631,897
Leasing liabilities	44	31,098,416	29,680,581
Income tax provision	21/a	30,872,484	28,930,915
Deferred tax liability	21/b	20,282	844,854
Other liabilities	22	150,936,220	101,380,499
TOTAL LIABILITIES		**6,756,418,253**	**6,130,854,303**
OWNERS' EQUITY:			
BANK'S SHAREHOLDERS' EQUITY:			
Authorized and paid-up capital	23	200,000,000	160,000,000
Share premium	23	68,213,173	80,213,173
Statutory reserve	25	85,321,596	76,227,974
Voluntary reserve	25	57,172,423	51,192,173
Fair value reserve - net	27	2,693,754	6,482,816
Retained earnings	28	65,411,367	78,930,524
TOTAL BANK'S SHAREHOLDERS' EQUITY		**478,812,313**	**453,046,660**
Non-controlling interests		113,888,871	106,989,990
Perpetual bonds	24	70,900,000	-
TOTAL OWNERS' EQUITY		**663,601,184**	**560,036,650**
TOTAL LIABILITIES AND OWNERS' EQUITY		**7,420,019,437**	**6,690,890,953**

THE ACCOMPANYING NOTES FROM (1) TO (52) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE AUDIT REPORT.

BANK AL ETIHAD

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the Year Ended December 31,	
	Note	**2023**	**2022**
		JD	**JD**
Interest income and returns	31	430,386,583	315,768,650
Interest and debit expenses	32	217,487,350	135,119,493
Net Interest Income and Returns		**212,899,233**	**180,649,157**
Net commission income	33	32,347,286	33,768,587
Net interest, returns and commission income		**245,246,519**	**214,417,744**
Gain from foreign currencies	34	13,776,586	11,440,002
Gain (loss) from financial assets at fair value through statement of profit or loss	35	1,915,615	(1,484,919)
(Loss) from financial assets at amortized costs	11	(2,125)	(45,933)
Dividends from financial assets at fair value through other comprehensive income	10 & 36	1,162,153	690,867
Other income	37	1,401,394	1,998,383
Total Income		**263,500,142**	**227,016,144**
Employees' expenses	38	62,943,873	57,467,355
Depreciation and amortization	13 & 14	15,059,445	15,563,353
Other expenses	39	46,966,839	40,802,634
Right-of-use assets depreciation	44	4,575,570	4,187,342
Rent expense	44	810,851	558,065
Financing costs	44	1,240,261	1,171,165
Provision for expected credit loss	29	41,920,695	34,237,331
(Surplus) Provision for impairment of seized assets	15	(581,164)	895,181
Sundry provisions	20	170,171	407,782
Total Expenses		**173,106,541**	**155,290,208**
Profit from operations		**90,393,601**	**71,725,936**
Bank's share from associates profits - net	12	3,668	8,496
Profit for the year before tax		**90,397,269**	**71,734,432**
Income tax	21/a	(32,659,994)	(27,934,009)
Profit for the Year		**57,737,275**	**43,800,423**
Attributable to:			
Bank's Shareholders		47,137,256	34,327,652
Non-Controlling Interests		10,600,019	9,472,771
		57,737,275	**43,800,423**
		JD/ FILS	**JD/ FILS**
Basic and diluted earnings per share for the year attributable to the Bank's Shareholders	40	**0.236**	**0.172**

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BANK AL ETIHAD

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the Year Ended December 31,	
	2023	**2022**
	JD	**JD**
Profit for the Year	57,737,275	43,800,423
Comprehensive income items		
Items that will not be reclassifiable to the consolidated statement profit or loss in the subsequent period		
Net change in fair value reserve after tax	(3,391,569)	6,766,050
Total Comprehensive Income for the Year	**54,345,706**	**50,566,473**
Comprehensive income Attributable to:		
Bank's Shareholders	43,748,909	41,084,617
Non-Controlling Interests	10,596,797	9,481,856
	54,345,706	**50,566,473**

THE ACCOMPANYING NOTES FROM (1) TO (52) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE AUDIT REPORT.

BANK AL ETIHAD

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

				Reserves							
	Notes	Authorized paid-up Capital	Share Premium	Statutory	Voluntary	Fair Value	Retained Earnings *	Total Shareholder's Equity	Perpetual Bonds	Non-Controlling Interests	Total Owners' Equity
For the Year Ended December 31, 2023		JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Beginning balance for the year		160,000,000	80,213,173	76,227,974	51,192,173	6,482,816	78,930,524	453,046,660	-	106,989,990	560,036,650
Total comprehensive income for the year		-	-	-	-	(3,388,347)	47,137,256	43,748,909	-	10,596,797	54,345,706
Transferred to reserve		-	-	9,093,622	5,980,250	-	(15,073,872)	-	-	-	-
Dividends distributed		-	-	-	-	-	(16,000,000)	(16,000,000)	-	-	(16,000,000)
Increase in the capital		40,000,000	(12,000,000)	-	-	-	(28,000,000)	-	-	-	-
Net change in non-controlling interests as a result of the increase in shares of a subsidiary	2	-	-	-	-	-	(435,765)	(435,765)	-	(3,697,916)	(4,133,681)
Realized gain from sale financial assets at fair value through other comprehensive income	10	-	-	-	-	(400,715)	400,715	-	-	-	-
Capital increase fees		-	-	-	-	-	(250,150)	(250,150)	-	-	(250,150)
Perpetual bonds and their related expenses after excluding the tax effect		-	-	-	-	-	(363,234)	(363,234)	70,900,000	-	70,536,766
Perpetual bond interest after excluding the tax effect		-	-	-	-	-	(934,107)	(934,107)	-	-	(934,107)
Ending Balance for the Year		**200,000,000**	**68,213,173**	**85,321,596**	**57,172,423**	**2,693,754**	**65,411,367**	**478,812,313**	**70,900,000**	**113,888,871**	**663,601,184**
For the Year Ended December 31, 2022											
Beginning balance for the year		160,000,000	80,213,173	68,169,340	46,167,117	1,741,270	71,721,054	428,011,954	-	101,455,563	529,467,517
Total comprehensive income for the year		-	-	-	-	6,756,965	34,327,652	41,084,617	-	9,481,856	50,566,473
Transferred to reserve		-	-	8,058,634	5,025,056	-	(13,083,690)	-	-	-	-
Dividends distributed		-	-	-	-	-	(16,000,000)	(16,000,000)	-	(3,583,201)	(19,583,201)
Net change in non-controlling interests as a result of the increase in shares of a subsidiary	2	-	-	-	-	-	(49,911)	(49,911)	-	(364,228)	(414,139)
(Loss) realized from sale financial assets at fair value through other comprehensive income	10	-	-	-	-	(2,015,419)	2,015,419	-	-	-	-
Ending Balance for the Year		**160,000,000**	**80,213,173**	**76,227,974**	**51,192,173**	**6,482,816**	**78,930,524**	**453,046,660**	**-**	**106,989,990**	**560,036,650**

* A restricted balance from the retained earnings which amounted to JD 37,180,506 as of December 31, 2023 (JD 32,820,280 as of December 31, 2022), represents deferred tax asset after deducting deferred tax liability and according to the Central Bank of Jordan, these amounts cannot be used unless a prior approval is obtained.

* Retained earnings balance includes an amount of JD 2,174,784 which represents unrealized gain from revaluation of financial assets at fair value through profit or loss.

- It is forbidden to use the excess from the general banking risk reserve balance of JD 108,397 transferred to retained earnings as of December 31, 2023 and 2022 that belongs to Safwa Islamic Bank without the Central Bank of Jordan's prior approval.

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AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF CASH FLOWS

		For the Year Ended December 31,	
	Note	**2023**	**2022**
Operating Activities		**JD**	**JD**
Profit before tax		90,397,269	71,734,432
Adjustments for non-cash items			
Depreciation and amortization	13 & 14	15,059,445	15,563,353
Provision for expected credit loss	29	41,920,695	34,237,331
Right-of-use assets depreciation	44	4,575,570	4,187,342
Interest on lease liabilities	44	1,240,261	1,171,165
Gain from the derecognition of right-of-use assets	44	(4,566)	-
Loss from sale of financial assets at amortized cost	11	2,125	45,933
(Surplus) provision for impairment on seized assets	15	(581,164)	895,181
Unrealized (gains) loss from financial assets	35	(1,031,495)	1,466,882
Loss from sale of property and equipment	39	32,116	115,477
Loss (gain) from the valuation of convertable loans		23,276	(262)
Sundry provisions - net	20	170,171	407,782
Bank's share (gain) from associate company	12	(3,668)	(8,496)
Loss (gain) from sale of seized assets	37 & 39	11,489	(898,236)
Effect of exchange rate fluctuations on cash and cash equivalents	34	(4,238,001)	(1,521,470)
Profit before changes in assets and liabilities		**147,573,523**	**127,396,414**
Changes in Assets and Liabilities			
(Increase) in restricted cash balances		(5,735,244)	(2,243,232)
(Increase) in financial assets at fair value through of profit or loss		(6,773,928)	(1,594,412)
(Increase) in banks and financial institutions' deposits with maturity exceeding 3 months		(69,003)	(5,248,639)
Increase (decrease) in deposits at banks and financial institutions with maturity exceeding 3 months		7,495,474	(11,585,474)
(Increase) in direct credit facilities and financing		(296,082,279)	(675,077,583)
Decrease (increase) in other assets		400,574	(37,433,232)
Increase in customers' deposits		465,008,574	275,970,342
Increase in cash margins		72,292,407	12,540,241
Increase in other liabilities		49,668,401	21,190,378
Net Cash Flows from (used in) Operating Activities Before Tax and Provisions settlements		**433,778,499**	**(296,085,198)**
Income tax paid	21/a	(35,092,191)	(26,590,128)
Sundry provisions paid	20	(276,281)	(634,788)
Net Cash Flows from (used in) Operating Activities		**398,410,027**	**(323,310,114)**
Investing Activities			
(Purchase) of financial assets at fair value through other comprehensive income		(9,795,521)	(9,110,181)
Matured financial assets at amortized cost	11	398,947,836	275,613,794
(Purchase) of financial assets at amortized cost	11	(706,960,536)	(502,351,600)
(Purchase) of property and equipment and payments for purchase of property and equipment	13	(15,987,004)	(10,996,926)
Proceeds from sale of property and equipment	13	98,232	188,870
(Increase) in intangible assets	14	(8,536,707)	(6,404,113)
Cash dividends collected from an associate company	12	-	6,250
Net Cash flows (used in) Investing Activities		**(342,233,700)**	**(253,053,906)**
Financing Activities			
Dividends distributed to shareholders		(15,993,410)	(19,682,947)
Increase in borrowed funds	19/a	48,698,446	33,141,415
Increase in subordinated loans	19/b	14,180,000	24,815,000
Capital increase fees		(250,150)	-
Perpetual bonds and their related expenses after excluding the tax effect		(363,234)	-
Perpetual bond interest after excluding the tax effect		(934,107)	-
Issuance of Perpetual bonds	24	70,900,000	-
Payments of principal lease liability	44	(5,032,119)	(4,588,409)
Repayment of part of lease liability interest	44	(337,725)	(361,996)
Net change in non-controlling interests as a result of the increase in the ownership of a subsidiary		(4,133,681)	(414,139)
Net Cash Flows from Financing Activities		**106,734,020**	**32,908,924**
Net increase (decrease) in cash and cash equivalent		**162,910,347**	**(543,455,096)**
Effect of the change in exchange rates on cash and cash equivalents	34	4,238,001	1,521,470
Cash and cash equivalents - Beginning of the year		663,792,609	1,205,726,235
Cash and Cash Equivalents - End of the Year	41	**830,940,957**	**663,792,609**
Non cash items:			
(Increase) in right of use assets		(6,097,366)	(6,316,819)
Increase in leasing liabilities		6,097,366	6,316,819

THE ACCOMPANYING NOTES FROM (1) TO (52) CONSTITUTE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS AND SHOULD BE READ WITH THEM AND WITH THE AUDIT REPORT.

BANK AL ETIHAD
(A PUBLIC SHAREHOLDING LIMITED COMPANY)
AMMAN - THE HASHEMITE KINGDOM OF JORDAN
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS

1. General Information

- Bank Al Etihad is a public shareholding company incorporated in Jordan during 1978, in accordance with the Companies Law No (12) of (1964). Its main branch is located in Amman, and the Company was transformed into a bank during the year 1991.

- The Bank provides all of its financial and banking services through its main branch located in Amman and through its Fifty-nine branches and its subsidiaries in Jordan, and the number of Safwa Bank branches inside the Kingdom reached forty-two branches and its subsidiary.

- The Bank's shares are listed and traded on Amman Stock Exchange - Jordan.

- The consolidated financial statements were approved by the audit committee on February 14, 2024, as authorized by the Board of Directors and are subject to approval by the General Assembly of Shareholders and the central Bank of Jordan.

2. Summary Of Significant Accounting Policies

Basis of Preparation of the Consolidated Financial Statement

- The accompanying consolidated financial statement of the Bank and its subsidiaries have been prepared in accordance with the standards issued by the International Accounting Standards Board, and interpretations of the International Financial Reporting Interpertation Committee arising from the International Accounting Standrads Board, as adopted by Central Bank of Jordan.

  The main differences between IFRSs as they should be applied and what has been adopted by the Central Bank of Jordan are as follows:

a. Expected credit losses allowances are calculated in accordance with the Central Bank of Jordan (CBJ) instructions international financial reporting standard No. 9 and in accordance with the central bank of jordan instructions whichever is more strict, the main significant differences are as follows:

   - Debt instruments issued or guaranteed by the Jordanian government are excluded, so that credit exposures issued or guaranteed by the Jordanian government are treated with no credit losses.
   - When calculating credit losses against credit exposures, the results of the calculation are compared in accordance with IFRS no. (9) with the instructions of the Central Bank of Jordan no. (47/2009) dated December 10,2009 for each stage separately and considering the extreme outcome.
   - In some special cases, the Central Bank of Jordan agrees to special arrangements for calculating and recording an allowance for expected credit losses for clients of direct credit facilities over a specified period.
   - Facilities related to government project extracts (transfer of government dues) are excluded from the classification when calculating allocations.

b. Interest and commissions on non-performing credit facilities granted to clients are suspended, in accordance with the instructions of the Central Bank of Jordan.

c. Assets seized by the Bank in fulfillment of debts are shown in the consolidated statement of financial position, among other assets, at their current value when seized by the Bank or at their fair value, whichever is lower. Furthermore, they are reassessed on the date of the Interim consolidated financial statements separately, and any decrease in value is recorded in the consolidated statement of profit or loss while any increase in value is not recorded as revenue. In addition, any subsequent increase is taken to the statement of profit or loss to the extent of not exceeding the previously recorded value. A gradual provision has been taken according to the Central Bank of Jordan's Circular No. 10/3/13246 dated September 2, 2021, (5%) annually of the total book values of that real estate starting from the year 2022, so that the required percentage of (50%) of that real estate is reached, by the end of 2030, . In accordance to the instructions of the Central Bank of Jordan no.10/3/16234 dated October 10,2022, no further calculation for a gradual provision is recorded against real estate that is seized by the bank against debts provided keeping the balance of provisions for seized real estate which violate banks instructions, the provisions should be released against seized real estates that have been disposed.

- The consolidated financial statements are prepared under the historical cost convention, except for financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial derivatives stated at fair value as of the date of the consolidated financial statements. Furthermore, hedged financial assets and financial liabilities are stated at fair value.

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

- The accounting policies adopted in preparing the consolidated financial statements are consistent with those applied in the year ended December 31, 2022, except for the effect of what is stated in Note 3 – (a) and (b):

<u>Basis of Consolidation</u>

- The accompanying consolidated financial statements include the financial statements of the Bank and the subsidiaries under its control. Moreover, control is achieved when the Bank has the ability to control the investee company, the company is exposed to variable returns or has rights to participate in the investee company, and the Bank is able to use its authority over the investee company and affects its revenue.

- Transactions, balances, revenue and expenses are eliminated between the Bank and its subsidiaries.

- The financial statements of the subsidiaries are prepared for the same financial year using the same accounting policies adopted by the Bank. If the accounting policies adopted by a subsidiary are different from those used by the Bank, the necessary adjustments to the financial statements of the subsidiary are made to comply with the accounting policies followed by the Bank.

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

- Non-controlling interests represent that part of equity that is not owned by the Bank. Non-controlling interests in the net assets of the subsidiary are presented separately in the Bank's consolidated statement of changes in owner's equity.

The Bank owns the following subsidiaries:

		December 31, 2023					For the year ended December 31, 2023			
Company's Name	Ownership of the Bank	Paid-up Capital	Investment amount	Nature of Operation	Established year	Location	Total Assets	Total Liabilities	Total Revenues	Total Expenses
	%	JD	JD				JD	JD	JD	JD
Al-Etihad for Financial Brokerage Company L.L.C.	100	5,000,000	5,000,000	Financial Brokerage	2006	Jordan	11,115,265	861,025	814,954	(346,317)
Al-Etihad for Financial Leasing Company L.L.C	100	12,000,000	12,000,000	Finance leasing	2015	Jordan	57,907,582	41,059,419	5,230,751	(3,676,307)
Al-Etihad Islamic Investment Company L.L.C*	58	113,039,028	65,562,636	Acquisition of bonds and shares in companies and borrowing the necessary funds from banks	2016	Jordan	114,576,198	34,116	-	(7,820)
Al-Etihad for Financial Technology Company	100	100,000	100,000	Manufacturing, programming, development and supplying of programs	2019	Jordan	446,522	716,432	616,524	(859,003)
Bank al Etihad – Iraq Branch	100	35,450,000	35,450,000	Commercial bank	2023	Iraq	36,219,163	1,044,051	-	(274,888)
TOTAL		**165,589,028**	**118,112,636**							

The Bank owns the following subsidiaries as of December 31, 2022:

		December 31, 2022					For the year ended December 31, 2022			
Company's Name	**Ownership of the Bank**	**Paid-up Capital**	**Investment amount**	**Nature of Operation**	**Established year**	**Location**	**Total Assets**	**Total Liabilities**	**Total Revenues**	**Total Expenses**
	%	JD	JD				JD	JD	JD	JD
Al-Etihad for Financial Brokerage Company L.L.C.	100	5,000,000	5,000,000	Financial Brokerage	2006	Jordan	10,689,988	904,385	804,347	(385,498)
Al-Etihad for Financial Leasing Company L.L.C	100	12,000,000	12,000,000	Finance leasing	2015	Jordan	46,654,874	31,361,155	3,177,359	(2,106,604)
Al-Etihad Islamic Investment Company L.L.C*	58	113,039,028	65,562,636	Acquisition of bonds and shares in companies and borrowing the necessary funds from banks	2016	Jordan	114,583,584	33,732	3,742,215	(10,359)
Al-Etihad for Financial Technology Company	100	100,000	100,000	Manufacturing, programing, development and supplying of programs	2019	Jordan	552,686	580,117	2,544,882	(2,658,214)
TOTAL		**130,139,028**	**82,662,636**							

* Al-Etihad Islamic Investment Company owned a percantage of 62.4% in Safwa Islamic Bank where the total asset amounted to JD 2,928,983,476, total liability amounted to JD 543,517,108, total revenue amounted to JD 60,638,287 and total expenses amounted to JD 32,314,406.

- Al-Etihad Bank owns shares in Safwa Islamic Bank directly, amounting to around 3.67% of the total shares of Safwa Islamic Bank.

Control is achieved when the Bank:

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

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

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

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

When it loses control of a subsidiary, the Bank performs the following;

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the book value of any non-controlling interests.
- Derecognizes transfer differences restricted in Owners' Equity.
- Derecognizes the fair value to the next controlling party.
- Derecognizes the fair value of any investment retained.
- Derecognizes any gain or loss in the profit or loss statement.
- Reclassifies owners' equity already booked in other comprehensive income to the consolidated profit or loss statement or retained earnings as appropriate.

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

The non-controlling interests represent the portion not owned by the Bank relating to ownership of the subsidiaries.

Segment Information

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

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

Net Interest Income

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

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

The interest income/ interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortized cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortized cost of financial liabilities. For credit-impaired financial assets, interest income is calculated by applying the EIR to the amortized cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)). For financial assets purchased or originated credit-impaired (POCI), EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

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

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

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

Part of the contracts with clients that result from the recognition of financial instruments could be related to IFRS (9) or (15). In this case, IFRS 9-related part of the commission is recognized, and the remaining part is recognized according to IFRS (15).

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

<u>Net Income from Other Financial Instruments at Fair Value through the Statement of Profit or Loss:</u>
Net income from other financial instruments at fair value through the statement of profit or loss includes all gains and losses from changes in the fair value of financial assets and financial liabilities at fair value through the statement of profit or loss except those that are held for trading. The Bank has elected to present the full fair value movement of assets and liabilities at fair value through the statement of profit or loss in this line, including the related interest income, expense, and dividends.

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

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

The presentation of dividend income in the consolidated statement of profit or loss depends on the classification and measurement of the equity investment, i.e.:

- For equity instruments which are held for trading, dividend income is presented as gain of financial assets at fair value through the statement of profit or loss, in the consolidated statement of profit or loss;
- For equity instruments designated at fair value through other comprehensive income, dividend income is presented in the statement of profit or loss as dividends revenue from financial assets at fair value through other comprehensive income; and
- For equity instruments not designated at fair value through other comprehensive income and not held for trading, dividend income is presented as net income from other instruments at fair value through the consolidated statement of profit or loss.

Financial Instruments
Initial recognition and measurement:
Financial assets and financial liabilities are recognized in the Bank's consolidated statement of financial position when the Bank becomes a party to the contractual provisions of the instrument.

Recognized financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through the statement of income) are added to or deducted from the fair value of the financial assets or financial liabilities on initial recognition, as appropriate. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through the statement of profit or loss are recognized immediately in the statement of profit or loss.

If the transaction price differs from the fair value at initial recognition, the Bank will account for such difference as follows:

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

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

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

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

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

Specifically:

- Debt instruments held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortized cost.
- Debt instruments held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income;

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

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

- The Bank may irrevocably select to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS (3) applies, in other comprehensive income.
- The Bank may irrevocably designate a debt instrument that meets the amortized cost or fair value through other comprehensive income criteria as measured at fair value through the statement of profit or loss if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

Debt Instruments at Amortized Cost or at Fair Value Through Other Comprehensive Income

The Bank assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Bank's business model for managing the asset.

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

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

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

Assessment of Business Models

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

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

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

- The stated policies and objectives of the portfolio and application of those policies concerning if the management strategy focuses on obtaining contractual revenues, maintaining a specific profit rate, and matching the maturity period of financial assets with that of the financial liabilities that finance those assets.
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- How the business managers are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

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

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

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

Financial Assets at Fair Value through Profit or Loss
Financial assets at fair value through profit or loss are:

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

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

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

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

- For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in the consolidated statement of profit or loss.
- For debt instruments measured at fair value through other comprehensive income that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in the statement of income. Other exchange differences are recognized in other comprehensive income in the investment's revaluation reserve.
- For financial assets measured at fair value through profit or loss that are not part of a designated hedge accounting relationship, exchange differences are recognized in the statement of profit or loss either in 'net trading income', if the asset is held for trading, or in 'net income from other financial instruments at fair value through the statement of profit or loss if otherwise held at fair value through the statement of profit or loss.
- For equity instruments measured at fair value through other comprehensive income, exchange differences are recognized in other comprehensive income in the investments revaluation reserve.

Fair Value Option

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

- If the selection leads to a significant cancellation or reduction of the accounting mismatch;

- If the financial liabilities are part of a portfolio managed on a fair value basis, in accordance with a documented risk management or investment strategy; or

- If a derivative is included in the underlying financial or non-financial contract and the derivative is not closely related to the underlying contract.

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

Impairment

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

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

No impairment loss is recognized on equity investments.

With the exception of purchased or originated credit-impaired (POCI) financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

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

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

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

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

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

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

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

When calculating the credit losses against credit exposures, the calculation results according to IFRS 9 are compared with those according to the Central Bank of Jordan Instructions No. (2009/47) dated December 10, 2009 for each stage individually, and the tougher results are taken. The credit instruments issued / guaranteed by the Jordanian Government, in addition to any other credit exposures with / guaranteed by the Jordanian government are excluded from the calculation.

Credit-impaired Financial Assets

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

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

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

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

Purchased or Originated Credit-impaired (POCI) Financial Assets

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

Definition of Default

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

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

- The borrower is past due for more than 90 days on any material credit obligation to the Bank; or
- The borrower is unlikely to pay its credit obligations to the Bank in full.

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

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

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

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

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

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

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

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

The PDs used are forward looking, and the Bank uses the same methodologies and data used to measure the loss allowance for ECL.

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

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

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

Modification and Derecognition of Financial Assets

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

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

When a financial asset is modified, the Bank assesses whether this modification results in derecognition. In accordance with the Bank's policy, a modification results in derecognition when it gives rise to substantially different terms.

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

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

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

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

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

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

The Bank derecognizes a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognizes its retained interest in the asset and an associated liability for the amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognize the financial asset and recognizes a collateralized borrowing for the proceeds received.
On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss, with the exception of equity investment designated as measured at fair value through other comprehensive income, where the cumulative gain/loss previously recognized in other comprehensive income is not subsequently reclassified to profit or loss.

Write-off
Financial assets are written off when there is no reasonable expectation of recovery, eg the customer has not entered into a payment plan with the bank. The bank classifies the funds or amounts due to be written off after exhausting all possible payment methods. But if the financing or the receivable is written off, the bank continues with the enforcement activity to try to recover the outstanding receivable, which is recognized in the consolidated statement of profit or loss when redeemed.

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

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

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

Equity Instruments

Paid-up Capital

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

Treasury Shares

Repurchase of the Bank's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in the consolidated statement of profit or loss when purchasing, selling, issuing, or cancelling the Bank's own equity instruments.

Compound instruments

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

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

Perpetual bonds

The aforementioned bonds are subordinated, unsecured and are classified as equity items in accordance with International Accounting Standard 32: Financial instruments – presentation. Interest payments related to these bonds may be canceled (wholly or partially) based on the Group's discretion. Interest is noncumulative. Whereas, any cancellation will not be considered as a late payment. Interest payments are treated as a reduction of equity and are shown among other changes in equity. These bonds do not have a maturity date and can be called (wholly or partially) at the nominal value based on the Group's discretion on the call date and on each
interest payment date thereafter.

Issuance costs are deducted as expenses, and these bonds are shown at the value on the day of issuance with no amendments recognized until called (wholly or partially) where the value is reduced by the amounts paid

Financial Liabilities

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

Perpetual bonds

The aforementioned bonds are subordinated, unsecured and are classified as equity items in accordance with International Accounting Standard 32: Financial instruments - presentation. Interest payments related to these bonds may be canceled (wholly or partially) based on the Group's discretion. Interest is noncumulative. Whereas, any cancellation will not be considered as a late payment. Interest payments are treated as a reduction of equity and are shown among other changes in equity. These bonds do not have a maturity date and can be called (wholly or partially) at the nominal value based on the Group's discretion on the call date and on each interest payment date thereafter.

Issuance costs are deducted as expenses, and these bonds are shown at the value on the day of issuance with no amendments recognized until called (wholly or partially) where the value is reduced by the amounts paid.

Financial Liabilities at Fair Value through Profit or Loss

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

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

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at fair value through profit or loss upon initial recognition if:
- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Bank's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IFRS (9) permits the entire hybrid (combined) contract to be designated as at fair value through the statement of profit and loss.

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

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

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

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

<u>Other Financial Liabilities</u>
Other financial liabilities, including deposits and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. For details on EIR, see the "net interest income section" above.
<u>Derecognition of Financial Liabilities</u>
The Bank derecognizes financial liabilities when, and only when, the Bank's obligations are discharged, canceled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the consolidated statement of profit or loss.

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

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

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

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

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

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

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

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at fair value through profit or loss and not arising from a transfer of a financial asset, are subsequently measured at the higher of:
- The amount of the loss allowance determined in accordance with IFRS (9); and
- The amount initially recognized less, where appropriate, cumulative amount of income recognized in accordance with the Bank's revenue recognition policies.

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

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

Commitments to Provide a Loan at a Below-Market Interest Rate

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

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

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

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

Hedge Accounting

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

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

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

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

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

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

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

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

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

Fair Value Hedges

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

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

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

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

Cash Flow Hedges

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

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

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

Hedges of Net Investments in Foreign Operations

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

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

Property and Equipment

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

	%
Buildings	2- 4
Equipment, furniture and fixtures	7- 15
Vehicles	15
Computer	20

- When the recoverable amount of any property and equipment is less than its net book value, the assets are written down to their recoverable amount, and the impairment is charged to the consolidated statement of profit or loss.

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

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

Fair Value

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

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

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

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

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

Provisions

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

Income Tax

- Tax expense comprises accrued and deferred taxes.

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

- Tax is calculated based on tax rates and laws that are applicable in Jordan.

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

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

Offsetting

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

Revenue and Expense Recognition

- Interest income is recorded using the effective interest rate method except for fees and interest on non-performing facilities and financing, on which interest is transferred to the interest in suspense account and not recognized in the consolidated statement of profit or loss.

- Expenses are recognized on an accrual basis.

- Commission income is recognized upon the rendering of services. Dividend income is recognized (when approved by the General Assembly).

Date of Recognition of Financial Assets

Purchase or sale of financial assets is recognized on the trade date, (the date that the Bank commits to purchase or sell the asset).

Financial Derivatives and Hedge Accounting

Derivatives for Trading

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

Repurchase and Resale Agreements

- Assets sold with a simultaneous commitment to repurchase them at a specified future date will continue to be recognized in the Bank's consolidated financial statements due to the Bank's control of these assets and the fact that continuing exposure to the risks and rewards of these assets remains with the Bank and continue to be evaluated in accordance with the applied accounting policies. The proceeds of the sale are recorded under loans and borrowings. The difference between the sale and the repurchase price is recognized as an interest expense over the agreement term using the effective interest rate method.

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

Assets Repossessed by the Bank

Assets seized by the Bank are shown in the consolidated statement of financial position, among other assets, at their current value when seized by the Bank or at their fair value, whichever is lower. Furthermore, they are reassessed on the date of the consolidated financial statements, and any decrease in value is recorded as a loss in the consolidated statement of profit or loss and comprehensive income and the increase in value is not recorded as revenue. In addition, any subsequent increase is taken to the consolidated statement of profit or loss and comprehensive income to the extent that it does not exceed the previously recorded impairment value. A decleartion was issued later for this circulation dated to September 2, 2021 No. 10/3/13246 to postponed the activiation of this cirucaltion for a year, in order to complete the deduction of the required provisions against the assets seized in violation of Article No.(48) of the Banking Law No. 28 for the year 2000 by (5%) of the total book values of these assets as of the year 2022 to reach the required percentage of (50%) of these assets by the end of the year 2030. In accordance to the instructions of the Central Bank of Jordan no.10/3/16234 dated October 10,2022, no further calculation for a gradual provision is recorded against real estate that is seized by the bank against debts provided keeping the balance of provisions for seized real estate which violate banks instructions, the provisions should be released against seized real estates that have been disposed.

Intangible Assets

- Intangible assets are measured on initial recognition at cost.

- Intangible assets are classified as indefinite or with definite useful life. Intangible assets with finite lives are amortized over the useful economic life, and amortization is recorded in the consolidated statement of profit or loss, using the straight-line metthod during a period not exceeding 5 years from the date of the purchase transaction. Meanwhile, intangible assets with indefinite useful lives are assessed for impairment at each reporting date, and impairment losses are recorded in the consolidated statement of profit or loss.

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

- Intangible assets include computer software, programs, Safwa Islamic Bank's license and customers' deposits. The Bank's management estimates the useful life for each intangible asset, where the assets are amortized using the straight- line method from 3 to 7 years. As for Safwa Bank's license, its useful life is indefinite and it is not amortized, rather it is assessed for impairment by the Group's subsidiary.

Impairment of non-financial asset

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

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

- The recoverable amount is the fair value of the asset – less cost of sale – or the value of its use, whichever is greater.

- All impairment losses are recognized in the consolidated statement of profit or loss and other comprehensive income.

- The impairment loss for goodwill is not reversed, for other assets, the impairment loss is reversed only if the value of the carrying amount of the assets does not exceed the book value that was determined after the depreciation or amortization has been reduced if the impairment loss is not recognized in value.

Owership of subsidiaries and Goodwill

- A business combination is registered using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at the acquisition date fair value and the amount of any non-controlling interests in the acquiree.

- For each business combination, the Bank elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses in the consolidated profit or loss statement.

- Goodwill is measured at cost, which represents the excess of the amounts granted in addition to the amount of non-controlling interests over the net fair value of the assets and liabilities owned after deducting the impairment amount.

- When the Bank acquires a business, it reviews the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date.

Investment in Associates

- Associates are those companies in which the Bank exerts an effective influence on their financial and operational policy decisions, and that are not retained for trading. In this regard, investments in associates are stated according to the equity method.

- Investments in affiliates appear in the statement of financial position under the equity method, in addition to the bank's share of changes in the net assets of the affiliate. Goodwill resulting from investing in associate is recorded as part of the associate's investment account and is not amortized. The Bank's share of the associate Profits is recorded in the consolidated statement of profits or loss. In the event of a change in the equity of the associate the changes will be reflected in the Bank's statement of change in owners’ equity . Profits and losses resulting from transactions between the Bank and associates are eliminated to the Bank's share in associate.

Foreign Currencies

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

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

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

- Foreign exchange differences on transactions made in order to hedge foreign exchange risk.

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

In order to present the consolidated financial statements, the assets and liabilities of the Bank's foreign operations are translated at the rates of exchange prevailing at the statement of financial position date. Income is also translated at the average exchange rates for the period, unless exchange rates change significantly during that period, in which case the exchange rates are used on the date of the transactions. Exchange differences arising, if any, are recognized in other consolidated statement of comprehensive income under a separate line item of equity.

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

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

<u>Leases</u>
<u>The Bank as a Lessee</u>
The Bank assesses whether the contract contains lease when starting the contract. Moreover, the Bank recognizes the right-of-use assets and the corresponding lease obligations in relation to all lease arrangements to which the lessee is a party, except for short-term lease contracts (defined as leases of 12 months or less) and low-value asset leases. For these contracts, the Bank recognizes the lease payments as an operating expense on a straight-line basis over the period of the lease, unless another regular basis is more representative of the time pattern in which the economic benefits from the leased assets are utilized.

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, and is discounted by using the price implicit in the lease. If this rate cannot be easily determined, the Bank uses its expected incremental borrowing rate.

The lease payments included in the rental obligation measurement include:

- Fixed rental payments (essentially including fixed payments), minus rental incentives receivable;

- Variable rental payments that depend on an index or a rate, initially measured using the index 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 lessee is reasonably certain of the exercise of the options; and

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

Rental obligations are presented as a separate note to the consolidated statement of financial position.

Subsecuently, lease obligations are subsequently measured by increasing the book value to reflect the interest in the rental obligations (using the effective interest method) and by reducing the book value to reflect the rental payments paid.

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

- The lease term has changed or there is an event or important 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 which cases the lease obligation is re-measured by deducting the modified rental payments using a non-variable discount rate (unless the rental payments change due to a change in the floating interest rate, in this case the adjusted discount rate is used.

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

The Bank has not made any of these adjustments during the periods presented.

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 contract transfers the ownership of the underlying asset or the cost of the right to use, which reflects that the company expects to exercise the purchase option, then the relevant value of the right to use is depreciated over the useful life of the asset. Depreciation begins on the lease commencement date.

The right-of-use assets are presented as a separate note 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, and calculates any impairment losses as described in the policy of "property and equipment".

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. 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 "Other Expenditures" in the statement of profit or loss.

<u>The Bank as a Lessor</u>
The Bank enters into lease contracts as a lessor regarding some investment properties.

Leases in which the Bank is the lessor are classified as operating or finance leases. In the event that the terms of the lease contract transfer all risks and rewards 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 lessor, 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.

Rental income from operating leases is recognized on a straight-line basis over the period of the relevant lease. The primary 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 lessee under finance leases are recognized as receivables with the amount of the company's net investment in the rental contracts. Finance lease income is allocated to the accounting periods to reflect a constant periodic rate of return on the Bank's existing net investment with respect to lease contracts.

When the contract includes leasing 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.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and balances at central bank's and financial institutions that mature within three months, net of banks' and financial institutions' deposits that mature within three months and restricted balances.

3. Adoption of New and Revised Standards

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

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

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

IFRS 17 sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts and replaces IFRS 4 Insurance Contracts.

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

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

Amendments to IAS (1) Presentation of Financial Statements and Statement of Practice for IFRS (2) Relative Judgments - Disclosure of Accounting Policies

The amendments change the requirements of IAS 1 regarding disclosure of accounting policies. The amendments replace the term "significant accounting policy information" with the term "significant accounting policies".

Accounting policy information is important if, when considered together with other information included in an entity's financial statements, it could reasonably be expected to influence decisions taken by the primary users of the general purpose financial statements on the basis of those financial statements.
The supporting paragraphs in IAS No. (1) have also been amended to clarify that accounting policy information relating to immaterial transactions or other events or conditions is immaterial and does not need to be disclosed. Accounting policy information may be material because of the nature of the relevant transactions, other events or circumstances, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is material in itself.

The Standards Board has also developed guidance and examples to explain and demonstrate the application of the "four-step materiality process" described in the IFRS Practice Statement (2).

Amendments to IAS 12 Taxes - Deferred taxes relating to assets and liabilities arising from a single transaction

The amendments provide another exception to the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption to transactions that give rise to equal taxable and deductible temporary differences. Depending on applicable tax law, equal taxable and deductible temporary differences may arise on the initial recognition of an asset and a liability in a transaction that is not a business combination and does not affect accounting profit or taxable profit.

Following the amendments to IAS 12, an entity must recognize the relevant deferred tax assets and liabilities, with the recognition of any deferred tax asset subject to the recoverability criteria contained in IAS No. (12).

Amendments to IAS 12 Income Taxes - International Tax Reform - Pillar Two Model Rules

The International Accounting Standards Board has amended the scope of IAS 12 to clarify that the standard applies to income taxes arising from tax law that has been promulgated or promulgated substantially to implement the rules of the Pillar Two model published by the OECD, including tax law that applies the minimum of the additional eligible local taxes described in those rules.

The amendments provide a temporary exception to the deferred tax accounting requirements in IAS 12, such that an entity does not recognize or disclose information about deferred tax assets and liabilities relating to Pillar 2 income taxes.

Amendments to IAS 8 - Accounting policies, changes in accounting estimates and errors - Definition of accounting estimates

The amendments replace the definition of change in accounting estimates with the definition of accounting estimates. Under the new definition, accounting estimates are "cash amounts in the financial statements that are subject to measurement uncertainty." The definition of change in accounting estimates has been omitted.

b. New and Revised Standards in issue but not yet effective

As at the date of approval of these consolidated financial statements, the Group has not applied the following new and amended IFRSs issued but not yet effective. Management expects to apply these new standards, interpretations and amendments in the Group's consolidated financial statements when they are applicable and to adopt these standards and interpretations. The new amendments may not have any material impact on the group's consolidated financial statements in the period of initial application:

Amendments to International Financial Reporting Standard No. (10) and International Accounting Standard No. (28): Sale or sharing of assets between an investor and its associate or joint venture.

The amendments made to IAS No. (10) and to IFRS No. (28) address situations in which there is a sale or contribution of assets between the investor and its associate or joint venture. The amendments specifically provide that gains or losses arising from a loss of control of a subsidiary that do not involve a business activity in a transaction with an associate or joint venture and that are accounted for using the equity method, It is recognized in the profit or loss of the parent company only to the extent of the shares of unrelated investors in that associate or joint venture. Likewise, gains and losses resulting

from the remeasurement of investments held in any former subsidiary (which becomes an associate or joint venture and is accounted for using the equity method) are recognized in the profit or loss of the former parent only to the extent of the interests of non-investors. Related stakeholders in the new associate or joint venture.

Effective date has not yet been determined. Early application is permitted.

Amendments to International Accounting Standard No. (1) - Presentation of Financial Statements - Classification of liabilities as current or non-current

The amendments made to International Accounting Standard No. (1) only affect the presentation of liabilities in the statement of financial position as current or non-current and not the amount or timing of recognition of any asset, liability, revenue or expense, or the information disclosed about those items.

The amendments clarify that the classification of obligations as current or non-current is based on the rights existing at the end of the reporting period, and specify that the classification is not affected by expectations about whether the entity will exercise its right to postpone the settlement of the obligation. They also clarify that rights are considered existing if the obligations are complied with at the end of the reporting period. It provides a definition of "settlement" to explain that it refers to the transfer of cash, equity instruments, other assets or services to the counterparty.

The amendments apply retrospectively for annual periods beginning on or after January 1, 2024, with early adoption permitted.

Amendments to IAS (1) Presentation of Financial Statements - Non-Current Liabilities with Pledges

The amendments specify that only covenants that an entity is required to comply with at or before the end of the reporting period affect the entity's right to defer settlement of the liability for at least twelve months after the reporting date (and therefore should be taken into account when assessing whether the liability is classified as current or current). Uncirculated). These covenants affect whether the right exists at the end of the financial reporting period, Even if compliance with the covenants is assessed only after the financial reporting date (for example, a covenant based on the entity's financial position at the financial reporting date for which compliance is only assessed after the financial reporting date).

The IASB also specifies that the right to defer settlement of an obligation for at least twelve months after the reporting date is not affected if the entity only has to comply with an obligation after the reporting period. However, if an entity's right to defer settlement of a liability is subject to the entity's compliance with covenants within twelve months after the reporting period, the entity discloses information that enables users of financial statements to understand the risks of obligations becoming due within twelve months after the reporting period.

This may include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of the relevant liabilities and facts and circumstances, if any, that indicate that the entity may encounter difficulties in complying with the covenants.

The amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2024, and early adoption is permitted.

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

The amendments add a disclosure objective to IAS 7 that states that an entity is required to disclose information about its supplier financing arrangements that enables users of financial statements to evaluate the effects of those arrangements on the entity's obligations and cash flows. In addition, IFRS 7 has been amended to add supplier financing arrangements as an example of the requirement to disclose information about an entity's exposure to liquidity risk concentration risks.

The term "supplier financing arrangements" is not defined. Instead, the amendments describe the characteristics of the arrangement for which the entity will be required to provide information.

To achieve the disclosure objective, the entity will be required to disclose in aggregate its supplier financing arrangements:

- Terms and conditions of arrangements
- The carrying amount and associated items presented in the entity's statement of financial position of the liabilities that form part of the arrangements
- The book value and associated items for which suppliers have already received payments from finance providers
- The range of payment due dates for both financial liabilities that form part of supplier financing arrangements and similar trade payables that do not form part of supplier financing arrangements
- Liquidity risk information

Amendments that contain specific transitional exemptions for the first annual reporting period in which the entity applies the amendments apply to annual reporting periods beginning on or after January 1, 2024, and early adoption is permitted.

Amendment to IFRS 16 Leases - Lease Obligations on Sale and Leaseback
The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that meet the requirements of IFRS 15 to be accounted for as a sale. The amendments require the tenant seller to determine "lease payments" or "adjusted lease payments" such that the tenant seller does not recognize gain or loss relating to the right of use held by the tenant seller, after the commencement date.

The amendments do not affect the profit or loss recognized by the tenant seller in connection with the partial or complete termination of the lease. Without these new requirements, the lease seller may have recognized a gain on the right-of-use it retains solely because of a remeasurement of the lease liability (for example, following a lease amendment or change in the lease term) Without applying the general requirements in IFRS 16. This may be particularly the case in the case of a leaseback involving variable lease payments that are not based on an index or rate.

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

The amendments apply to annual reporting periods beginning on or after January 1, 2024, and early adoption is permitted.

IFRS S1 – General requirements for the disclosure of sustainability-related financial information.
The amendments apply to annual reporting periods beginning on or after January 1, 2024, and early adoption is permitted.

IFRS S2 – Climate-related disclosures.
The amendments apply to annual reporting periods beginning on or after January 1, 2024, and early adoption is permitted.

Management expects to apply these new standards, interpretations and amendments to the Group's consolidated financial statements when they are applicable, and the adoption of these new standards, interpretations and amendments may not have any material impact on the Group's consolidated financial statements in the period of initial application.

4. Significant Accounting Judgments and key Sources of Uncertainty Estimates

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

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

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

Impairment of Property Acquired
Impairment in the value of properties acquired is recognized based on recent real estate valuations by qualified independent evaluators for calculating the asset impairment, which is reviewed periodically. 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 gradual provision is calculated for the property according to the Central Bank of Jordan's Circular No. 10/3/13246 dated September 2, 2021 at a rate of (5%) of the total book value of these properties from the year 2022 until the required percentage is reached (50%) of these properties by the end of the year 2030. In accordance with the Central Bank of Jordan Circular No. 10/3/16234 dated October 10, 2022, the calculation of the gradual provision for expropriated real estate for debts was stopped, provided that the allocations for expropriated real estate in violation of the provisions of the Banking Law are maintained, and that only the provision for any of the infringing real estate is released that are discarded.

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

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

Provision for lawsuits
A provision for lawsuits is taken to meet any legal obligations that might arise based on the legal study prepared by the Bank's legal advisor. The study identifies risks that might occur in the future, and is reviewed periodically.

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

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

Provision for expected credit losses
Management is required to use significant judgments and estimates to estimate the amounts and timing of future cash flows and assess the risks of a significant increase in credit risk for financial assets after initial recognition and future measurement information for the expected credit losses. The most important policies and estimates used by the Bank's management are detailed in Note (45).

When calculating the credit losses against credit exposures, the calculation results according to IFRS 9 are compared with those according to the Central Bank of Jordan Instructions No. (2009/47) dated December 10, 2009 for each stage individually, and the tougher results are taken. The credit instruments issued / guaranteed by the Jordanian Government, in addition to any other credit exposures with / guaranteed by the Jordanian government are excluded from the calculation. In accordance with the Central Bank of Jordan Circular No. 10/3/16234 dated October 10, 2022, the calculation of the gradual provision for expropriated real estate for debts was stopped, provided that the allocations for expropriated real estate in violation of the provisions of the Banking Law are maintained, and that only the provision for any of the infringing real estate is released that are discarded.

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

Significant increase in credit risk
The expected credit loss is measured as an allowance equivalent to the expected credit loss of (12) months for the assets of the first stage, or the credit loss over the life of the assets of the second or third stage. The asset moves to the second stage if credit risk increases significantly since initial recognition. IFRS (9) does not specify what constitutes a significant increase in credit risk. In assessing whether the credit risk of any 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 relating to the significant change in credit risk that result in a change in classification within the three stages (1, 2 and 3) are shown in details in Note (45).

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

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

Models and assumptions used
The Bank uses various models and assumptions in measuring the fair value of financial assets as well as in assessing the expected credit loss described in the Note (45) to the consolidated financial statements. The judgment is applied when determining the best models for each type of asset as well as for the assumptions used in those models, which include assumptions regarding the main drivers of credit risk.

a. Classification and measurement of financial assets and liabilities:

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

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

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

b. Fair value measurement:

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

c. Derivative financial instruments:

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

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

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

Lease Extension and Termination Options

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

Determination the Lease Term

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

Key Sources of Uncertainty Estimates

The main 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:

Determining the number and relative 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 engines and how these affect each other.

Probability of default

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

Loss given default

Loss 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.

Discounting rental payments

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

5. Cash and Balances at the Central Banks

	December 31,	
	2023	2022
	JD	JD
Cash in treasury	134,884,779	130,128,294
Balances at central banks:		
Current accounts and demand deposits	171,981,428	90,036,171
Term and notice deposits	172,500,000	303,200,000
Statutory cash reserve	256,839,775	238,441,946
Total balances at the central banks	**601,321,203**	**631,678,117**
Total	**736,205,982**	**761,806,411**

- Except for the statutory cash reserve , there are no restricted balances as of December 31, 2023 and December 31, 2022.

- There are no amounts maturing during a period exceeding three months as of December 31, 2023 and December 31, 2022.

- All balances at the Central Banks are classified within stage 1 based on the requirements of IFRS (9) as adopted by the Central Bank of Jordan . There are also no transfers between Stages (1,2,3) or written-off balances during the year ended December 31, 2023 and December 31, 2022.

- Disclosure on the movements at the Central Banks balances:

	December 31,	
	2023	2022
	JD	JD
Balance - beginning of the year	631,678,117	809,253,935
New balances during the year	272,843,086	311,340,186
Settled balances	(303,200,000)	(488,916,004)
Balance - end of the year	**601,321,203**	**631,678,117**

6. Balances at Banks and Financial Institutions - net

The details of this item are as follows:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	December 31,		December 31,		December 31,	
Description	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	289,028	571,944	176,748,357	115,927,270	177,037,385	116,499,214
Deposits maturing within 3 months or less	30,000,000	13,000,000	164,974,500	78,124,044	194,974,500	91,124,044
Total	**30,289,028**	**13,571,944**	**341,722,857**	**194,051,314**	**372,011,885**	**207,623,258**
Provision for expected credit losses	-	-	(68,178)	(280,650)	(68,178)	(280,650)
Balance at Bank and financial institutions - net	**30,289,028**	**13,571,944**	**341,654,679**	**193,770,664**	**371,943,707**	**207,342,608**

- Non-interest bearing balances at banks and financial institutions amounted to JD 57,400,238 as of December 31, 2023 (JD 41,462,493 as of December 31, 2022).

- Restricted balances at banks and financial institutions amounted to JD 15,526,690 as of December 31, 2023 (JD 9,791,446 as of December 31, 2022).

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

	December 31, 2023			
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance - beginning of the year	207,623,258	-	-	207,623,258
New balances during the year	357,007,710	-	-	357,007,710
Settled balances	(192,619,083)	-	-	(192,619,083)
Balance - End of the Year	**372,011,885**	**-**	**-**	**372,011,885**

	December 31, 2022			
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance - beginning of the year	542,036,819	-	-	542,036,819
New balances during the year	163,721,553	-	-	163,721,553
Settled balances	(498,135,114)	-	-	(498,135,114)
Balance - End of the Year	**207,623,258**	**-**	**-**	**207,623,258**

- The movement on the provision for impairment loss:

	December 31, 2023			
	Stage (1)	Stage (2)	Stage (3)	Total
	JD	JD	JD	JD
Balance – beginning of the year	280,650	-	-	280,650
Impairment on new balances during the year	68,178	-	-	68,178
Recovered from impairment loss on settled balances	(280,650)	-	-	(280,650)
Transferred to stage (1)	-	-	-	-
Transferred to stage (2)	-	-	-	-
Transferred to stage (3)	-	-	-	-
Effect on provision at the end of the year due to the change in the classification between the three stages during the year	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Balance - End of the Year	**68,178**	**-**	**-**	**68,178**

	December 31, 2022			
	Stage (1)	Stage (2)	Stage (3)	Total
	JD	JD	JD	JD
Balance – beginning of the year	560,112	-	-	560,112
Impairment on new balances during the year	280,650	-	-	280,650
Recovered from impairment loss on settled balances	(560,112)	-	-	(560,112)
Transferred to stage (1)	-	-	-	-
Transferred to stage (2)	-	-	-	-
Transferred to stage (3)	-	-	-	-
Effect on provision at the end of the year due to the change in the classification between the three stages during the year	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Balance - End of the Year	**280,650**	**-**	**-**	**280,650**

7. Deposits at Banks and Financial Institutions - net

The details of this item are as follows:

	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	December 31,		December 31,		December 31,	
	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD
Deposits maturing during the period from 3 months to 6 months:	-	-	8,089,578	2,127,000	8,089,578	2,127,000
More than 6 months to 9 months	-	6,000,000	-	2,127,000	-	8,127,000
More than 9 months to 12 months	-	-	-	3,766,575	-	3,766,575
More than a year	6,000,000	-		-	6,000,000	-
Total Balances	**6,000,000**	**6,000,000**	**8,089,578**	**8,020,575**	**14,089,578**	**14,020,575**
Provision for expected credit losses	-	-	(7,159)	(6,751)	(7,159)	(6,751)
Net Deposits at bank and financial institutions	**6,000,000**	**6,000,000**	**8,082,419**	**8,013,824**	**14,082,419**	**14,013,824**

- There are no restricted deposits as of 31 December 2023 and 2022.

- The movement on deposits at banks and financial institutions:

	December 31, 2023			
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance - beginning of the year	14,020,575	-	-	14,020,575
New deposits during the year	14,089,578	-	-	14,089,578
Settled balances during the year	(14,020,575)	-	-	(14,020,575)
Balance - End of the Year	**14,089,578**	**-**	**-**	**14,089,578**

	December 31, 2022			
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total
	JD	JD	JD	JD
Balance - beginning of the year	8,771,936	-	-	8,771,936
New deposits during the year	14,020,575	-	-	14,020,575
Settled balances during the year	(8,771,936)	-	-	(8,771,936)
Balance - End of the Year	**14,020,575**	**-**	**-**	**14,020,575**

- The movement on the provision for impairment loss:

	December 31, 2023			
	Stage (1)	Stage (2)	Stage (3)	Total
	JD	JD	JD	JD
Balance – beginning of the year	6,751	-	-	6,751
Impairment loss on new balances during the year	7,159	-	-	7,159
Recovered from impairment on the settled balances	(6,751)	-	-	(6,751)
Transferred to stage (1)	-	-	-	-
Transferred to stage (2)	-	-	-	-
Transferred to stage (3)	-	-	-	-
Effect on provision at the end of the year due to the change in the classification between the three stages	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Balance – End of the Year	**7,159**	**-**	**-**	**7,159**

	December 31, 2022			
	Stage (1)	Stage (2)	Stage (3)	Total
	JD	JD	JD	JD
Balance – beginning of the year	1,251	-	-	1,251
Impairment loss on new balances during the year	6,751	-	-	6,751
Recovered from impairment on the settled balances	(1,251)	-	-	(1,251)
Transferred to stage (1)	-	-	-	-
Transferred to stage (2)	-	-	-	-
Transferred to stage (3)	-	-	-	-
Effect on provision at the end of the year due to the change in the classification between the three stages	-	-	-	-
Changes resulting from adjustments	-	-	-	-
Balance – End of the Year	**6,751**	**-**	**-**	**6,751**

8. Financial Assets at Fair Value through Profit or Loss

The details of this item are as follows:

	December 31, 2023	December 31, 2022
	JD	JD
Government bonds listed in financial markets	2,795,239	649,405
Corporate bonds listed in financial markets	1,022,642	105,388
Corporate shares listed in financial markets	9,965,008	4,813,576
Investment funds	12,446,430	12,855,527
Total	**26,229,319**	**18,423,896**

9. Direct Credit Facilities and Financing - Net

The details of this item are as follows:

	December 31, 2023	December 31, 2022
	JD	JD
Individuals (retail):		
Overdraft accounts	1,971,029	3,184,269
Loans and bills *	1,078,707,595	942,769,009
Credit cards	46,515,963	32,826,520
Real estate loans	1,116,094,786	1,020,109,367
Large Corporates		
Overdraft accounts	71,128,650	59,792,215
Loans and bills *	1,256,219,953	1,269,222,605
Small and Medium sized entities		
Overdraft accounts	29,898,877	26,032,619
Loans and bills *	256,477,274	226,258,176
Government and public sector	599,833,607	599,215,519
Total	**4,456,847,734**	**4,179,410,299**
Less: Interest and returns in suspense	17,846,427	16,346,736
Less: Provision of expected credit losses	194,089,883	171,944,782
Net Direct Credit Facilities and Financing	**4,244,911,424**	**3,991,118,781**

* Net after deducting interest and commission received in advance of JD 12,077,413 as of December 31, 2023 (JD 9,567,287 as of December 31, 2022).

- Direct credit facilities and financing included in stage (3) amounted to JD 199,435,150 which is represent 4.47% of total direct credit facilities and financing as of December 31, 2023 (JD 153,168,123 which is represent to 3.66% of total direct credit facilities and financing as of December 31, 2022).

- Direct credit facilities and financing included in stage (3) amounted to JD 181,588,723 which is represent 4.09% of total direct credit facilities and financing balance after deducting interest and revenue in suspense as of December 31, 2023 (JD 136,821,387, which is represent 3.29% of total credit facilities and financing balance after deducting interest and revenue in suspense as of December 31, 2022).

- Direct credit facilities and financing granted to and guaranteed by the Jordanian Government amounted to JD 581,623,355 which is represent to 13.05% of total direct credit facilities and financing as of December 31, 2023 (JD 597,310,735 which is represent to 14.29% as of December 31, 2022).

- Financing in accordance with Islamic Share'a which belongs to Safwa Islamic Bank amounted to JD 2,069,832,005 which is represent 46.44% of total direct credit facilities and financing as of December 31, 2023 (JD 1,988,082,241 which is equivalent to 47.57% as of December 31, 2022).

Disclosure of the movement on facilities and financing :

	Individual	Real Estate Loans	Corporations: Large Corporate	Corporations: SME's	Government and Public Sector	Total
For the Year ended December 31, 2023	JD	JD	JD	JD	JD	JD
Total exposures – beginning of the year	978,779,798	1,020,109,367	1,329,014,820	252,290,795	599,215,519	4,179,410,299
New exposures during the year	366,658,186	259,948,665	294,252,775	86,208,940	54,270,916	1,061,339,482
Exposures settled	(108,908,132)	(104,226,561)	(168,101,165)	(38,798,711)	(14,367,980)	(434,402,549)
The total impact on the volume of exposures as a result of changing the classification between stages	(7,771,717)	(4,262,328)	(1,916,188)	(3,024,596)	-	(16,974,829)
Changes resulted from adjustments	(100,016,406)	(55,474,357)	(107,544,368)	(7,665,547)	(39,284,848)	(309,985,526)
Written off or transferred to off statemnts of financial position debts	(1,547,142)	-	(18,357,271)	(2,634,730)	-	(22,539,143)
Total balance at the end of the year	**1,127,194,587**	**1,116,094,786**	**1,327,348,603**	**286,376,151**	**599,833,607**	**4,456,847,734**

	Individual	Real Estate Loans	Corporations: Large Corporate	Corporations: SME's	Government and Public Sector	Total
For the Year ended December 31, 2022	JD	JD	JD	JD	JD	JD
Total exposures – beginning of the year	841,027,872	897,926,656	1,112,870,717	226,516,619	431,243,828	3,509,585,692
New exposures during the year	316,780,780	248,463,020	401,708,269	85,547,179	185,448,254	1,237,947,502
Exposures settled during the year	(106,427,232)	(63,331,521)	(177,939,359)	(40,714,123)	(7,518,897)	(395,931,132)
The total impact on the volume of exposures as a result of changing the classification between stages	(3,648,710)	(5,292,565)	975,370	(2,743,189)	-	(10,709,094)
Changes resulted from adjustments	(68,150,031)	(57,648,570)	(4,719,386)	(12,139,376)	(9,957,666)	(152,615,029)
Written off or transferred to off statemnts of financial position debts	(802,881)	(7,653)	(3,880,791)	(4,176,315)	-	(8,867,640)
Total balance at the end of the year	**978,779,798**	**1,020,109,367**	**1,329,014,820**	**252,290,795**	**599,215,519**	**4,179,410,299**

During the year ended on December 31, 2023, direct credit facilities and financing amounting to JD 22,019,975 were transferred to off-balance items (JD 6,924,913 as on December 31, 2022) and direct credit facilities and financing in the amount of JD 519,168 were written off, in accordance with the decisions of the Board of Directors in this regard (JD 1,942,727 as of December 31, 2022).

The movement on the expected credit loss for credit facilities was as follows:

	Individual	Real Estate Loans	Corporations: Large Corporate	Corporations: SME's	Government and Public Sector	Total
	JD	JD	JD	JD	JD	JD
For the Year ended December 31, 2023						
Balance - beginning of the year	33,601,233	11,614,714	110,154,001	16,574,834	-	171,944,782
Impairment on new credit facilities during the year	5,715,781	1,358,122	8,645,596	2,232,783	-	17,952,282
Recovered from Impairment on settkem credit facilities	(1,814,166)	(1,066,271)	(10,009,539)	(204,559)	-	(13,094,535)
Transferred to stage (1)	78,897	(8,660)	161,972	(148,079)	-	84,130
Transferred to stage (2)	2,982,531	(41,669)	(19,644,919)	136,005	-	(16,568,052)
Transferred to stage (3)	(3,061,428)	50,329	19,482,947	12,074	-	16,483,922
Effect on impairment losses due to changes in the classifications between stages	10,250,482	3,927,164	(275,455)	1,101,285	-	15,003,476
Changes resulted from adjustments	3,643,395	2,055,571	14,505,215	2,224,232	-	22,428,413
Written off or transferred to off statemnts of financial position debts	(1,040,907)	-	(17,025,911)	(2,077,717)	-	(20,144,535)
Balance - End of the Year	**50,355,818**	**17,889,300**	**105,993,907**	**19,850,858**	**-**	**194,089,883**
Redistribution:						
Provision on an Individual basis	41,316,968	17,883,447	105,993,907	19,330,259	-	184,524,581
Provision on a collective basis	9,038,850	5,853	-	520,599	-	9,565,302
	50,355,818	**17,889,300**	**105,993,907**	**19,850,858**	**-**	**194,089,883**
For the Year ended December 31, 2022						
Balance at the beginning of the year	29,479,940	12,703,958	85,512,145	13,844,955	-	141,540,998
Impairment on new Credit facilities during the year	4,753,678	1,720,420	18,462,315	2,767,331	-	27,703,744
Recovered from Impairment on paid credit facilities	(2,728,178)	(1,878,967)	(6,089,828)	(1,377,776)	-	(12,074,749)
Transferred to stage (1)	2,049,575	244,990	(547,367)	62,925	-	1,810,123
Transferred to stage (2)	(740,042)	(517,527)	(345,844)	(1,231,760)	-	(2,835,173)
Transferred to stage (3)	(1,309,533)	272,537	893,211	1,168,835	-	1,025,050
Effect on impairment losses due to changes in the classifications between stages	3,122,664	930,459	7,765,372	4,167,866	-	15,986,361
Changes resulted from adjustments	(588,018)	(1,861,156)	5,341,033	575,915	-	3,467,774
Written off or transferred to off statemnts of financial position debts	(438,853)	-	(837,036)	(3,403,457)	-	(4,679,346)
Balance - End of the Year	**33,601,233**	**11,614,714**	**110,154,001**	**16,574,834**	**-**	**171,944,782**
Redistribution:						
Provision on an Individual basis	31,004,301	11,609,978	110,154,001	16,139,066	-	168,907,346
Provision on a collective basis	2,596,932	4,736	-	435,768	-	3,037,436
	33,601,233	**11,614,714**	**110,154,001**	**16,574,834**	**-**	**171,944,782**

The value of the provisions that were no longer needed as a result of debt settlements and transferred to other debts amounted to JD 13,094,535 as of December 31, 2023 (JD 12,074,749 as of December 31, 2022).

Interest and returns in suspense

The movement on the Interest and returns in suspense was as follows:

			Corporations			
	Individual	**Real estate loans**	**Corporate**	**SMEs**	**Banks and financial institutions**	**Total**
	JD	**JD**	**JD**	**JD**	**JD**	**JD**
For the Year ended December 31, 2023						
Balance - beginning of the year	5,570,164	2,709,063	5,436,609	2,630,900	-	16,346,736
Add: Interest and returns suspended during the year	3,029,724	239,542	1,254,684	1,015,538	-	5,539,488
Less: Interest and returns transferred to revenue	(626,638)	(138,647)	(649,511)	(230,393)	-	(1,645,189)
Written off suspended Interest and returned	(506,235)	-	(1,331,360)	(557,013)	-	(2,394,608)
Balance - End of the Year	**7,467,015**	**2,809,958**	**4,710,422**	**2,859,032**	**-**	**17,846,427**
For the Year ended December 31, 2022						
Balance - beginning of the year	4,102,597	2,471,153	7,707,710	2,638,906	-	16,920,366
Add: Interest and returns suspended during the year	2,571,842	270,601	1,539,725	908,266	-	5,290,434
Less: Interest and returns transferred to revenue	(740,249)	(25,038)	(767,070)	(143,413)	-	(1,675,770)
Written off suspended Interest and returned	(364,026)	(7,653)	(3,043,756)	(772,859)	-	(4,188,294)
Balance - End of the Year	**5,570,164**	**2,709,063**	**5,436,609**	**2,630,900**	**-**	**16,346,736**

The following are the credit exposures according to IFRS (9) as adopted by central Bank of Jordan:

As of December 31, 2023

	According to IFRS (9) as adopted by Central Bank of Jordan											
	Stage (1)			Stage (2)			Stage (3)			Total		
	Total	Expected Credit Loss	Interest in Suspense	Total	Expected Credit Loss	Interest in Suspense	Total	Expected Credit Loss	Interest in Suspense	Total	Expected Credit Loss	Interest in Suspense
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Individual	1,003,099,217	7,755,128	-	73,330,777	5,735,630	-	50,764,593	36,865,060	7,467,015	1,127,194,587	50,355,818	7,467,015
Real estate loans	869,042,211	445,152	-	219,122,371	5,912,750	-	27,930,204	11,531,398	2,809,958	1,116,094,786	17,889,300	2,809,958
Corporate	954,397,586	9,647,306	-	280,380,006	39,846,885	-	92,571,011	56,499,716	4,710,422	1,327,348,603	105,993,907	4,710,422
SME's	204,406,685	1,975,222	-	53,800,124	2,394,762	-	28,169,342	15,480,874	2,859,032	286,376,151	19,850,858	2,859,032
Government and Public Sector	599,833,607	-	-	-	-	-	-	-	-	599,833,607	-	-
	3,630,779,306	19,822,808	-	626,633,278	53,890,027	-	199,435,150	120,377,048	17,846,427	4,456,847,734	194,089,883	17,846,427

As of December 31, 2022

	According to IFRS (9) as adopted by Central Bank of Jordan											
	Stage (1)			Stage (2)			Stage (3)			Total		
	Total	Expected Credit Loss	Interest in Suspense	Total	Expected Credit Loss	Interest in Suspense	Total	Expected Credit Loss	Interest in Suspense	Total	Expected Credit Loss	Interest in Suspense
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Individual	922,069,122	4,163,637	-	19,419,787	1,245,673	-	37,290,889	28,191,923	5,570,164	978,779,798	33,601,233	5,570,164
Real estate loans	834,776,421	439,083	-	162,491,965	3,791,138	-	22,840,981	7,384,493	2,709,063	1,020,109,367	11,614,714	2,709,063
Corporate	955,650,437	12,699,994	-	304,983,705	46,028,615	-	68,380,678	51,425,392	5,436,609	1,329,014,820	110,154,001	5,436,609
SME's	182,000,253	1,357,846	-	45,634,967	1,668,355	-	24,655,575	13,548,633	2,630,900	252,290,795	16,574,834	2,630,900
Government and Public Sector	599,215,519	-	-	-	-	-	-	-	-	599,215,519	-	-
	3,493,711,752	18,660,560	-	532,530,424	52,733,781	-	153,168,123	100,550,441	16,346,736	4,179,410,299	171,944,782	16,346,736

The movement on the gross credit facilities and finanicng as of the year-end:

	December 31, 2023					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Total exposures – beginning of the year	2,683,829,394	809,882,358	479,606,976	52,923,448	153,168,123	4,179,410,299
New exposures during the year	694,711,508	250,376,329	82,191,644	21,303,214	12,756,787	1,061,339,482
Exposures settled during the year	(286,524,220)	(70,752,761)	(54,126,805)	(8,783,667)	(14,215,096)	(434,402,549)
Transferred to stage (1)	33,502,183	9,310,649	(33,089,643)	(9,279,804)	(443,385)	-
Transferred to stage (2)	(109,566,761)	(70,921,185)	116,384,370	73,780,611	(9,677,035)	-
Transferred to stage (3)	(13,865,517)	(4,561,201)	(59,818,367)	(2,144,661)	80,389,746	-
Total impact on volume of exposures as a result of changing the classification between stages	(2,082,440)	928,191	(11,044,904)	(5,555,451)	779,775	(16,974,829)
Changes resulting from adjustments	(210,827,933)	(82,659,288)	(12,679,966)	(3,033,717)	(784,622)	(309,985,526)
Written off or transferred to off statemnts of financial position debts	-	-	-	-	(22,539,143)	(22,539,143)
Total balance at the end of the year	**2,789,176,214**	**841,603,092**	**507,423,305**	**119,209,973**	**199,435,150**	**4,456,847,734**

	December 31, 2022					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Total exposures – beginning of the year	2,236,721,529	671,650,120	405,064,033	65,230,476	130,919,534	3,509,585,692
New exposures during the year	873,192,344	248,803,782	91,188,989	13,149,999	11,612,388	1,237,947,502
Exposures paid during the year	(278,403,995)	(58,381,601)	(40,054,005)	(8,245,413)	(10,846,118)	(395,931,132)
Transferred to stage (1)	39,922,235	22,390,672	(39,080,246)	(22,361,845)	(870,816)	-
Transferred to stage (2)	(95,708,692)	(9,412,106)	98,578,866	11,081,587	(4,539,655)	-
Transferred to stage (3)	(8,850,386)	(3,007,140)	(30,105,610)	(4,400,701)	46,363,837	-
Total impact on volume of exposures as a result of changing the classification between stages	(5,161,410)	(1,404,834)	2,413,745	(636,335)	(5,920,260)	(10,709,094)
Changes resulting from adjustments	(77,882,231)	(60,756,535)	(8,398,796)	(894,320)	(4,683,147)	(152,615,029)
Written off or transferred to off statemnts of financial position debts	-	-	-	-	(8,867,640)	(8,867,640)
Total balance at the end of the year	**2,683,829,394**	**809,882,358**	**479,606,976**	**52,923,448**	**153,168,123**	**4,179,410,299**

The movement of the provision for impairment losses as for the year-end:

	December 31, 2023					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance – beginning of the year	16,130,900	2,529,660	52,226,005	507,776	100,550,441	171,944,782
Impairment losses on new exposures during the year	3,761,076	624,194	4,332,435	324,835	8,909,742	17,952,282
Recovered from impairment of the settled exposures during the year	(4,185,885)	(118,627)	(2,698,247)	(19,409)	(6,072,367)	(13,094,535)
Transferred to stage (1)	1,213,818	72,853	(922,740)	(68,209)	(295,722)	-
Transferred to stage (2)	(752,935)	(135,066)	4,465,857	1,818,103	(5,395,959)	-
Transferred to stage (3)	(294,817)	(19,723)	(21,823,401)	(37,662)	22,175,603	-
Total impact on volume of exposures as a result of changing the classification between stages	(715,586)	(41,354)	(2,085,337)	782,474	17,063,279	15,003,476
Effect on the provision resulting from adjustments	(1,436,798)	3,191,098	16,933,188	154,359	3,586,566	22,428,413
Written off or transferred to off statemnts of financial position debts	-	-	-	-	(20,144,535)	(20,144,535)
Total ECL balance at the end of the year	**13,719,773**	**6,103,035**	**50,427,760**	**3,462,267**	**120,377,048**	**194,089,883**

	December 31, 2022					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance – beginning of the year	16,142,002	1,208,679	37,818,316	1,944,421	84,427,580	141,540,998
Impairment losses on the new exposures during the year	6,220,521	1,469,139	9,240,217	17,325	10,756,542	27,703,744
Recovered from impairment of the paid exposures during the year	(3,025,518)	(102,871)	(2,565,700)	(239,502)	(6,141,158)	(12,074,749)
Transferred to stage (1)	2,022,230	844,592	(1,410,570)	(837,941)	(618,311)	-
Transferred to stage (2)	(963,864)	(12,446)	2,709,358	842,624	(2,575,672)	-
Transferred to stage (3)	(68,616)	(11,773)	(3,959,179)	(179,465)	4,219,033	-
Total impact on volume of exposures as a result of changing the classification between stages	(1,610,546)	(821,440)	5,176,876	(759,792)	14,001,263	15,986,361
Effect on the provision resulting from adjustments	(2,585,309)	(44,220)	5,216,687	(279,894)	1,160,510	3,467,774
Written off or transferred to off statemnts of financial position debts	-	-	-	-	(4,679,346)	(4,679,346)
Total ECL balance at the end of the year	**16,130,900**	**2,529,660**	**52,226,005**	**507,776**	**100,550,441**	**171,944,782**

The distribution of total credit and financing facilities by the internal credit rating for Individuals is as follows:

	December 31, 2023						2022
	Stage (1) Individual	Stage (1) Collective	Stage (2) Individual	Stage (2) Collective	Stage (3) Individual	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Credit rating categories based on the Bank's internal system:							
1	105,400	-	-	-	-	105,400	106,713
2	2,899,152	-	51,150	-	-	2,950,302	1,824,765
3	3,828,960	-	288,413	-	-	4,117,373	3,798,731
4	8,165,427	-	283,585	-	-	8,449,012	5,177,192
5	3,496,382	-	158,484	-	-	3,654,866	3,987,456
6	299,496	-	2,168,663	-	-	2,468,159	3,692,990
7	195,195	-	267,640	-	-	462,835	2,732,436
8	-	-	-	-	2,843,208	2,843,208	1,864,529
Not rated	629,217,683	354,891,522	38,120,511	31,992,331	47,921,385	1,102,143,432	955,594,986
Total	**648,207,695**	**354,891,522**	**41,338,446**	**31,992,331**	**50,764,593**	**1,127,194,587**	**978,779,798**

The movement on credit facilities and financing for Individuals is as follows:

	December 31, 2023					
	Stage (1)		Stage (2)		Stage (3)	
	Individual	Collective	Individual	Collective	Individual	Total
	JD	JD	JD	JD	JD	JD
Total exposures - beginning of the year	577,702,192	344,366,930	13,206,878	6,212,909	37,290,889	978,779,798
New exposures during the year	224,550,116	124,100,204	10,618,167	2,282,844	5,106,855	366,658,186
Settled exposures during the year	(76,908,510)	(28,147,175)	(1,930,882)	(422,971)	(1,498,594)	(108,908,132)
Transferred to stage (1)	2,961,072	88,382	(2,623,206)	(88,382)	(337,866)	-
Transferred to stage (2)	(27,474,384)	(27,797,795)	29,656,709	29,611,235	(3,995,765)	-
Transferred to stage (3)	(8,950,118)	(3,539,378)	(1,932,098)	(1,333,719)	15,755,313	-
Total impact on volume of exposures as a result of changing the classification between stages	(267,600)	(9,900)	(3,613,206)	(3,770,369)	(110,642)	(7,771,717)
Changes resulting from adjustments	(43,405,073)	(54,169,746)	(2,043,916)	(499,216)	101,545	(100,016,406)
Written off or transferred to off statements of financial position debts	-	-	-	-	(1,547,142)	(1,547,142)
Balance - End of the Year	**648,207,695**	**354,891,522**	**41,338,446**	**31,992,331**	**50,764,593**	**1,127,194,587**

	December 31, 2022					
	Stage (1)		Stage (2)		Stage (3)	
	Individual	Collective	Individual	Collective	Individual	Total
	JD	JD	JD	JD	JD	JD
Total exposures - beginning of the year	501,149,300	278,416,032	14,263,466	16,676,575	30,522,499	841,027,872
New exposures during the year	183,575,517	126,568,710	3,503,498	154,328	2,978,727	316,780,780
Settled exposures during the year	(74,572,408)	(26,787,546)	(1,326,168)	(1,427,678)	(2,313,432)	(106,427,232)
Transferred to stage (1)	8,824,627	9,089,428	(8,010,971)	(9,076,150)	(826,934)	-
Transferred to stage (2)	(6,816,773)	(1,843,613)	7,776,644	2,923,645	(2,039,903)	-
Transferred to stage (3)	(3,773,855)	(1,825,274)	(2,270,800)	(1,929,432)	9,799,361	-
Total impact on volume of exposures as a result of changing the classification between stages	(1,076,621)	(1,667,640)	(391,904)	(427,712)	(84,833)	(3,648,710)
Changes resulting from adjustments	(29,607,595)	(37,583,167)	(336,887)	(680,667)	58,285	(68,150,031)
Written off or transferred to off statements of financial position debts	-	-	-	-	(802,881)	(802,881)
Balance - End of the Year	**577,702,192**	**344,366,930**	**13,206,878**	**6,212,909**	**37,290,889**	**978,779,798**

The movement on the provision for impairment loss for Individuals credit facilities is as follows:

	December 31, 2023					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	1,682,528	2,481,109	1,129,850	115,823	28,191,923	33,601,233
Impairment loss on new exposures during the year	808,888	597,855	754,919	305,492	3,248,627	5,715,781
Recovered from impairment of the settled exposures during the year	(263,165)	(109,294)	(94,641)	(6,063)	(1,341,003)	(1,814,166)
Transferred to stage (1)	434,507	2,675	(164,390)	(2,675)	(270,117)	-
Transferred to stage (2)	(176,102)	(113,335)	1,682,370	1,670,525	(3,063,458)	-
Transferred to stage (3)	(51,460)	(17,388)	(174,680)	(28,619)	272,147	-
Effect on impairment loss due to the changes in the classifications between stages	(423,490)	(1,889)	(376,403)	857,449	10,194,815	10,250,482
Effect on the provision resulting from adjustment	(249,387)	3,153,076	(67,436)	134,109	673,033	3,643,395
Written off or transferred to off statements of financial position debts	-	-	-	-	(1,040,907)	(1,040,907)
Total ECL balance - end of the year	**1,762,319**	**5,992,809**	**2,689,589**	**3,046,041**	**36,865,060**	**50,355,818**

	December 31, 2022					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	2,836,186	1,180,768	1,695,245	1,295,118	22,472,623	29,479,940
Impairment loss on new exposures during the year	601,043	1,435,166	307,775	7,023	2,402,671	4,753,678
Recovered from impairment of the settled exposures during the year	(398,433)	(95,944)	(80,045)	(65,826)	(2,087,930)	(2,728,178)
Transferred to stage (1)	1,374,294	807,027	(770,116)	(800,376)	(610,829)	-
Transferred to stage (2)	(72,763)	(7,359)	732,494	820,717	(1,473,089)	-
Transferred to stage (3)	(43,081)	(8,543)	(543,795)	(178,966)	774,385	-
Effect on impairment loss due to the changes in the classifications between stages	(1,312,289)	(788,333)	(63,671)	(767,866)	6,054,823	3,122,664
Effect on the provision resulting from adjustment	(1,302,429)	(41,673)	(148,037)	(194,001)	1,098,122	(588,018)
Written off or transferred to off statements of financial position debts	-	-	-	-	(438,853)	(438,853)
Total ECL balance - end of the year	**1,682,528**	**2,481,109**	**1,129,850**	**115,823**	**28,191,923**	**33,601,233**

The distribution of total credit and financing facilities by internal credit rating for Real Estate Loans is as follows:

	December 31, 2023						2022
	Stage (1)	Stage (1)	Stage (2)	Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total	Total
Credit rating categories based on the Bank's internal system:	JD	JD	JD	JD	JD	JD	JD
1	131,561	-	83,185	-	-	214,746	244,502
2	6,008,191	-	92	-	-	6,008,283	6,288,843
3	21,012,137	-	1,241,532	-	-	22,253,669	28,128,446
4	23,902,836	-	13,740,480	-	-	37,643,316	25,993,670
5	64,505,195	-	33,308,656	-	-	97,813,851	100,249,461
6	26,602,916	-	45,474,566	-	-	72,077,482	37,663,049
7	496,313	-	30,132,463	-	-	30,628,776	37,473,841
8	-	-	-	-	14,033,821	14,033,821	9,007,175
Not rated	279,230,065	447,152,997	23,906,708	71,234,689	13,896,383	835,420,842	775,060,380
Total	**421,889,214**	**447,152,997**	**147,887,682**	**71,234,689**	**27,930,204**	**1,116,094,786**	**1,020,109,367**

The movement on credit facilities and financing for Real Estate is as follows:

	December 31, 2023					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Total exposures - beginning of the year	398,537,703	436,238,718	134,343,010	28,148,955	22,840,981	1,020,109,367
New exposures during the year	114,602,086	113,632,194	14,698,527	15,490,354	1,525,504	259,948,665
Settled exposures during the year	(41,840,660)	(36,488,306)	(16,987,077)	(4,248,377)	(4,662,141)	(104,226,561)
Transferred to stage (1)	4,667,742	1,379,239	(4,667,742)	(1,379,239)	-	-
Transferred to stage (2)	(32,136,296)	(36,160,623)	33,314,567	37,098,989	(2,116,637)	-
Transferred to stage (3)	(947,078)	(321,277)	(8,437,576)	(626,504)	10,332,435	-
Effect on the volume of exposures due to the changes between stages	(590,440)	(516,198)	(1,660,711)	(1,604,501)	109,522	(4,262,328)
Changes resulting from adjustments	(20,403,843)	(30,610,750)	(2,715,316)	(1,644,988)	(99,460)	(55,474,357)
Written off or transferred to off statements of financial position debts	-	-	-	-	-	-
Total exposures - End of the Year	**421,889,214**	**447,152,997**	**147,887,682**	**71,234,689**	**27,930,204**	**1,116,094,786**

	December 31, 2022					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Total exposures - beginning of the year	376,384,835	372,174,409	105,409,058	27,063,550	16,894,804	897,926,656
New exposures during the year	117,691,695	108,465,081	11,667,697	9,426,144	1,212,403	248,463,020
Settled exposures during the year	(26,367,311)	(27,351,688)	(4,439,858)	(1,935,652)	(3,237,012)	(63,331,521)
Transferred to stage (1)	11,023,616	9,386,685	(10,995,283)	(9,386,685)	(28,333)	-
Transferred to stage (2)	(43,334,250)	(4,013,633)	43,589,362	4,563,678	(805,157)	-
Transferred to stage (3)	(2,888,117)	(598,839)	(4,445,266)	(1,164,483)	9,096,705	-
Effect on the volume of exposures due to the changes between stages	(1,004,644)	(97,819)	(4,336,638)	130,158	16,378	(5,292,565)
Changes resulting from adjustments	(32,968,121)	(21,725,478)	(2,106,062)	(547,755)	(301,154)	(57,648,570)
Written off or transferred to off statements of financial position debts	-	-	-	-	(7,653)	(7,653)
Total exposures - End of the Year	**398,537,703**	**436,238,718**	**134,343,010**	**28,148,955**	**22,840,981**	**1,020,109,367**

The movement on the provision for impairment for Real Estate credit facilities is as follows:

	December 31, 2023					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	434,347	4,736	3,791,138	-	7,384,493	11,614,714
Impairment loss on new exposures during the year	142,812	567	11,585	-	1,203,158	1,358,122
Recovered from impairment on the settled exposures during the year	(27,012)	(3)	(9,659)	-	(1,029,597)	(1,066,271)
Transferred to stage (1)	40,643	-	(40,643)	-	-	-
Transferred to stage (2)	(46,318)	(258)	266,650	89,514	(309,588)	-
Transferred to stage (3)	(2,727)	-	(357,190)	-	359,917	-
Effect on impairment losses due to the changes in the classifications between stages	(33,906)	39	151,884	(86,950)	3,896,097	3,927,164
Effect on the provision resulting from adjustment	(65,976)	(1,792)	2,096,421	-	26,918	2,055,571
Impairment loss on written-off exposures or transferred	-	-	-	-	-	-
Total ECL balance - end of the year	**441,863**	**3,289**	**5,910,186**	**2,564**	**11,531,398**	**17,889,300**

	December 31, 2022					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	1,236,869	174	5,508,400	-	5,958,515	12,703,958
Impairment loss on new exposures during the year	82,237	4,328	347,657	-	1,286,198	1,720,420
Recovered from impairment on the settled exposures during the year	(51,923)	(13)	(502,988)	-	(1,324,043)	(1,878,967)
Transferred to stage (1)	345,027	-	(337,545)	-	(7,482)	-
Transferred to stage (2)	(94,079)	-	198,508	-	(104,429)	-
Transferred to stage (3)	(5,958)	-	(378,490)	-	384,448	-
Effect on impairment losses due to the changes in the classifications between stages	(330,762)	-	166,565	-	1,094,656	930,459
Effect on the provision resulting from adjustment	(747,064)	247	(1,210,969)	-	96,630	(1,861,156)
Impairment loss on written-off exposures or transferred	-	-	-	-	-	-
Total ECL balance - end of the year	**434,347**	**4,736**	**3,791,138**	**-**	**7,384,493**	**11,614,714**

The distribution of total credit and financing facilities by internal credit rating for corporates is as follows:

	December 31, 2023						2022
	Stage (1)	Stage (1)	Stage (2)	Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total	Total
Credit rating categories based on the Bank's internal system:	JD	JD	JD	JD	JD	JD	JD
1	-	-	-	-	-	-	-
2	77,604,180	-	-	-	-	77,604,180	31,283,339
3	165,459,832	-	3,221,785	-	-	168,681,617	118,209,988
4	234,784,085	-	4,895,623	-	-	239,679,708	196,273,101
5	333,764,614	-	50,157,492	-	-	383,922,106	303,659,362
6	116,063,127	-	34,611,244	-	-	150,674,371	387,850,530
7	20,746,982	-	183,711,685	-	-	204,458,667	213,138,548
8	-	-	-	-	84,996,169	84,996,169	60,946,772
Not rated	5,974,766	-	3,782,177	-	7,574,842	17,331,785	17,653,180
Total	**954,397,586**	**-**	**280,380,006**	**-**	**92,571,011**	**1,327,348,603**	**1,329,014,820**

The movement on credit and financing facilities for corporates is as follows:

	December 31, 2023					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Total exposures - beginning of the year	955,650,437	-	304,983,705	-	68,380,678	1,329,014,820
New exposures during the year	243,424,110	-	46,434,624	-	4,394,041	294,252,775
Settled exposures during the year	(131,763,043)	-	(29,285,630)	-	(7,052,492)	(168,101,165)
Transferred to stage (1)	20,994,617	-	(20,994,617)	-	-	-
Transferred to stage (2)	(33,470,107)	-	36,129,236	-	(2,659,129)	-
Transferred to stage (3)	(1,029,347)	-	(46,578,129)	-	47,607,476	-
Effect on the volume of exposures due to the changes between stages	(124,043)	-	(2,863,205)	-	1,071,060	(1,916,188)
Changes resulting from adjustments	(99,285,038)	-	(7,445,978)	-	(813,352)	(107,544,368)
Written off or transferred to off statemnts of financial position debts	-	-	-	-	(18,357,271)	(18,357,271)
Total exposures - End of the Year	**954,397,586**	**-**	**280,380,006**	**-**	**92,571,011**	**1,327,348,603**

	December 31, 2022					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Total exposures - beginning of the year	799,254,383	-	251,230,166	-	62,386,168	1,112,870,717
New exposures during the year	326,181,561	-	69,612,168	-	5,914,540	401,708,269
Settled exposures during the year	(145,990,465)	-	(29,139,633)	-	(2,809,261)	(177,939,359)
Transferred to stage (1)	14,911,407	-	(14,911,407)	-	-	-
Transferred to stage (2)	(40,198,521)	-	41,631,691	-	(1,433,170)	-
Transferred to stage (3)	(87,561)	-	(14,995,221)	-	15,082,782	-
Effect on the volume of exposures due to the changes between stages	(2,524,577)	-	6,970,883	-	(3,470,936)	975,370
Changes resulting from adjustments	4,104,210	-	(5,414,942)	-	(3,408,654)	(4,719,386)
Written off or transferred to off statemnts of financial position debts	-	-	-	-	(3,880,791)	(3,880,791)
Total exposures - End of the Year	**955,650,437**	**-**	**304,983,705**	**-**	**68,380,678**	**1,329,014,820**

The movement on the provision for impairment for corporates is as follows:

	December 31, 2023					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	12,699,994	-	46,028,615	-	51,425,392	110,154,001
Impairment loss on new exposures during the year	2,092,476	-	3,348,379	-	3,204,741	8,645,596
Recovered from impairment of the settled exposures during the year	(3,709,229)	-	(2,459,645)	-	(3,840,665)	(10,009,539)
Transferred to stage (1)	576,449	-	(576,449)	-	-	-
Transferred to stage (2)	(405,365)	-	2,179,492	-	(1,774,127)	-
Transferred to stage (3)	(9,112)	-	(21,247,962)	-	21,257,074	-
Effect on impairment loss due to the changes in the classifications between stages	(161,666)	-	(1,701,447)	-	1,587,658	(275,455)
Effect on the provision resulted from adjustment	(1,436,241)	-	14,275,902	-	1,665,554	14,505,215
Impairment loss on written-off exposures or transferred	-	-	-	-	(17,025,911)	(17,025,911)
Total ECL balance at the end of the year	**9,647,306**	**-**	**39,846,885**	**-**	**56,499,716**	**105,993,907**

	December 31, 2022					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	**JD**	**JD**	**JD**	**JD**	**JD**
Balance - beginning of the year	10,950,904	-	28,714,382	-	45,846,859	85,512,145
Impairment loss on new exposures during the year	5,191,134	-	8,414,615	-	4,856,566	18,462,315
Recovered from impairment of the settled exposures during the year	(2,399,817)	-	(1,909,054)	-	(1,780,957)	(6,089,828)
Transferred to stage (1)	193,817	-	(193,817)	-	-	-
Transferred to stage (2)	(741,184)	-	1,619,856	-	(878,672)	-
Transferred to stage (3)	-	-	(1,771,883)	-	1,771,883	-
Effect on impairment loss due to the changes in the classifications between stages	(110,875)	-	5,134,422	-	2,741,825	7,765,372
Effect on the provision resulted from adjustment	(383,985)	-	6,020,094	-	(295,076)	5,341,033
Impairment loss on written-off exposures or transferred	-	-	-	-	(837,036)	(837,036)
Total ECL balance at the end of the year	**12,699,994**	**-**	**46,028,615**	**-**	**51,425,392**	**110,154,001**

The distribution of total credit and financing facilities by internal credit rating for (SME's) is as follows:

	December 31, 2023						2022
	Stage (1) Individual	Stage (1) Collective	Stage (2) Individual	Stage (2) Collective	Stage (3)	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Credit rating categories based on the Bank's internal system:							
1	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-
3	26,038,457	-	1,328,006	-	-	27,366,463	28,653,159
4	40,046,119	-	3,777,080	-	-	43,823,199	35,308,559
5	40,743,368	-	2,373,337	-	-	43,116,705	40,806,849
6	50,412,181	-	9,394,274	-	-	59,806,455	43,614,080
7	7,361,916	-	20,268,840	-	-	27,630,756	29,886,819
8	-	-	-	-	22,236,449	22,236,449	19,090,434
Not rated	246,071	39,558,573	675,634	15,982,953	5,932,893	62,396,124	54,930,895
Total	**164,848,112**	**39,558,573**	**37,817,171**	**15,982,953**	**28,169,342**	**286,376,151**	**252,290,795**

The movement on credit facilities and financing for SME's is as follows:

	December 31, 2023					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	152,723,543	29,276,710	27,073,383	18,561,584	24,655,575	252,290,795
New exposures during the year	57,864,280	12,643,931	10,440,326	3,530,016	1,730,387	86,208,940
Settled exposures during the year	(21,644,027)	(6,117,280)	(5,923,216)	(4,112,319)	(1,001,869)	(38,798,711)
Transferred to stage (1)	4,878,752	7,843,028	(4,804,078)	(7,812,183)	(105,519)	-
Transferred to stage (2)	(16,485,974)	(6,962,767)	17,283,858	7,070,387	(905,504)	-
Transferred to stage (3)	(2,938,974)	(700,546)	(2,870,564)	(184,438)	6,694,522	-
Effect on impairment loss due to the changes in the classifications between stages	(1,100,357)	1,454,289	(2,907,782)	(180,581)	(290,165)	(3,024,596)
Changes resulting from adjustments	(8,449,131)	2,121,208	(474,756)	(889,513)	26,645	(7,665,547)
Written off or transferred to off statements of financial position debts	-	-	-	-	(2,634,730)	(2,634,730)
Balance - End of the Year	**164,848,112**	**39,558,573**	**37,817,171**	**15,982,953**	**28,169,342**	**286,376,151**

	December 31, 2022					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	128,689,183	21,059,679	34,161,343	21,490,351	21,116,063	226,516,619
New exposures during the year	60,295,317	13,769,991	6,405,626	3,569,527	1,506,718	85,547,179
Settled exposures during the year	(23,954,914)	(4,242,367)	(5,148,346)	(4,882,083)	(2,486,413)	(40,714,123)
Transferred to stage (1)	5,162,585	3,914,559	(5,162,585)	(3,899,010)	(15,549)	-
Transferred to stage (2)	(5,359,148)	(3,554,860)	5,581,169	3,594,264	(261,425)	-
Transferred to stage (3)	(2,100,853)	(583,027)	(8,394,323)	(1,306,786)	12,384,989	-
Effect on impairment loss due to the changes in the classifications between stages	(555,568)	360,625	171,404	(338,781)	(2,380,869)	(2,743,189)
Changes resulting from adjustments	(9,453,059)	(1,447,890)	(540,905)	334,102	(1,031,624)	(12,139,376)
Written off or transferred to off statements of financial position debts	-	-	-	-	(4,176,315)	(4,176,315)
Balance - End of the Year	**152,723,543**	**29,276,710**	**27,073,383**	**18,561,584**	**24,655,575**	**252,290,795**

The movement on the provision for impairment for (SME's) credit facilities is as follows:

	December 31, 2023					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	1,314,031	43,815	1,276,402	391,953	13,548,633	16,574,834
Impairment loss on new exposures during the year	716,900	25,772	217,552	19,343	1,253,216	2,232,783
Recovered from impairment of the settled exposures during the year	(186,479)	(9,330)	(134,302)	(13,346)	138,898	(204,559)
Transferred to stage (1)	162,219	70,178	(141,258)	(65,534)	(25,605)	-
Transferred to stage (2)	(125,150)	(21,473)	337,345	58,064	(248,786)	-
Transferred to stage (3)	(231,518)	(2,335)	(43,569)	(9,043)	286,465	-
Effect on impairment losses due to the changes in the classifications between stages	(96,524)	(39,504)	(159,371)	11,975	1,384,709	1,101,285
Effect on the provision resulted from adjustment	314,806	39,814	628,301	20,250	1,221,061	2,224,232
Impairment loss on written-off exposures or transferred	-	-	-	-	(2,077,717)	(2,077,717)
Total ECL balance at the end of the year	**1,868,285**	**106,937**	**1,981,100**	**413,662**	**15,480,874**	**19,850,858**

	December 31, 2022					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	1,118,043	27,737	1,900,289	649,303	10,149,583	13,844,955
Impairment loss on new exposures during the year	346,107	29,645	170,170	10,302	2,211,107	2,767,331
Recovered from impairment of the settled exposures during the year	(175,345)	(6,914)	(73,613)	(173,676)	(948,228)	(1,377,776)
Transferred to stage (1)	109,092	37,565	(109,092)	(37,565)	-	-
Transferred to stage (2)	(55,838)	(5,087)	158,500	21,907	(119,482)	-
Transferred to stage (3)	(19,577)	(3,230)	(1,265,011)	(499)	1,288,317	-
Effect on impairment losses due to the changes in the classifications between stages	143,380	(33,107)	(60,440)	8,074	4,109,959	4,167,866
Effect on the provision resulting from adjustment	(151,831)	(2,794)	555,599	(85,893)	260,834	575,915
Impairment loss on written-off exposures or transferred	-	-	-	-	(3,403,457)	(3,403,457)
Total ECL balance at the end of the year	**1,314,031**	**43,815**	**1,276,402**	**391,953**	**13,548,633**	**16,574,834**

The distribution of total credit and financing facilities by internal credit rating for Government and Public Sector is as follows:

	December 31, 2023						2022
	Stage (1)	Stage (1)	Stage (2)	Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Credit rating categories based on the Bank's internal system:							
1	471,509,426	-	-	-	-	471,509,426	454,956,137
2	7,950	-	-	-	-	7,950	61,377
3	17,676,583	-	-	-	-	17,676,583	21,971,084
4	-	-	-	-	-	-	26,168,489
5	84,194,219	-	-	-	-	84,194,219	68,996,106
6	-	-	-	-	-	-	-
7	1,445,429	-	-	-	-	1,445,429	2,062,326
8	-	-	-	-	-	-	-
Not rated	25,000,000	-	-	-	-	25,000,000	25,000,000
Total	**599,833,607**	**-**	**-**	**-**	**-**	**599,833,607**	**599,215,519**

The movement on credit facilities and financing for the Government and Public Sector is as follows:

	December 31, 2023					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Total exposures - beginning of the year	599,215,519	-	-	-	-	599,215,519
New exposures during the year	54,270,916	-	-	-	-	54,270,916
Settled exposures during the year	(14,367,980)	-	-	-	-	(14,367,980)
Transferred to stage (1)	-	-	-	-	-	-
Transferred to stage (2)	-	-	-	-	-	-
Transferred to stage (3)	-	-	-	-	-	-
Effect on volume of exposures due to the changes between stages	-	-	-	-	-	-
Changes resulting from adjustments	(39,284,848)	-	-	-	-	(39,284,848)
Total exposures - End of the Year	**599,833,607**	**-**	**-**	**-**	**-**	**599,833,607**

	December 31, 2022					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Total exposures - beginning of the year	431,243,828	-	-	-	-	431,243,828
New exposures during the year	185,448,254	-	-	-	-	185,448,254
Settled exposures during the year	(7,518,897)	-	-	-	-	(7,518,897)
Transferred to stage (1)	-	-	-	-	-	-
Transferred to stage (2)	-	-	-	-	-	-
Transferred to stage (3)	-	-	-	-	-	-
Effect on volume of exposures due to the changes between stages	-	-	-	-	-	-
Changes resulting from adjustments	(9,957,666)	-	-	-	-	(9,957,666)
Total exposures - End of the Year	**599,215,519**	**-**	**-**	**-**	**-**	**599,215,519**

The movement on the provision for impairment for the Government and Public Sector credit facilities is as follows:

	December 31, 2023					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	-	-	-	-	-	-
Impairment loss on new exposures during the year	-	-	-	-	-	-
Recovered from impairment on the settled exposures during the year	-	-	-	-	-	-
Transferred to stage (1)	-	-	-	-	-	-
Transferred to stage (2)	-	-	-	-	-	-
Transferred to stage (3)	-	-	-	-	-	-
Effect on impairment losses due to the changes in the classifications between stages	-	-	-	-	-	-
Effect on the provision resulting from adjustments	-	-	-	-	-	-
Impairment loss on written-off exposures or transferred	-	-	-	-	-	-
Total ECL balance at the end of the year	**-**	**-**	**-**	**-**	**-**	**-**

	December 31, 2022					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	-	-	-	-	-	-
Impairment loss on new exposures during the year	-	-	-	-	-	-
Recovered from impairment on the settled exposures during the year	-	-	-	-	-	-
Transferred to stage (1)	-	-	-	-	-	-
Transferred to stage (2)	-	-	-	-	-	-
Transferred to stage (3)	-	-	-	-	-	-
Effect on impairment losses due to the changes in the classifications between stages	-	-	-	-	-	-
Effect on the provision resulting from adjustments	-	-	-	-	-	-
Impairment loss on written-off exposures or transferred	-	-	-	-	-	-
Total ECL balance at the end of the year	**-**	**-**	**-**	**-**	**-**	**-**

10. Financial Assets at Fair Value through Other Comprehensive Income

The details of this item are as follows:

	December 31,	
	2023	2022
	JD	JD
Quoted shares in active markets	31,866,382	31,168,445
Unquoted shares	15,159,479	15,601,160
Investment funds	19,632,260	14,531,464
Total	**66,658,121**	**61,301,069**

-Transferred gains as a result of selling financial assets at fair value through the statement of other comprehensive income amounted to JD 421,659 of which JD 20,944 belongs to non-controlling interest as of December 31, 2023 (JD 2,015,419 transferred gains as of December 31, 2022).

- Cash dividends on the above-mentioned financial assets amounted to JD 1,162,153 for the year ended December 31, 2023 (JD 690,867 for the year ended December 31, 2022).

11. Financial Assets at Amortized Cost - net

The details of this item are as follows:

	December 31,	
	2023	2022
	JD	JD
Quoted Financial Assets:		
Foreign treasury bonds	91,696,901	104,144,987
Corporate bonds and debentures	189,613,293	138,050,446
Unquoted Financial Assets:		
Governmental treasury bills	108,877,524	65,623,344
Governmental guaranteed bonds	1,221,607,600	989,915,966
Corporate bonds and debentures	22,652,000	28,702,000
	1,634,447,318	**1,326,436,743**
Less: Provision for impairment related to financial assets within stage (1)	632,492	670,099
Provision for impairment related to financial assets within stage (2)	-	-
Provision for impairment related to financial assets within stage (3)	-	-
	1,633,814,826	**1,325,766,644**
Bonds and Bills Analysis		
With Fixed rate	1,634,055,985	1,326,045,700
With Floating rate	391,333	391,043
Total	**1,634,447,318**	**1,326,436,743**
Bonds Analysis as per International Financial Reporting Standard (9):		
stage (1)	1,634,447,318	1,326,436,743
stage (2)	-	-
stage (3)	-	-
Total	**1,634,447,318**	**1,326,436,743**

- The following is the movement on financial assets at amortized cost before provision:

	Stage (1) Individual	Stage (2) Individual	Stage (3) Individual	Total
	JD	JD	JD	JD
December 31, 2023				
Balance - beginning of the year	1,326,436,743	-	-	1,326,436,743
New investments during the year	706,960,536	-	-	706,960,536
Accrued investment	(385,726,260)	-	-	(385,726,260)
Transferred to Stage (1)	-	-	-	-
Transferred to Stage (2)	-	-	-	-
Transferred to Stage (3)	-	-	-	-
Effect on volume of exposures due to the changes between stages	-	-	-	-
Change resulting from adjustments	(13,223,701)	-	-	(13,223,701)
Impairment loss on written off investments	-	-	-	-
Balance - End of the Year	**1,634,447,318**	**-**	**-**	**1,634,447,318**

	Stage (1) Individual	Stage (2) Individual	Stage (3) Individual	Total
	JD	JD	JD	JD
December 31, 2022				
Balance - beginning of the year	1,099,744,870	-	250,000	1,099,994,870
New investments during the year	488,046,763	-	-	488,046,763
Accrued investment	(275,659,727)	-	-	(275,659,727)
Transferred to Stage (1)	-	-	-	-
Transferred to Stage (2)	-	-	-	-
Transferred to Stage (3)	-	-	-	-
Effect on volume of exposures due to the changes between stages	-	-	-	-
Change resulting from adjustments	14,304,837	-	-	14,304,837
Impairment loss on written off investments	-	-	(250,000)	(250,000)
Balance - End of the Year	**1,326,436,743**	**-**	**-**	**1,326,436,743**

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

	December 31, 2023				2022
	Stage (1) Individual	Stage (2) Individual	Stage (3) Individual	Total	Total
	JD	JD	JD	JD	JD
Balance - beginning of the year	670,099	-	-	670,099	898,639
Impairment losses on new investments during the year	159,280	-	-	159,280	134,818
Recovered from impairment losses on accrued investments	(136,581)	-	-	(136,581)	(102,740)
Transferred to Stage (1)	-	-	-	-	-
Transferred to Stage (2)	-	-	-	-	-
Transferred to Stage (3)	-	-	-	-	-
Impact on the provision - for the year ended- due to reclassifications between the three stages during the year	-	-	-	-	-
Change resulted from adjustments	(60,306)	-	-	(60,306)	(10,618)
Written-off investments	-	-	-	-	(250,000)
Adjustments due to changes in exchange rates	-	-	-	-	-
Balance - End of the Year	**632,492**	**-**	**-**	**632,492**	**670,099**

During the year 2023, financial assets at amortized cost were sold with a nominal value amounting to JD 11,414,900 (JD 4,359,930 during the year 2022), the operation resulted in a loss of JD 2,125 during the year 2023 (loss of JD 45,933 during 2022)

12. Investments in Associates

The details of this item are as follows:

Company Name	Country of Residence	Ownership %	Nature of Activity	December 31, 2023	December 31, 2022
Jordan Blending & Packing of Fertilizers Co.				JD	JD
	Jordan	25%	Industrial	349,622	345,954

	December 31, 2023	December 31, 2022
	JD	JD
Balance beginning of the year	345,954	343,708
Group's share from profit of the year - net	3,668	8,496
Collected cash dividends	-	(6,250)
Balance End of the Year	**349,622**	**345,954**

The details of the associate's assets and liabilities are as follows:

	December 31, 2023	December 31, 2022
	JD	JD
Total Assets	1,583,562	1,612,013
Total Liabilities	(177,526)	(213,527)
Net Assets	**1,406,036**	**1,383,814**

13. Property and Equipment - Net

The details of this item are as follows:

	Lands	Buildings	Equipment, Furniture and Fixtures	Vehicles	Computers Hardware	Total
For the year ended December 31, 2023	**JD**	**JD**	**JD**	**JD**	**JD**	**JD**
Cost:						
Balance - beginning of the year	25,451,167	24,479,357	62,677,201	1,390,840	20,088,750	134,087,315
Additions	5,564,840	223,110	5,506,392	365,801	3,300,401	14,960,544
Disposals	-	(12,138)	(1,748,232)	(187,966)	(2,429,213)	(4,377,549)
Balance - End of the Year	**31,016,007**	**24,690,329**	**66,435,361**	**1,568,675**	**20,959,938**	**144,670,310**
Accumulated Depreciation:						
Balance - beginning of the year	-	8,485,842	43,826,473	923,982	15,392,159	68,628,456
Annual depreciation	-	524,117	5,506,842	197,648	1,933,347	8,161,954
Disposals	-	(10,179)	(1,679,765)	(136,692)	(2,420,565)	(4,247,201)
Balance - End of the Year	**-**	**8,999,780**	**47,653,550**	**984,938**	**14,904,941**	**72,543,209**
Net book value of property and equipment	31,016,007	15,690,549	18,781,811	583,737	6,054,997	72,127,101
Payments to purchase property and equipment	-	2,255,011	1,495,569	-	333,398	4,083,978
Net Book Value – End of the Year	**31,016,007**	**17,945,560**	**20,277,380**	**583,737**	**6,388,395**	**76,211,079**
For the year ended December 31, 2022						
Cost:						
Balance - beginning of the year	22,628,397	24,766,056	60,346,039	1,390,840	19,015,563	128,146,895
Additions	2,822,770	9,425	5,629,137	-	2,326,528	10,787,860
Disposals	-	(296,124)	(3,297,975)	-	(1,253,341)	(4,847,440)
Balance - End of the Year	**25,451,167**	**24,479,357**	**62,677,201**	**1,390,840**	**20,088,750**	**134,087,315**
Accumulated Depreciation:						
Balance - beginning of the year	-	8,269,014	41,061,866	734,608	14,504,812	64,570,300
Annual depreciation	-	511,032	5,933,025	189,374	1,967,818	8,601,249
Disposals	-	(294,204)	(3,168,418)	-	(1,080,471)	(4,543,093)
Balance - End of the Year	**-**	**8,485,842**	**43,826,473**	**923,982**	**15,392,159**	**68,628,456**
Net book value of property and equipment	25,451,167	15,993,515	18,850,728	466,858	4,696,591	65,458,859
Payments to purchase property and equipment	-	1,412,005	1,032,979	-	612,534	3,057,518
Net Book Value – End of the Year	**25,451,167**	**17,405,520**	**19,883,707**	**466,858**	**5,309,125**	**68,516,377**
Annual depreciation rate %	**-**	**2 - 4**	**7 - 15**	**15**	**20**	

- Property and equipment include fully depreciated assets of JD 40,096,031 as of December 31, 2023 (JD 34,762,898 as of December 31, 2022), which are still in-use by the Bank.

14. Intangible Assets - net

The details of this item are as follows:

	Computer Software	Bank's License	Customers Deposits	Goodwill*	Total
For the year ended December 31, 2023	**JD**	**JD**	**JD**	**JD**	**JD**
Balance - beginning of the year	15,585,181	9,928,000	-	1,380,512	26,893,693
Additions	8,536,707	-	-	-	8,536,707
Amortization for the year	(6,897,491)	-	-	-	(6,897,491)
Balance - End of the Year	**17,224,397**	**9,928,000**	**-**	**1,380,512**	**28,532,909**
For the year ended December 31, 2022					
Balance - beginning of the year	15,518,337	9,928,000	624,835	1,380,512	27,451,684
Additions	6,404,113	-	-	-	6,404,113
Amortization for the year	(6,337,269)	-	(624,835)	-	(6,962,104)
Balance - End of the Year	**15,585,181**	**9,928,000**	**-**	**1,380,512**	**26,893,693**

* This item represents the intangible assets resulting from the acquisition of Safwa Islamic Bank during the year 2017 and it is subject to fair value impairment tests at the end of each year.

15. Other Assets - Net

The details of this item are as follows:

	December 31,	
	2023	2022
	JD	JD
Interests and revenues under collection	27,100,676	21,157,525
Prepaid expenses	7,562,688	5,923,531
Assets seized by Bank in repayment of debts *	78,038,809	52,978,257
Clearing cheques	307,331	168,219
Transfers and cheques under collection	233,915	261,956
Margins on letter of guarantees paid	6,389,990	4,050,439
Discounted commercial papers	17,341,650	55,057,239
Convertible loans to shares	1,004,774	177,250
Other	15,245,752	13,305,344
Total	**153,225,585**	**153,079,760**

* The regulations of the Central Bank of Jordan requires the disposal of the assets seized by Bank in repayment of debts during a maximum period of two years from the acquisition date. However, in some exceptional cases, the Central Bank of Jordan has the right to extend the period for a maximum of two subsequent years.

- The following is a summary of the movement on the assets seized by bank in repayment of debts:

	December 31,	
	2023	2022
	JD	JD
Balance - beginning of the year	52,978,257	51,302,874
Additions	28,807,610	6,002,533
Disposals	(4,328,224)	(3,431,969)
Surplus impairment (provision) during the year	581,166	(895,181)
Balance - End of the Year	**78,038,809**	**52,978,257**

Below is a summary of the movement on the provision for the assets seized by bank:

Balance beginning of year	6,070,677	5,175,496
(Surplus) additions during the year	(581,166)	895,181
Balance - End of the year	**5,489,511**	**6,070,677**

- The impairment provision against the assets seized by the Bank amounted to JD 1,349,193 as of December 31, 2023 (JD 1,801,256 as of December 31, 2022). Furthermore, the provision for the assets seized by the Bank for a period of more than (4) years amounted to JD 4,140,318 as of December 31, 2023 (JD 4,269,421 as of December 31, 2022).

16. Banks' and Financial Institutions Deposits

The details of this item are as follows:

	December 31, 2023			December 31, 2022		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	44,773,242	133,809,282	178,582,524	35,924,451	69,529,019	105,453,470
Time deposits	6,000,000	126,667,696	132,667,696	9,479,990	222,916,680	232,396,670
Total	**50,773,242**	**260,476,978**	**311,250,220**	**45,404,441**	**292,445,699**	**337,850,140**

17. Customers' Deposits

The details of this item are as follows:

	Individual	Corporate	SMEs	Government and Public Sector	Total
	JD	JD	JD	JD	JD
For the year ended December 31, 2023					
Current accounts and demand accounts	506,333,549	193,872,804	408,774,306	9,943,945	1,118,924,603
Saving deposits	862,848,432	28,513,684	88,598,277	8,157,365	988,117,758
Time and notice deposits	1,728,339,919	581,973,635	185,300,102	411,903,611	2,907,517,267
Certificates of deposit	531,540,903	25,843,940	35,731,547	43,677,000	636,793,390
Total	**3,629,062,803**	**830,204,063**	**718,404,231**	**473,681,921**	**5,651,353,018**
For the year ended December 31, 2022					
Current accounts and demand accounts	511,295,365	268,196,672	297,624,686	6,694,002	1,083,810,725
Saving deposits	898,433,383	30,052,609	64,363,067	5,765,644	998,614,703
Time and notice deposits	1,602,562,585	539,777,036	148,271,873	391,872,109	2,682,483,603
Certificates of deposit	368,987,701	6,795,000	16,995,712	28,657,000	421,435,413
Total	**3,381,279,034**	**844,821,317**	**527,255,338**	**432,988,755**	**5,186,344,444**

- The Jordanian government and public sector's deposits inside the kingdom reached JD 473,681,921 representing 8.38% of total deposits as of December 31, 2023 (JD 432,988,755 representing 8.35% of total deposits as of December 31, 2022).

- Non-interest bearing deposits reached JD 1,109,911,255 representing 19.64% of total deposits as of December 31, 2023 (JD 1,095,540,368 representing 21.12% of total deposits as of December 31, 2022).

- Restricted deposits amounted to JD 9,838,084 representing 0.17% of total deposits as of December 31, 2023 (JD 6,633,036 representing 0.13% of total deposits as of December 31, 2022).

- Dormant deposits reached JD 39,908,496 representing 0.71% of total deposits as of December 31, 2023 (JD 58,201,707 representing 1.12% of total deposits as of December 31, 2022).

- Customers' deposits include an amount of JD 2,114,530,041 which represents the shared customers' investments related to Safwa Islamic Bank as of December 31, 2023 (1,900,147,848 as of December 31, 2022).

18. Cash Margins

The details of this item are as follows:

	December 31, 2023	December 31, 2022
	JD	JD
Margins against direct credit facilities	235,112,411	161,719,676
Margins against indirect credit facilities	78,788,880	81,862,743
Balances against margin receivables	3,594,790	5,841,581
Other margins	12,164,353	7,944,027
Total	**329,660,434**	**257,368,027**

19. Borrowed Funds and Subordinated Loans

19.a. Borrowed Funds

The details of this item are as follows:

	Amount	Number of total payments: Total no. of payments	Number of total payments: Remaining payments	Payments frequency	Collaterals	Loan interest rate price
	JD					
December 31, 2023						
Central Bank of Jordan borrowing *	52,172,227	13,400	8,287	Monthly	Bank Promissories	0.5 %- 1.75 %
Central Bank of Jordan borrowing *	345,900	37	16	Quarterly	Bank Promissory	1,00%
Central Bank of Jordan borrowing *	3,152,402	37	24	Semi-annual	Bank Promissory	0.50% -1.00%
Central Bank of Jordan borrowing *	2,200,645	17	17	Annual	Bank Promissory	0.50% -1.00%
Central Bank of Jordan borrowing *	48,237,651	24,212	14,012	Monthly	Bank Promissory	0.00%
International Bank for Reconstruction and Development **	2,400,000	20	8	Semi-annual starting from September 15, 2018	Bank Promissory	1.95%
Arab Fund for Economic and Social Development ***	270,000	15	2	Semi-annual	Bank Promissory	2.5%
Arab Fund for Economic and Social Development ***	7,118,894	34	32	Semi-annual	Bank Promissory	3.00%
European Bank for Reconstruction and Development	2,020,650	7	7	Semi-annual starting from September 1, 2024	-	8.65%
European Bank for Reconstruction and Development	106,350	7	7	Semi-annual starting from September 1, 2024	-	5.88%
European Investment Bank	34,470,000	7	7	Semi-annual starting from December 21, 2024	-	4.45%
Jordan Mortgage Refinance Company (Relating to a subsidiary)	2,000,000	1	1	One instalment	-	7.75%
Jordan Mortgage Refinance Company (Relating to a subsidiary)	2,000,000	1	1	One instalment	-	4.7%
Jordan Mortgage Refinance Company (Relating to a subsidiary)	2,500,000	1	1	One instalment	-	4.6%
Jordan Mortgage Refinance Company (Relating to a subsidiary)	5,000,000	1	1	One instalment	-	7.6%
Local Banks (Relating to a subsidiary)	5,781,250	100	94	Quarterly	-	6.75%
Local Banks (Relating to a subsidiary)	700,000	36	36	Monthly	-	7.25%
Local Banks (Relating to a subsidiary)	14,930,423	828	827	Monthly	-	6.00%
Local Banks (Relating to a subsidiary)	5,000,000	30	30	Monthly	-	6.00%
Total	**190,406,392**					
December 31, 2022						
Central Bank of Jordan borrowing *	37,065,805	11,124	7,079	Monthly	Bank Promissories	0.5 %-1.75 %
Central Bank of Jordan borrowing *	408,700	37	34	Quarterly	Bank Promissory	1.00%
Central Bank of Jordan borrowing *	3,425,153	36	31	Semi-annual	Bank Promissory	0.50% -1.00%
Central Bank of Jordan borrowing *	1,125,104	22	9	Annual	Bank Promissory	0.50% -1.00%
Central Bank of Jordan borrowing *	51,672,440	26,293	16,864	Monthly	Bank Promissory	0.00%
International Bank for Reconstruction and Development **	3,000,000	20	9	Semi-annual starting from September 15, 2018	Bank Promissory	1.95%
Arab Fund for Economic and Social Development ***	690,000	15	4	Semi-annual	Bank Promissory	2.5%
Arab Fund for Economic and Social Development ***	5,327,732	34	34	Semi-annual	Bank Promissory	3.00%
Jordan Mortgage Refinance Company	10,000,000	1	1	One instalment	Bank Promissory	4.4%
The European Bank for Reconstruction and Development	673,550	7	7	Semi-annual starting from September 1, 2024	-	7.45%
The European Bank for Reconstruction and Development	35,450	7	7	Semi-annual starting from September 1, 2024	-	4.85%
Jordan Mortgage Refinance Company (related to subsidiary)	2,000,000	1	1	One instalment	-	7.75%
Jordan Mortgage Refinance Company (related to subsidiary)	2,000,000	1	1	One instalment	-	4.7%
Jordan Mortgage Refinance Company (related to subsidiary)	2,500,000	1	1	One instalment	-	4.6%
Local Banks (related to a subsidiary)	6,000,000	92	92	Quarterly	-	6.5%
Local Banks (related to a subsidiary)	265,012	48	12	One instalment	-	5.9%
Local Banks (related to a subsidiary)	7,971,000	432	432	One instalment	-	6.00%
Local Banks (related to a subsidiary)	4,998,000	288	288	One instalment	-	6.00%
Local Banks (related to a subsidiary)	2,550,000	144	144	One instalment	-	6.00%
Total	**141,707,946**					

* Funds have been reborrowed from the Central Bank of Jordan to corporates and SMEs sectors at an interest rate ranging from 0% - 12%.
** Funds have been reborrowed from the International Bank for Reconstruction and Development to corporates and SMEs sectors at an interest rate ranging from 6% - 11.25%.
*** Funds have been reborrowed from the Arab Fund for Economic and Social Development to corporates and SMEs sectors at an interest rate ranging from 4.50% - 10.75%.

19.b. Subordinated Loans

The details of this item are as follows:

December 31, 2023	Amount	Number of total payments: Total no. of payments	Number of total payments: Remaining payments	Payments frequency	Collaterals	Loan interest rate price
	JD					
The European Bank for Reconstruction and Development	24,815,000	1	1	one installment dated December 6, 2032	-	12.85%
The European Bank for Reconstruction and Development	21,300,000	1	1	one instalment dated April 8, 2027	-	11.75%
Sanad Fund for financing micro, SME's	14,180,000	1	1	one installment dated March 30, 2030	-	10.91%
	60,295,000					

December 31, 2022	Amount	Number of total payments: payments	Number of total payments: Remaining payments	Payments frequency	Collaterals	Loan interest rate price
	JD					
The European Bank for Reconstruction and Development	24,815,000	1	1	One instalment dated December 6, 2032	-	11.85%
The European Bank for Reconstruction and Development	21,300,000	1	1	One instalment dated April 8, 2027	-	9.5%
	46,115,000					

20. Sundry Provisions

The details of this item are as follows:

	Balance at the beginning of the year	Addition during the year	Paid during the year	Transferred to income	Balance at the end of the year
For the Year Ended December 31, 2023	JD	JD	JD	JD	JD
Provision for end-of-service indemnity	79,722	52,161	-	8,278	123,605
Provision for lawsuits and contingent liabilities	452,175	131,788	276,281	5,500	302,182
Other provisions	100,000	-	-	-	100,000
Total	**631,897**	**183,949**	**276,281**	**13,778**	**525,787**
For the Year Ended December 31, 2022					
Provision for end-of-service indemnity	81,479	28,031	-	29,788	79,722
Provision for lawsuits and contingent liabilities	677,424	711,675	634,788	302,136	452,175
Other provisions	100,000	-	-	-	100,000
Total	**858,903**	**739,706**	**634,788**	**331,924**	**631,897**

21. Income Tax

a. Income tax provision

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

	December 31,	
	2023	2022
	JD	JD
Balance - beginning of the year	28,930,915	21,931,794
Income tax paid	(35,092,191)	(26,590,128)
Accrued income tax	37,020,220	33,457,335
Income tax from profits from financial assets	13,540	-
Provision for prior years income tax	-	131,914
Balance - End of the Year	**30,872,484**	**28,930,915**

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

	Year ended December 31,	
	2023	2022
	JD	JD
Income tax accrued for the current year profit	37,020,220	33,457,335
Income tax for prior years	-	131,914
Deferred tax assets	(4,380,508)	(5,493,471)
Deferred tax liability for the year	20,282	(161,769)
	32,659,994	**27,934,009**

b. Deferred Tax Assets/Liabilities

The details of this item are as follows:

	December 31, 2023					2022
	Beginning Balance	Amounts Released	Amounts Added	Ending Balance	Deferred Tax	Deferred Tax
Deferred Tax Assets	JD	JD	JD	JD	JD	JD
Financial assets at fair value through other comprehensive income*	-	-	2,497,918	2,497,918	215,586	-
Financial assets at fair value through profit or loss	711,192	711,192	-	-	-	150,624
Provision seized assets	5,968,986	581,164	-	5,387,822	2,047,372	2,268,215
Provision for bonuses	5,885,861	5,885,861	6,016,260	6,016,260	2,286,179	2,236,627
Advertising expenses	75,000	75,000	-	-	-	28,500
Provision for lawsuits against the Bank	445,794	149,993	-	295,801	112,404	169,402
Unaccepted provision for credit financing and facilities stage 3	1,459,792	-	7,870,948	9,330,740	3,545,681	554,721
General provision	190,000	-	60,261	250,261	70,073	53,200
Provision for contingent labilities	100,000	-	-	100,000	38,000	38,000
Differences due to the application IFRS 16	773,338	-	115,664	889,002	337,821	293,868
Provision for expected credit losses stage 1 or 2	70,986,477	-	4,500,628	75,487,105	28,685,100	26,974,861
Provision for end-of-service indemnity	79,722	-	43,883	123,605	46,970	30,294
Provision for finance lease awards	72,075	-	32,930	105,005	29,401	20,181
Legal expenses	6,381	-	-	6,381	1,787	1,787
Total	**86,754,618**	**7,403,210**	**21,138,492**	**100,489,900**	**37,416,374**	**32,820,280**

	December 31, 2023					2022
	Beginning Balance	Amounts Released	Amounts Added	Ending Balance	Deferred Tax	Deferred Tax
Deferred tax liabilities	JD	JD	JD	JD	JD	JD
Financial assets at fair value through profit or loss	-	-	2,174,784	2,174,784	20,282	-
Financial assets at fair value through comprehensive income *	7,364,272	7,364,272	-	-	-	844,854
Total	**7,364,272**	**7,364,272**	**2,174,784**	**2,174,784**	**20,282**	**844,854**

*Deferred tax assets include an amount of JD 215,586 resulting from the profits of evaluating financial assets at fair value through the statement of other comprehensive income that appears within the fair value reserve in owners' equity as of December 31, 2023. (JD 844,854 deferred tax liabilities as of December 31, 2022).

- The movement on the deferred income tax assets is as follows:

	Assets		Liabilities	
	December 31,		December 31,	
	2023	2022	2023	2022
	JD	JD	JD	JD
Balance - beginning of the year	32,820,280	27,747,673	844,854	161,769
Additions	7,289,685	7,936,382	778,567	844,854
Disposals	(2,693,591)	(2,863,775)	(1,603,139)	(161,769)
Balance - End of the Year	**37,416,374**	**32,820,280**	**20,282**	**844,854**

c. Reconciliation of the accounting profit with taxable profit

	December 31,	
	2023	**2022**
	JD	**JD**
Accounting profit	90,397,269	71,734,432
Non-taxable income	(18,924,243)	(10,298,695)
Non-deductible expenses for tax purposes	27,537,745	27,989,653
Taxable Profit	**99,010,771**	**89,425,390**
Effective income tax rate	36.13%	38.95%

- The legal income tax rate for the Bank was 35% in addition to the national contribution of 3%, the legal income tax rate for Al Etihad Leasing Company and AL Etihad Financial Brokerage company has reached 24% in addition to the national contribution of 4% and the income tax rate for Al Etihad Financial Technology has reached to 20% in addition to the national contribution of 1%.

- The Bank submitted the tax return until the year 2022 and a final settlement was reached with Income Tax and sales Department on the results of the bank until end of the year 2020, and The Income and Sales Tax Department has not reviewed the bank's accounting records for the years 2021 and 2022, In the opinion of the managment and the tax advisor, the allocated provition is sufficient as of December 31, 2023.

- A final settlement with the income tax department for Safwa Islamic Bank has been reached up to the year 2020. The tax return for the year 2021 and 2022 was submitted within the legal period, and the income and sales tax department did not review the accounting records until the date of preparing the consolidated financial statements.

- A tax clearance was obtained from the Income and Sales Tax Department on the business results of Misk Financial Brokerage Company (a subsidiary of Safwa Islamic Bank) until the end of 2022, except for the year 2019, when the company submitted tax statements for the year 2019 and it was not reviewed by the Income and Sales Tax Department.

- A final settlement for Al Etihad for Financial Brokerage Company has been reached, with the income tax department up to the year 2022. except for the year 2021 And the Self detection has been submitted for the year 2021 and the income tax and sales department did not review the accounting records until the date of the consolidated financial information.

- A final settlement with the Income Tax Department for Al Etihad for Financial Leasing Company has been reached up to the year 2021. And the Self detection has been submitted for the year 2022 and the income tax and sales department did not review the accounting records until the date of the consolidated financial information.

- A final settlement with the Income Tax Department for Al Etihad for Financial Technology Company has been reached up to the year 2020. The tax return for the year 2021 and 2022 was submitted, and the income tax and sales department did not review the accounting records until the date of preparing the consolidated financial information.

- A final settlement with the Income Tax Department for Etihad Islamic Investment company has been reached up to the year 2022.

- The percentage of deferred tax was 38% for the income from inside Jordan and 13% for the income from outside Jordan and in the Bank's management opinion these deferred taxes will be realized in the future.

22. Other Liabilities

The details of this item are as follows:

	December 31,	
	2023	**2022**
	JD	**JD**
Accrued interest expenses	61,266,169	40,431,290
Revenue received in advance	2,758,168	2,223,903
Accounts payable	698,706	653,729
Accrued and unpaid expenses	16,357,721	15,165,919
Incoming transfers	453,698	236,318
Defered cheques	18,008,141	13,044,653
Temporary deposits	11,047,146	12,550,904
Provision for expected credit losses for the off-balance sheet items*	4,902,617	5,021,887
Dividends payable	467,693	461,103
Electronic payments system reconciliations	3,196,747	1,980,162
Card settlement accounts	11,398,830	4,777,482
Liabilities payment broker	6,839,593	-
Other liabilities	13,540,991	4,833,149
Total	**150,936,220**	**101,380,499**

Below is the movement of the indirect facilities on a collective basis during the year:

	December 31, 2023					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	1,303,196,285	-	106,484,731	-	2,248,572	1,411,929,588
New exposure during the year	904,296,552	-	15,893,999	-	20,012	920,210,563
Accrued exposure	(789,546,331)	-	(52,990,946)	-	(744,646)	(843,281,923)
Transferred to stage (1)	11,438,049	-	(11,371,049)	-	(67,000)	-
Transferred to stage (2)	(2,668,261)	-	2,668,261	-	-	-
Transferred to stage (3)	(1,394,977)	-	(32,500)	-	1,427,477	-
Effect on the exposure results change classification between stages	(737,375)	-	(327,494)	-	(7,867)	(1,072,736)
Changes resulted from adjustments	(29,142,978)	-	(6,396,939)	-	-	(35,539,917)
Balance at the End of the Year	**1,395,440,964**	**-**	**53,928,063**	**-**	**2,876,548**	**1,452,245,575**

	December 31, 2022					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	1,015,159,013	-	96,577,713	-	2,698,130	1,114,434,856
New exposure during the year	839,452,533	-	85,586,428	-	39,775	925,078,736
Accrued exposure	(570,482,042)	-	(70,422,074)	-	(346,424)	(641,250,540)
Transferred to stage (1)	6,783,501	-	(6,450,661)	-	(332,840)	-
Transferred to stage (2)	(3,727,859)	-	3,788,837	-	(60,978)	-
Transferred to stage (3)	(264,610)	-	(15,000)	-	279,610	-
Total impact on volume of exposures as a result of changing the classification between stages	23,395	-	355,750	-	-	379,145
Changes resulting from adjustments	16,252,354	-	(2,936,262)	-	(28,701)	13,287,391
Balance at the End of the Year	**1,303,196,285**	**-**	**106,484,731**	**-**	**2,248,572**	**1,411,929,588**

Below is the movement on the impairment loss for indirect facilities on a collective bases during the year:

	December 31, 2023					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	4,143,411	-	667,307	-	211,169	5,021,887
Impairment loss on new exposures during the year	2,329,572	-	99,315	-	-	2,428,887
Recovered from the impairment loss of the accrued exposures	(1,851,261)	-	(422,806)	-	(147,542)	(2,421,609)
Transferred to stage (1)	94,047	-	(94,047)	-	-	-
Transferred to stage (2)	(11,361)	-	11,361	-	-	-
Transferred to stage (3)	(566)	-	(811)	-	1,377	-
Total impact on volume of exposures as a result of changing the classification between stages	(44,566)	-	18,861	-	47,567	21,862
Changes resulting from adjustments	(166,766)	-	22,356	-	(4,000)	(148,410)
Balance at the End of the Year	**4,492,510**	**-**	**301,536**	-	**108,571**	**4,902,617**

	Deember 31, 2022					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	4,818,038	-	601,399	-	195,747	5,615,184
Impairment loss on new exposures during the year	1,978,444	-	458,936	-	6,400	2,443,780
Recovered from the impairment loss of the accrued exposures	(2,592,308)	-	(262,070)	-	(10,000)	(2,864,378)
Transferred to stage (1)	78,860	-	(68,860)	-	(10,000)	-
Transferred to stage (2)	(20,800)	-	21,778	-	(978)	-
Transferred to stage (3)	(251)	-	(179)	-	430	-
Total impact on volume of exposures as a result of changing the classification between stages	(54,437)	-	29,899	-	29,570	5,032
Changes resulting from adjustments	(64,135)	-	(113,596)	-	-	(177,731)
Balance at the End of the Year	**4,143,411**	**-**	**667,307**	**-**	**211,169**	**5,021,887**

The distribution of the total indirect facilities (guarantees) according to the Bank's internal credit ratings:

	December 31, 2023						2022
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	Stage (3)	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Credit rating categories based on the Bank's internal system:							
1	8,000	-	-	-	-	8,000	8,000
2	27,573,841	-	-	-	-	27,573,841	32,442,360
3	50,936,634	-	-	-	-	50,936,634	34,259,090
4	25,608,870	-	-	-	-	25,608,870	25,100,047
5	42,713,555	-	500,000	-	-	43,213,555	44,838,596
6	21,176,381	-	131,978	-	-	21,308,359	22,112,922
7	13,754,614	-	4,362,603	-	-	18,117,217	20,606,107
8	-	-	-	-	2,595,817	2,595,817	1,972,663
Not rated	26,847,171	-	13,607,015	-	280,731	40,734,917	40,781,608
Total	**208,619,066**	**-**	**18,601,596**	**-**	**2,876,548**	**230,097,210**	**222,121,393**

Below is the movement on the indirect facilities- guarantees:

	December 31, 2023					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	197,996,383	-	21,876,438	-	2,248,572	222,121,393
New exposure during the year	68,500,167	-	4,872,192	-	20,012	73,392,371
Accrued exposure	(57,615,265)	-	(5,557,249)	-	(744,646)	(63,917,160)
Transferred to stage (1)	4,255,784	-	(4,188,784)	-	(67,000)	-
Transferred to stage (2)	(1,400,965)	-	1,400,965	-	-	-
Transferred to stage (3)	(1,394,590)	-	(32,500)	-	1,427,090	-
Total impact - as of end of the year - on volume of exposures as a result of changing the classification between the three stages during the year	(578,737)	-	(133,740)	-	(7,480)	(719,957)
Changes resulting from adjustments	(1,143,711)	-	364,274	-	-	(779,437)
Balance at the End of the Year	**208,619,066**	**-**	**18,601,596**	**-**	**2,876,548**	**230,097,210**

	December 31, 2022					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	181,700,374	-	22,217,813	-	2,698,130	206,616,317
New exposure during the year	60,686,227	-	7,876,115	-	39,775	68,602,117
Accrued exposure	(46,140,465)	-	(3,798,863)	-	(346,424)	(50,285,752)
Transferred to stage (1)	4,167,813	-	(3,834,973)	-	(332,840)	-
Transferred to stage (2)	(1,734,261)	-	1,795,239	-	(60,978)	-
Transferred to stage (3)	(264,610)	-	(15,000)	-	279,610	-
Total impact - as of end of the year - on volume of exposures as a result of changing the classification between the three stages during the year	(32,582)	-	246,900	-	-	214,318
Changes resulting from adjustments	(386,113)	-	(2,610,793)	-	(28,701)	(3,025,607)
Balance at the End of the Year	**197,996,383**	**-**	**21,876,438**	**-**	**2,248,572**	**222,121,393**

Below is the movement on the provision for the indirect facilities - guarantees:

	December 31, 2023					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	360,763	-	169,336	-	211,169	741,268
Impairment loss on new exposures during the year	61,665	-	22,271	-	-	83,936
Recovered from the impairment loss of the accrued exposures	(54,025)	-	(40,196)	-	(147,542)	(241,763)
Transferred to stage (1)	37,875	-	(37,875)	-	-	-
Transferred to stage (2)	(1,297)	-	1,297	-	-	-
Transferred to stage (3)	(566)	-	(811)	-	1,377	-
Total impact - as of end of the year - on volume of exposures as a result of changing the classification between the three stages during the year	(30,589)	-	(52)	-	47,567	16,926
Changes resulting from adjustments	(57,394)	-	(57,674)	-	(4,000)	(119,068)
Balance at the End of the Year	**316,432**	**-**	**56,296**	**-**	**108,571**	**481,299**

	December 31, 2022					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	417,381	-	209,603	-	195,747	822,731
Impairment loss on new exposures during the year	93,001	-	49,719	-	6,400	149,120
Recovered from the impairment loss of the accrued exposures	(95,350)	-	(45,740)	-	(10,000)	(151,090)
Transferred to stage (1)	30,537	-	(20,537)	-	(10,000)	-
Transferred to stage (2)	(7,334)	-	8,312	-	(978)	-
Transferred to stage (3)	(251)	-	(179)	-	430	-
Total impact - as of end of the year - on volume of exposures as a result of changing the classification between the three stages during the year	(24,165)	-	11,371	-	29,570	16,776
Changes resulting from adjustments	(53,056)	-	(43,213)	-	-	(96,269)
Balance at the End of the Year	**360,763**	**-**	**169,336**	**-**	**211,169**	**741,268**

The distribution of the total indirect facilities (unutilized limits) according to the Bank's internal credit ratings:

	December 31, 2023						2022
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	Stage (3)	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Credit rating categories based on the bank's internal system:							
1	9,609,859	-	-	-	-	9,609,859	2,085,541
2	60,284,829	-	-	-	-	60,284,829	46,843,848
3	138,447,638	-	-	-	-	138,447,638	107,387,713
4	176,543,405	-	-	-	-	176,543,405	161,747,343
5	141,685,824	-	-	-	-	141,685,824	156,493,687
6	69,530,102	-	2,365,444	-	-	71,895,546	62,438,087
7	10,866,123	-	20,829,123	-	-	31,695,246	43,676,426
8	-	-	-	-	-	-	-
Not rated	74,222,402	-	5,111,076	-	-	79,333,478	74,015,738
Total	**681,190,182**	**-**	**28,305,643**	**-**	**-**	**709,495,825**	**654,688,383**

Below is the movement on the indirect facilities - unutilized limits

	December 31, 2023					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	609,241,051	-	45,447,332	-	-	654,688,383
New exposure during the year	378,575,417	-	6,013,329	-	-	384,588,746
Accrued exposure	(330,613,883)	-	(14,529,605)	-	-	(345,143,488)
Transferred to stage (1)	5,196,419	-	(5,196,419)	-	-	-
Transferred to stage (2)	(1,267,296)	-	1,267,296	-		-
Transferred to stage (3)	(387)	-	-	-	387	-
Total impact - as of end of the year - on volume of exposures as a result of changing the classification between the three stages during the year	291,362	-	(193,754)	-	(387)	97,221
Changes resulting from adjustments	19,767,499	-	(4,502,536)	-		15,264,963
Balance at the End of the Year	**681,190,182**	**-**	**28,305,643**	**-**	**-**	**709,495,825**

	December 31, 2022					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	522,328,808	-	46,207,814	-	-	568,536,622
New exposure during the year	347,055,923	-	39,978,874	-	-	387,034,797
Accrued exposure	(279,875,039)	-	(39,570,997)	-	-	(319,446,036)
Transferred to stage (1)	2,615,688	-	(2,615,688)	-	-	-
Transferred to stage (2)	(1,639,098)	-	1,639,098	-	-	-
Transferred to stage (3)	-	-	-	-	-	-
Total impact - as of end of the year - on volume of exposures as a result of changing the classification between the three stages during the year	55,977	-	108,850	-	-	164,827
Changes resulting from adjustments	18,698,792	-	(300,619)	-	-	18,398,173
Balance at the End of the Year	**609,241,051**	**-**	**45,447,332**	**-**	**-**	**654,688,383**

Below is the movement on the provition for the indirect facilities - unutilized ceilings:

	December 31, 2023					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	3,518,047	-	435,951	-	-	3,953,998
Impairment loss on new exposures during the year	2,083,451	-	75,342	-	-	2,158,793
Recovered from the impairment loss of the accrued exposures	(1,555,596)	-	(323,065)	-	-	(1,878,661)
Transferred to stage (1)	53,731	-	(53,731)	-	-	-
Transferred to stage (2)	(10,064)	-	10,064	-	-	-
Transferred to stage (3)	-	-	-	-	-	-
Total impact - as of end of the year - on volume of exposures as a result of changing the classification between the three stages during the year	(12,014)	-	18,913	-	-	6,899
Changes resulting from adjustments	(98,304)	-	80,064	-	-	(18,240)
Balance at the End of the Year	**3,979,251**	**-**	**243,538**	**-**	**-**	**4,222,789**

	December 31, 2022					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	4,093,627	-	337,774	-	-	4,431,401
Impairment loss on new exposures during the year	1,650,929	-	349,392	-	-	2,000,321
Recovered from the impairment loss of the accrued exposures	(2,238,544)	-	(164,421)	-	-	(2,402,965)
Transferred to stage (1)	48,323	-	(48,323)	-	-	-
Transferred to stage (2)	(13,133)	-	13,133	-	-	-
Transferred to stage (3)	-	-	-	-	-	-
Total impact - as of end of the year - on volume of exposures as a result of changing the classification between the three stages during the year	(30,272)	-	18,178	-	-	(12,094)
Changes resulting from adjustments	7,117	-	(69,782)	-	-	(62,665)
Balance at the End of the Year	**3,518,047**	**-**	**435,951**	**-**	**-**	**3,953,998**

The distribution of the total indirect facilities (letter of credits) according to the Bank's internal credit ratings:

	December 31, 2023						2022
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	Stage (3)	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Credit rating categories based on the bank's internal system:							
1	500,314	-	-	-	-	500,314	158,175
2	44,131,211	-	-	-	-	44,131,211	22,353,915
3	57,293,112	-	-	-	-	57,293,112	87,925,225
4	163,681,546	-	-	-	-	163,681,546	101,005,648
5	25,188,372	-	-	-	-	25,188,372	44,180,506
6	9,746,432	-	-	-	-	9,746,432	10,773,949
7	2,048,151	-	69,425	-	-	2,117,576	3,723,647
8	-	-	-	-	-	-	-
Not rated	68,156,513	-	6,951,399	-	-	75,107,912	56,771,887
Total	**370,745,651**	**-**	**7,020,824**	**-**	**-**	**377,766,475**	**326,892,952**

Below is the movement on the indirect facilities - letters of credit :

	December 31, 2023					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	310,326,179	-	16,566,773	-	-	326,892,952
New exposure during the year	338,256,361	-	5,008,478	-	-	343,264,839
Accrued exposure	(277,752,795)	-	(10,309,904)	-	-	(288,062,699)
Transferred to stage (1)	1,985,846	-	(1,985,846)	-	-	-
Transferred to stage (2)	-	-	-	-	-	-
Transferred to stage (3)	-	-	-	-	-	-
Total impact - as of end of the year - on volume of exposures as a result of changing the classification between the three stages during the year	(450,000)	-	-	-	-	(450,000)
Changes resulting from adjustments	(1,619,940)	-	(2,258,677)	-	-	(3,878,617)
Balance at the End of the Year	**370,745,651**	**-**	**7,020,824**	**-**	**-**	**377,766,475**

	December 31, 2022					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	261,917,828	-	18,696,491	-	-	280,614,319
New exposure during the year	265,287,703	-	15,137,251	-	-	280,424,954
Accrued exposure	(214,703,156)	-	(17,596,619)	-	-	(232,299,775)
Transferred to stage (1)	-	-	-	-	-	-
Transferred to stage (2)	(354,500)	-	354,500	-	-	-
Transferred to stage (3)	-	-	-	-	-	-
Total impact - as of end of the year - on volume of exposures as a result of changing the classification between the three stages during the year	-	-	-	-	-	-
Changes resulting from adjustments	(1,821,696)	-	(24,850)	-	-	(1,846,546)
Balance at the End of the Year	**310,326,179**	**-**	**16,566,773**	**-**	**-**	**326,892,952**

Below is the movement on the indirect facilities provision - letter of credit:

	December 31, 2023					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	171,573	-	13,691	-	-	185,264
Impairment loss on new exposures during the year	118,139	-	1,702	-	-	119,841
Recovered from the impairment loss of the accrued exposures	(154,748)	-	(11,216)	-	-	(165,964)
Transferred to stage (1)	2,441	-	(2,441)	-	-	-
Transferred to stage (2)	-	-	-	-	-	-
Transferred to stage (3)	-	-	-	-	-	-
Total impact - as of end of the year - on volume of exposures as a result of changing the classification between the three stages during the year	(1,963)	-	-	-	-	(1,963)
Changes resulting from adjustments	(5,590)	-	(34)	-	-	(5,624)
Balance at the End of the Year	**129,852**	**-**	**1,702**	**-**	**-**	**131,554**

	December 31, 2022					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	251,901	-	29,248	-	-	281,149
Impairment loss on new exposures during the year	142,122	-	11,497	-	-	153,619
Recovered from the impairment loss of the accrued exposures	(205,234)	-	(27,136)	-	-	(232,370)
Transferred to stage (1)	-	-	-	-	-	-
Transferred to stage (2)	(333)	-	333	-	-	-
Transferred to stage (3)	-	-	-	-	-	-
Total impact - as of end of the year - on volume of exposures as a result of changing the classification between the three stages during the year	-	-	350	-	-	350
Changes resulting from adjustments	(16,883)	-	(601)	-	-	(17,484)
Balance at the End of the Year	**171,573**	**-**	**13,691**	**-**	**-**	**185,264**

The distribution of the total indirect facilities (acceptances) according to the Bank's internal credit ratings:

	December 31, 2023						2022
	Stage (1)		Stage (2)				
	Individual	Collective	Individual	Collective	Stage (3)	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Credit rating categories based on the bank's internal system:							
1	-	-	-	-	-	-	-
2	8,494,300	-	-	-	-	8,494,300	624,955
3	39,030,439	-	-	-	-	39,030,439	41,346,530
4	50,212,562	-	-	-	-	50,212,562	45,243,453
5	11,088,082	-	-	-	-	11,088,082	24,943,861
6	9,008,047	-	-	-	-	9,008,047	11,511,722
7	-	-	-	-	-	-	125,319
8	-	-	-	-	-	-	-
Not rated	17,052,635	-	-	-	-	17,052,635	84,431,020
Total	**134,886,065**	**-**	**-**	**-**	**-**	**134,886,065**	**208,226,860**

Below is the movement on the indirect facilities acceptances:

	December 31, 2023					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	185,632,672	-	22,594,188	-	-	208,226,860
New exposure during the year	118,964,607	-	-	-	-	118,964,607
Accrued exposure	(123,564,388)	-	(22,594,188)	-	-	(146,158,576)
Transferred to stage (1)	-	-	-	-	-	-
Transferred to stage (2)	-	-	-	-	-	-
Transferred to stage (3)	-	-	-	-	-	-
Total impact - as of end of the year - on volume of exposures as a result of changing the classification between the three stages during the year	-	-	-	-	-	-
Changes resulting from adjustments	(46,146,826)	-	-	-	-	(46,146,826)
Balance at the End of the Year	**134,886,065**	**-**	**-**	**-**	**-**	**134,886,065**

	December 31, 2022					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	49,212,003	-	9,455,595	-	-	58,667,598
New exposure during the year	166,422,680	-	22,594,188	-	-	189,016,868
Accrued exposure	(29,763,382)	-	(9,455,595)	-	-	(39,218,977)
Transferred to stage (1)	-	-	-	-	-	-
Transferred to stage (2)	-	-	-	-	-	-
Transferred to stage (3)	-	-	-	-	-	-
Total impact - as of end of the year - on volume of exposures as a result of changing the classification between the three stages during the year	-	-	-	-	-	-
Changes resulting from adjustments	(238,629)	-	-	-	-	(238,629)
Balance at the End of the Year	**185,632,672**	**-**	**22,594,188**	**-**	**-**	**208,226,860**

Below is the movement on the indirect facilities provision - Acceptance:

	December 31, 2023					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	93,028	-	48,329	-	-	141,357
Impairment loss on new exposures during the year	66,317	-	-	-	-	66,317
Recovered from the impairment loss of the accrued exposures	(86,892)	-	(48,329)	-	-	(135,221)
Transferred to stage (1)	-	-	-	-	-	-
Transferred to stage (2)	-	-	-	-	-	-
Transferred to stage (3)	-	-	-	-	-	-
Total impact - as of end of the year - on volume of exposures as a result of changing the classification between the three stages during the year	-	-	-	-	-	-
Changes resulting from adjustments	(5,478)	-	-	-	-	(5,478)
Balance at the End of the Year	**66,975**	**-**	**-**	**-**	**-**	**66,975**

	December 31, 2022					
	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	55,129	-	24,774	-	-	79,903
Impairment loss on new exposures during the year	92,392	-	48,328	-	-	140,720
Recovered from the impairment loss of the accrued exposures	(53,180)	-	(24,773)	-	-	(77,953)
Transferred to stage (1)	-	-	-	-	-	-
Transferred to stage (2)	-	-	-	-	-	-
Transferred to stage (3)	-	-	-	-	-	-
Total impact - as of end of the year - on volume of exposures as a result of changing the classification between the three stages during the year	-	-	-	-	-	-
Changes resulting from adjustments	(1,313)	-	-	-	-	(1,313)
Balance at the End of the Year	**93,028**	**-**	**48,329**	**-**	**-**	**141,357**

23. Paid-up Capital and Share Premium

Capital:
The authorized and paid-in capital amounted to JD 200 million, divided into JD 200 million shares at a par value of JD 1 per share as of December 31, 2023, and JD 160 Million divided over 160 Million shares, where the par value per share was JD 1 as of December 31, 2022.

The General Assembly decided, in its extraordinary meeting held on April 19, 2023, to increase the bank's capital by an amount of JD 40 million by capitalizing part of the retained earnings at an amount of JD 28 million and capitalizing part of the share premium at an amount of JD 12 million.

Share Premium:
The share premium amounted to JD 68,213,173 as of December 31, 2023 (JD 80,213,173 as of December 31, 2022).

Dividends Paid:
The dividends distributed to shareholders amounted to JD 16 million for the year 2022 (JD 16 million for the year 2021).

24. Perpetual Bonds

On October 3, 2023, the bank issued perpetual non-convertible bonds to shares worth USD 100 million. They were listed on the Amman Stock Exchange, where the nominal value of each bond was USD 10,000, with a total number of 10,000 bonds at a fixed interest rate of 8.5% for the first five years, and then a variable interest rate every three years. It is calculated based on the return on Treasury bonds issued by the United States government for a period of five years, plus a margin of 4.25%. These bonds were classified as an additional Tier 1 of regulatory capital in accordance with Basel III requirements.

The value of interest due on these bonds amounted to JD 934,107 as of December 31, 2023, reduced directly from retained earnings, net of taxes.

25. Reserves

The details of the reserves as of December 31, 2023, and 2022 are as follows:

a. Statutory Reserve
This reserve represents amounts transferred from income before tax at a rate of 10% during the year and the prior years, and according to the Banking law, the statutory reserve is not available for distribution to shareholders.

b. Voluntary reserve
This reserve represents amounts transferred from the pre-tax profits at a rate not exceeding 20% during the year and the prior years. The voluntary reserve shall be utilized for the purposes determined by the Board of Directors and the General Assembly shall have the right to distribute it in whole or in part as dividends to the shareholders.

The value of interest due on these bonds amounted to JD 934,107 as of December 31, 2023, reduced directly from retained earnings, net of taxes.

The restricted reserves are as follows:

Reserve Name	**December 31, 2023**	**December 31, 2022**	**Regulation**
	JD	**JD**	
Statutory reserve	85,321,596	76,227,974	According to the Bank regulatory authorities' regulations and companies' regulations.
Fair value reserve	2,693,754	6,482,816	According to the regulations of the Central Bank of Jordan and the Jordan Securities Commission.

26. Proposed Dividends and shares

The Board of Directors proposed in its meeting that was held on February 14, 2024, a recommendation to the General assembly of shareholders to approve the distribution of cash dividends amounted to JD 20 million at 10% of paid-in capital and is subject to the approval of the Central Bank of Jordan and the General Assembly of Shareholders.

27. Fair Value Reserve - Net

The details are as follows:

	December 31,	
	2023	2022
	JD	JD
Balance at the beginning of the year	6,482,816	1,741,270
Unrealized (losses) gains	(4,448,787)	8,022,682
Deferred tax assets	215,586	(420,863)
Deferred tax liabilities	844,854	(844,854)
(Gains) from sale of financial assets at fair value through other comprehensive income	(400,715)	(2,015,419)
Balance at the End of the Year	**2,693,754**	**6,482,816**

- The fair value reserve appears after netting the balance of deferred tax assets of JD 215,586 as of December 31, 2023 (against the netting of deferred tax assets of JD 844,854 as of December 31, 2022).

28. Retained Earnings

The movement on retained earnings is as follows:

	December 31,	
	2023	2022
	JD	JD
Balance – beginning of the year	78,930,524	71,721,054
Income for the year	47,137,256	34,327,652
Gains from sale of financial assets through comprehensive income	400,715	2,015,419
Transferred to reserves	(15,073,872)	(13,083,690)
Capitalization of capital increase	(28,000,000)	-
Dividends distributed	(16,000,000)	(16,000,000)
Capital increase fees	(250,150)	-
Shares in subsidiaries	(435,765)	(49,911)
Perpetual bonds expenses after excluding the tax effect	(363,234)	-
Perpetual bond interest after excluding the tax effect	(934,107)	-
Balance – End of the Year	**65,411,367**	**78,930,524**

- The General Assembly decided, in its extraordinary meeting held on April 19, 2023, to increase the bank's capital by an amount of JD 40 million by capitalizing part of the retained earnings at an amount of JD 28 million and capitalizing part of the share premium at an amount of JD 12 million.

- Retained earnings includes an amount of JD 2,174,784 which represents gains from the differences on the revaluation of the financial assets at fair value through the statement of profit or loss.

- Retained earnings includes a restricted amount of JD 37,180,506 as of December 31, 2023 (JD 32,820,280 as of December 31, 2022), which represents deferred tax assets after deducting part of deferred tax liabilities.
  According to the Central Bank of Jordan's instructions, this amount should not be used unless prior approval is obtained from the Central Bank of Jordan.

29. Provision for Expected Credit Losses on Financial Assets

The details are follows:

	December 31,	
	2023	2022
	JD	JD
Balances at banks and financial institutions	(212,472)	(279,462)
Deposits with banks and banking institutions	408	5,500
Financial assets at amortized costs	(37,607)	21,460
Direct credit facilities and financing	42,289,636	35,083,130
Contingent liabilities	(119,270)	(593,297)
	41,920,695	**34,237,331**

30. Subsidiaries with Material Non-controlling Interests

First: Percentage owned by non-controlling interests

December 31, 2023

Company's Name	Country of residence	Ownership Percentage	Activity Nature	Distributions
				JD
Safwa Islamic Bank (Owned by Al Etihad Islamic for Investment Company)	Jordan	60.16%	Provides all financial, banking and investment services according to Islamic Sharia.	-
Al Etihad Islamic for Investment Company LLC.	Jordan	42.00%	The Company's purposes are to acquire companies' stocks, bonds and shares.	-

December 31, 2022

Company's Name	Country of residence	Ownership Percentage	Activity Nature	Distributions
				JD
Safwa Islamic Bank (Owned by Al Etihad Islamic for Investment Company)	Jordan	62.26%	Provides all financial, banking and investment services according to Islamic Sharia.	6,000,000
Al Etihad Islamic for Investment Company LLC.	Jordan	42.00%	The Company's purposes are to acquire companies' stocks, bonds and shares.	3,350,000

Second: The following is selected financial information for subsidiaries with material non-controlling interests

a. Condensed statement of financial position before the elimination of inter-company transactions and after reclassification for some items:

	Safwa Islamic Bank (Al Etihad Islamic for Investment Company) December 31, 2023	Safwa Islamic Bank (Al Etihad Islamic for Investment Company) December 31, 2022
	JD	JD
Financial assets	2,838,930,921	2,529,565,317
Other assets	80,410,457	46,341,260
Total assets	**2,919,341,378**	**2,575,906,577**
Financial Liabilities	2,634,666,551	2,336,101,720
Other Liabilities	95,365,087	68,000,516
Total Liabilities	**2,730,031,638**	**2,404,102,236**
Equity	189,309,740	171,804,341
Total Liabilities and Equity	**2,919,341,378**	**2,575,906,577**
Equity attributed to non-controlling interests	113,265,019	106,366,138
Non-Controlling Interest Share at Al Etihad Islamic for Investment Company	623,852	623,852
Total non-controlling interests	**113,888,871**	**106,989,990**

b. Condensed statement of income before the elimination of inter-company transactions:

	Safwa Islamic Bank (Al Etihad Islamic for Investment Company) December 31, 2023	Safwa Islamic Bank (Al Etihad Islamic for Investment Company) December 31, 2022
	JD	JD
Gross Income	77,984,186	68,002,662
Profit for the year	17,510,246	15,112,021
Total Comprehensive Income	17,505,399	15,126,614
Attributable to non-controlling interests	10,600,081	9,486,207
Non-controlling interests share in profits (losses) of Al Etihad Islamic for Investment Company	(3,284)	(4,351)
Non-Controlling Interests	10,596,797	9,481,856

31. Interest and Returns Income

The details of this item are as follows:

	December 31, 2023	December 31, 2022
	JD	JD
Direct Credit Facilities and Financing		
Individual (retail)		
Overdraft accounts	153,082	136,461
Loans and discounted bills	94,151,682	71,349,409
Credit cards	3,502,304	1,940,405
Real estate Loans	91,318,244	70,000,236
Large corporates		
Overdraft accounts	6,325,218	5,786,525
Loans and discounted bills	89,055,381	68,603,610
SME's		
Overdraft accounts	2,578,506	2,100,006
Loans and discounted bills	16,334,180	12,477,341
Government and Public Sector	28,080,113	21,178,572
Balances at the Central Bank	15,607,450	6,911,290
Balances and deposits at banks and financial institutions	9,358,207	4,457,040
Financial assets at fair value through statement of profit or loss	217,354	21,538
Financial assets at amortized cost	71,562,128	49,135,776
Others	2,142,734	1,670,441
	430,386,583	**315,768,650**

32. Interest and Debit Expenses

The details of this item are as follows:

	December 31, 2023	December 31, 2022
	JD	JD
Banks and financial institutions deposits	9,300,363	4,623,506
Customers' deposits:		
Current accounts and demand deposits	7,668,446	4,478,420
Saving deposits	6,688,041	5,192,547
Time and notice deposits	144,217,464	93,105,635
Certificates of deposit	27,862,637	13,359,983
Cash margins	4,866,706	3,072,617
Borrowed funds	3,586,276	2,456,675
Subordinated loans	6,673,091	1,177,269
Deposits Insurance Corporation's fees	6,624,326	7,652,841
	217,487,350	**135,119,493**

33. Net Commission Income

The details of this item are as follows:

	December 31,	
	2023	2022
	JD	JD
Direct credit facilities and financing commissions	3,653,370	5,871,993
Indirect credit facilities and financing commissions	14,878,771	15,250,347
Other	16,787,345	14,723,654
Less: Commission expense	(2,972,200)	(2,077,407)
Net Commission Income	**32,347,286**	**33,768,587**

34. Gains from Foreign Currencies

The details of this item are as follows:

	December 31,	
	2023	2022
	JD	JD
Resulting from dealings / tradings	9,538,585	9,918,532
Resulting from valuations	4,238,001	1,521,470
	13,776,586	**11,440,002**

35. Gains (Loss) from Financial Assets at Fair Value through Profit or Loss

The details of this item are as follows:

	Gains (Losses) Realized	Gains (Losses) Unrealized	Dividends income Received	Total
	JD	JD	JD	JD
December 31, 2023				
Treasury bills and bonds	299,224	79,409	-	378,633
Corporate shares	539,063	335,184	146,028	1,020,275
Financial derivatives	(83,600)	(19,700)	-	(103,300)
Investment funds	(18,463)	636,602	1,868	620,007
	736,224	**1,031,495**	**147,896**	**1,915,615**
December 31, 2022				
Treasury bills and bonds	6,166	(10,346)	-	(4,180)
Corporate shares	(253,408)	(563,459)	117,687	(699,180)
Financial derivatives	64,408	-	-	64,408
Investment funds	38,226	(893,077)	8,884	(845,967)
	(144,608)	**(1,466,882)**	**126,571**	**(1,484,919)**

36. Dividends from Financial Assets at Fair Value through other Comprehensive Income

The details of this item are as follows:

	December 31,	
	2023	2022
	JD	JD
Dividends from stock investments	1,157,134	689,898
Returns from investment fund distributions	5,019	969
	1,162,153	**690,867**

37. Other Income

The details of this item are as follows:

	December 31,	
	2023	2022
	JD	JD
Safety deposits boxes rental	238,510	200,260
Dormant accounts	115,721	121,492
Bonded revenue	254,165	243,226
Net income from recovered bad debts	544,020	294,536
Income from sale of seized assets	-	898,236
Other income	248,978	240,633
	1,401,394	**1,998,383**

38. Employees' Expenses

The details of this item are as follows:

	December 31,	
	2023	2022
	JD	JD
Salaries, benefits and allowances	46,365,376	42,851,427
Bank's contribution to social security	4,837,288	4,384,455
Bank’s contribution to saving fund	1,955,346	1,785,296
Medical expenses	2,360,530	2,155,193
Per diems	533,753	329,302
Training expenses	936,810	833,367
Uniforms	29,454	4,173
Advertising and marketing incentives	5,725,388	4,931,991
Employees' life insurance expense	199,678	190,272
Others	250	1,879
	62,943,873	**57,467,355**

39. Other Expenses

The details of this item are as follows:

	December 31,	
	2023	2022
	JD	JD
Postage, telephone telex and reutters	4,303,832	3,702,405
Stationery and printing	1,569,273	1,200,244
Water, electricity and fuel expense	1,434,214	1,120,662
Maintenance of machines and equipment	15,726,460	14,221,359
Insurance expenses on the Bank's assets and activities	2,709,758	2,813,030
Lawyer, auditing, maintenance, programs and consulting fees	3,089,129	3,301,436
Govermental Fees and professional licenses	1,846,499	1,575,299
Loss from disposal of property and equipment	32,116	115,477
Board of Directors’ transportations and allowances	1,601,405	1,579,784
Advertising	7,634,068	6,147,949
Donations and subscriptions	4,649,790	3,022,956
Board of Directors’ remuneration	109,996	109,996
Loss from disposal of owned assets	11,489	-
Others	2,248,810	1,892,037
	46,966,839	**40,802,634**

40. Basic and diluted earings per share for the period attributable to the Bank's shareholders

The details of this item are as follows:

	December 31,	
	2023	2022
	JD	JD
Profit for the year	47,137,256	34,327,652
Weighted average number of shares	200,000,000	20,000,000
Earnings per share attributable to the Bank's shareholders: Basic and diluted	0.236	0.172

The weighted average number of shares per share of profit attributable to the bank’s shareholders was calculated based on the number of shares as of December 31, 2023 and 2022, the figures for the year ended December 31, 2022 were calculated for the average profit. For the number of shares after taking into account the share dividends being free.

41. Cash and Cash Equivalents

The details of this item are as follows:

	December 31,	
	2023	2022
	JD	JD
Cash and balances with CBJ maturing within 3 months	736,205,982	761,806,411
Add: Balances with banks and financial institutions maturing within 3 months	372,011,885	207,623,258
Less: Banks and financial institutions deposits maturing within 3 months	261,750,220	295,845,614
Less: Restricted balances	15,526,690	9,791,446
	830,940,957	**663,792,609**

42. Derivatives

The following table shows the positive and negative fair value for the financial derivatives along with the distribution of their nominal value based on their maturities.

				Par Value Maturity			
	Positive Fair Value	Negative Fair Value	Total Nominal Value	Due in three Months	Due in 3 - 12 Months	From 1 to 3 Years	More than 3 Years
December 31, 2023	JD	JD	JD	JD	JD	JD	JD
Customers' commitments against purchased forward agreements	33,935	31,688	9,145,987	7,984,996	1,160,991	-	-
Banks' commitments against purchased forward agreements	116,584	181,052	53,357,562	51,852,717	1,504,845	-	-
	150,519	**212,740**	**62,503,549**	**59,837,713**	**2,665,836**	**-**	**-**
December 31, 2022							
Customers' commitments against purchased forward agreements	284,830	81,018	14,758,091	9,609,047	5,149,044	-	-
Banks' commitments against purchased forward agreements	181,481	320,731	179,020,897	171,837,997	7,182,900	-	-
	466,311	**401,749**	**193,778,988**	**181,447,044**	**12,331,944**	**-**	**-**

Nominal value represents the value of transactions outstanding at year-end and does not refer to market risks or credit risks.

43. Related Party Transactions and Balances

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

Company's Name	Ownership	The Company's Capital 2023	The Company's Capital 2022
	%	JD	JD
Al Etihad Islamic for Investment Company LLC.	58	113,039,028	113,039,028
Safwa Islamic Bank	39.84	100,000,000	100,000,000
Al- Etihad for Financial Brokerage Co. Ltd	100	5,000,000	5,000,000
Al- Etihad for Financial Leasing Co.	100	12,000,000	12,000,000
Al- Etihad for Financial Technology	100	100,000	100,000
Bank al Etihad - Iraq Branch	100	35,450,000	-

The balances and transactions between the Bank and its subsidiaries and the foreign branch have been eliminated.

The Group entered into transactions with major shareholders, directors, senior management in the ordinary course of business at commercial interest and commission rates. All the credit facilities granted to related parties are performing, and no provisions have been taken except for what is shown below:

The details of this item are as follows:

	Related Party				Total	
	Board of Directors	Executive management members and Major Shareholders	Subsidiaries	Others (Executive Management of the Bank and Related Parties)	2023	2022
	JD	JD	JD	JD	JD	JD
On- Consolidated Statement of Financial Position Items:						
Direct credit facilities and financing	649,551	3,383,140	1,549,498	62,090,833	67,673,022	67,432,161
Deposits	162,191,650	5,325,698	17,624,057	26,182,131	211,323,536	207,100,913
Deposits at banks and financial institutions	-	-	1,636,036	-	1,636,036	354,838
Intangible assets	-	-	2,211,755	-	2,211,755	2,615,855
Off- Consolidated Statement of Financial Position Items:						
Letter of credits	-	-	-	627,513	627,513	4,161,389
Acceptance	-	-	-	4,043,519	4,043,519	-
Letter of guarantee	11,500	-	1,019,670	8,242,300	9,273,470	10,121,834

					For the Year Ended December 31,	
					2023	2022
					JD	JD
Consolidated Statement of Profit or Loss Items						
Interest, returns and commissions income	30,910	58,981	90,729	5,267,983	5,448,603	5,489,263
Interest and expenses and debit interest	7,646,426	153,486	655,412	1,064,661	9,519,985	4,461,156
Software maintenance expenses	-	-	163,081	-	163,081	351,314

- The interest income rates on credit facilities range from 2% to 17%, and interest expense rates on customers' deposits range from 0.5% to 6.85%.

Below is a summary of the remunerations for the Bank's executive management:

	2023	2022
	JD	JD
Salaries and bonuses of the Executive Management	6,545,192	6,442,465
Board of Directors' transportation and allowances	1,633,766	1,619,987
Total	**8,178,958**	**8,062,452**

44. Right-of-Use Assets/ Leasing Liabilities

This items includes the following:

1. Right-of-use assets

The Bank leases many assets including land and buildings, and the average lease term is 10 years.

Below is the movement on the right-of-use assets during the year:

	For the Year Ended December 31,	
	2023	2022
	JD	JD
Beginning balance	29,461,656	27,555,989
Add: Additions during the year	6,097,366	6,316,819
less: Disposal during the year	(545,382)	(223,810)
Less: Depreciation for the year	(4,575,570)	(4,187,342)
Balance at the end of the year	**30,438,070**	**29,461,656**

	For the Year Ended December 31,	
Restricted balances in the statement of profit or loss	2023	2022
	JD	JD
Depreciation for the year	(4,575,570)	(4,187,342)
Interest during the year	(1,240,261)	(1,171,165)
Lease expense during the year	(810,851)	(558,065)
Gain from the derecognition of right-of-use assets	4,566	-

2. Lease Liabilities

	For the Year Ended December 31,	
	2023	2022
	JD	JD
Beginning balance	29,680,581	27,366,812
Add: Additions during the year	6,097,366	6,316,819
Interest during the year	1,240,261	1,171,165
Less: Disposal during the year	(549,948)	(223,810)
Paid during the year *	(5,369,844)	(4,950,405)
Balance at the end of the year	**31,098,416**	**29,680,581**

*including interest of JD 337,725. (JD 361,996 As of December 31, 2022).

	For the Year Ended December 31,	
Analysis of the accrual of lease liabilities:	2023	2022
	JD	JD
Less than one year	2,353,829	2,272,581
From 1 year to 5 years	9,687,436	9,546,437
More than 5 years	19,057,151	17,861,563
	31,098,416	**29,680,581**

The undiscounted lease liabilities amounted to JD 37,779,860 as of December 31, 2023 (JD 35,862,010 as of December 31, 2022). The following is the analysis of the maturity:

	For the Year Ended December 31,	
Analysis of the maturity of undiscounted lease liabilities:	2023	2022
	JD	JD
Less than one year	3,141,180	3,009,103
From 1 year to 5 years	12,082,566	11,847,582
More than 5 years	22,556,114	21,005,325
	37,779,860	**35,862,010**

45. Risk Management:

The Bank continuously develops the risk management structure to ensure effective management of all of its operations, the efficiency of the risk management process, and proper application of the regulatory controls across all of the Bank's operations.
The risk management responsibility is allocated across various levels as summarized below :

1. Business Units:

The Business units comprise of employees who, through thier nature of work, manage the various risks associated with the Bank's operations in line with the acceptable risk appetite as determined by the Bank and specified in its policies.

To ensure efficient risk management, the Bank fully separates the functions of the business units from those of risk management. For example, credit underwriting and credit administration function is completely independent from Customer Relations Management (CRM) within the business units. This ensures the integrity of credit decisions, and higher efficiency. In addition, the Middle Office operates under the umbrella of market risk, independent from the treasury.

2. Risk Management

This department operates independently from all business units. It reports to the Board of Directors through the Risk Management Committee to ensure its independence and ability to detect, measure, govern, and monitor risks within acceptable risk appetite as determined by the Bank; as well as submit periodic reports to the Board of Directors in this regard.

3. Internal Audit:

The Internal Audit Department is fully independent and directly reports to the Board Audit Committee. The Department functions as the last line of defense through implementing an audit plan that includes periodic audits of all the Bank's activities to ensure the detection of any violations of systems and noncompliance with the Banks' policies and procedures or the supervisors' regulations

4. Risk Management Committee:

The Board of Directors endorsed the Risk Management Committee as stipulated in it's charter, which has been drafted in accordance with best risk management practices and CBJ requirements. The Committee comprises of Board members and the Chief Risk Officer. All reports prepared by the Risk Management Department are submitted to the Committee periodically to ensure that the Committee's members are well informed of all risks in a timely manner. This enables the committee members to make decisions, and take measures to mitigate risks that are not in line with the established risk appetite, and submit reports to the Board in this regard.

5. Board of Directors:

The Board of Directors has the following responsibilities with regard to risk management:

- Determining the acceptable risk levels for the Bank's various activities.
- Reviewing and approving the various risk policies.
- Monitoring risks and ensuring that necessary controls are in place through the Risk Management Committee.
- Delegating authority related to the approval, amendment, and renewal of credit to the credit committees while reviewing their performance and the validity of their decisions, a matter which would reflect on the quality of the credit portfolio.
- Approving the investments policies and decisions and approving investment transactions and dealing limits.

6. Assets and Liabilities Management Committee:

The Assets and Liabilities Management Committee comprises of the CEO as President and the Head of Business units, Head of Finance and Head of Risk as members. The Committee reviews the statement of financial position and recommends any amendments thereto, in addition to approving the liquidity and market risk management principles. Moreover, the Committee reviews the policies related to these risks, recommends their approval by the Board, and studies the various risk reports in order to take any necessary decisions related to amending the acceptable risks levels by the Bank.

The Committee also recommends to the Board the allocation of capital for the various activities of the Bank in a manner that ensures that the use of capital is optimized.

45/a. Credit risks:

Credit risks are controlled within acceptable risk levels by the Bank through the following:

1. Credit Policy: This policy accurately determines the general guidelines for credit underwriting, levels of acceptable credit risks, and basis used for establishing credit risk pricing and acceptable collateral. In addition, the policy outlines the monitoring activities over creditand ensure early detection of credit quality deterioration of the portfolio.

2. Training and Development: The continuous training and development of all credit staff and managers ensures better understanding of the client's business activity and needs, the fostering of expertise in credit analysis, and a better understanding of risks when taking credit decisions ; as well as ensuring the effective management of portfolios.

3. Authority to Grant Credit: Credit applications are approved by specialized credit committees which are appointed and granted authorities by the Board of Directors.

4. Credit Risk Measurement: The Bank put in place, a credit rating system for corporate and medium-size companies. In addition, the Bank implements a scorecards framework for retail customers as a basis for underwriting and cross-selling of retail products.

5. Internal Valuation for Capital Adequacy: The Bank developed a model to measure capital adequacy based on a 5-year data forecast to calculate the potential capital requirements and the effect of stress testing on the Bank's capital adequacy, profitability, and liquidity.

6. Credit Risk Monitoring :A specialized unit within the Risk Managment Department monitors the credit portfolio and prepares the relevant reports.

   Through the early credit risk warning system, the Risk Management Department examines any indicators that may signal the deterioration of the risk profile of a customer. Such indicators include customer's transactions, financial performance, and the risk of their economic sectors , in addition to indicators related to the performance of the client's account at the Bank. This system allows the bank to detect, early on, any deterioration in the performance of the account and enables to the bank to take necessary measures to reduce any possible losses that may result from that and to ensure the adequacy of the allocations allocated to these accounts.

7. Credit Portfolio Management :All departments concerned with credit continuously review the credit portfolio to maintain a good level of credit exposure quality.

   In managing the portfolio, efforts are made to ensure that the portfolio is diversified to avoid any concentration that could lead to an increase in the risk level of the portfolio. In this regard, the sectoral and the geographical distribution of the portfolio are monitored, in addition single borrower and related parties exposures are monitered and reported in addition to avoiding large credit exposures for a single customer except in exceptional cases and for discerning clients.

8. Credit Risk Mitigation :As a basic step to hedge credit risk, cash flows of financed projects are taken into account when determining the structure of facilities and payment schedules for any facilities granted to clients and the necessary controls to control these cash flows for use for repayment, as well as obtaining collaterals as stipulated in the credit policy, taking into account the quality and liquidity collaterals, in addition to the efficient application of procedures that ensure proper control of these guarantees and control their value and the ease of monetization where necessary.

Stress testing

The objectives of stress testing are to determine the negative stress events that could face the bank and its business, and measure their impact on the bank's solvency, liquidity and reputation.

Also, stress testing will idetify the areas of weaknesses that the bank could face as a result of these negative stress events and allow the board of directors and executive management, to develop a strategic plan to reduce its impact and confronting them when they occur or avoid them. The stress test process aims to improve and enhance the sound management of the bank's risks, in addition to complying with the instructions of the regulatory authorities issued in this regard, and international best practices.

Choosing the stress testing scenarios

Stress scenarios that cover all possible risks encountered by the Bank are selected. The impact of stressful scenarios are assessed on different bank portfolios, and on Profit and Loss, Capital Adequacy Ratio and other regulatory limits , as follows:

1. Measuring the effect of stress scenarios on the Bank's credit portfolio concerning the increase in the percentage of non-performing loans due to many factors, including concentration in granting credits, deterioration of the economic sectors due to financial crises, quality of the credit portfolio, decrease in the value of collaterals, and other factors. The impact of these stress scenarios on income statement, Balance sheet, and capital adequacy ratios.

2. Measuring the effect of stress situations on the Bank's investments in terms of liquidity and change in the market prices such as Interest Rates, Foreign Exhchange rate etc. The impact of these risk scenarios is assessed on the income statement, statement of financial position, and capital adequacy ratios.

3. Measuring the effect of stress scenarios on the Bank's assets and liabilities in the event of depreciation or apperciation of local currency against foreign currencies.

4. Measuring the effect of stress scenarios on the Bank's liquidity due to several factors, including loss of deposits,concentration of the clients' deposits and Banks' deposits and extensive deposit withdrawals. The effect of these risk scenarios is factored into the calculation of the legal liquidity ratio,Liquidity Coverage Ratio and other liquidity ratios.

5. Measuring the effect of stress on the Bank's operational risks. The impact of this risk scenario is assessed on the capital adequacy ratio and Profit and loss.

Based on the results of these tests, contingency and recovery plans are established to face financial and economic crises should they arise. Furthermore, risk mitigation tools are implemented, such as hedging and risk transfer strategies and minimum accepted collaterals limits, and what corresponds to the results of stress tests.

<u>Governance of the Application of Stress-testing Situations:</u>

Responsibility of the Board of Directors:

1. Reviewing the results of the stress tests of the bank on a semi-annual basis (every six months), in order to direct the bank to take measures and/or enforce controls accordingly.
2. Ensuring that the executive management complies by the plans and policies prepared to face any stress scenarios as it arises.
3. Verifying that the Risk Management Department is performing stress tests periodically and that the Board has a major role in approving the underlying assumptions and scenarios, test results analysis, and approving the contingency and recovery plans.

<u>Executive Management's Responsibility</u>

1. Making the right recommendations, based on the stress-testing results, and reporting them to the Board of Directors.

2. Implementing the decisions of the Board of Directors related to the Bank's stress testing results, in addition to informing the Board about these results.

3. Implementing and controlling stress testing, in compliance with the methodology approved by the Board of Directors.

4. Taking the stress testing results into consideration when planning capital with the aim of reaching the capital that matches the Bank's strategy and risk structure, in addition to taking the results into consideration while performing (ICAAP).

5. Ensuring full cooperation among the Bank's different departments through coordianting with the Risk Management Department to come up with the closest real world stress testing results that the Bank might be prone to as a result of the local and international financial and economic circumstances.

The Bank's Definition for Applying Default and the Mechanism for Processing Default:

The group is committed to the instructions of the regulatory authorities and best practices in the banking sector with regard to the application of default and the mechanism for dealing with bad debts .

Non-performing facilities are defined as those facilities that carry high levels of risk or needs supervision, and the following is a brief description of these statuses:

- **Watch List:**
  Borrower with no assured profits and extremely unstable operational revenues. The obligors' assets are witnessing a decrease in their value, coupled with an increase in doubtful debts without sufficient collaterals. Meanwhile, his exposure is constantly increasing and is greater than the accepted standards in his sector. In addition, the management and controls are weak. Debts classified as watch list will remain as such for a period of time under this rating to be monitored, so that their credit rating is improved in case the data that led to their classification under watch list will change or their credit rating downgraded.

- **Substandard:**
  Borrower is considered non-performing. Where Recovering the granted credit facilities based on the client's operational revenues is questionable, and their assets are not protected at an acceptable degree by net equity. In addition, the borrower's ability to commit to financial obligations or provide additional collaterals is weak. The facilities classified under this level of risks require a special provision according to the instructions of the Central Bank of Jordan.

- **Doubtful:**
  The Bank's chances of recovering the debts granted to the borrower is doubtful, and part of the principal is likely to be lost under the given circumstances that demonstrate the borrower's inability to fulfill their obligations towards the Bank. The facilities classified under this level of risks require a special provision according to the instructions of the Central Bank of Jordan.

- **Loss:**
  It is probable that part of the granted amount will be recovered in the future, and the Bank is still not fully convinced that recovery is unlikely. This matter does not encourage the Bank to irrevocably write off the debt, or cease the recovery process. The facilities classified under this level require special provision according to the instructions of the Central Bank of Jordan.

General Guildlines for dealing with default:

- Proposed rescheduling arangements are based on the client's ability to commit to it's financial obligations, as the Bank's aim is not only to improve the credit portfolio classification, but to also recover the loan amount granted to the client.

- While rescheduling debt repayment, a study of the borrower's cash flows must be conducted, especially if the borrower has liabilities towards creditors other than the Bank. This entails studying the borrower's cash flows, current guarantees, and any other extra assets that can be liquidated as an extra source for the repayment, or as an additional guarantee to mitigate the client's credit risk. Other aspects of the client are also studied, including the client's ability to manage the facilities, and validity of the legal documents and contracts in the Bank's possession, to ensure that they maintain the Bank's rights in case legal actions are taken against the borrower.
- In case the client commits to their repayment schedule for a period of not less than 3 months, the account classification is upgraded to a performing status.

Internal Credit Classification System:

The Bank adopts an internal risk rating system to calculate the Risk Rating of Corporate and SMEs clients. The aim of this system is to asses credit risks at client and facility level . For each borrower a risk grade from 1-10 is calculated, where risk grade (1) is the least risky, The calculation of Obligor and facility risk rating is the responsibility if the credit department.

Internal Risk classification of Obligors ensures:

- The ability to maintain a high asset quality, monitor the portfolio's quality, and identify effective plans and future strategies for managing credit risks.
- Linking credit quality, performance efficiency and pricing.
- Determining the authority level for granting and/or renewing the credit limits.

The following table shows the building blocks of the Risk Grade:

Indicator	Indicator's nature
Financial items	Quantitative
Management	Qualitative
Corporate	Qualitative
Economic sector	Qualitative

In order to calculate the Risk Rating, financial statements for 3 years and information about the economic sectors performance should be submitted, accordingly obligors are classified as follows:

Risk level	Risk rank
Excellent	1
Strong	2+ - 2-
Good	3+ - 3-
Satisfactory	4+ - 4-
Adequate	5+ - 5-
Marginal	6+ - 6-
Watch List	7+ - 7-
Non-performing	8-10

Mechanism Used to Calculate the Expected Credit Losses on the Financial Instruments for Each Item Separately

Expected credit losses are calculated on an individual basis on the system that is implemented by the Bank based on parameterized models and methodologies adopted by the Board of Directors and approved by the external auditor in the preparation of interim and year-end financial statements.

a. Probability of Default (PD)

The probability of default is measured for the purpose of calculating the expected credit losses in accordance with IFRS9 through using statistical models based on historical default data, credit exposure classification, and stressed and forecasted macroeconomic trends for corporates and SME's portfolio. As for the retail facilities portfolio, statistical models have been adopted based on the product characteristics and the client's credit behavior.

Under IFRS (9) all credit exposures and debt instruments that are listed under stage (1), are assigned a 12 month Probability of default. As for the credit exposures under Stage 2, the probability of default on a credit exposures is taken into consideration over the lifetime of the exposure.

b. Loss Given Default (LGD) (Guarantees/Risk mitigators)

When calculating the loss given default (LGD), the collaterals pledged against granting the credit exposure are evaluated. Moreover, only collaterals classified as risk mitigants are taken into account (legally documented within credit contracts, while nothing precludes the Bank from reaching the collateral) for the purpose of calculating the repayable amount of the credit exposure after applying haircuts as stipulated in CBJ Debt Classification Instructions No. (47/2009). In addition, LGDs are applied on the uncovered portion of the credit exposure. The LGD estimates are based on historical data related to recoveries upon liquidation as a result of execution on the guarantee due to default, taking into account the time dimension.

c. Exposure at Default (EAD)

When calculating Exposure at Default (EAD), the outstanding amount and type of debt instrument that will be utilized by the debotr will be taken into consideration when calculating the expected credit loss to each stage from International financial reporting standard (9) stages. The exploitation factor is calculated after conducting a study on the withdrawal ratios and the historical exploitations of currencies and different types of debt.

Furthermore, indirect credit exposures (non-financed) are considered on-balance credit exposures on which expected credit loss is calculated. Their probability of default is calculated as well based on historical default.

d. Time Value of Money

The expected credit loss is calculated by using the time value and Effective interest rate (EIR) as a discounting factor.

Governance of applying the requirements of the International Financial Reporting Standard, including the responsibilities of management and executive management, to ensure compliance with the regulatory requirements and applying the international standard.

The Board of Directors:

The Board of Directors will overreview the process and results of calculating provisions according to the international standard in order to make decisions that are consistent with these results and ensure that the executive management adheres to the processes and policies set for the adequacy of provisions. An approved policy that identifies exceptional and justified cases in which the results and outputs of the system are modified and that An independent body shall be determined to be the authority to make the exception or amendment decision and these cases shall be presented to the board for approval.

Risk Committee

The Risk Committee also plays a supervisory role in the IFRS9 Process. The Risk Committee will continue to supervise the inherit risks of the loan and investment portfolio. The risk committee shall insure that:

- The business pricing strategy is commensurate with the costs of impairment from IFRS9.
- Provisioning sufficiently covers the expected credit losses.
- Capital is maintained above the threshold levels and remediation plans are in place

Audit Committee

The provision calculation results according to the international standard are submitted to the Audit Committee, which verifies the adequacy of the Bank's coverage of the expected credit loss in all of the Bank's financial statements.

Executive Management

Senior management should be able to demonstrate an understanding of the inherent risks when pricing exposures and managing Client Relationships. Pricing should to a certain extent reflect the inherent risk in transactions and compensate for booked ECL.

Executive Management is responsible for implementing the reliable credit risk strategies approved by the Board of Directors and for developing the policies and procedures stated above.

Risk Management Department

The Risk Management Department ensures that the provisions adequately cover credit exposures. Ensure that the process and outputs of the system are fairly presented. The results are presented to the Board of Directors, the Risk Committee and Executive Management.

Rescheduled Loans:

These represent loans previously classified under within Stage (3) in accordance with rescheduling principles. These loans amounted to JD 43,269,782 as of December 31, 2023 (JD 20,264,350 as of December 31, 2022).

Restructured Loans:

Restructuring is the rearranging credit obligations in terms of adjusting installments, extending the tenor of the facility, postponing installments, or extending the grace period. These loans amounted to JD 279,310,336 during the year 2023 (JD 337,016,435 during the year 2022).

Debt Securities and Treasury Bills:
The Schedule below shows the distribution of bonds according to the rating agencies classification:

Rating grade	Rating Institution	Within financial assets at fair value through P&L 2023	Within financial assets amortized cost 2023	Total 2023	Total 2022
		JD	JD	JD	JD
AA+	S&P	-	83,081,434	83,081,434	90,544,524
AA	S&P	-	-	-	3,558,797
AA-	S&P	-	16,225,186	16,225,186	16,797,158
A+	S&P	-	35,478,241	35,478,241	14,070,357
A	S&P	-	42,555,329	42,555,329	25,712,346
A-	S&P	-	29,213,225	29,213,225	13,771,547
BBB+	S&P	-	18,238,621	18,238,621	10,847,647
BBB	S&P	-	24,740,754	24,740,754	18,440,448
BBB-	S&P	-	7,211,535	7,211,535	10,975,309
BB+	S&P	1,022,642	7,127,129	8,149,771	7,546,172
BB-	S&P	-	1,266,326	1,266,326	4,829,455
BB	S&P	-	7,784,886	7,784,886	16,134,722
B+	S&P	2,795,239	6,909,987	9,705,226	2,247,391
B-	S&P	-	1,060,482	1,060,482	698,673
Not rated	S&P	-	22,436,567	22,436,567	34,907,581
Governmental	S&P	-	1,330,485,124	1,330,485,124	1,055,539,310
Total		**3,817,881**	**1,633,814,826**	**1,637,632,707**	**1,326,521,437**

All the above bonds are classified under stage 1.

1. Credit Exposures Distributions

For the year ended December 31, 2023

Internal Rating for the Bank	Category Classification According to (47/2009)	Total Exposure Value	Expected Credit Loss	Probability of Default	Classification according to external classification institutions	Exposure when Default	Average Loss on Default
Performing exposures		JD	JD	%		JD	%
1	Performing	481,947,745	1,091	(0.83% - 29.68%)	Unclassified	444	53,0%
2	Performing	222,651,493	120,479	(0% - 36.35%)	Unclassified	169	42.4%
3	Performing	516,381,481	1,769,414	(0% - 31.67%)	Unclassified	371	42.9%
4	Performing	733,477,752	3,592,801	(0.83% - 80.21%)	Unclassified	549	44.3%
5	Performing	832,586,467	11,258,057	(0.83% - 19.59%)	Unclassified	633	46.6%
6	Performing	396,139,755	16,793,176	(0.83% - 80.21%)	Unclassified	260	43.7%
7	Performing	316,008,024	29,553,685	(0.83% - 80.21%)	Unclassified	243	42.4%
Unclassified	Performing	2,864,856,871	15,420,053	(0% - 80.21%)	Unclassified	1,411	52.5%
Unclassified	Performing	355,842,309	83,076	(0% - 0%)	AA- to AAA	271	45.6%
Unclassified	Performing	541,407,102	149,624	(0% - 0%)	A- to A+	98	75.0%
Unclassified	Performing	42,571,643	62,731	(0% - 0%)	BBB- to BBB+	43	75.0%
Unclassified	Performing	1,052,397,698	410,523	(0% - 2%)	Below BBB+ or unrated FFIs	1,066	47.4%
Total		**8,356,268,340**	**79,214,710**			**5,559**	
Non-performing exposures							
8	Non - performing	126,705,464	70,133,602	100%	Unclassified	105	65.8%
Unclassified	Non - performing	75,606,234	50,352,017	100%	Unclassified	60	72.2%
Total		**202,311,698**	**120,485,619**			**165**	
Grand Total		**8,558,580,038**	**199,700,329**			**5,724**	

2. Credit risk according to economic sectors:

a. Total exposure distribution according to financial instruments:

	Financial	Industrial	Trading	Real Estate	Agriculture	Shares	Individuals	Government and Public	Other	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cash at central banks	601,321,203	-	-	-	-	-	-	-	-	601,321,203
Balances at banks and financial institutions	371,943,707	-	-	-	-	-	-	-	-	371,943,707
Deposits at banks and financial institutions	14,082,419	-	-	-	-	-	-	-	-	14,082,419
Direct credit facilities and financing	35,777,871	409,203,959	583,898,927	1,095,395,528	90,505,179	266,998,174	830,994,979	599,833,607	332,303,200	4,244,911,424
Treasury, bills and Bonds and as follows:	**171,142,676**	**31,239,496**	**6,011,454**	**-**	**-**	**-**	**-**	**1,424,959,943**	**4,279,138**	**1,637,632,707**
Within: Financial assets at fair value through statement of profit and loss	1,022,642	-	-	-	-	-	-	2,795,239	-	3,817,881
Within: Financial assets at amortized cost	170,120,034	31,239,496	6,011,454	-	-	-	-	1,422,164,704	4,279,138	1,633,814,826
Other Assets	7,373,895	757,146	11,263,520	716,019	7,473,576	5,754	1,182,472	15,744,605	27,211,351	71,728,338
Total	**1,201,641,771**	**441,200,601**	**601,173,901**	**1,096,111,547**	**97,978,755**	**267,003,928**	**832,177,451**	**2,040,538,155**	**363,793,689**	**6,941,619,798**
Letter of guarantees	27,447,373	33,681,534	33,869,120	3,739,415	2,658,104	2,532,720	54,282,376	-	71,405,269	229,615,911
Letter of credit	22,861,261	17,468,255	147,194,996	254,223	533,643	1,360,895	87,700,151	-	52,332,023	329,705,447
Acceptances	4,489,530	34,147,175	24,260,259	-	23,348,210	-	3,150,974	-	45,422,942	134,819,090
Other Liabilities	4,943,624	175,895,042	162,901,891	4,844,704	10,243,622	6,285,914	148,877,483	175,000	191,105,756	705,273,036
Total 2023	**1,261,383,559**	**702,392,607**	**969,400,167**	**1,104,949,889**	**134,762,334**	**277,183,457**	**1,126,188,435**	**2,040,713,155**	**724,059,679**	**8,341,033,282**
Total 2022	**1,039,573,461**	**645,607,385**	**884,004,422**	**1,014,380,851**	**101,282,735**	**242,666,020**	**915,454,042**	**1,772,566,756**	**1,010,968,236**	**7,626,503,908**

b. Distribution of exposure according to staging (IFRS 9)

	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Financial	1,251,703,291	-	9,637,106	-	43,162	1,261,383,559
Industrial	623,528,879	6,619,251	62,928,211	2,175,069	7,141,197	702,392,607
Trading	878,879,793	15,074,881	56,674,865	6,502,419	12,268,209	969,400,167
Real Estates	429,752,363	451,469,064	139,925,677	71,824,237	11,978,548	1,104,949,889
Agriculture	62,033,762	2,797,832	68,156,138	1,303,714	470,888	134,762,334
Shares	30,662,065	215,435,824	17,394,374	12,511,016	1,180,178	277,183,457
Individual	928,581,935	129,837,626	46,127,747	16,052,351	5,588,776	1,126,188,435
Government and public sector	2,040,713,155	-	-	-	-	2,040,713,155
Other	569,328,552	14,265,579	109,777,954	5,378,900	25,308,694	724,059,679
Total 2023	**6,815,183,795**	**835,500,057**	**510,622,072**	**115,747,706**	**63,979,652**	**8,341,033,282**
Total 2022	**6,195,228,794**	**807,352,698**	**533,198,395**	**52,415,672**	**38,308,349**	**7,626,503,908**

3. Exposure according to geographical distribution

a. Total exposure distribution according to the geographical regions - net:

	Inside Jordan	Other Middle East Countries	Europe	Asia *	Africa	America	Other Countries	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Cash and balances at CBJ	565,871,203	35,450,000	-	-	-	-	-	601,321,203
Balances at banks and financial institutions	18,386,182	143,593,470	115,437,665	41,941,591	-	50,804,768	1,780,031	371,943,707
Deposits at banks and financial institutions	6,000,000	8,082,419	-	-	-	-	-	14,082,419
Direct credit facilities and financing	4,247,147,579	(2,236,155)	-	-	-	-	-	4,244,911,424
Treasury Bills and Bonds are as follows:	**1,353,448,094**	**82,608,723**	**80,509,856**	**19,435,821**	**-**	**101,630,213**	**-**	**1,637,632,707**
Within Financial assets at fair value through statement of profit and loss	-	-	-	-	-	3,817,881	-	3,817,881
Within Financial assets at amortized cost	1,353,448,094	82,608,723	80,509,856	19,435,821	-	97,812,332	-	1,633,814,826
Other Assets	71,728,338	-	-	-	-	-	-	71,728,338
Total	**6,262,581,396**	**267,498,457**	**195,947,521**	**61,377,412**	**-**	**152,434,981**	**1,780,031**	**6,941,619,798**
Letter of guarantees	229,465,368	145,543	-	-	-	-	5,000	229,615,911
Letter of credit	309,135,009	19,865,337	-	-	-	705,101	-	329,705,447
Acceptances	130,329,560	4,489,530	-	-	-	-	-	134,819,090
Other Liabilities	705,273,036	-	-	-	-	-	-	705,273,036
Total 2023	**7,636,784,369**	**291,998,867**	**195,947,521**	**61,377,412**	**-**	**153,140,082**	**1,785,031**	**8,341,033,282**
Total 2022	**7,168,222,525**	**79,809,467**	**189,656,010**	**35,896,652**	**2,795,297**	**148,636,393**	**1,487,564**	**7,626,503,908**

b. Exposure distribution according to staging (IFRS 9)

	Stage (1)		Stage (2)			
	Individual	Collective	Individual	Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Inside Jordan	6,110,934,882	835,500,057	510,622,072	115,747,706	63,979,652	7,636,784,369
Other Middle East countries	291,998,867	-	-	-	-	291,998,867
Europe	195,947,521	-	-	-	-	195,947,521
Asia	61,377,412	-	-	-	-	61,377,412
Africa	-	-	-	-	-	-
America	153,140,082	-	-	-	-	153,140,082
Other Countries	1,785,031	-	-	-	-	1,785,031
Total 2023	**6,815,183,795**	**835,500,057**	**510,622,072**	**115,747,706**	**63,979,652**	**8,341,033,282**
Total 2022	**6,195,228,794**	**807,352,698**	**533,198,395**	**52,415,672**	**38,308,349**	**7,626,503,908**

* Except middle east countries

4. Credit exposures that have been reclassified

a. Total credit exposures that have been classified

	Stage (2)		Stage (3)			
	Total Exposure Amount	Exposure that have been Reclassified	Total Exposure Amount	Exposure that have been Reclassified	Total Exposure that have been Reclassified	Percentage of Exposure that have been Reclassified
December 31, 2023	JD	JD	JD	JD	JD	%
Cash and balances at central banks	-	-	-	-	-	0.00%
Balances at banks and financial institutions	-	-	-	-	-	0.00%
Deposits at banks and financial institutions	-	-	-	-	-	0.00%
Direct credit facilities and financing	626,633,278	190,164,981	199,435,150	80,389,746	270,554,727	6.07%
Treasury Bills and Bonds are as follows:	-	-	-	-	-	0.00%
Within Financial assets at fair value through statement of profit and loss	-	-	-	-	-	0.00%
Within Financial assets at fair value through statement of other comprehensive income	-	-	-	-	-	0.00%
Within Financial assets at amortized cost	-	-	-	-	-	0.00%
Other Assets	-	-	-	-	-	0.00%
Total	**626,633,278**	**190,164,981**	**199,435,150**	**80,389,746**	**270,554,727**	**6.07%**
Letter of guarantees	18,601,596	1,400,965	2,876,548	1,427,090	2,828,055	1.23%
Letter of credit	7,020,824	-	-	-	-	0.00%
Acceptances	-	-	-	-	-	0.00%
Other Liabilities	28,305,643	1,267,296	-	387	1,267,683	0.18%
Grand Total	**680,561,341**	**192,833,242**	**202,311,698**	**81,817,223**	**274,650,465**	**5.09%**

Credit exposures that have been reclassified:

b. Expected credit loss for exposures that have been reclassified

	Exposures that have been reclassified			Expected credit loss due to reclassified exposures				
	Exposure Reclassified from Stage (2)	Exposure Reclassified from Stage (3)	Total Exposures Reclassified	Stage (2) - Individual	Stage (2) - Collective	Stage (3) - Individual	Stage (3) - Collective	Total
December 31, 2023	**JD**	**JD**	**JD**	**JD**	**JD**	**JD**	**JD**	**JD**
Cash and balances at central banks	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-	-	-
Direct credit facilities and financing	190,164,981	80,389,746	270,554,727	(245,771)	1,712,232	7,786,515	(1,630,296)	7,622,680
Treasury Bills and Bonds are as follows:	-	-	-	-	-	-	-	-
Within Financial assets at fair value through statement of profit and loss	-	-	-	-	-	-	-	-
Within Financial assets at fair value through statement of other comprehensive income	-	-	-	-	-	-	-	-
Within Financial assets at amortized cost	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-
Pledged financial assets (debt instruments)	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Total	**190,164,981**	**80,389,746**	**270,554,727**	**(245,771)**	**1,712,232**	**7,786,515**	**(1,630,296)**	**7,622,680**
Letter of guarantees	1,400,965	1,427,090	2,828,055	(14,860)	713	664	-	(13,483)
Letter of credit	-	-	-	-	-	-	-	-
Acceptances	-	-	-	-	-	-	-	-
Other Liabilities	1,267,296	387	1,267,683	(11,039)	-	-	-	(11,039)
Grand Total	**192,833,242**	**81,817,223**	**274,650,465**	**(271,670)**	**1,712,945**	**7,787,179**	**(1,630,296)**	**7,598,158**

5. Credit Risk Exposures (after provision for impairment, outstanding interest and returns, and before collateral and other risk mitigators:

	December 31,	
	2023	2022
	JD	JD
Items inside Consolidated Financial Position		
Balances at central bank	601,321,203	631,678,117
Balances at banks and financial institutions	371,943,707	207,342,608
Deposits at banks and financial institutions	14,082,419	14,013,824
Direct Credit Facilities and Financing - Net:		
Individual	1,069,371,754	939,608,401
Real estate mortgages	1,095,395,528	1,005,785,590
Corporates:		
Large corporates	1,216,644,274	1,213,424,210
SME's	263,666,261	233,085,061
Government and Public Sector	599,833,607	599,215,519
Total	**4,244,911,424**	**3,991,118,781**
Treasury Bills and Bonds:		
Within financial assets at fair value through statement of profit and loss	3,817,881	754,793
Within financial assets at amortized cost	1,633,814,826	1,325,766,644
Other assets	71,728,338	96,864,008
Total Financial Position Items	**6,941,619,798**	**6,267,538,775**
Off- Consolidated Financial Position Items		
Letters of guarantees	229,615,911	221,380,125
Letters of credits	329,705,448	278,765,120
Acceptances	134,819,090	208,085,503
Un-utilized limits of credit facilities and financing	705,273,036	650,734,385
Total Off-Consolidated Financial Position Items	**1,399,413,485**	**1,358,965,133**
Total On- and Off - Consolidated Financial Position Items	**8,341,033,283**	**7,626,503,908**

The above table represents the Bank's maximum credit exposure as of December 31, 2023 and 2022 without taking into account collaterals or other credit risk mitigators.

6. Expected Credit Losses as of December 31, 2023:

Description	Stage (1) - Individual	Stage (1) - Collective	Stage (2) - Individual	Stage (2) - Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Cash and balances at central banks	-	-	-	-	-	-
Balances and deposits at banks and financial institutions	68,178	-	-	-	-	68,178
Deposits at bank and financial institutions	7,159	-	-	-	-	7,159
Direct credit facilities and financing	13,719,773	6,103,035	50,427,760	3,462,267	120,377,048	194,089,883
Debt instruments within portfolio of the financial assets at amortized costs	632,492	-	-	-	-	632,492
Letters of guarantees	316,432	-	56,296	-	108,571	481,299
Un-utilized limits	3,979,251	-	243,538	-	-	4,222,789
Letters of credit	129,852	-	1,702	-	-	131,554
Acceptances	66,975	-	-	-	-	66,975

Expected Credit Losses as of December 31, 2022

Description	Stage (1) - Individual	Stage (1) - Collective	Stage (2) - Individual	Stage (2) - Collective	Stage (3)	Total
	JD	JD	JD	JD	JD	JD
Cash and balances at central banks	-	-	-	-	-	-
Balances and deposits at banks and financial institutions	280,650	-	-	-	-	280,650
Deposits at bank and financial institutions	6,751	-	-	-	-	6,751
Direct credit facilities and financing	16,130,900	2,529,660	52,226,005	507,776	100,550,441	171,944,782
Debt instruments within portfolio of the financial assets at amortized costs	670,099	-	-	-	-	670,099
Letters of guarantees	360,763	-	169,336	-	211,169	741,268
Un-utilized limits	3,518,047	-	435,951	-	-	3,953,998
Letters of credit	171,573	-	13,691	-	-	185,264
Acceptances	93,028	-	48,329	-	-	141,357

The distribution of the collaterals' fair value against the total credit exposures is as follows:

Description	Total Exposure	Collaterals' Fair Value: Cash Margin	Trading Shares	Accepted Bank Guarantees	Real Estates	Vehicles and Equipment	Other	Total Collaterals	Net Exposures after the Collaterals	Expected Credit Loss
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
December 31, 2023										
Cash and balances at central banks	601,321,203	-	-	-	-	-	-	-	601,321,203	-
Balances at banks and financial institutions	372,011,885	-	-	-	-	-	-	-	372,011,885	68,178
Deposits at banks and financial institutions	14,089,578	6,000,000	-	-	-	-	-	6,000,000	8,089,578	7,159
Credit and Financing Facilities :										
Individual	1,127,194,587	39,359,118	881,403	-	505,971,768	259,960,016	161,000	806,333,305	320,861,282	50,355,818
Real estate mortgages	1,116,094,786	3,169,908	335,688	-	379,704,548	279,416	2,150,000	385,639,560	730,455,226	17,889,300
Large corporates	1,327,348,603	24,989,803	6,001,406	253,517	262,062,497	45,996,388	104,134,319	443,437,931	883,910,672	105,993,907
SME's	286,376,151	14,682,027	99,500	-	99,572,101	4,168,150	96,498,948	215,020,726	71,355,425	19,850,858
Government and Public Sector	599,833,607	-	-	-	-	-	-	-	599,833,607	-
Treasury Bills and Bonds are as follows:										
Within Financial assets at fair value through statement of profit and loss	3,817,881	-	-	-	-	-	-	-	3,817,881	-
Within financial assets at fair value through statement of other comprehensive income	-	-	-	-	-	-	-	-	-	-
Within financial assets at amortized cost	1,634,447,318	-	-	-	-	-	-	-	1,634,447,318	632,492
Other assets	71,728,338	-	-	-	-	-	-	-	71,728,338	-
Total	**7,154,263,937**	**88,200,856**	**7,317,997**	**253,517**	**1,247,310,914**	**310,403,970**	**202,944,267**	**1,856,431,522**	**5,297,832,415**	**194,797,712**
Financial guarantees	230,097,210	28,193,986	5,286	-	13,486,341	62,153	583,592	42,331,358	187,765,852	481,299
Letter of credit	329,837,001	57,162,970	-	713,461	13,009,117	-	1,860,273	72,745,821	257,091,180	131,554
Acceptances	134,886,065	8,338,565	-	-	-	-	-	8,338,565	126,547,500	66,975
Other liabilities	709,495,825	-	-	-	-	-	-	-	709,495,825	4,222,789
Grand Total	**8,558,580,038**	**181,896,377**	**7,323,283**	**966,978**	**1,273,806,372**	**310,466,123**	**205,388,132**	**1,979,847,266**	**6,578,732,772**	**199,700,329**

The bank maintains collateral or other credit enhancements to mitigate credit risk associated with financial assets. The Group maintains financial instruments amounting to JD 1,851,483,447 as of December 31, 2023 (compared to JD 1,697,700,946 as of December 31, 2022) with a loss allowance for it due to guarantees at the end of the reporting period.

The estimated value of collateral, which is not recognized, held at the end of the reporting period is JD 2,064,932,557 as of December 31, 2023 (compared to JD 1,927,606,541 as of December 31, 2022. The value of collateral is not considered except to the extent that mitigates credit risk. There was no change in the bank's collateral policy during the current year. The following are the main types of collateral and associated asset types.

Financial Assets	Related collaterals
Real estate loans	Real estate guarantees, advance trusts and personal guarantees
Personal loans	The portfolio consists of personal loans and credit cards and is linked to guarantees such as salary transfer, personal guarantees, cash insurance, cars
Corporate Loans	Real estate, equity shares, cash guarantees, personal guarantees, bank guarantees, transfer of dues from government and private agencies, insurance policies, cars and machinery
SME's	Real estate, equity shares, cash guarantees, personal guarantees, bank guarantees, transfer of dues from government and private agencies, insurance policies, cars and machinery
Government and public sector	-
Deposits with banks and banking institutions	Margin accounts
guarantees	Real estate, cash insurances, personal guarantees, bank guarantees, transfer of dues from government and private agencies, insurance policies
Documentary credits and acceptances	Real estate, cash insurances, personal guarantees, bank guarantees, transfer of dues from government and private agencies, insurance policies
Other Liabilities	Real estate, cash insurances, personal guarantees, bank guarantees, transfer of dues from government and private agencies, insurance policies

The distribution of the collaterals' fair value against the total credit exposures is as follows:

Description	Total Exposure	Collaterals' Fair Value: Cash Margin	Trading Shares	Accepted Bank Guarantees	Real Estates	Vehicles and Equipment	Other	Total Collaterals	Net Exposures after the Collaterals	Expected Credit Loss
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
December 31, 2022										
Cash and balances at central banks	631,678,117	-	-	-	-	-	-	-	631,678,117	-
Balances at banks and financial institutions	207,623,258	-	-	-	-	-	-	-	207,623,258	280,650
Deposits at banks and financial institutions	14,020,575	6,000,000	-	-	-	-	-	6,000,000	8,020,575	6,751
Credit and Financing Facilities :										
Individual	978,779,798	33,057,162	725,589	-	26,195,830	210,622,656	-	270,601,237	708,178,561	33,601,233
Real estate mortgages	1,020,109,367	6,046,867	267,101	-	848,053,416	20,144,863	1,498,424	876,010,671	144,098,696	11,614,714
Large corporates	1,329,014,820	23,080,848	6,414,255	240,300	234,276,252	13,222,463	110,794,636	388,028,754	940,986,066	110,154,001
SME's	252,290,795	12,090,030	275,986	-	81,109,834	3,301,593	94,389,167	191,166,610	61,124,185	16,574,834
Government and Public Sector	599,215,519	-	-	-	-	-	-	-	599,215,519	-
Treasury Bills and Bonds are as follows:										
Within Financial assets at fair value through statement of profit and loss	754,793	-	-	-	-	-	-	-	754,793	-
Within financial assets at fair value through statement of other comprehensive income	-	-	-	-	-	-	-	-	-	-
Within financial assets at amortized cost	1,326,436,743	-	-	-	-	-	-	-	1,326,436,743	670,099
Other assets	96,864,008	-	-	-	-	-	-	-	96,864,008	-
Total	**6,456,787,793**	**80,274,907**	**7,682,931**	**240,300**	**1,189,635,332**	**247,291,575**	**206,682,227**	**1,731,807,272**	**4,724,980,521**	**172,902,282**
Financial guarantees	222,121,393	29,731,065	26,895	-	12,379,986	147,289	7,853,014	50,138,249	171,983,144	741,268
Letter of credit	278,950,384	50,710,768	-	726,699	16,807,143	-	560,568	68,805,178	210,145,206	185,264
Acceptances	208,226,860	9,622,544	-	-	-	-	581,371	10,203,915	198,022,945	141,357
Other liabilities	654,688,383	-	-	-	5,843,342	-	-	5,843,342	648,845,041	3,953,998
Grand Total	**7,820,774,813**	**170,339,284**	**7,709,826**	**966,999**	**1,224,665,803**	**247,438,864**	**215,677,180**	**1,866,797,956**	**5,953,976,857**	**177,924,169**

The distribution of the collaterals' fair value against the total credit exposures within stage (3) is as follows:

Description	Total Exposure	Collaterals' Fair Value							Net Exposures after the Collaterals	Expected Credit Loss
		Cash Margin	Trading Shares	Accepted Bank Guarantees	Real Estates	Vehicles and Machinery	Other	Total Collaterals		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
December 31, 2023										
Cash and balances at central banks	-	-	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Direct credit facilities and financing										
Individual	50,764,593	3,065	-	-	6,865,787	9,978,205	46,944	16,894,001	33,870,592	36,865,060
Real estate mortgages	27,930,204	-	-	-	10,972,405	-	169,230	11,141,635	16,788,569	11,531,398
Large corporates	92,571,011	10,972	-	-	34,163,709	4,093,687	1,495,000	39,763,368	52,807,643	56,499,716
SME's	28,169,342	684,377	-	-	8,819,760	908,321	6,349,804	16,762,262	11,407,080	15,480,874
Government and Public Sector	-	-	-	-	-	-	-	-	-	-
Treasury Bills and Bonds are as follows:	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through statement profit of and loss	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through statement of other comprehensive income	-	-	-	-	-	-	-	-	-	-
Within financial assets at amortized cost	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	**199,435,150**	**698,414**	**-**	**-**	**60,821,661**	**14,980,213**	**8,060,978**	**84,561,266**	**114,873,884**	**120,377,048**
Letter of guarantees	2,876,548	524,025	-	-	-	-	-	524,025	2,352,523	108,571
Letters of credit	-	-	-	-	-	-	-	-	-	-
Acceptances	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-
Grand Total	**202,311,698**	**1,222,439**	**-**	**-**	**60,821,661**	**14,980,213**	**8,060,978**	**85,085,291**	**117,226,407**	**120,485,619**

The distribution of the collaterals' fair value against the total credit exposures within stage (3) is as follows:

		Collaterals' Fair Value								
Description	**Total Exposure**	**Cash Margin**	**Trading Shares**	**Accepted Bank Guarantees**	**Real Estates**	**Vehicles and Machinery**	**Other**	**Total Collaterals**	**Net Exposures after the Collaterals**	**Expected Credit Loss**
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
December 31, 2022										
Cash and balances at central banks	-	-	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Direct credit facilities and financing	-	-	-	-	-	-	-	-	-	-
Individual	37,290,889	2,609	-	-	1,818,305	7,558,874	236,170	9,615,958	27,674,931	28,191,923
Real estate mortgages	22,840,981	-	-	-	9,698,940	-	110,000	9,808,940	13,032,041	7,384,493
Large corporates	68,380,678	154,680	-	-	13,818,033	2,867,237	9,006,056	25,846,006	42,534,672	51,425,392
SME's	24,655,575	646,097	-	-	8,097,153	731,287	4,524,004	13,998,541	10,657,034	13,548,633
Government and Public Sector	-	-	-	-	-	-	-	-	-	-
Treasury Bills and Bonds are as follows:										
Within financial assets at fair value through statement profit of and loss	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through statement of other comprehensive income	-	-	-	-	-	-	-	-	-	-
Within financial assets at amortized cost	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	**153,168,123**	**803,386**	**-**	**-**	**33,432,431**	**11,157,398**	**13,876,230**	**59,269,445**	**93,898,678**	**100,550,441**
Letter of guarantees	2,248,572	395,834	-	-	791,121	-	352,184	1,539,139	709,433	211,169
Letters of credit	-	-	-	-	-	-	-	-	-	-
Acceptances	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-
Grand Total	**155,416,695**	**1,199,220**	**-**	**-**	**34,223,552**	**11,157,398**	**14,228,414**	**60,808,584**	**94,608,111**	**100,761,610**

b. Market Risks:

Market risks are defined as those risks resulting from price fluctuations in a way that affects the Group's profit or owners' equity. This definition includes the change in the currencies exchange rates, stocks prices, and interest rates.

The Group uses a conservative policy to manage market risk. Moreover, these risks are controlled through the adoption of clear policies in this regard and establishing risk limits for each risk type. Our policy aims to reduce minimize these risks.

1. Interest Rate Risks:

A conservative policy is adopted to manage interest rate risks, whereby most of the Bank's assets and liabilities are re-priced in the short term. This limits the effect of interest rate fluctuations on the Bank's profitability and the price of its assets and investments.

Interest rate risks are managed by the assets and liabilities committee in which they are provided with regular gap reports on interest rates re-pricing, in addition to sensitivity reports related to interest rate price changes per currency. These reports show that interest rate risks are within the lowest range.

December 31, 2023

Currency	Increase in Interest Rate	Sensitivity of Net Interest Income (Gains/ Losses) in (Thousands)	Sensitivity on Equity
		JD	JD
Jordanian Dinar	1%	9,188	9,188
US Dollar	1%	2,052	2,052
Euro	1%	70	70
GBP	1%	10	10
Japanese Yen	1%	(93)	(93)
Other Currencies	1%	41	41

December 31, 2022

Currency	Increase in Interest Rate	Sensitivity of Net Interest Income (Gains/ Losses) in (Thousands)	Sensitivity on Equity
		JD	JD
Jordanian Dinar	1%	8,946	8,946
US Dollar	1%	1,739	1,739
Euro	1%	226	226
GBP	1%	40	40
Japanese Yen	1%	293	293
Other Currencies	1%	1	1

In case of a negative change in the interest rate, then the effect will be the same as the change in the above-mentioned table with an opposite sign.

The following is the sensitivity analysis of the impact on the provision for expected credit losses as a result of the change in the economic indicators used in calculating the provision for credit losses for the year 2023:

	Corporate credit facilities	Credit facilities for the government and the public sector	Credit Facilities Real Estate Loans	Credit facilities for small and medium entites (SMEs)	Indirect credit facilities (commitments and contingencies)	Other credit facilities
Companies:	**JD**	**JD**	**JD**	**JD**	**JD**	**JD**
M2 Cash						
5%	1,210,170	-	30,605	-	-	364,477
-5%	(739,567)	-	(17,352)	-	-	(208,214)
Central bank financial statements						
5%	(309,160)	-	(6,747)	-	-	(82,407)
-5%	693,039	-	17,907	-	-	211,908
Small and Medium Enterprises (SME)						
Number of tourists						
5%	-	-	978	15,318	-	4,258
-5%	-	-	(991)	(15,540)	-	(4,321)
Consumer Price Index						
5%	-	-	20,308	317,988	-	88,659
-5%	-	-	(22,691)	(356,049)	-	(98,603)
Bank lending rate						
5%	-	-	9,330	146,159	-	40,689
-5%	-	-	(10,087)	(158,171)	-	(43,901)
Retail:						
M1 Cash						
5%	-	-	12,983	168	198,401	24,200
-5%	-	-	1,847	6	(13,218)	(10,496)
Producer Price Index						
5%	-	-	86,339	996	1,145,376	107,901
-5%	-	-	30,445	273	297,278	1,780
Product price index						
5%	-	-	95,542	1,090	1,255,648	116,048
-5%	-	-	32,109	295	316,524	2,531

2. Currency Risks:

The Group's policy is to fully hedge the currency risk by limiting open positions in foreign currencies only within the limits set and according to a clear policy which reduces the sensitivity of the Group's profitability to currency price changes. limits are placed for open positions for each currency and total currencies, and daily evaluations of these positions are made to reduce the risks of currency exchange rates to the minimum.

Currency	change in Currency Exchange Rate	Effect on Profits and Losses	Effect on Equity
For the Year 2023		**JD**	**JD**
US Dollar	1%	299,664	731,428
Euro	1%	(38,645)	-
GBP	1%	(6,704)	-
Japanese Yen	1%	9,023	-
Other Currencies	1%	313,432	-
For the Year 2022			
US Dollar	1%	51,456	61,361
Euro	1%	(550,198)	-
GBP	1%	(34,637)	-
Japanese Yen	1%	(7,166)	-
Other Currencies	1%	145,422	-

In case of a 1% decrease in the currency exchange rate, the effect will be the same as the financial effect mentioned in the tables above with an opposite sign.

3. Change in Stock Price Risks:

Trading portfolio risk management depends on a policy that is based on diversification of investments, where investments are distributed on a sectoral basis, within the most stable sectors, and across several financial markets to reduce risks to acceptable levels. Regular monitoring of risks is also conducted through:

Determining the different investments limits
Determining limits to stop losses per investment coupled with daily monitoring
Regularly assessing the investment portfolio by an independent body (intermediary office)
Performing sensitivity analysis to measure the extent to which these investments may be impacted in case the markets invested in drop, so as to maintain risks within levels acceptable to the Bank

These risks are managed by the Risks Management Department in cooperation with the Treasury Department. Moreover, their recommendations are submitted to the Assets and Liabilities Management Committee.

Market	Change in Market Index	Effect on profits and losses	Effect on Equity
		JD	**JD**
For the Year 2023:			
Amman Stock Exchange	5%	263,835	625,210
Al-Quds Stock Exchange (Palestine)	5%	-	927,964
Abu Dhabi Stock Exchange	5%	1,886	-
Australian Stock Exchange Ltd	5%	3,472	-
EN Paris	5%	16,684	-
EURO NEXT AMSTERDAM	5%	7,224	-
GERMAN STOCK EXCAHNGE	5%	3,703	-
London Stock Exchange	5%	14,460	-
Milan Stock Exchange	5%	10,788	-
NEW YORK STOCK EXCHANGE	5%	165,903	40,145
Qatar Stock Exchange	5%	1,877	-
Saudi Arabian Stock Exchange	5%	1,975	-
The Stock Exchange of Hong Kong Ltd	5%	2,658	-
Toronto	5%	3,783	-
For the Year 2022:			
Amman Stock Exchange	5%	240,679	501,594
Al-Quds Stock Exchange (Palestine)	5%	-	1,056,828
Foreign market	5%	-	-
NEW YORK STOCK EXCHANGE	5%	-	-
Borsa Italian	5%	-	-
Swiss Market index (SMI)	5%	-	-

45/c. Liquidity Risks

The Bank continuously expands its depositors' base and diversifies the sources of its funds with the aim of maintaining its stability. In this respect, the Bank maintains its liquidity level within risk appetite limits.

Bank's liquidity risk management policy ensures that the bank maintains liquidity limits at the corresponding banks to ensure easy access to high quality liquid assets and can be liquidated at reasonable cost and time in case of an unexpected demand.

To measure the Bank's liquidity levels, a schedule is prepared periodically to verify that liquidity is within the acceptable levels. In addition, the Legal liquidity ratio is calculated on daily basis to ensure compliance with the regulatory requirements and internal policies. Various stress scenarios' identified and measured to ensure the Bank's ability to withstand any changes that might take place in the financial markets.

The Treasury Department manages funds in line with the Bank's liquidity policy endorsed by the Assets and Liabilities Management Committee and submits regular reports to the Committee. Moreover, the Risk Management Department monitors the liquidity levels and ensures adherence to the Bank's internal policies.

(45/c) Liquidity Risks:

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

	Less than a Month	1-3 Months	3-6 Months	6 months-1 year	1-3 Years	More than 3 Years	Without Maturity	Total
As of December 31, 2023:	**JD**	**JD**	**JD**	**JD**	**JD**	**JD**	**JD**	**JD**
Liabilities:								
Banks and financial institution deposits	194,020,613	7,822,719	5,500,000	11,000,000	33,410,167	-	61,641,722	313,395,221
Customers' deposits	1,685,222,747	983,934,935	1,061,044,727	1,444,014,636	510,328,163	197,540	-	5,684,742,748
Margin accounts	57,576,976	33,725,468	32,374,507	45,896,641	35,413,788	133,769,491	-	338,756,871
Borrowed Funds	30,402	2,044,996	639,302	24,008,225	50,795,800	123,260,859	-	200,779,584
Subordinated loans	-	-	-	-	-	80,172,527	-	80,172,527
Sundry provisions	-	-	-	-	-	-	525,787	525,787
Income tax provisions	-	-	-	-	-	-	30,872,484	30,872,484
Leasing liabilities	339,990	421,176	943,392	1,436,622	7,973,839	26,664,841	-	37,779,860
Deferred tax liability	-	-	-	-	-	-	20,282	20,282
Other liabilities	-	-	-	-	-	-	150,936,220	150,936,220
Total	**1,937,190,728**	**1,027,949,294**	**1,100,501,928**	**1,526,356,124**	**637,921,757**	**364,065,258**	**243,996,495**	**6,837,981,584**
Total assets (according to expected maturities)	**1,338,391,828**	**349,652,884**	**435,987,195**	**603,311,028**	**1,721,811,966**	**2,582,519,046**	**388,345,490**	**7,420,019,437**
As of December 31, 2022:								
Liabilities:								
Banks and financial institution deposits	169,524,848	80,081,275	8,504,526	16,107,000	17,500,000	-	47,170,934	338,888,583
Customers' deposits	1,636,419,263	1,052,689,460	865,247,398	1,201,388,545	439,321,423	10,797,540	-	5,205,863,629
Margin accounts	48,041,468	15,118,553	19,589,213	26,692,567	33,115,132	121,355,657	-	263,912,590
Borrowed Funds	59,830	254,995	283,224	11,422,208	54,170,659	69,245,648	-	135,436,564
Subordinated loans	-	-	-	-	-	60,004,459	-	60,004,459
Sundry provisions	-	-	-	-	-	-	631,897	631,897
Income tax provisions	-	-	-	-	-	-	28,930,915	28,930,915
Leasing liabilities	479,557	290,021	958,285	1,281,240	7,726,708	25,126,199	-	35,862,010
Deferred tax liability	-	-	-	-	-	-	844,854	844,854
Other liabilities	-	-	-	-	-	-	101,380,499	101,380,499
Total	**1,854,524,966**	**1,148,434,304**	**894,582,646**	**1,256,891,560**	**551,833,922**	**286,529,503**	**178,959,099**	**6,171,756,000**
Total assets (according to expected maturities)	**1,164,193,627**	**379,155,952**	**426,944,534**	**569,149,175**	**1,268,536,548**	**2,554,269,802**	**328,641,315**	**6,690,890,953**

Interest Rate Re-Pricing Gap:

Classification is based on interest re-pricing or maturing, whichever is closer.

Interests rates sensitivity is as follows:

As of December 31, 2023	Less than 1 Month	From 1 Month to 3 Months	More than 3 Months to 6 Months	More than 6 Months to 1 Year	From 1-3 Years	More than 3 Years	Non-interest Bearing	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Assets:								
Balances at central banks	172,500,000	-	-	-	-	-	563,705,982	736,205,982
Balances at banks and financial institutions	287,886,847	26,724,799	-	-	-	-	57,332,061	371,943,707
Deposits at banks and financial institutions	-	-	8,089,578	-	6,000,000	-	(7,159)	14,082,419
Financial assets at fair value through statement of profit and loss	35,418	948,082	-	-	1,760,079	1,074,302	22,411,438	26,229,319
Direct credit facilities and financing - net	59,516,447	122,422,093	2,328,308,462	231,518,532	632,586,600	883,060,450	(12,501,160)	4,244,911,424
Financial assets at fair value through statement other comprehensive income	-	-	-	-	-	-	66,658,121	66,658,121
Financial assets at amortized cost	18,607,529	27,425,381	72,553,485	203,349,342	775,645,541	536,866,040	(632,492)	1,633,814,826
Investments in associates	-	-	-	-	-	-	349,622	349,622
Right of use assets	-	-	-	-	-	-	30,438,070	30,438,070
Property and equipment	-	-	-	-	-	-	76,211,079	76,211,079
Intangible assets	-	-	-	-	-	-	28,532,909	28,532,909
Deferred tax assets	-	-	-	-	-	-	37,416,374	37,416,374
Other assets	4,257,770	180,926	17,496,354	1,722,379	74,203	-	129,493,953	153,225,585
Total Assets	**542,804,011**	**177,701,281**	**2,426,447,879**	**436,590,253**	**1,416,066,423**	**1,421,000,792**	**999,408,798**	**7,420,019,437**
Liabilities								
Banks and financial institution deposits	75,368,696	7,799,000	5,500,000	11,000,000	33,000,000	-	178,582,524	311,250,220
Customers' deposits	1,531,622,837	716,428,607	832,036,610	1,261,188,465	199,967,704	197,540	1,109,911,255	5,651,353,018
Margin accounts	139,461,265	16,656,445	14,730,000	31,531,500	-	-	127,281,224	329,660,434
Borrowed Funds	-	1,867,660	256,665	20,908,577	32,302,710	86,833,130	48,237,650	190,406,392
Subordinated Loans	-	-	-	-	-	60,295,000	-	60,295,000
Sundry provisions	-	-	-	-	-	-	525,787	525,787
Income tax provision	-	-	-	-	-	-	30,872,484	30,872,484
Leasing liabilities	-	-	-	-	-	-	31,098,416	31,098,416
Deferred tax liability	-	-	-	-	-	-	20,282	20,282
Other liabilities	-	-	-	-	-	-	150,936,220	150,936,220
Total Liabilities	**1,746,452,798**	**742,751,712**	**852,523,275**	**1,324,628,542**	**265,270,414**	**147,325,670**	**1,677,465,842**	**6,756,418,253**
Interest Rate Re- Pricing Gap	**(1,203,648,787)**	**(565,050,431)**	**1,573,924,604**	**(888,038,289)**	**1,150,796,009**	**1,273,675,122**	**(678,057,044)**	**663,601,184**
As of December 31, 2022								
Total Assets	**535,451,564**	**199,729,010**	**2,275,286,465**	**408,386,781**	**955,457,551**	**1,486,938,496**	**829,641,086**	**6,690,890,953**
Total Liabilities	**1,771,929,197**	**869,862,265**	**665,785,917**	**1,031,931,202**	**149,977,048**	**108,570,380**	**1,532,798,294**	**6,130,854,303**
Interest Rate Re- Pricing Gap	**(1,236,477,633)**	**(670,133,255)**	**1,609,500,548**	**(623,544,421)**	**805,480,503**	**1,378,368,116**	**(703,157,208)**	**560,036,650**

Concentration in currency risk:

As of December 31, 2023	USD	EUR	GBP	JPY	Other	Total
	JD	JD	JD	JD	JD	JD
Assets						
Cash and balances at central Banks	153,458,965	13,105,131	1,407,350	-	33,228,846	201,200,292
Balances at banks and financial institutions	246,169,676	29,442,867	3,816,937	6,735,460	55,060,724	341,225,664
Deposits at banks and financial institutions	3,545,000	2,739,328	1,805,250	-	-	8,089,578
Financial assets at fair value through statement of profit and loss	14,938,831	5,553,935	146,823	-	313,028	20,952,617
Direct credit and financing facilities- net	439,731,888	1,787,804	128,366	30,356,284	1,903,549	473,907,891
Financial assets at fair value through other comprehensive income	34,991,454	-	-	-	-	34,991,454
Financial assets at amortized cost	440,943,262	53,942,548	9,020,192	-	860,736	504,766,738
Convertible Loans	1,004,774	-	-	-	-	1,004,774
Property and equipment - net	170,465	-	-	-	-	170,465
Right of use assets	1,234,828	-	-	-	-	1,234,828
Intangible assets	147,616	-	-	-	-	147,616
Other assets	14,811,407	691,250	119,357	5,831	3,152	15,630,997
Total Assets	**1,351,148,166**	**107,262,863**	**16,444,275**	**37,097,575**	**91,370,035**	**1,603,322,914**
Liabilities						
Banks and financial institution deposits	111,913,736	14,787,567	70,571	33,433,011	25,206,782	185,411,667
Customers' deposits	992,853,376	78,398,914	16,641,772	2,556,802	33,212,939	1,123,663,803
Cash margin	120,149,004	16,475,300	166,749	40,567	1,244,932	138,076,552
Borrowed amounts	106,350	-	-	-	-	106,350
Subordinated loans	14,180,000	-	-	-	-	14,180,000
Leasing liabilities	1,034,504	-	-	-	-	1,034,504
Other liabilities	10,044,759	1,465,592	235,599	164,916	362,138	12,273,004
Total Liabilities	**1,250,281,729**	**111,127,373**	**17,114,691**	**36,195,296**	**60,026,791**	**1,474,745,880**
Bank's Shareholders						
Perpetual Bonds	70,900,000	-	-	-	-	70,900,000
Net concentration in the Consolidated Statement of Financial Position	29,966,437	(3,864,510)	(670,416)	902,279	31,343,244	**57,677,034**
Contingent Liabilities Off - Consolidated Statement of Financial Position	**662,360,433**	**163,389,729**	**2,523,864**	**26,859,352**	**26,885,826**	**882,019,204**
As of December 31, 2022						
Total Assets	**1,126,878,508**	**105,866,247**	**20,133,090**	**44,393,536**	**46,103,408**	**1,343,374,789**
Total Liabilities	**1,121,732,877**	**160,886,081**	**23,596,797**	**45,110,117**	**31,561,181**	**1,382,887,053**
Net concentration in the Consolidated Statement of Financial Position	**5,145,631**	**(55,019,834)**	**(3,463,707)**	**(716,581)**	**14,542,227**	**(39,512,264)**
Contingent Liabilities Off - Consolidated Statement of Financial Position	**835,849,531**	**145,680,864**	**5,741,714**	**38,452,163**	**32,731,638**	**1,058,455,910**

Secondly: Off- Consolidated of Financial Position Items:

	Up to 1 Year	1 - 5 Years	Over 5 Years	Total
As of December 31, 2023	**JD**	**JD**	**JD**	**JD**
Letters of credit	354,708,896	23,057,579	-	377,766,475
Acceptances	134,886,065	-	-	134,886,065
Unutilized limits	709,495,825	-	-	709,495,825
Letters of guarantees	195,461,451	34,477,978	157,781	230,097,210
Total	**1,394,552,237**	**57,535,557**	**157,781**	**1,452,245,575**
As of December 31, 2022				
Letters of credit	312,427,041	14,465,911	-	326,892,952
Acceptances	208,226,860	-	-	208,226,860
Unutilized limits	654,688,383	-	-	654,688,383
Letters of guarantees	208,157,519	13,780,669	183,205	222,121,393
Total	**1,383,499,803**	**28,246,580**	**183,205**	**1,411,929,588**

45/d. Operational risks

Operational risk is defined as the risk of loss resulting from failure or inadequacy of internal processes, people or systems, or resulting from an external source (event). This definition includes legal risks and risks related to regulatory authorities.

The Operational Risk Policy covers the role of Operational Risk Management in how we identify, evaluate (periodically), monitor and control operational risks, and comply with all relevant regulatory requirements, to limit some or all of the negative impacts resulting from these risks. It relied on more than one methodology to manage these risks, the first of which is implementing a system for self-evaluation of control procedures (CRSA), by identifying the risks specific to each department and/or unit and evaluating the control procedures to identify weak points and measuring the level of effectiveness of the current control procedures, as these procedures are examined. Self-reporting on a regular basis and submitting reports on the results to the sector management and senior management at the bank. The evaluation of control procedures aims to verify the effectiveness and efficiency of these procedures so that weak control procedures are improved or new control procedures are established aimed at preventing risks or mitigating their severity. Operational Risk Management also builds key risk indicators that will enhance the risk monitoring mechanism as it is an early warning tool that enables decision makers to identify undesirable events and potential losses before they occur.

In addition to building a database on monetary losses resulting from operational risks in order to evaluate the extent of exposure facing the bank to operational risks in addition to the effectiveness of the applied control procedures. Note that the bank’s operational risk management process does not aim to design systems that eliminate all potential operational risks, but rather to understand the financial effects - and any other possible effects - of these risks and develop systems and control procedures that would (if they continue to operate) keep the losses (The potential effects of these risks are within acceptable levels.

45/e. Information security risks

Information security risk management is based on the use of means, tools and procedures and following international standards to ensure the protection of information from internal and external risks, to prevent the information from reaching unauthorized persons, to maintain the confidentiality and integrity of the information, and to ensure its availability and the continuity of the systems supporting it. For this reason, Bank Al Etihad has provided qualified personnel and the necessary resources to protect information security and cybersecurity from security breaches, based on best international practices and standards for protecting bank and customer information, with a plan for business continuity during disasters and crises to ensure the continuation of the bank’s business and the provision of all services provided to all its customers at all times.

46. Sectoral Analysis

A. Bank Activities Information:

For management purposes, the Bank is organized into the following major business segments based on the reports used by the general manager and decision of the Bank through the following main business sectors

- Individual accounts: This item includes following up on individual customer's deposits and granting them credit facilities, credit cards and other services.

- Small and Medium Enterprises Accounts: This item includes following up on the client's deposits and credit facilities. Moreover, these clients are classified based on the volume of the granted deposits and facilities according to the Bank's instructions and principles and in compliance with the regulatory bodies' instructions.

- Large Companies' Accounts: This item includes following up on the client's deposits and credit facilities. Moreover, these clients are classified based on the volume of the deposits and facilities according to the Bank's instructions and principles and in compliance with the regulatory bodies' instructions.

- Treasury: This item includes providing treasury and trading services and managing the Bank's funds and long- term investments at amortized costs, which are maintained to collect the contractual cash flows.

- Investments and Foreign Currencies Management: This item includes the Bank's local and foreign investments which are recorded at fair value, in addition to the foreign currencies trading / services.

- Others: This sector includes all the accounts not listed within the sectors mentioned above, such as shareholder's rights, investments in associates, property and equipment, general management, support management, and the treasury.

- The bank manages concentrations in the business sectors based on the instructions of the Central Bank in this regard, which stipulated that the customer concentration does not exceed 25% of the bank's regulatory capital.

The following table represents information on the Bank's business sectors:

	Individual	Corporates	SMEs	Treasury	Other	For the Year Ended December 31, 2023
Description	JD	JD	JD	JD	JD	JD
Total Income	188,219,842	145,694,968	27,719,732	121,482,667	842,483	483,959,692
(Provision) Impairment of direct credit facilities and financing	(20,193,406)	(18,417,877)	(5,611,788)	2,302,376	-	(41,920,695)
Segments' results*	43,928,929	61,532,747	9,741,657	105,638,575	737,539	221,579,447
Expenses not allocated to sectors						(131,185,846)
Operating profit						**90,393,601**
The bank's share of the profits of an associate company						3,668
Operating income before tax						**90,397,269**
Income tax						(32,659,994)
Income for the Year						**57,737,275**
Capital Expenditures						24,523,711
Depreciation and Amortization						15,059,445

	Individual	Corporates	SMEs	Treasury	Other	December 31, 2023
Other Information						JD
Segment Assets	1,773,810,436	1,987,934,937	332,071,235	2,999,808,996	-	7,093,625,604
Undistributed assets on segments	-	-	-	-	326,393,833	326,393,833
Total Assets	**1,773,810,436**	**1,987,934,937**	**332,071,235**	**2,999,808,996**	**326,393,833**	**7,420,019,437**
Segment Liabilities	3,722,139,453	1,493,897,342	688,301,806	628,528,816	-	6,532,867,417
Undistributed liabilities	-	-	-	-	223,550,836	223,550,836
Total Liabilities	**3,722,139,453**	**1,493,897,342**	**688,301,806**	**628,528,816**	**223,550,836**	**6,756,418,253**

	Individual	Corporates	SMEs	Treasury	Other	For the Year Ended December 31, 2022
Description	JD	JD	JD	JD	JD	JD
Total Income	156,775,952	103,212,893	20,053,063	82,239,122	1,932,014	364,213,044
(Provision) Impairment of direct credit facilities and financing	(3,445,525)	(24,486,380)	(6,824,628)	519,202	-	(34,237,331)
Segments' results*	76,305,026	34,018,103	6,275,055	74,490,738	1,689,891	192,778,813
Expenses not allocated to sectors						(121,052,877)
operating profit						**71,725,936**
The bank's share of the profits of an associate company						8,496
Operating income before tax						**71,734,432**
Income tax						(27,934,009)
Income for the Year						**43,800,423**
Capital Expenditures						17,401,039
Depreciation and Amortization						15,563,353

	Individual	Corporates	SMEs	Treasury	Other	December 31, 2022
Other Information						JD
Segment Assets	1,668,927,865	1,902,263,737	269,367,762	2,539,186,365	-	6,379,745,729
Undistributed assets on segments	-	-	-	-	311,145,224	311,145,224
Total Assets	**1,668,927,865**	**1,902,263,737**	**269,367,762**	**2,539,186,365**	**311,145,224**	**6,690,890,953**
Segment Liabilities	3,841,537,677	1,017,392,260	565,515,000	540,354,647	-	5,964,799,584
Undistributed liabilities	-	-	-	-	166,054,719	166,054,719
Total Liabilities	**3,841,537,677**	**1,017,392,260**	**565,515,000**	**540,354,647**	**166,054,719**	**6,130,854,303**

* The segment results item includes the results obtained for each business sector, which represents the total income after deducting the expected credit losses expense.

B - Geographical distribution information

This note represents the geographical distribution of the Bank's business. The Bank mainly operates in the Kingdom, which represents local business

The following is the distribution of the Bank's revenues, assets and capital expenditures by geographical sector:

	Inside Jordan		Outside Jordan		Total	Total
	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD
Total Income	461,423,600	355,505,970	22,536,092	8,707,074	483,959,692	364,213,044
Capital Expenditure	15,484,990	14,188,696	9,038,721	3,212,343	24,523,711	17,401,039

	Inside Jordan		Outside Jordan		Total	Total
	December 31,		December 31,		December 31,	December 31,
	2023	2022	2023	2022	2023	2022
	JD	JD	JD	JD	JD	JD
Total Assets	6,740,981,035	6,237,724,876	679,038,402	453,166,077	7,420,019,437	6,690,890,953

47. Capital Management

a. The capital adequacy ratio was calculated as of December 31, 2023 and 2022 based on the decisions of the Basel III Committee, where the bank's regulatory capital consists of the basic capital of ordinary shares (CET1), the additional capital and the second tranche of Tier 2.

b. The requirements of the regulatory authorities regarding the capital of ordinary shares
The instructions of the Central Bank of Jordan require that the minimum regulatory capital be equivalent to (12%) of the assets and off-balance sheet items weighted with risks, as well as market risks and operational risks. In addition to (2%) an additional reserve according to the instructions for external branching, and an additional reserve (0.5%) for banks classified as banks of local systemic importance. This ratio is considered the minimum capital adequacy, as the bank is committed at all times to maintain an adequacy ratio that exceeds the minimum by an appropriate margin and by It also complies with the requirements of the Basel III Committee.

c. How to achieve the objectives of capital management
Capital management is represented in the optimal use of sources of funds in order to achieve the highest possible return on capital and within the system of acceptable risk limits approved by the Board of Directors, while maintaining the minimum required according to laws and regulations. The bank follows a policy based on striving to reduce the cost of Fund to the minimum possible by finding low-cost sources of funds and working to increase the customer base and optimal employment of these sources in acceptable risk investments to achieve the highest possible return on capital.

d. Capital Adequacy

In addition to subscribed capital, capital includes the statutory reserve, voluntary reserve, share premium, retained earnings, cumulative change in fair value , general banking risk reserve and treasury stocks.

The Bank is committed to applying the requirements set forth by regulators concerning capital, as follows:

1- The Central Bank of Jordan's instructions that capital adequacy ratio should not go below 12.5%.

2- Compliance with the minimum limit set for the paid capital of Jordanian Banks, which is JD 100 million.

3- The Bank's investments in stocks and shares should not exceed 50% of subscribed capital.

4-The ratio of credit limits (credit concentration) to regulatory capital.

5- Banks and Companies' laws related to the deduction of the legal reserve at a rate of 10% of the Bank's profit before tax.

	December 31,	
	2023	**2022**
	JD	**JD**
Common Equity Shareholders Rights		
Authorized and paid-up capital	200,000,000	160,000,000
Retained earnings after deduction of the expected distributions	45,411,367	62,930,524
The cumulative change in fair value	2,693,754	6,482,816
Share premium	68,213,173	80,213,173
Statuary reserve	85,321,596	76,227,974
Voluntary reserve	57,172,423	51,192,173
Recognizable non controlling shareholders	57,478,118	52,695,298
Total Equity capital for common stock	**516,290,431**	**489,741,958**
Regulatory Adjustments (deductions from Capital)		
Goodwill and intangible assets	(28,532,909)	(26,893,693)
Deferred tax assets resulting from investments within Tier 1 (10%)	(37,416,374)	(32,820,280)
Net Equity of common stockholders	**450,341,148**	**430,027,985**
Additional capital		
Recognizable minority rights	10,143,197	9,508,557
Perpetual bonds	70,900,000	-
Total Capital (Tier 1 capital)	**531,384,345**	**439,536,542**
Tier 2 Capital		
Provision for debts tools listed in Tier 1	15,280,504	16,918,596
Recognizable non-controlling shareholders	13,524,263	12,440,771
Financial tools issued by the Bank that bear supporting capital	51,775,000	41,855,000
Total Supporting Capital	**80,579,767**	**71,214,367**
Total Regulatory Capital	**611,964,112**	**510,750,909**
Total Risk Weighted Assets	**4,080,334,506**	**3,703,440,657**
Capital Adequacy Ratio	**15.00%**	**13.79%**
Primary Capital Ratio	**13.02%**	**11,87%**
Supporting Capital Ratio	**1.97%**	**1.92%**

	2023	**2022**
	JD	**JD**
Financial leverage rate		
Tier 1 Capital	531,384,345	439,536,543
Total assets in and out of the financial positions after removing deductible items from Tier 1	8,129,292,079	7,540,758,028
Financial leverage rate	**6.54%**	**5.83%**

Capital adequacy was calculated as of December 31, 2023 and December 31, 2022 based on the instruction of Basel Committee III.

Liquidity Coverage Ratio (LCR):

	December 31,	
	2023	2022
	JD	JD
Total high quality liquid assets	2,020,674,210	1,558,144,018
Total high-quality liquid assets after deduction and minus cap adjustments For both Level 2 (A) and (B) assets	1,986,819,408	1,537,265,604
Net cash outflow	**858,979,314**	**800,257,317**
Liquidity Coverage Ratio (LCR)	231.30%	192.10%
The liquidity coverage ratio is according to the average end of each month	207.38%	189.23%

48. Analysis of the Maturities of Assets and Liabilities

The following table illustrates the assets and liabilities according to the expected maturity periods:

	Up to 1 Year	Over 1 Year	Total
December 31, 2023	**JD**	**JD**	**JD**
Assets:			
Cash and balances at CBJ	736,205,982	-	736,205,982
Balances at banks and financial institutions	371,943,707	-	371,943,707
Deposits at banks and financial institutions	8,082,419	6,000,000	14,082,419
Direct credit facilities and financing - net	1,251,404,593	2,993,506,831	4,244,911,424
Financial assets at fair value through statement of profit or loss	26,229,319	-	26,229,319
Financial assets at fair value through statement of other comprehensive income	-	66,658,121	66,658,121
Financial assets at amortized cost	321,935,737	1,311,879,089	1,633,814,826
Right of use assets	2,747,053	27,691,017	30,438,070
Investments in associates	349,622	-	349,622
Property and equipment	-	76,211,079	76,211,079
Intangible assets	-	28,532,909	28,532,909
Deferred tax assets	37,416,374	-	37,416,374
Other assets	153,151,382	74,203	153,225,585
Total Assets	**2,909,466,188**	**4,510,553,249**	**7,420,019,437**
Liabilities:			
Banks and financial institutions deposits	305,250,220	6,000,000	311,250,220
Customers' deposits	5,574,307,562	77,045,456	5,651,353,018
Margin accounts	162,893,804	166,766,630	329,660,434
Borrowed funds	5,999,413	184,406,979	190,406,392
Subordinated loan	-	60,295,000	60,295,000
Sundry provisions	525,787	-	525,787
Income tax provision	30,872,484	-	30,872,484
Leasing liabilities	2,353,829	28,744,587	31,098,416
Deferred tax liability	20,282	-	20,282
Other liabilities	148,392,668	2,543,552	150,936,220
Total Liabilities	**6,230,616,049**	**525,802,204**	**6,756,418,253**
Net	**(3,321,149,861)**	**3,984,751,045**	**663,601,184**

December 31, 2022	Up to 1 Year JD	Over 1 Year JD	Total JD
Assets:			
Cash and balances at CBJ	761,806,411	-	761,806,411
Balances at banks and financial institutions	207,342,608	-	207,342,608
Deposits at banks and financial institutions	14,013,824	-	14,013,824
Direct credit facilities and financing - net	1,133,148,196	2,857,970,585	3,991,118,781
Financial assets at fair value through statement of profit or loss	18,423,896	-	18,423,896
Financial assets at fair value through statement of other comprehensive income	-	61,301,069	61,301,069
Financial assets at amortized cost	345,293,367	980,473,277	1,325,766,644
Right of use assets	2,589,168	26,872,488	29,461,656
Investments in associates	345,954	-	345,954
Property and equipment	-	68,516,377	68,516,377
Intangible assets	-	26,893,693	26,893,693
Deferred tax assets	32,820,280	-	32,820,280
Other assets	153,042,786	36,974	153,079,760
Total Assets	**2,668,826,490**	**4,022,064,463**	**6,690,890,953**
Liabilities:			
Banks and financial institutions deposits	337,850,140	-	337,850,140
Customers' deposits	5,108,073,520	78,270,924	5,186,344,444
Margin accounts	102,702,183	154,665,844	257,368,027
Borrowed funds	3,178,347	138,529,599	141,707,946
Subordinated loan	-	46,115,000	46,115,000
Sundry provisions	631,897	-	631,897
Income tax provision	28,930,915	-	28,930,915
Leasing liabilities	2,272,581	27,408,000	29,680,581
Deferred tax liability	844,854	-	844,854
Other liabilities	98,836,947	2,543,552	101,380,499
Total Liabilities	**5,683,321,384**	**447,532,919**	**6,130,854,303**
Net	**(3,014,494,894)**	**3,574,531,544**	**560,036,650**

49. Contingent Liabilites and Commitments

a. Credit liabilities and commitments:

The details of this item are as follows:

	December 31, 2023	December 31, 2022
	JD	JD
Letters of credit	377,766,475	326,892,952
Acceptances	134,886,065	208,226,860
Letters of guarantees:		
- Payments	66,849,149	69,272,424
- Performance	94,941,945	93,575,650
- Other	68,306,116	59,273,319
Futures currency contracts	62,503,548	193,778,988
Un-utilized Limits of Credit Facilities and Financing Limits	709,495,825	654,688,383
Total	1,514,749,123	1,605,708,576

b. Contractual Obligations:

The details of this item are as follows:

	December 31, 2023	December 31, 2022
	JD	JD
Property and equipment purchase contracts	6,379,137	1,848,382
Intangible assets purchase contracts	5,129,836	1,257,753

50. Lawsuits against the Bank

The total cases filed against the Group amounted to JD 2,354,730 as of December 31, 2023 In addition to other customs cases (JD 3,728,619 as of December 31, 2022), and the provisions prepared for them amounted to JD 302,182 as of December 31, 2023 (JD 452,175 as of December 31, 2022) and according to the estimation of the bank management and the consultant It is legal that the allocations deducted for these cases are sufficient.

51. Fair Value Hierarchy

a. The fair value of financial assets and financial liabilities of the Bank specified at fair value on an ongoing basis:

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

	Fair Value					
	December 31,		The Level of	Evaluation Method	Important Intangible	Relation between the Fair Value
Financial Assets	2023	2022	Fair Value	and Inputs used	Inputs	and the Important Intangible Inputs
	JD	JD				
Financial Assets at Fair Value						
Financial Assets at Fair Value through statement of Profit or Loss:						
Government bonds listed on financial markets	2,795,239	649,405	Level 1	Quoted prices in financial markets	N/A	N/A
Corporate bonds listed on financial markets	1,022,642	105,388	Level 1	Quoted prices in financial markets	N/A	N/A
Corporate shares listed on financial market	9,965,008	4,813,576	Level 1	Quoted prices in financial markets	N/A	N/A
Investments Funds	12,446,430	12,855,527	Level 2	The treasury manager evaluation of fair value	N/A	N/A
Total	**26,229,319**	**18,423,896**				
Financial Assets at Fair Value through Other Comprehensive Income:						
Quoted Shares in active markets	31,866,382	31,168,445	Level 1	Quoted prices in financial markets	N/A	N/A
investment fund	19,632,260	14,531,464	level 2	The treasury manager evaluation of fair value	N/A	N/A
Unquoted Shares in active markets	15,159,479	15,601,160	Level 3	Through using equity method and based on the latest available financial information	N/A	N/A
Total	**66,658,121**	**61,301,069**				
Total Financial Assets at Fair Value	**92,887,440**	**79,724,965**				

There were no transfers between level 1 and level 2 during the year ended December 31, 2023 and 2022.

The movement financial assets classification fair value through (level 3):

	For the year ended, December 31	
	2023	2022
	JD	JD
Beginning balance	15,601,160	12,115,197
Additional	2,111,468	1,822,283
Disposal	-	(278,850)
Change in fair value	(2,553,149)	1,942,530
Total	**15,159,479**	**15,601,160**

b. The fair value of the financial assets and financial liabilities of the Bank non-specific fair value on an ongoing basis:

Except for what is set out in the table below, we believe that the carrying amount of financial assets and liabilities shown in the consolidated financial statements of the Bank approximates their fair value:

	December 31, 2023		December 31, 2022		The level of
	Book value	Fair value	Book value	Fair value	Fair Value
	JD	JD	JD	JD	
Financial Assets of Non-specified Fair Value					
Term deposits, call accounts and certificate of deposits at the Central Bank	172,500,000	172,646,479	303,200,000	303,373,603	Level 2
Current accounts, and balances at Banks and Financial Institutions	386,026,126	386,391,285	221,356,432	221,576,199	Level 2
Direct credit facilities at amortized costs	4,244,911,424	4,250,588,835	3,991,118,781	3,997,546,728	Level 2
Other financial assets at amortized costs	1,633,814,826	1,654,472,456	1,325,766,644	1,339,871,884	Level 2
Total Financial Assets of Non-specified Fair Value	**6,437,252,376**	**6,464,099,055**	**5,841,441,857**	**5,862,368,414**	
Financial Liabilities of Non-specified Fair Value					
Banks' and Financial Institutions' deposits	311,250,220	312,020,823	337,850,140	338,859,787	Level 2
Customers' deposits	5,651,353,018	5,708,140,738	5,186,344,444	5,224,671,507	Level 2
Cash margin	329,660,434	330,258,548	257,368,027	257,570,975	Level 2
Borrowed funds	190,406,392	190,875,472	141,707,946	142,050,271	Level 2
Subordinated loans	60,295,000	61,429,028	46,115,000	46,665,807	
Total Financial Liabilities of Non-specified Fair Value	**6,542,965,064**	**6,602,724,609**	**5,969,385,557**	**6,009,818,347**	

The fair value of the financial assets and liabilities for level 2 was determined in accordance with agreed pricing models, which reflect the credit risk of the parties dealt with.

52. Subsequent Events

Subsequent to the date of the financial statements, the Bank's Board of Directors has approved to enter into discussions with Jordan Kuwait Bank to evaluate the idea of merging the two banks and take measures regarding technical, financial and legal studies in a timely manner. This matter is still in the preliminary discussion stage.