JORDAN AHLI BANK
(PUBLIC SHAREHOLDING COMPANY)
AMMAN – HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED FINANCIAL
STATEMENTS FOR THE
YEAR ENDED DECEMBER 31, 2023
TOGETHER WITH THE INDEPENDENT AUDIT REPORT

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

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Independent Auditor's Report

AM/009498

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

Report on the Audit of the Consolidated Financial Statements

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Jordan Ahli Bank 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 Standard) as adopted by the Central Bank of Jordan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. 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 consolidated financial statements, 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 consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

For each matter below, our description of how our audit addressed the matter is provided in that context:

	Key Audit Matters	How our audit addressed the key audit matter
1.	**Expected Credit Losses on Credit Facilities** As described in Notes (8) to the consolidated financial statements, the Bank had net direct credit facilities of JD 1.7 billion as at 31 December 2023 representing 51% of total assets. The total allowance for expected credit losses relating to these facilities was JD 91 million. The determination of the Banks's expected credit losses for credit facilities is a material and complex estimate requiring significant management judgement in the evaluation of the credit quality and the estimation of inherent losses in the portfolio. The financial statement risk arises from several aspects requiring substantial judgement of management, such as the estimation of probabilities of default and loss given defaults for various stages, the determination of significant increase in credit risk (SICR) and credit-impairment status (default), the use of different modelling techniques and consideration of manual adjustments. In calculating expected credit losses, the bank considered credit quality indicators for each loan and portfolio, stratifies loans and advances by risk grade and estimates losses for each loan based upon their nature and risk profile. The amendments made to the models were applied to identify risks that were not taken into account in the model for calculating expected credit losses. The basis and calculation of the amendments to the models require fundamental judgments that include considerations for risk of management's adjustments.	We established an audit approach which includes both testing the design and operating effectiveness of internal controls over the determination of expected credit losses and risk-based substantive audit procedures. Our procedures over internal controls focused on the governance over the process controls around the ECL methodology, completeness and accuracy of credit facilities data used in the expected loss models, management review of outcomes, management validation and approval processes, the assignment of borrowers' risk classification, consistency of application of accounting policies and the process for calculating allowances. The primary procedures which we performed to address this key audit matter included, but were not limited to, the following: • For a risk-based sample of individual loans, we performed a detailed credit review, assessed the appropriateness of information for evaluating the creditworthiness and staging classification of individual borrowers and challenged the assumptions underlying the expected credit loss allowance calculations, such as estimated future cash flows, collateral valuations and estimates of recovery as well as considered the consistency of the Bank's application of its impairment policy. Further, we evaluated controls over approval, accuracy and completeness of impairment allowances and governance controls, including assessing key management and committee meetings that form part of the approval process for credit impairment allowances;

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.

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.

- For credit facilities not tested individually, we evaluated controls over the modelling process, including model monitoring, validation and approval. We tested controls over model outputs and the mathematical accuracy and computation of the expected credit losses by re-performing or independently calculating elements of the expected credit losses based on relevant source documents with the involvement of our credit specialists. We challenged key assumptions, inspected the calculation methodology and traced a sample back to source data. We evaluated key assumptions such as thresholds used to determine SICR and including the related weighting.

- We evaluated key assumptions such as the limits used to determine the increase in credit risk and future economic scenarios including the relevant weights;

- We evaluated post model adjustments and management overlays in the context of key model and data limitations identified by the Bank in order to assess these adjustments, focusing on PD and LGD used for corporate loans, and challenged their rationale;

- We assessed the amendments made by management by evaluating the model adjustments in relation to macroeconomic factors and the forward-looking scenarios which were incorporated into the impairment calculations by utilizing our internal specialists to challenge the multiple economic scenarios chosen and weighting applied to capture non-linear losses; and

- We determined if the amount recorded as the allowance for expected credit losses was determined in accordance with the instructions of the Central Bank of Jordan.

- We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRSs.

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	Key Audit Matters	How our audit addressed the key audit matter
2.	**IT systems and controls over financial reporting** We have identified the Bank's IT systems and controls related to financial reporting as a key audit matter due to the large volume and variety of transactions processed daily by the Bank and which depend on the effective operation of automated controls and information technology. There is a risk that automated accounting procedures and related internal controls are not designed and implemented accurately and effectively. In particular, the relevant controls in place that are necessary to reduce the probability of fraud and error as a result of a change in the application or underlying data.	Our audit approach depends to a large extent on the effectiveness of automated controls and IT-dependent manual controls and therefore the following procedures were designed to test and control access to IT systems: We performed an understanding of the Bank’s IT related control environment and identified IT applications, databases and operating systems that are relevant for the financial reporting process and the infrastructure supporting these systems. We have tested general IT controls relevant to automated controls and computer-generated information covering access security, program changes, data center and network operations. We have also tested computer generated information used in financial reports extracted from relevant applications. And examined Key automated controls on relevant to logic business related to controls. We have tested the key automated controls in significant IT systems relevant to the 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.

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

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

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

Those charged with governance are responsible for overseeing the 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 Bank's internal control.

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

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

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

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and 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 and we recommend that the General Assembly of the Shareholders to approve these consolidated financial statements.

Deloitte & Touche

Amman – Jordan
February 11, 2024

Deloitte & Touche (M.E) - Jordan

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JORDAN AHLI BANK

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - THE HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	December 31, 2023	December 31, 2022
Assets:		JD	JD
Cash and balances at central banks	5	263,246,931	208,440,151
Balances at banks and financial institutions	6	123,493,099	110,803,850
Deposits at banks and financial institutions	7	34,818,367	-
Direct credit facilities - net	8	1,680,782,737	1,595,272,646
Financial assets at fair value through other comprehensive income	9	39,753,290	37,735,650
Financial assets at amortized cost	10	892,199,789	870,996,932
Property and equipment and projects under construction - net	11	90,842,701	81,575,718
Deferred tax assets	19/b	16,401,308	16,013,873
Right of use assets	37	9,857,063	10,582,187
Intangible assets - net	12	2,512,533	4,928,612
Other assets	13	128,500,445	126,163,674
TOTAL ASSETS		3,282,408,263	3,062,513,293
LIABILITIES AND OWNERS' EQUITY:			
LIABILITIES:			
Banks' and financial institutions' deposits	14	135,034,935	116,878,759
Customers' deposits	15	2,208,601,883	2,027,658,466
Margin accounts	16	344,478,493	329,873,356
Loans and borrowings	17/a	164,166,542	164,628,175
Subordinated loan	17/b	20,000,000	20,000,000
Other provisions	18	4,652,002	5,141,770
Lease liability	37	9,919,590	10,477,672
Income tax provision	19/a	13,222,005	10,871,837
Other liabilities	20	48,485,627	46,635,430
TOTAL LIABILITIES		2,948,561,077	2,732,165,465
OWNERS' EQUITY:			
BANK'S SHAREHOLDERS' EQUITY:			
Subscribed and paid in capital	21	200,655,000	200,655,000
Statutory reserve	22	70,592,981	67,779,725
Voluntary reserve	22	15,761,637	15,761,637
Periodic fluctuations reserve	22	3,678,559	3,678,559
Fair value reserve - net after tax	23	(4,869,383)	(5,871,290)
Retained earnings	24	48,028,392	48,344,197
Total owners' equity to the bank shareholders		333,847,186	330,347,828
TOTAL OWNERS' EQUITY		333,847,186	330,347,828
TOTAL LIABILITIES AND OWNERS' EQUITY		3,282,408,263	3,062,513,293

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

JORDAN AHLI BANK

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	For the Year Ended December 31, 2023	2022
		JD	JD
Interest income	25	200,506,011	156,710,497
Interest expense	26	105,599,065	67,604,268
Net interest income		94,906,946	89,106,229
Net commission income	27	14,542,342	13,851,269
Net interest and commission income		109,449,288	102,957,498
Gain from foreign currencies	28	2,396,921	2,138,981
Dividends from financial assets at fair value through other comprehensive income	30	793,726	367,687
Other income	31	7,827,946	6,086,861
Gross income		120,467,881	111,551,027
Employees' expenses	32	37,149,347	37,664,053
Depreciation and amortization	11 & 12	8,247,117	8,886,897
Other expenses	33	26,061,077	25,184,129
Depreciation of right-of-use assets	37	1,822,187	1,746,528
Provision for expected credit losses - net	29	12,881,970	7,518,884
Impairment provision on assets seized by the bank	13	1,457,000	363,072
Other provisions	18	677,067	1,838,033
Total expenses		88,295,765	83,201,596
Profit for the year before tax		32,172,116	28,349,431
Income tax	19/a	(13,579,632)	(11,449,589)
Profit for the Year		18,592,484	16,899,842
Allocated to:			
Bank's shareholders		18,592,484	16,899,842
Profit for the year		18,592,484	16,899,842
		JD/ Fils	JD/ Fils
Basic and diluted earnings per share (Bank's shareholders)	34	0/093	0/084

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JORDAN AHLI BANK

(A PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the Year Ended December 31, 2023	2022
		JD	JD
Income for the year		18,592,484	16,899,842
Other comprehensive income items			
Add: items not to be reclassified to consolidated statement of profit or loss in subsequent periods			
Loss from sale of shares		(14,635)	-
Change in fair value reserve - net	23	973,909	(225,662)
Total Comprehensive Income for the Year		19,551,758	16,674,180
Total Comprehensive Income for the Year Attributed to:			
Bank's shareholders		19,551,758	16,674,180
		19,551,758	16,674,180

THE ACCOMPANYING NOTES FROM (1) TO (46) CONSTITUTE AN INTEGRAL PART OF

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JORDAN AHLI BANK

(PUBLIC SHAREHOLDING LIMITED COMPANY)

AMMAN - HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

			Reserves					
	Note	Subscribed and paid-in Capital	Statutory	Voluntary	Periodic Fluctuations	Fair Value Reserve - net	Retained Earnings	Total Shareholders Equity
For the Year Ended December 31, 2023		JD	JD	JD	JD	JD	JD	JD
Balance - Beginning of the Year		200,655,000	67,779,725	15,761,637	3,678,559	(5,871,290)	48,344,197	330,347,828
Income for the year		-	-	-	-	-	18,592,484	18,592,484
Loss from sale of financial assets at fair value through other comprehensive income		-	-	-	-	27,998	(42,633)	(14,635)
Change in fair value reserve	23	-	-	-	-	973,909	-	973,909
Total comprehensive income		-	-	-	-	1,001,907	18,549,851	19,551,758
Distributed dividends	24	-	-	-	-	-	(16,052,400)	(16,052,400)
Transferred to reserve		-	2,813,256	-	-	-	(2,813,256)	-
Balance - End of the Year		200,655,000	70,592,981	15,761,637	3,678,559	(4,869,383)	48,028,392	333,847,186
For the Year Ended December 31, 2022								
Balance - Beginning of the Year		200,655,000	65,208,593	15,761,637	3,678,559	(5,645,628)	48,061,337	327,719,498
Income for the year		-	-	-	-	-	16,899,842	16,899,842
Change in fair value reserve	23	-	-	-	-	(225,662)	-	(225,662)
Total comprehensive income		-	-	-	-	(225,662)	16,899,842	16,674,180
Distributed dividends	24	-	-	-	-	-	(14,045,850)	(14,045,850)
Transferred to reserve		-	2,571,132	-	-	-	(2,571,132)	-
Balance - End of the Year		200,655,000	67,779,725	15,761,637	3,678,559	(5,871,290)	48,344,197	330,347,828

- An amount of JD 14,024,952 from retained earnings is restricted to be used based on the Central Bank of Jordan instructions, against deferred tax assets as of December 31, 2023 (JD 13,300,066 as of December 31, 2022).

- The use of the surplus from the balance of the general banking risks reserve transferred to retained earnings amounted to JD 3,125,029 as of December 31, 2023 and 2022 is restricted without an approval in advance from the Central Bank of Jordan.

- The use of, periodic fluctuations reserve is restricted unless approved in advance by the Palestinian Monetary Authority.

- The use of the retained earning balance in equivalent of negative balance of the fair value reserve amounted to JD 4,869,383 is prohibited, according to the instructions of Jordan Securities Commission.

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

JORDAN AHLI BANK

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AMMAN - HASHEMITE KINGDOM OF JORDAN

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the Year Ended December 31, 2023	2022
Cash flow from operating activities		JD	JD
Profit for the year before tax		32,172,116	28,349,431
Adjustments:			
Depreciation and amortization	11,12,37	10,069,304	11,114,769
Provision for expected credit losses-net	29	12,881,970	7,518,884
Other provisions	18	677,067	1,838,033
Impairment provision on assets seized by the bank	13	1,457,000	363,072
Dividends income on financial assets at fair value through other comprehensive income	30	(793,726)	(367,687)
Loss (gain) from sale of property and equipment and others	31	(425,292)	120,713
(Gain) from sale assets seized by the Bank	31	(114,426)	(713,198)
Net interest revenue		(10,100,594)	(9,523,296)
Lease liability interest	37	637,141	564,308
Effect of exchange rate changes on cash and cash equivalents	28	443,989	297,594
Profit before changes in assets and liabilities		46,904,549	39,562,623
CHANGES IN ASSETS AND LIABILITIES:			
(Increase) Decrease in Assets			
Balances and Deposits at banks and financial institutions (maturing within a period exceeding 3 months)		(34,818,367)	20,158,941
Direct credit facilities		(98,596,634)	(245,078,619)
Other assets		13,353,584	27,377,756
Increase (Decrease) in liabilities			
Banks’ and financial institutions’ deposits maturing within a period exceeding 3 months		11,697,665	(24,289,402)
Customers' deposits		180,943,417	23,907,603
Margin accounts		14,605,137	115,986,813
Other liabilities		(13,686,287)	(2,977,420)
Net Cash flow from (used in) Operating Activities Before Income Tax and paid provisions		120,403,064	(45,351,705)
Income tax paid	19/a	(11,954,352)	(11,449,421)
Other provisions paid	18	(1,166,835)	(381,945)
Net Cash flow from (used in) Operating Activities		107,281,877	(57,183,071)
Net cash flow from investing activities			
Financial assets at fair value through other comprehensive income		(720,913)	(11,747,505)
(Purchases) of financial assets at amortized cost	10	(293,750,727)	(193,623,332)
Matured financial assets at amortized cost	10	272,908,347	188,927,078
Purchases of property, equipment, projects under construction, and intangible assets	11,12	(15,552,551)	(8,765,144)
Dividends income received on financial assets at fair value through other comprehensive income		793,726	367,687
Proceeds from sale of properties and equipment	11,13	9,820,552	29,547
Net Cash Flow (used in) Investing Activities		(26,501,566)	(24,811,669)
Cash Flow from Financing activities			
(decrease) Increase in loans and borrowings		(461,633)	1,639,784
Dividends distributed to shareholders	24	(16,052,400)	(14,045,850)
Lease liabilities paid	37	(2,784,771)	(2,536,068)
Net Cash flow (used in) Financing Activities		(19,298,804)	(14,942,134)
Effect of exchange rate changes on cash and cash equivalents	28	(443,989)	(297,594)
Net Increase (Decrease) in Cash and Cash Equivalents		61,037,518	(97,234,468)
Cash and cash equivalents at the beginning of the year		192,714,619	289,949,087
Cash and Cash Equivalents at the End of the Year	35	253,752,137	192,714,619

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

1. General Information

Jordan Ahli Bank was established in the year 1955 as a public shareholding Company under registration No. (6) on July 1, 1955 in accordance with the company's law for the year 1927, with headquarters in Amman. Its address is Queen Noor Street, P.O Box 3103, Amman 11181 Jordan. AL A'MAL Bank was merged with the Bank effective from December 1, 1996. Moreover, Philadelphia Investment Bank was merged with Jordan Ahli Bank Company Public Shareholding Compnay effective from July 1, 2005.

The Bank provides all banking and financial services related to its business thought its main office, branches in Jordan (49 branches), foreign branches in Palestine and Cyprus (11 branches) and its subsidiaries in Jordan.

The Bank's shares are listed in Amman Stock Exchange - Jordan.

The consolidated financial statements have been approved by the Board of Directors in its meeting No. (1) held on 31 January 2024 and it is subject to the approval of the Central Bank of Jordan and the General Assembly of the Shareholders.

2. Significant Accounting Policies

Basis of Preparation of Consolidated Financial Statement

The accompanying consolidated financial statements for the Bank 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 Committee, as adopted by Central Bank of Jordan.

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

- Provisions for expected credit losses are calculated in accordance with the International Financial Reporting Standard (9), and according to the Central Bank of Jordan (CBJ) whichever is more strict, the main significant differences are as follows:

  - Elimination of debt instrument issued or guaranteed by the Jordanian government, in addition to other credit exposures with the Jordanian government or guaranteed, in which credit exposures over the Jordanian government are amended and guaranteed without any credit losses.

  - 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's Instructions No. (2009/47) dated December 10, 2009 for each stage separately and the toughest results are taken.

  - In some special cases Central Bank of Jordan agrees on special arrangements related to the calculation of the expected credit losses' provision of direct credit facilities customers over the determined period.

  - The client's facilities related to governmental projects outcomes (transfers of Government dues) are excluded from provisions calculation.

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

- 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 condensed interim financial statements, and any decrease in value is recorded as a loss in the consolidated condensed interim 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 condensed interim statement of profit or loss and comprehensive income to the extent that it does not exceed the previously recorded impairment value. In accordance with the circular of the Central Bank of Jordan NO. 10/3/16234 dated October 10, 2022, the gradual provision for the seized assets was suspended, provided that the allocated provisions for the expropriated real estate in violation of the provisions of the Banking Law are maintained, and only the allocated provision is released against any of the violating real estate that are disposed of.

- 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 the items stated in the notes (3-a & 3-b).

- <u>Basis of Preparation the consolidated financial information</u>
- The consolidated financial information include the financial information of the Bank and its subsidiaries under its control, Meanwhile, control exists when the Bank has control over the investee company, or it is exposed to variable returns or holds rights for its participation in the investee company, and the Bank is able to use its control over the investee company to affect those returns.

- All balances, transactions, income, and expenses between the Bank and its subsidiaries are eliminated.

- The subsidiaries' financial information 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 information to make them comply with the accounting policies used by the Bank.

- The results of the subsidiaries' operations are consolidated in 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.

- The non-controlling interests represent the portion not owned by the Bank in the subsidiaries, Non-controlling interests are shown in the subsidiaries' net assets as a separate line item within the Bank's statement of shareholders' equity.

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

Company's Name	Ownership of the Bank	December 31, 2023 Paid-up Capital	Investment amount	Nature of Operation	Year of Inception	Location	For the year ended December 31, 2023 Total Assets	Total Liabilities	Total Revenue	Total Expenses
	%	JD	JD				JD	JD	JD	JD
Al-Alhli Microfinance Company	100	6,000,000	6,000,000	Micro Finance	1999	Jordan	23,469,640	13,615,531	7,799,570	6,702,159
Al-Alhli Financial Leasing Company	100	17,500,000	17,500,000	Finance leasing	2009	Jordan	92,486,097	67,699,437	5,053,240	2,432,947
Al-Alhli Financial Brokerage Company	100	3,000,000	3,000,000	Financial Brokerage	2006	Jordan	5,127,892	916,278	380,913	156,434
Al-Alhli Financial Technology Company	100	1,500,000	1,500,000	Financial Technology	2018	Jordan	749,223	701	28,011	8,513
TOTAL		28,000,000	28,000,000							

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

Company's Name	Ownership of the Bank	December 31, 2022 Paid-up Capital	December 31, 2022 Investment amount	Nature of Operation	Year of Inception	Location	For the year ended December 31, 2022 Total Assets	For the year ended December 31, 2022 Total Liabilities	For the year ended December 31, 2022 Total Revenue	For the year ended December 31, 2022 Total Expenses
	%	JD	JD				JD	JD	JD	JD
Al-Alhli Microfinance Company	100	6,000,000	6,000,000	Micro Finance	1999	Jordan	23,116,268	8,359,569	7,021,349	5,664,582
Al-Alhli Financial Leasing Company	100	17,500,000	17,500,000	Finance leasing	2009	Jordan	92,000,358	51,833,991	5,269,518	2,542,095
Al-Alhli Financial Brokerage Company	100	3,000,000	3,000,000	Financial Brokerage	2006	Jordan	4,779,585	792,450	405,030	84,814
Al-Alhli Financial Technology Company	100	1,500,000	1,500,000	Financial Technology	2018	Jordan	729,725	701	4,200	610,874
TOTAL		28,000,000	28,000,000							

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;

- Has the ability to use its power to affect the investee's returns.

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

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

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- 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 made, 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 accumulated 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 income statement.
- Reclassifies owners' equity already booked in other comprehensive income to the profit or loss statement as appropriate.

Segmental Reporting

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

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

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 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. Interest on financial instruments measured at fair value through the consolidated statement of profit or loss is included within the fair value movement during the period.

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

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

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

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

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

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

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

Net Income from Other Financial Instruments at Fair Value through the Statement of Income

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

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

Dividend Income

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

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

- For equity instruments which are held for trading, dividend income is presented in the statement of income in gain (loss) from financial assets through the statement of profit or loss;
- For equity instruments designated at fair value through other comprehensive income, dividend income is presented in dividends 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 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. Loans and advances to customers are recognized when they are recorded in the customer's account.

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

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

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

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

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

<u>Financial Assets</u>
<u>Initial Recognition</u>
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 and 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 income are recognized immediately in the consolidated statement of profit or loss.

<u>Subsequent Measurement</u>
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; and

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

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

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

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

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

Assessment of Business Models
An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Bank determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Bank's business model does not depend on management's intentions for an individual instrument; therefore, the business model assessment is 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, which reflect how the Bank manages its financial assets in order to generate cash flows. The Bank's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets, or both.

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

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

- 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 equity.

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

<u>Financial Assets at fair Value through the Profit or Loss</u>
Financial assets at fair value through the statement of income are:

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

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

<u>Reclassifications</u>
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.

<u>Foreign Exchange Gains and Losses</u>
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 statement of profit or loss; and
- For debt instruments measured at fair value through other comprehensive income that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in the statement of profit or loss. Other exchange differences are recognized in other comprehensive income in the investments revaluation reserve;
- For financial assets measured at fair value through the statement of profit or loss that are not part of a designated hedge accounting relationship, exchange differences are recognized in the statement of income either in 'net trading income', if the asset is held for trading, or in 'net income from other financial instruments at fair value through profit or loss, if otherwise held at fair value through the statement of profit or loss; and
- 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 statement of profit or loss (fair value option) can be classified at initial recognition even if the financial instruments are not acquired or incurred principally for the purpose of selling or repurchasing. The fair value option may be used for financial assets if it significantly eliminates or significantly reduces the measurement or recognition inconsistency that would otherwise have resulted in the measurement of the asset or liability or recognized the related gain or loss on a different basis ("accounting mismatch"). The fair value option for financial liabilities can be chosen in the following cases:

- If the selection leads to a significant 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 the statement of profit or loss while retained or issued. Financial assets at fair value through the statement of profit or loss are recognized at fair value with any unrealized gain or loss arising from changes in fair value recognized in investment income.

Impairment

The Bank recognizes loss allowances for expected credit losses on the following financial instruments that are not measured at fair value through 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 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 ECL, i.e. lifetime ECL that results from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or

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

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

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

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

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

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

When calculating the credit losses against credit exposures, a calculation comparison according to IFRS 9 with Central Bank of Jordan instructions No. (2009/47) dated December 10, 2009 for each stage individual, the stronger results is taken. The credit instruments issued / 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 difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The Bank, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- The disappearance of an active market for a security because of financial difficulties; or
- The purchase of a financial asset at a deep discount that reflects the incurred credit losses.

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

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

Purchased or Originated Credit-Impaired (POCI) Financial Assets

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

Definition of Default

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

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

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

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

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

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

Significant Increase in Credit Risk

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

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

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

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

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

- The remaining lifetime PD at the reporting date; with

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

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

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

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

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

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

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

When a financial asset is modified, the Bank assesses whether this modification results in derecognition. In accordance with the Bank's policy, a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms, the Bank considers the following:
- Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification, then;
- A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest.

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

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

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

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

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

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

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

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

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 investment's revaluation reserve.

- For loan commitments and financial guarantee contracts: as a provision; and

- Where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: The Bank presents a 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 as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

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

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 statement of income on the purchase, sale, issue or cancellation of the Bank 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 there are non-closed related embedded derivatives, these are separated first with the remainder of the financial liability being recorded on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

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

Financial Liabilities at Fair Value through the Statement of Profit or Loss

Financial liabilities are classified as at fair value through the consolidated 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 the statement of income 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 consolidated statement of profit or loss.

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

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

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

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

Other Financial Liabilities

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

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. For details on EIR, see the "net interest income section" above.

Derecognition of Financial Liabilities

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

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

Derivative Financial Instruments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Fair Value Hedges

The fair value change on qualifying hedging instruments is recognized in the statement of income except when the hedging instrument hedges an equity instrument designated at fair value through other comprehensive income in which case it is recognized in OCI. 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 OCI. When the hedged item is an equity instrument designated at fair value through other comprehensive income, the hedging gain/loss remains in other comprehensive income to match that of the hedging instrument.

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

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

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

Amounts previously recognized in OCI 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 OCI and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain/loss accumulated in equity is reclassified and recognized immediately in profit or loss statement.

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

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to the statement of income 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 based on the following rates:

	%
Buildings	2
Equipment, furniture and fixtures	10-20
Vehicles	15
Computers	30
Other	15-20

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

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

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

Fair value

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

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

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

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

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

Provisions

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

Income Tax

- Tax expense comprises accrued tax and deferred taxes.

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

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

- Deferred tax is the tax expected to be paid or recovered due to temporary differences between the tax bases of assets and liabilities 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.

<u>Offsetting</u>
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.

<u>Revenue and Expense Recognition</u>
- 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).

<u>Date of Recognition of Financial Assets</u>
Purchase or sale of financial assets is recognized on the trade date, (the date that the Bank commits to purchase or sell the asset).

<u>Financial Derivatives and Hedge Accounting</u>
<u>Derivatives for Trading</u>
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.

<u>Repurchase and Resale Agreements</u>
- 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 Seized 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. In accordance with the circular of the Central Bank of Jordan NO. 10/3/16234 dated October 10, 2022, the gradual provision for the seized assets was suspended, provided that the allocated provisions for the expropriated real estate in violation of the provisions of the Banking Law are maintained, and only the allocated provision is released against any of the violating real estate that are disposed of.

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. 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.

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 sales – 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.

Business Combinations 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 statement of profit or loss.

- 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 associates are stated at cost within the statement of financial position, in addition to the Bank's share of changes in the associate's net assets. The goodwill resulting from investing in associates is recorded as part of the investment account of the associate and is not amortized. Moreover, the Bank's share of the associates' profits is recorded in the consolidated statement of profit or loss. In the event of changes in the owners' equity of the associates, these changes, if any, are reflected in the Bank's statement of changes in owners' equity. Profits and losses resulting from transactions between the Bank and the associates are eliminated to the extent of the Bank's share in the associates.

Foreign Currencies

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

The standalone financial statements of the Bank's subsidiaries are prepared. Moreover, the standalone financial statements of each entity of the Group are presented in the functional currency in which it operates. Transactions in currencies other than the functional currency of the Bank are recorded at the rates of exchange prevailing at the dates of those transactions. At the 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 cash balances with central banks and balances with banks and financial institutions that mature within three months, less banks' and financial institutions' deposits that mature within three months and restricted balances.

3. Adoption of new and revised International Financail Reporting 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 Estimates Uncertainty

Preparation of the consolidated financial statements and application of the accounting policies require management to make judgments, estimates, and assumptions that affect the amounts of financial assets and financial liabilities and to disclose potential liabilities. Moreover, these estimates and judgments affect revenues, expenses, provisions, in general, expected credit losses, as well as changes in fair value that appear in the 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 believe that its estimates in the consolidated financial statements are reasonable. The details are as follows:

Impairment of assets seized by the bank

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.

In accordance with the circular of the Central Bank of Jordan NO. 10/3/16234 dated October 10, 2022, the gradual provision for the seized assets was suspended, provided that the allocated provisions for the expropriated real estate in violation of the provisions of the Banking Law are maintained, and only the allocated provision is released against any of the violating real estate that are disposed of.

Productive lifespan of tangible assets and intangible assets

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

Income tax

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

Litigation provision

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

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

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 (38).

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.

Evaluation of business model

The classification and measurement of financial assets depends on the results of the principal and interest payments test on the principal outstanding and the business model test. The Bank defines a business model at a level that reflects how the groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment that reflects all relevant evidence, including how to assess the performance of the assets and measure their performance, and the risks that affect the performance of assets, how they are managed, and how asset managers are compensated. The Bank monitors financial assets measured at amortized cost or fair value through other comprehensive income and derecognized before maturity to understand the reason for derecognition and whether the reasons are consistent with the objective of the business held. In this respect, control is part of the Group's continuous assessment of whether the business model under which the remaining financial assets are retained is appropriate, and whether it is not appropriate if there is a change in the business model, and therefore, a future change is made in the classification of those assets.

Significant increase in credit risk

The expected credit loss is measured as an allowance equivalent to the expected credit loss of (12) months for the assets of 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 detail in Note (38).

Establish groups of assets with similar credit risk characteristics

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

Re-division of portfolios and movements between portfolios

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

Models and assumptions used

The Bank uses various models and assumptions in measuring the fair value of financial assets as well as in assessing the expected credit loss described in the note (38) 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.

Extension and termination options in leases

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

Determining the duration of the lease

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

Key Sources of Uncertain Estimates

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

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

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

Probability of default

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

Loss given default

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

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

5. Cash and Balances at Central Banks

Details of this item are as follows:

	December 31,	
	2023	2022
	JD	JD
Cash at vaults	85,019,238	66,137,926
Balances at the Central Banks:		
Current accounts	8,165,980	13,031,476
Term and notice deposits	65,635,000	32,762,000
Statutory cash reserve	104,426,713	96,508,749
Total Balances at the Central Banks	178,227,693	142,302,225
Total Cash and Balances at Central Banks	263,246,931	208,440,151

- Except for the cash reserve with the central banks and the capital deposit with the Palestinian Monetary Authority amounting to JD 10,635,000 shown within time and notice deposit, There are no restricted cash balances as at December 31, 2023 and December 31, 2022.

- There are no balances, maturing within a period exceeding three months as at December 31, 2023 and December 31, 2022.

The classification of gross balance with central banks according to the bank's internal credit rating is as follows:

	December 31,				
	2023				2022
	Stage (1)- Individual	Stage (2)- Individual	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Governmental	178,227,693	-	-	178,227,693	142,302,2
Balance at end of year	178,227,693	-	-	178,227,693	142,302,2

The movement on total balances with central banks is as follows:

	December 31,				
	2023				2022
	Stage (1)- Individual	Stage (2)- Individual	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balance at beginning of year	142,302,225	-	-	142,302,225	193,366,5
New balances during year	110,975,246	-	-	110,975,246	60,797,6
Paid balances	(75,049,778)	-	-	(75,049,778)	(111,862,0
Balance at end of year	178,227,693	-	-	178,227,693	142,302,2

6. Balances at Banks and Financial Institutions

The details of this item is 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
Current accounts	200,062	113,260	57,554,483	44,356,195	57,754,545	44,469,455
Deposits maturing within 3 months or less	-	-	65,757,670	66,539,145	65,757,670	66,539,145
Total	200,062	113,260	123,312,153	110,895,340	123,512,215	111,008,600
Less: ECL provision	(861)	(861)	(18,255)	(203,889)	(19,116)	(204,750)
Net balance at banks and financial institutions	199,201	112,399	123,293,898	110,691,451	123,493,099	110,803,850

- Non-interest bearing balances at banks and financial institutions amounted to JD 57,754,545 as of December 31, 2023 (JD 44,469,455 as of December 31, 2022).

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

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

	December 31,				
	2023				2022
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total	Total
Credit rating according to the Bank's internal Policy:	JD	JD	JD	JD	JD
From (1) to (6)	120,477,879	-	-	120,477,879	104,715,347
un-rated	3,034,336	-	-	3,034,336	6,293,253
Total Balance At the End of the Year	123,512,215	-	-	123,512,215	111,008,600

The following is the movement of the total balances at banks and financial institutions:

	December 31,				
	2023				2022
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balance at beginning of year	111,008,600	-	-	111,008,600	177,440,379
New balances during year	64,846,912	-	-	64,846,912	76,871,178
Withdrawn balances	(52,343,297)	-	-	(52,343,297)	(143,302,957)
Balance at end of year	123,512,215	-	-	123,512,215	111,008,600

* Disclosure of the movement on the expected credit losses provision of balances at banks and financial institutions:

	December 31,				
	2023				2022
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balance at beginning of the year	204,750	-	-	204,750	21,556
Expected credit loss on new balances for the year	-	-	-	-	156,663
Recovered credit loss on balances and settled amounts	(185,634)	-	-	(185,634)	(2,743)
Changes resulting from adjustments	-	-	-	-	29,274
Balance at end of year	19,116	-	-	19,116	204,750

7. Deposits at Banks and Financial Institutions

Details of the following 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 from 9 months to 12 months	18,000,000	-	-	-	18,000,000	-
More than year	17,000,000	-	-	-	17,000,000	-
Total	35,000,000	-	-	-	35,000,000	-
ECL provision	(181,633)	-	-	-	(181,633)	-
Net balance at banks and financial institutions	34,818,367	-	-	-	34,818,367	-

Disclosure of the allocation of total deposits at banks according to the Bank's internal credit rating is as follows:

	December 31,				
	2023				2022
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total	Total
Credit rating according to the Bank's internal policy	JD	JD	JD	JD	JD
5	23,000,000	-	-	23,000,000	-
Un-rated	12,000,000	-	-	12,000,000	-
Total - end of the year	35,000,000	-	-	35,000,000	-

The following is the movement on the total deposits at Banks and Financial Institutions:

	December 31,				
	2023				2022
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the Year	-	-		-	20,342,135
New balances during the year	35,000,000	-		35,000,000	-
Settled balances	-	-		-	(20,342,135)
Balance At the End of the Year	35,000,000	-	-	35,000,000	-

- Disclosure of the provision for expected credit losses movement on deposits at banks and financial institutions:

	December 31,				
	2023				2022
	Stage (1) Individual	Stage (2) Individual	Stage (3)	Total	Total
	JD	JD	JD	JD	JD
Balance at beginning of the year	-	-		-	29,274
Expected credit losses for new balances during the year	181,633	-		181,633	-
Recovered from credit losses for new balances during the year	-	-		-	(29,274)
Total Balance At the End of the Year	181,633	-	-	181,633	-

8. Direct Credit Facilities - Net

The details of this item are as follows:

	December 31, 2023	December 31, 2022
	JD	JD
Individuals (retail):		
Overdraft accounts	2,725,613	1,822,681
Loans and bills *	406,651,229	377,894,960
Credit cards	13,077,518	11,511,002
Real estate loans	328,992,495	329,799,397
Corporate :		
Large Corporate		
Overdraft accounts	194,170,648	177,990,289
Loans and bills *	627,787,105	602,776,362
Small and Medium		
Overdraft accounts	35,131,695	34,049,264
Loans and bills *	145,804,790	133,749,424
Government and public sector	44,314,782	30,117,405
Total	1,798,655,875	1,699,710,784
Less: Interest in suspense	(26,865,535)	(24,159,202)
Expected credit losses provision	(91,007,603)	(80,278,936)
Net Direct Credit Facilities	1,680,782,737	1,595,272,646

* Net after deducting interest and commission received in advance of JD 15,454,588 as of December 31, 2023 (JD 14,257,407 as of December 31, 2022).

- Non-performing credit facilities were amounted to JD 106,753,999 which is equivalent to 5.94% of total direct credit facilities as of December 31, 2023 (JD 109,309,465 which is equivalent to 6.43% of total direct credit facilities as of December 31, 2022).

- Non- performing credit facilities after deducting interest in suspense were amounted to JD 81,898,658 as of December 31, 2023 which is equivalent to 4.62% (JD 86,110,168 which is equivalent to 5.14% of total credit facilities balance after deducting interest in suspense as of December 31, 2022).

- Non-performing credit facilities transferred to off statement of financial position items amounted to JD 138,876,608 as at December 31, 2023 (JD 139,384,618 as of December 31, 2022). Noting that these credit facilities are fully covered with the suspended interests and provisions .

- There are no credit facilities granted to, and guaranteed by the Jordanian government as at December 31, 2023 and December 31, 2022.

The disclosure on the movement of gross facilities for direct facilities is as follows:

For the Year Ended December 31, 2023	Retail	Real Estate Loans	Corporates: Corporate	Corporates: SMEs	Government and Public Sector	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the Year	391,228,643	329,799,397	780,766,651	167,798,688	30,117,405	1,699,710,784
New facilities during the year	93,801,451	65,262,063	271,695,102	55,819,865	44,314,782	530,893,263
Settled facilities	(62,175,215)	(65,568,081)	(228,400,662)	(41,662,829)	(30,117,405)	(427,924,192)
Transferred to stage 1	-	-	-	-	-	-
Transferred to stage 2	-	-	-	-	-	-
Transferred to stage 3	-	-	-	-	-	-
Written off facilities and transferred to off statement of financial position items *	(400,519)	(500,884)	(2,103,338)	(1,019,239)	-	(4,023,980)
Foreign exchange adjustments	-	-	-	-	-	-
Balance as at the end of the year	422,454,360	328,992,495	821,957,753	180,936,485	44,314,782	1,798,655,875
For the Year Ended December 31, 2022						
Balance at the beginning of the Year	328,734,151	312,679,388	620,977,412	170,753,060	31,531,105	1,464,675,116
New facilities during the year	124,977,698	85,775,578	295,781,379	61,715,622	-	568,250,277
Settled facilities	(61,027,411)	(67,205,321)	(129,078,005)	(61,643,134)	(1,413,700)	(320,367,571)
Transferred to stage 1	-	-	-	-	-	-
Transferred to stage 2	-	-	-	-	-	-
Transferred to stage 3	-	-	-	-	-	-
Written off facilities and transferred to off statement of financial position items *	(1,455,795)	(1,450,248)	(6,914,135)	(3,026,860)	-	(12,847,038)
Foreign exchange adjustments	-	-	-	-	-	-
Balance as at the end of the year	391,228,643	329,799,397	780,766,651	167,798,688	30,117,405	1,699,710,784

* Based on the Board of Directors decisions.

The disclosure on the movement of the provision for gross expected credit losses is as follows:

For the Year Ended December 31, 2023	Retail	Real Estate Loans	Corporates: Corporate	Corporates: SMEs	Government and Public Sector	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the Year	15,926,747	7,787,058	47,156,879	9,405,312	2,940	80,278,936
Expected credit loss on new facilities granted during the period	2,959,806	952,131	3,476,168	2,266,963	11,584	9,666,652
Recovered of provision for expected credit loss paid	(1,350,189)	(1,421,428)	(2,298,733)	(1,236,382)	-	(6,306,732)
Transferred to stage 1	(8,751)	123,973	(39,168)	82,913	-	158,967
Transferred to stage 2	(26,028)	(136,913)	(26,587)	(283,680)	-	(473,208)
Transferred to stage 3	34,779	12,940	65,755	200,767	-	314,241
Transferred to off statement of financial position	(184,643)	(4,926)	(844,692)	(673,897)	-	(1,708,158)
Effect on the provision at the end of the year - resulting from the reclassification between the three stages during the year	2,469,094	644,636	228,597	1,269,999	-	4,612,326
Changes resulting from adjustments	(3,031,534)	(2,138,514)	10,360,306	(73,021)	(2,940)	5,114,297
Written off facilities	(53,940)	(241,240)	(224,941)	(3,142)	-	(523,263)
Foreign exchange adjustments	(10,837)	-	(69,911)	(45,707)	-	(126,455)
Balance as at the end of the year	16,724,504	5,577,717	57,783,673	10,910,125	11,584	91,007,603
Redistribution:						
Provision on an Individual basis	16,724,504	5,577,717	57,783,673	10,910,125	11,584	91,007,603
Provision on a collective basis	-	-	-	-	-	-
	16,724,504	5,577,717	57,783,673	10,910,125	11,584	91,007,603
For the Year Ended December 31, 2022						
Balance at the beginning of the Year	15,811,294	8,192,139	49,121,082	9,738,762	77,253	82,940,530
Expected credit loss on new facilities granted during the period	2,113,668	599,420	2,513,267	1,102,577	-	6,328,932
Recovered of provision for expected credit loss paid	(1,283,875)	(1,309,677)	(1,159,679)	(1,247,277)	-	(5,000,508)
Transferred to stage 1	548,135	185,378	(128,074)	(16,959)	-	588,480
Transferred to stage 2	(650,364)	(78,867)	(572,769)	(418,497)	-	(1,720,497)
Transferred to stage 3	102,229	(106,511)	700,843	435,456	-	1,132,017
Transferred to off statement of financial position	(943,262)	(676,550)	(4,367,915)	(1,923,737)	-	(7,911,464)
Effect on the provision at the end of the year - resulting from the reclassification between the three stages during the year	1,048,917	(3,350)	1,299,581	1,003,297	-	3,348,445
Changes resulting from adjustments	(784,413)	1,012,149	1,660,296	1,000,024	(74,313)	2,813,743
Written off facilities	(22,532)	(27,226)	(1,014,227)	(86,020)	-	(1,150,005)
Foreign exchange adjustments	(13,050)	153	(895,526)	(182,314)	-	(1,090,737)
Balance as at the end of the year	15,926,747	7,787,058	47,156,879	9,405,312	2,940	80,278,936
Redistribution:						
Provision on an Individual basis	15,926,747	7,787,058	47,156,879	9,405,312	2,940	80,278,936
Provision on a collective basis	-	-	-	-	-	-
	15,926,747	7,787,058	47,156,879	9,405,312	2,940	80,278,936

Provisions no longer needed resulted from settlements, repayments or transferred against other facilities were amounted to JD 6,306,732 for the year ended December 31, 2023 (JD 5,000,508 for the year ended December 31, 2022).

Suspended Interests

The movement of the suspended interests is as follows:

	Retail	Real estate loans	Corporates		Total
			Corporate	SMEs	
	JD	JD	JD	JD	JD
For the Year 2023					
Balance beginning of the year	2,863,096	2,609,569	14,435,104	4,251,433	24,159,202
Add: Interest suspended during the year	761,444	500,031	2,470,230	1,607,154	5,338,859
Less: Interests transferred to revenue	(133,235)	(295,386)	(103,659)	(244,619)	(776,899)
Transferred to stage (1)	2,196	11,977	15,525	7,558	37,256
Transferred to stage (2)	5,147	16,770	42,769	(126,566)	(61,880)
Transferred to stage (3)	(7,343)	(28,747)	(58,294)	119,008	24,624
Less: Transferred to off-consolidated statement of financial position	(60,054)	-	(268,873)	(241,679)	(570,606)
Less: Written off suspended interests	(101,882)	(254,718)	(764,832)	(100,521)	(1,221,953)
Foreign exchange adjustments	(4,355)	-	(4,685)	(54,028)	(63,068)
Balance End of the Year	3,325,014	2,559,496	15,763,285	5,217,740	26,865,535
For the Year 2022					
Balance beginning of the year	3,006,442	3,030,874	13,869,994	4,142,637	24,049,947
Add: Interest suspended during the year	541,607	776,067	2,492,773	1,498,813	5,309,260
Less: Interests transferred to revenue	(178,058)	(428,916)	(334,119)	(169,847)	(1,110,940)
Transferred to stage (1)	11,100	19,327	-	1,012	31,439
Transferred to stage (2)	9,022	36,022	(536,305)	(91,155)	(582,416)
Transferred to stage (3)	(20,122)	(55,349)	536,305	90,143	550,977
Less: Transferred to off-consolidated statement of financial position	(327,134)	(545,675)	(1,219,774)	(872,695)	(2,965,278)
Less: Written off suspended interests	(162,867)	(222,781)	(312,219)	(144,149)	(842,016)
Foreign exchange adjustments	(16,894)	-	(61,551)	(203,326)	(281,771)
Balance End of the Year	2,863,096	2,609,569	14,435,104	4,251,433	24,159,202

Disclosure on the allocation of gross facilities for retail according to the Bank's internal rating for retail:

	2023				2022
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Credit rating according to the Bank's internal policy:					
From (1) to (6)	388,781	19,417	-	408,198	165,222
(7)	-	2,437	-	2,437	5,717
From (8) to (10)	-	-	16,262	16,262	17,361
Un-rated	398,122,471	5,050,177	18,854,815	422,027,463	391,040,343
Total	398,511,252	5,072,031	18,871,077	422,454,360	391,228,643

The disclosure on the movement of facilities for retail is as follows:

	2023				2022
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	372,228,081	2,359,081	16,641,481	391,228,643	328,734,151
New facilities during the year	92,562,935	370,752	867,764	93,801,451	124,977,698
Settled facilities	(59,857,975)	(677,881)	(1,639,359)	(62,175,215)	(61,027,411)
Transferred to stage 1	1,040,471	(990,546)	(49,925)	-	-
Transferred to stage 2	(4,129,102)	4,153,336	(24,234)	-	-
Transferred to stage 3	(3,333,158)	(142,711)	3,475,869	-	-
Written off facilities and transferred to off statement of financial position items	-	-	(400,519)	(400,519)	(1,455,795)
Total Balance at the End of the Year	398,511,252	5,072,031	18,871,077	422,454,360	391,228,643

The movement on the provision for expected credit losses for retail facilities is as follows:

	2023				2022
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	902,250	1,343,404	13,681,093	15,926,747	15,811,294
Credit loss on new facilities during the year	319,952	48,580	2,591,274	2,959,806	2,113,668
Recovered from credit loss on paid facilities	(21,403)	(5,901)	(1,322,885)	(1,350,189)	(1,283,875)
Transferred to stage 1	75,148	(43,777)	(31,371)	-	-
Transferred to stage 2	(25,130)	38,322	(13,192)	-	-
Transferred to stage 3	(58,769)	(20,573)	79,342	-	-
Effect on the provision at the end of the year - resulting from the reclassification between the three stages during	(63,457)	422,361	2,110,190	2,469,094	1,048,917
Changes resulting from adjustments	23,495	(1,085,420)	(1,969,609)	(3,031,534)	(784,413)
Written off facilities and transferred to off statement of financial position items	-	-	(238,583)	(238,583)	(965,794)
Adjustments resulting from changes in exchange rates	-	-	(10,837)	(10,837)	(13,050)
Total Balance at the End of the Year	1,152,086	696,996	14,875,422	16,724,504	15,926,747

Disclosure on the allocation of gross facilities according to the Bank's internal rating for real estate:

	2023				2022
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Credit rating categories according to the Bank's internal policy:					
From (1) to (6)	29,421,698	555,833	-	29,977,531	26,531,738
(7)	-	390,563	-	390,563	583,363
From (8) to (10)	-	-	1,907,009	1,907,009	1,479,632
Un-rated	281,599,955	5,885,621	9,231,816	296,717,392	301,204,664
Total	311,021,653	6,832,017	11,138,825	328,992,495	329,799,397

The disclosure on the movement of facilities for real estate is as follows:

	2023				2022
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Gross balance at the beginning of the year	306,417,601	8,807,687	14,574,109	329,799,397	312,679,388
New facilities during the year	64,543,558	168,565	549,940	65,262,063	85,775,578
Settled facilities	(57,256,431)	(1,979,121)	(6,332,529)	(65,568,081)	(67,205,321)
Transferred to stage 1	3,026,220	(2,678,066)	(348,154)	-	-
Transferred to stage 2	(4,275,065)	4,609,223	(334,158)	-	-
Transferred to stage 3	(1,434,230)	(2,096,271)	3,530,501	-	-
Written off facilities and transferred to off statement of finanicial position items	-	-	(500,884)	(500,884)	(1,450,248)
Total Balance at the End of the Year	311,021,653	6,832,017	11,138,825	328,992,495	329,799,397

The disclosure on the movement on the provision for expected credit losses for real estate is as follows:

	2023				2022
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	382,887	405,263	6,998,908	7,787,058	8,192,139
Credit loss on new facilities during the year	79,203	13,160	859,768	952,131	599,420
Recovered from credit loss on paid facilities	-	-	(1,421,428)	(1,421,428)	(1,309,677)
Transferred to stage 1	136,852	(120,043)	(16,809)	-	-
Transferred to stage 2	(8,046)	38,097	(30,051)	-	-
Transferred to stage 3	(4,833)	(54,967)	59,800	-	-
Effect on the provision at the end of the year - resulting from the reclassification between the three stages during the year	(131,787)	181,500	594,923	644,636	(3,350)
Changes resulting from adjustments	(54,806)	(125,799)	(1,957,909)	(2,138,514)	1,012,149
Written off facilities and transferred to off statement of financial position items	-	-	(246,166)	(246,166)	(703,776)
Adjustments resulting from changes in exchange rates	-	-	-	-	153
Total Balance at the End of the Year	399,470	337,211	4,841,036	5,577,717	7,787,058

Disclosure on the allocation of gross facilities according to the Bank's internal rating for corporates:

	2023				2022
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Credit rating according to the Bank's internal policy:					
From (1) to (6)	586,724,772	108,593,605	-	695,318,377	627,324,172
(7)	-	11,328,531	-	11,328,531	10,883,778
From (8) to (10)	-	-	55,158,231	55,158,231	60,034,237
Un-rated	53,967,227	416,868	5,768,519	60,152,614	82,524,464
Total	640,691,999	120,339,004	60,926,750	821,957,753	780,766,651

The disclosure on the movement of facilities for corporates is as follows:

	2023				2022
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Gross balance at the beginning of the year	605,862,477	110,495,048	64,409,126	780,766,651	620,977,412
New facilities during the year	248,770,240	18,526,312	4,398,550	271,695,102	295,781,379
Settled facilities	(206,555,990)	(15,924,142)	(5,920,530)	(228,400,662)	(129,078,005)
Transferred to stage 1	2,976,941	(2,845,625)	(131,316)	-	-
Transferred to stage 2	(10,361,669)	10,780,227	(418,558)	-	-
Transferred to stage 3	-	(692,816)	692,816	-	-
Written off facilities and transferred to off statement of financial position items	-	-	(2,103,338)	(2,103,338)	(6,914,135)
Total Balance at the End of the Year	640,691,999	120,339,004	60,926,750	821,957,753	780,766,651

The disclosure on the movement on the provision for expected credit losses for corporates is as follows:

	2023				2022
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	4,515,530	7,106,637	35,534,712	47,156,879	49,121,082
Credit loss on new facilities during the year	2,195,007	923,012	358,149	3,476,168	2,513,267
Recovered from credit loss on paid facilities	(63,302)	(4,471)	(2,230,960)	(2,298,733)	(1,159,679)
Transferred to stage 1	50,862	(50,862)	-	-	-
Transferred to stage 2	(90,030)	118,195	(28,165)	-	-
Transferred to stage 3	-	(93,920)	93,920	-	-
Effect on the provision at the end of the year - resulting from the reclassification between the three stages during the year	(45,312)	(28,025)	301,934	228,597	1,299,581
Changes resulting from adjustments	(1,571,030)	6,694,072	5,237,264	10,360,306	1,660,296
Written off facilities and transferred to off statement of financial position items	-	-	(1,069,633)	(1,069,633)	(5,382,142)
Adjustments resulting from changes in exchange rates	-	-	(69,911)	(69,911)	(895,526)
Total Balance at the End of the Year	4,991,725	14,664,638	38,127,310	57,783,673	47,156,879

Disclosure on the allocation of gross facilities according to the Bank's internal rating for SMEs:

	2023				2022
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Credit rating according to the Bank's internal policy:					
From (1) to (6)	132,220,210	4,855,338	-	137,075,548	125,381,379
(7)	-	10,868,610	-	10,868,610	11,098,475
From (8) to (10)	-	-	12,679,294	12,679,294	11,187,964
Un-rated	16,890,542	284,438	3,138,053	20,313,033	20,130,870
Total	149,110,752	16,008,386	15,817,347	180,936,485	167,798,688

The disclosure on the movement of facilities for SMEs is as follows:

	2023				2022
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Gross balance at the beginning of the year	133,754,636	20,359,303	13,684,749	167,798,688	170,753,060
New facilities during the year	53,806,099	1,098,002	915,764	55,819,865	61,715,622
Settled facilities	(37,558,612)	(2,709,825)	(1,394,392)	(41,662,829)	(61,643,134)
Transferred to stage 1	3,284,309	(3,257,447)	(26,862)	-	-
Transferred to stage 2	(2,753,340)	2,753,340	-	-	-
Transferred to stage 3	(1,422,340)	(2,234,987)	3,657,327	-	-
Written off facilities and transferred to off statement of financial position items	-	-	(1,019,239)	(1,019,239)	(3,026,860)
Total Balance at the End of the Year	149,110,752	16,008,386	15,817,347	180,936,485	167,798,688

The disclosure on the movement on the provision for expected credit losses for SMEs is as follows:

	2023				2022
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Gross balance at the beginning of the year	1,185,144	1,322,490	6,897,678	9,405,312	9,738,762
Credit loss on new facilities during the year	391,931	161,923	1,713,109	2,266,963	1,102,577
Recovered from credit loss on paid facilities	(4,809)	(24,967)	(1,206,606)	(1,236,382)	(1,247,277)
Transferred to stage 1	112,072	(112,072)	-	-	-
Transferred to stage 2	(11,861)	11,861	-	-	-
Transferred to stage 3	(17,298)	(183,469)	200,767	-	-
Effect on the provision at the end of the year - resulting from the reclassification between the three stages during the year	(102,262)	(3,040)	1,375,301	1,269,999	1,003,297
Changes resulting from adjustments	(593,008)	75,350	444,637	(73,021)	1,000,024
Written off facilities and transferred to off statement of financial position items	-	-	(677,039)	(677,039)	(2,009,757)
Adjustments resulting from changes in exchange rates	-	-	(45,707)	(45,707)	(182,314)
Total Balance at the End of the Year	959,909	1,248,076	8,702,140	10,910,125	9,405,312

Disclosure on the allocation of gross facilities according to the Bank's internal rating for government and public sector:

	2023				2022
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Credit rating according to the Bank's internal policy:					
From (1) to (6)	44,314,782	-	-	44,314,782	30,117,405
Total	44,314,782	-	-	44,314,782	30,117,405

The disclosure on the movement of facilities for government and public sector is as follows:

	2023				2022
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total exposures at the beginning of the year	30,117,405	-	-	30,117,405	31,531,105
New exposures during the year	44,314,782	-	-	44,314,782	-
Settled facilities	(30,117,405)	-	-	(30,117,405)	(1,413,700)
Total exposures at the ending of the year	44,314,782	-	-	44,314,782	30,117,405

The disclosure on the movement on the provision for expected credit losses for governments and public sector is as follows:

	2023				2022
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	2,940	-	-	2,940	77,253
Credit loss on new facilities during the year	11,584	-	-	11,584	-
Changes resulting from adjustments	(2,940)	-	-	(2,940)	(74,313)
Total balance of expected credit losses at the end of the year	11,584	-	-	11,584	2,940

Disclosure on the allocation of gross facilities according to the Bank's internal rating for direct facilities:

	2023				2022
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Credit rating according to the Bank's internal policy:					
From (1) to (6)	793,070,243	114,024,193	-	907,094,436	779,402,511
(7)	-	22,590,141	-	22,590,141	22,571,333
From (8) to (10)	-	-	69,760,796	69,760,796	72,719,194
Un-rated	750,580,195	11,637,104	36,993,203	799,210,502	825,017,746
Total	1,543,650,438	148,251,438	106,753,999	1,798,655,875	1,699,710,784

The disclosure on the movement of gross facilities for direct facilities is as follows:

	2023				2022
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Gross balance at the beginning of the year	1,448,380,200	142,021,119	109,309,465	1,699,710,784	1,464,675,116
New facilities during the year	503,997,614	20,163,631	6,732,018	530,893,263	568,250,277
Settled facilities	(391,346,413)	(21,290,969)	(15,286,810)	(427,924,192)	(320,367,571)
Transferred to stage 1	10,327,941	(9,771,684)	(556,257)	-	-
Transferred to stage 2	(21,519,176)	22,296,126	(776,950)	-	-
Transferred to stage 3	(6,189,728)	(5,166,785)	11,356,513	-	-
Written off facilities and transferred to off statement of financial position items	-	-	(4,023,980)	(4,023,980)	(12,847,038)
Total Balance at the End of the Year	1,543,650,438	148,251,438	106,753,999	1,798,655,875	1,699,710,784

The disclosure on the movement on the provision for gross expected credit losses for direct facilities is as follows:

	2023				2022
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	6,988,751	10,177,794	63,112,391	80,278,936	82,940,530
Credit loss on new facilities during the year	2,997,677	1,146,675	5,522,300	9,666,652	6,328,932
Recovered from credit loss on paid facilities	(89,514)	(35,339)	(6,181,879)	(6,306,732)	(5,000,508)
Transferred to stage 1	374,934	(326,754)	(48,180)	-	-
Transferred to stage 2	(135,067)	206,475	(71,408)	-	-
Transferred to stage 3	(80,900)	(352,929)	433,829	-	-
Effect on the provision at the end of the year - resulting from the reclassification between the three stages during the year	(342,818)	572,796	4,382,348	4,612,326	3,348,445
Changes resulting from adjustments	(2,198,289)	5,558,203	1,754,383	5,114,297	2,813,743
Written off facilities and transferred to off statement of financial position items	-	-	(2,231,421)	(2,231,421)	(9,061,469)
Adjustments resulting from changes in exchange rates	-	-	(126,455)	(126,455)	(1,090,737)
Total Balance at the End of the Year	7,514,774	16,946,921	66,545,908	91,007,603	80,278,936

9. 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	10,128,630	10,449,929
Unquoted shares	29,624,660	27,285,721
	39,753,290	37,735,650

- Cash dividends for the above-mentioned financial assets were amounted to JD 793,726 for the year ended December 31, 2023 (JD 367,687 for the year ended December 31, 2022).

10. Financial Assets at Amortized Cost - Net

The details of this item are as follows:

	December 31,	
	2023	2022
	JD	JD
Governmental treasury bonds and bills	810,222,305	768,028,106
Corporate bonds	82,503,117	103,854,936
	892,725,422	871,883,042
Less: Provision for expected credit losses	(525,633)	(886,110)
	892,199,789	870,996,932
Bonds Analysis		
With Fixed rate	892,725,422	871,883,042
Total	892,725,422	871,883,042
Unqouted bonds and bills	892,725,422	871,883,042

Financial Assets at Amortized Cost Analysis according to IFRS 9 (before provision):

Stage (1)	892,725,422	871,883,042
Total	892,725,422	871,883,042

The disclosure on the allocation of on financial assets at amortized cost based on internal credit of the bank as follows:

	2023				2022
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Total
Credit rating according to the Bank's internal policy:	JD	JD	JD	JD	JD
Government	810,222,305	-	-	810,222,305	768,028,106
Un-rated	82,503,117	-	-	82,503,117	103,854,936
Total	892,725,422	-	-	892,725,422	871,883,042

The movement on financial assets at amortized cost is as follows:

	2023				2022
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Total
	JD	JD	JD	JD	JD
Total balance at the beginning of the year	871,883,042	-	-	871,883,042	867,186,788
New investments for the year	293,750,727	-	-	293,750,727	193,623,332
Matured investments	(272,908,347)	-	-	(272,908,347)	(188,927,078)
Total Balance At the End of the Year	892,725,422	-	-	892,725,422	871,883,042

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

	2023				2022
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Total
	JD	JD	JD	JD	JD
Total balance at the beginning of the year	886,110	-	-	886,110	936,381
Expected credit losses on new investments for the year	2,025	-	-	2,025	4,984
Recovered from credit loss on matured investments	(367,660)	-	-	(367,660)	(7,428)
Changes resulting from adjustments	5,158	-	-	5,158	(47,827)
Total Balance At the End of the Year	525,633	-	-	525,633	886,110

- There are no agreements to repurchase Jordanian treasury bonds with the Central Bank of Jordan as of December 31, 2023, as shown in Note (17/A), in exchange for mortgaging treasury bonds (about 36.6 million dinars for the year 2022).

11. Property, Equipment and Projects Under Construction - Net

The details of this item are as follows:

	Land	Buildings	Tools, Furniture & Fixtures	Vehicles	Computers	Other	Projects under construction	Total
For the Year Ended December 31, 2023	JD	JD	JD	JD	JD	JD	JD	JD
Cost:								
Balance at the beginning of the year	23,250,855	50,295,538	25,362,414	1,038,077	14,351,525	11,322,376	8,676,396	134,297,181
Additions	-	2,319,009	1,267,734	69,750	1,797,474	538,159	11,002,346	16,994,472
Disposals	(161,570)	(380,475)	(1,478,975)	(48,500)	(88,895)	(339,237)	(2,706,369)	(5,204,021)
Balance at the End of the Year	23,089,285	52,234,072	25,151,173	1,059,327	16,060,104	11,521,298	16,972,373	146,087,632
Accumulated Depreciation:								
Balance at the beginning of the year	-	11,873,080	19,235,386	686,364	12,648,772	8,277,861	-	52,721,463
Depreciation for the year	-	934,296	1,592,292	106,745	1,229,818	703,439	-	4,566,590
Disposals	-	(197,142)	(1,371,289)	(48,500)	(86,955)	(339,236)	-	(2,043,122)
Balance at the End of the Year	-	12,610,234	19,456,389	744,609	13,791,635	8,642,064	-	55,244,931
Net Book Value at the End of the Year	23,089,285	39,623,838	5,694,784	314,718	2,268,469	2,879,234	16,972,373	90,842,701
For the year ended December 31, 2022								
Cost:								
Balance at the beginning of the year	23,250,855	50,295,538	27,265,674	1,030,190	14,091,951	10,866,234	4,083,984	130,884,426
Additions	-	-	820,984	204,534	983,036	599,538	5,086,357	7,694,449
Disposals	-	-	(2,724,244)	(196,647)	(723,462)	(143,396)	(493,945)	(4,281,694)
Balance at the End of the Year	23,250,855	50,295,538	25,362,414	1,038,077	14,351,525	11,322,376	8,676,396	134,297,181
Accumulated Depreciation:								
Balance at the beginning of the year	-	10,938,634	20,295,461	765,667	12,059,368	7,734,708	-	51,793,838
Depreciation for the year	-	934,446	1,616,486	117,333	1,309,303	686,546	-	4,664,114
Disposals	-	-	(2,676,561)	(196,636)	(719,899)	(143,393)	-	(3,736,489)
Balance at the End of the Year	-	11,873,080	19,235,386	686,364	12,648,772	8,277,861	-	52,721,463
Net Book Value at the End of the Year	23,250,855	38,422,458	6,127,028	351,713	1,702,753	3,044,515	8,676,396	81,575,718
Annual Depreciation Rate %	-	2	10 - 20	15	30	15-20	-	

- Fully depreciated property and equipment amounted to JD 30,599,328 as of December 31, 2023 (JD 29,253,712 as of December 31, 2022) and are still being used by the Bank.

12. Intangible Assets - Net

The details of this item are as follows:

	December 31, Computer Software	
	2023	2022
	JD	JD
Balance at the beginning of the year	4,928,612	7,586,755
Additions	1,264,448	1,564,640
Amortization for the year	(3,680,527)	(4,222,783)
Balance at the End of the Year	2,512,533	4,928,612
Annual Amortization Rate	14% - 33%	14% - 33%

13. Other Assets

The details of this item are as follows:

	December 31, 2023	December 31, 2022
	JD	JD
Seized of assets by the Bank against debts *	71,853,453	81,285,040
Accrued interest and commissions	25,477,173	19,780,154
Checks and transfers under collection	4,686,219	1,698,629
Seized assets sold through installments - net **	12,246,498	13,540,517
Prepaid expenses	4,300,639	4,344,359
Various debtors	6,255,762	2,265,354
Prepaid rent	1,449,866	1,496,033
Refundable deposits - net	416,811	363,411
Temporary advances	1,731,400	1,265,114
Other	82,624	125,063
Total	128,500,445	126,163,674

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

As of the beginning of the year 2015, a gradual provision was calculated for the expropriated real estate against debts that had been expropriated for a period of time more than 4 years based on the Central Bank of Jordan Circular No. 4076/1/15 dated March 27, 2014 and No. 2510/1/2510 dated February 14, 2017. In accordance with the circular of the Central Bank of Jordan NO. 10/3/16234 dated October 10, 2022, the gradual provision for the seized assets was suspended was suspended, provided that the allocated provisions for the expropriated real estate in violation of the provisions of the Banking Law are maintained, and only the allocated provision is released against any of the violating real estate that are disposed of.

** A provision of JOD 915,000 was boked against the liability for a property sold in installments, as there is a claim against the client.

The movement on assets seized by the Bank against debts is as follows:

	December 31, 2023	December 31, 2022
	JD	JD
Balance Beginning of the Year	81,285,040	89,012,597
Additions	5,801,385	3,064,873
Disposals *	(21,509,861)	(10,565,894)
Impairment loss	-	(53,072)
Recoverd Impairment loss	600,000	-
Sold real estate impairment provision used	621,904	127,275
Provision for slod breached asset used	5,596,985	9,261
Provision for breached asset	(542,000)	(310,000)
Balance End of the Year	71,853,453	81,285,040

* Sale loss during the year 2023 amounted to around JOD 114 thousand (JOD 713 thousand profit during the year 2022).

Movement on the impairment on breached assets seized by the Bank is as follows:

	December 31, 2023	December 31, 2022
	JD	JD
Balance beginning of the year	10,759,641	10,458,902
Impairment loss for the year	542,000	310,000
Recovered from sold seized assets for the year	(5,596,985)	(9,261)
Balance End of the Year	5,704,656	10,759,641

14. Banks and Financial Institutions' Deposits

The details of this item are as follows:

	2023			2022		
	Inside Jordan	Outside Jordan	Total	Inside Jordan	Outside Jordan	Total
	JD	JD	JD	JD	JD	JD
Current and call accounts	106,290	4,867,970	4,974,260	135,741	5,541,777	5,677,518
Time deposits	51,543,892	78,516,783	130,060,675	50,423,344	60,777,897	111,201,241
Total	51,650,182	83,384,753	135,034,935	50,559,085	66,319,674	116,878,759

- There are banks and financial institutions deposits maturing within a period exceeding three months amounted to JD 12,682,042 as at 31 December 2023 (JD 984,377 as of 31 December 2022).

15. Customers' Deposits

The details of this item are as follows:

	Retail	Corporates	SMEs	Government and Public Sector	Total
	JD	JD	JD	JD	JD
For the Year Ended December 31, 2023					-
Current and demand accounts	159,964,974	137,263,803	152,541,779	15,079,637	464,850,193
Saving accounts	236,590,945	-	-	-	236,590,945
Time and notice deposits	807,685,340	341,029,732	208,132,351	150,313,322	1,507,160,745
Total	1,204,241,259	478,293,535	360,674,130	165,392,959	2,208,601,883
For the Year Ended December 31, 2022					
Current and demand accounts	180,293,112	132,625,660	144,857,694	17,133,152	474,909,618
Saving deposits	258,785,941	-	-	-	258,785,941
Time and notice deposits	689,730,412	280,372,599	179,238,838	144,621,058	1,293,962,907
Total	1,128,809,465	412,998,259	324,096,532	161,754,210	2,027,658,466

- Public sectors and the government of Jordan deposits inside the Kingdom amounted to JD 158,772,054 representing 7.19% of total customers' deposits as at 31 December 2023 (JD 154,107,292 representing 7.6% of total customers' deposits as at 31 December 2022).

- Non-interest-bearing deposits amounted to JD 594,315,740 representing 26.91% of total customers' deposits as at 31 December 2023 (JD 508,300,243 representing 25.07% of total customers' deposits as at 31 December 2022).

- Reserved deposits (restricted withdrawal) amounted to JD 2,952,509 representing 0.13% of total customers' deposits of as at 31 December 2023 (JD 4,085,852 representing 0.20% of total customers' deposits as at 31 December 2022).

- Dormant deposits amounted to JD 21,382,573 representing 0.97% of total customers' deposits as of 31 December 2023 (JD 39,207,816 representing 1.93% of total customers deposits as of 31 December 2022).

16. Margin Accounts

The details of this item are as follows:

	December 31,	
	2023	2022
	JD	JD
Cash margins on direct credit facilities	271,534,091	277,499,182
Cash margins on indirect credit facilities	52,191,384	34,506,044
Other margin amount	20,753,018	17,868,130
Total	344,478,493	329,873,356

17. Borrowed Funds

17/A.Borrowed Funds

The details of this item are as follows:

	Amount	No. of Installments Total	No. of Installments Outstanding	Payment frequency	Collaterals	Interest Rate	Relending interest rate
December 31, 2023	JD					%	%
Central Bank of Jordan	1,600,000	20	8	Semi- annually	None	5/64	9/13
Central Bank of Jordan	1,498,250	20	13	Semi- annually	None	5/69	9/26
Central Bank of Jordan	243,000	15	2	Semi- annually	None	2/5	12
Central Bank of Jordan	2,003,333	34	31	Semi- annually	None	3	8/646
Central Bank of Jordan	1,110,598	26	22	Semi- annually	None	5/18	6/077
Central Bank of Jordan	50,682,169	-	-	Renewed monthly	None	-	4/5
Jordan Mortgage Refinance Company	35,000,000	1	1	One payment	None	4/5	4/5 -8/5
Local Bank (loan to a Subsidiary)	2,583,333	24	22	24Monthly installments effective from the withdrawal date	None	6/75	9/75
Local Bank (loan to a Subsidiary)	16,208,324	24	22	24Monthly installments effective from the withdrawal date	None	4/75 -7/125	9/75
Local Bank (loan to a Subsidiary)	18,033,336	24	22	24Monthly installments effective from the withdrawal date	None	4/75 -7/25	9/75
Local Bank (loan to a Subsidiary)	6,708,333	24	24	24Monthly installments effective from the withdrawal date	None	7/3 -7/5	9/75
Jordan Mortgage Refinance Company (loan to a Subsidiary)	18,000,000	4	4	3/23/2025+1/30/2025+7/1 2024+9/26/2024/	None	4/75 - 5/2	9/75
Local Bank (loan to a Subsidiary)	177,740	-	-	42Monthly installments effective from the withdrawal date	None	6/5	15 - 18
Local Bank (loan to a Subsidiary)	2,896,629	-	-	36Monthly installments effective from the withdrawal date	None	4/75	15 - 18
Local Bank (loan to a Subsidiary)	281,660	-	-	60Monthly installments effective from the withdrawal date	None	6/7	15 - 18
Local Bank (loan to a Subsidiary)	5,400,000			60Monthly installments effective from the withdrawal date	None	4/75	15 - 18
Central Bank of Jordan (loan to a Subsidiary)	1,739,837	-	-	Semi- annually	None	-	9
Total	164,166,542						
December 31, 2022							
Central Bank of Jordan	2,000,000	20	9	Semi- annually	None	5/65	9/81
Central Bank of Jordan	1,479,928	34	33	Semi- annually	None	3	8/85
Central Bank of Jordan	621,000	15	2	Semi- annually	None	2/5	9/89
Central Bank of Jordan	1,728,750	20	14	Semi- annually	None	5/69	9/93
Central Bank of Jordan	1,216,370	26	23	Semi- annually	None	3/42	4/07
Central Bank of Jordan	35,181,396	-	-	Renewed monthly	None	-	3/8
Central Bank of Jordan (Repurchase treasury bills agreement)	37,202,381	-	-	Depends on the maturity of each agreement	treasury bills mortgage	2	-
Jordan Mortgage Refinance Company	35,000,000	1	1	one payment	None	4/5	4/5 -8/5
Local Bank (loan to a Subsidiary)	5,833,333	24	19	24Monthly installments effective from the	None	6/5	9/75
Local Bank (loan to a Subsidiary)	4,375,001	24	22	24Monthly installments effective from the withdrawal date	None	6/25	9/75
Local Bank (loan to a Subsidiary)	4,734,006	24	16	24Monthly installments effective from the withdrawal date	None	5/9	9/75
Jordan Mortgage Refinance Company (loan to a Subsidiary)	30,500,000	7	7	5/3/2023+3/23/2025+1/30 2025+7/1/2024+10/4/202/ 3+5/12/2023+9/26/2024	None	4/45 - 6/3	9/75
Local Bank (loan to a Subsidiary)	2,516,134	-	-	36Monthly installments effective from the withdrawal date	None	5/75	15 - 18
Local Bank (loan to a Subsidiary)	486,112	-	-	36Monthly installments effective from the withdrawal date	None	6	15 - 18
Local Bank (loan to a Subsidiary)	244,822	-	-	36Monthly installments effective from the withdrawal date	None	3/75	15 - 18
Central Bank of Jordan (loan to a Subsidiary)	1,508,942	-	-	Semi- annually	None	-	9
Total	164,628,175						

- Loans with fixed-interest rates amounted to JD 164,166,542 as at December 31, 2023 (December 31, 2022 JD 164,628,175).
- The loans that where regranted to the clients (except the repurchase agreements) JD 163,003,620 as at December 31, 2023 (December 31, 2022: JD 120,195,235)

17/B.Subordinated Loan

The details of this item are as follows:

	Amount	No. of issued bonds Total	No. of issued bonds Remaining	Maturity Date	Collaterals	Interest Rate
2023	JD					
Inconvertible subordinated bond to shares	20,000,000	200	-	November 13, 2029	-	10.25%
2022						
Inconvertible subordinated bond to shares	20,000,000	200	-	November 13, 2029	-	7.5%

- During the year 2022, the Bank issued subordinated bond with inconvertible nominal amount to stocks for 7 years through private placement. The nominal amount of the bond amounted to JD 100,000 with variable rate equal to the discount rate of the Central Bank of Jordan added to a margin rate of 1,75% paid semi-annually and matured in 13 November 2029, and during the year 2017 the bank issued subordinated bond with inconvertible nominal amount to stocks for 6 years through private placement. The nominal amount of the bond amounted to JD 100,000 with variable rate equal to the discount rate of the Central Bank of Jordan added to a margin rate of 2% paid semi-annually and matured in 12 October 2023, during the year 2022 this bond was closed and replaced with new bonds issued during the year 2022.

18. Other Provision

The details for this item are as follows:

	Balance at the beginning of the year	Additions during the year	Used during the year	Balance at the end of the year
	JD	JD	JD	JD
2023				
Provision for end of service indemnity	3,635,759	415,276	(467,617)	3,583,418
Provision for legal claims against the Bank	253,424	126,791	(64,666)	315,549
Other provisions	1,252,587	135,000	(634,552)	753,035
Total	5,141,770	677,067	(1,166,835)	4,652,002
2022				
Provision for end of service indemnity	3,183,799	522,533	(70,573)	3,635,759
Provision for legal claims against the Bank	290,601	-	(37,177)	253,424
Other provisions	211,282	1,315,500	(274,195)	1,252,587
Total	3,685,682	1,838,033	(381,945)	5,141,770

19.Income Tax

a. Income Tax Provision

The details for this item during the year are as follows:

	2023	2022
	JD	JD
Balance at the beginning of the year	10,871,837	10,398,470
Income tax paid	(11,954,352)	(11,449,421)
Income tax for the year	14,304,520	11,922,788
Balance at the end of the year	13,222,005	10,871,837

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

	2023	2022
	JD	JD
Accrued income tax on the year's profit	14,304,520	11,922,788
Deferred tax assets for the year	(3,238,658)	(675,796)
Amortization of deferred tax assets for the year	2,513,770	202,597
	13,579,632	11,449,589

b.Deferred Tax Assets:

The details for this item are as follows:

	December 31, 2023					December 31, 2022
	Beginning Balance	Amounts released	Additions	Year-end balance	Deferred Tax	Deferred Tax
Accounts included	JD	JD	JD	JD	JD	JD
Prior years' provision for non-performing loans	1,657,698	205,463	-	1,452,235	388,098	443,006
Interest in suspense	1,797,727	29,688	-	1,768,039	472,493	480,428
Provision for impairment in real estate and land	11,449,641	5,596,985	542,000	6,394,656	2,429,968	4,350,864
Fair value reserve	8,585,096	2,564,071	1,224,711	7,245,736	2,376,356	2,713,807
Provision for lawsuits	253,424	64,666	126,791	315,549	110,241	91,458
Provision for end-of-service indemnity	3,480,177	467,617	415,277	3,427,837	944,196	987,768
IFRS (9) provision stage (1 and 2)	18,280,377	365,000	7,558,193	25,473,570	9,679,956	6,946,542
Total	45,504,140	9,293,490	9,866,972	46,077,622	16,401,308	16,013,873

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

	Deferred tax assets	
	2023	2022
	JD	JD
Balance Beginning of Year	16,013,873	15,268,775
Additions	3,535,298	995,799
Amortized	(3,147,863)	(250,701)
Total	16,401,308	16,013,873

c.Summary of the reconciliation of accounting income to taxable income:

	December 31,	
	2023	2022
	JD	JD
Accounting profit	32,172,116	28,349,431
Non-taxable profit	(13,491,575)	(4,320,924)
Non-deductible expenses	13,863,785	8,117,606
Taxable profit	32,544,326	32,146,113
Effective income tax rate	44.00%	37.10%

- The statutory tax rate for the banks in Jordan is 38% which contains 35% + 3% national contribution according to tax law no. (34) from the year 2014, amended by law no. (38) for the year 2018, and the statutory tax rates for the foreign branches and subsidiaries range between 12.5% to 28.79%.

- The Bank has reached a final settlement with the Income and Sales Tax Department for all previous years up to the year 2020 for Jordan Branches.

- Financial years 2021 and 2022 : Tax return was submitted However, the Income and Sales Tax Department did not review the records yet.

- A final tax settlement has been reached with the income tax and value-added tax for Palestine branches up to the year 2020, years 2021 and 2022 are still under the review of the tax department.

- A final tax settlement has been reached for Cyprus branch up to the year 2019.

- Ahli Financial Brokerage Company (subsidiary) – reached to a final settlement with the Income and Sales Tax Department up to the year 2021,tax return was submitted for the year 2022. However, the Income and Sales Tax Department did not review the records yet.

- Ahli Finance Leasing Company (subsidiary) – reached to a final settlement with the Income and Sales Tax Department up to the year 2022.

- Ahli Microfinance Company (subsidiary) – reached to a final settlement with the Income and Sales Tax Department for the year 2020 and 2022, tax return was submitted for the years 2021 . However, the Income and Sales Tax Department did not review the records yet.

- Ahli Financial Technology Company (subsidiary) – reached to a final settlement with the Income and Sales Tax Department up to the year 2022.

Income tax rates are as follows:

Income tax and national Contribution tax rate	December 31, 2023	2022
Jordan Branches	38%	38%
Palestine Branches	28.79%	28.79%
Cyprus Branch	12.5%	12.5%
Subsidiaries	24%-28%	24%-28%

20. Other Liabilities

The details of this item are as follows:

	December 31,	
	2023	2022
	JD	JD
Deferred checks and transfer	5,063,150	6,081,458
Accounts payable for financial brokerage customers	570,819	729,696
Accrued interests	15,376,579	10,256,858
Temporary deposits	7,457,661	7,994,442
Various creditors	1,821,897	2,099,160
Accrued expenses	7,478,068	9,537,726
Interest and commissions received in advance	2,759,336	2,492,008
Dividends checks - delayed in payment	1,270,493	1,251,118
Board of directors' remuneration	73,834	68,834
Provision for expected credit losses on indirect credit facilities and unutilized facilities limits *	6,270,446	6,110,541
Others	343,344	13,589
Total	48,485,627	46,635,430

*The classification of gross balance for indirect facilities according to the Group's internal credit rating is as follows:

	2023				2022
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
From 1 to 6	819,330,251	5,820,740	-	825,150,991	768,058,277
7	-	5,319,796	-	5,319,796	2,813,627
From 8 to 10	-	-	1,535,085	1,535,085	1,571,077
Un-rated	32,206,861	1,630,232	1,026,569	34,863,662	38,765,184
Balance at the End of the year	851,537,112	12,770,768	2,561,654	866,869,534	811,208,165

The movement on gross indirect facilities is as follows:

	2023				2022
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance - beginning of the year	790,717,211	17,737,863	2,753,091	811,208,165	770,650,635
New facilities for the year	267,331,009	2,328,056	16,246	269,675,311	275,894,593
Settled facilities	(204,802,478)	(9,057,134)	(154,330)	(214,013,942)	(235,337,063)
Transferred to stage (1)	844,556	(784,556)	(60,000)	-	-
Transferred to stage (2)	(2,551,139)	2,576,139	(25,000)	-	-
Transferred to stage (3)	(2,047)	(29,600)	31,647	-	-
Balance at the End of the Year	851,537,112	12,770,768	2,561,654	866,869,534	811,208,165

The movement on the provision for expected credit losses for the indirect credit facilities during the year is as follows:

	2023				2022
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance - beginning of the year	3,765,519	1,286,832	1,058,190	6,110,541	6,185,918
Expected credit losses on new exposures	1,661,043	34,086	12,347	1,707,476	1,234,230
Recovered from the impairment loss on the paid facilities	(23,908)	(3,858)	-	(27,766)	(1,446,825)
Transferred to stage (1)	15,696	(15,696)	-	-	-
Transferred to stage (2)	(7,562)	7,562	-	-	-
Transferred to stage (3)	(5)	(2,198)	2,203	-	-
Effect on provision-resulting from reclassification among three stages for the year	(6,931)	17,859	19,893	30,821	162,238
Changes resulted from adjustments	(1,483,854)	(32,329)	(34,443)	(1,550,626)	(25,020)
Balance at the End of the year	3,919,998	1,292,258	1,058,190	6,270,446	6,110,541

* The classification of gross balance for letters of guarantees according to the Group's internal credit rating is as follows:

	2023				2022
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
From 1 to 6	310,766,395	3,772,178	-	314,538,573	266,690,346
7	-	5,089,570	-	5,089,570	2,451,169
From 8 to 10	-	-	1,535,085	1,535,085	1,571,077
Un-rated	1,031,145	633,090	1,026,569	2,690,804	9,514,036
Total	311,797,540	9,494,838	2,561,654	323,854,032	280,226,628

The movement on letters of guarantees is as follows:

	2023				2022
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance - beginning of the year	267,740,249	9,733,288	2,753,091	280,226,628	240,856,363
New facilities during the year	82,255,795	274,803	16,246	82,546,844	74,612,349
Settled facilities	(37,108,147)	(1,659,010)	(152,283)	(38,919,440)	(35,242,084)
Transferred to stage 1	657,504	(597,504)	(60,000)	-	-
Transferred to stage 2	(1,747,861)	1,772,861	(25,000)	-	-
Transferred to stage 3	-	(29,600)	29,600	-	-
Balance at the end of the year	311,797,540	9,494,838	2,561,654	323,854,032	280,226,628

The movement on the provision for expected credit losses for letters of guarantees is as follows:

	2023				2022
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance - beginning of the year	1,704,286	1,086,359	1,058,190	3,848,835	3,901,294
ECL for new facilities during the year	703,762	4,080	12,347	720,189	537,902
Recoveries from ECL related to settled facilities	(1,643)	-	-	(1,643)	(389,701)
Transferred to stage 1	14,282	(14,282)	-	-	-
Transferred to stage 2	(6,513)	6,513	-	-	-
Transferred to stage 3	-	(2,198)	2,198	-	-
Effect on provision-resulting from reclassification among three stages during the year	(11,429)	22,248	19,898	30,717	171,930
Changes resulting from adjustments	(845,427)	(44,623)	(34,443)	(924,493)	(372,590)
Balance at the end of the year	1,557,318	1,058,097	1,058,190	3,673,605	3,848,835

*The classification of gross balance for letters of credits according to the Group's internal credit rating is as follows:

	2023				2022
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
From 1 to 6	100,080,113	25,795	-	100,105,908	89,442,354
7	-	70,900	-	70,900	135,589
From 8 to 10	-	-	-	-	-
Un-rated	-	606,287	-	606,287	6,852,480
Total	100,080,113	702,982	-	100,783,095	96,430,423

The movement on letters of credits is as follows:

	2023				2022
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance - beginning of the year	90,586,383	5,844,040	-	96,430,423	87,692,004
New facilities during the year	46,013,732	603,279	-	46,617,011	42,580,586
Settled facilities	(36,520,002)	(5,744,337)	-	(42,264,339)	(33,842,167)
Transferred to stage 1	-	-	-	-	-
Transferred to stage 2	-	-	-	-	-
Transferred to stage 3	-	-	-	-	-
Balance at the end of the year	100,080,113	702,982	-	100,783,095	96,430,423

The movement on the provision for expected credit losses for letters of credits is as follows:

	2023				2022
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance - beginning of the year	403,207	34,604	-	437,811	436,591
ECL for new facilities during the year	218,200	274	-	218,474	172,151
Recoveries from ECL related to settled facilities	(954)	-	-	(954)	(178,451)
Transferred to stage 1	-	-	-	-	-
Transferred to stage 2	-	-	-	-	-
Transferred to stage 3	-	-	-	-	-
Effect on provision-resulting from reclassification among three stages during the year	4,464	(7,826)	-	(3,362)	27
Changes resulting from adjustments	(10,259)	-	-	(10,259)	7,493
Balance at the end of the year	614,658	27,052	-	641,710	437,811

*The classification of gross balance for unutilized facilities limits according to the Group’s internal credit rating is as follows:

	2023				2022
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
From 1 to 6	408,483,743	2,022,767	-	410,506,510	411,925,577
7	-	159,326	-	159,326	226,869
From 8 to 10	-	-	-	-	-
Un-rated	31,175,716	390,855	-	31,566,571	22,398,668
Total	439,659,459	2,572,948	-	442,232,407	434,551,114

The movement on unutilized facilities limits is as follows:

	2023				2022
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance - beginning of the year	432,390,579	2,160,535	-	434,551,114	442,102,268
New exposures during the year	139,061,482	1,449,974	-	140,511,456	158,701,658
Re-paid/derecognized facilities	(131,174,329)	(1,653,787)	(2,047)	(132,830,163)	(166,252,812)
Transferred to stage 1	187,052	(187,052)	-	-	-
Transferred to stage 2	(803,278)	803,278	-	-	-
Transferred to stage 3	(2,047)	-	2,047	-	-
Balance at the end of the year	439,659,459	2,572,948	-	442,232,407	434,551,114

The movement on the provision for expected credit losses for unutilized limits is as follows:

	2023				2022
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance - beginning of the year	1,658,026	165,869	-	1,823,895	1,848,033
ECL for new facilities during the year	739,081	29,732	-	768,813	524,177
Recoveries from ECL related to settled facilities	(21,311)	(3,858)	-	(25,169)	(878,673)
Transferred to stage 1	1,414	(1,414)	-	-	-
Transferred to stage 2	(1,049)	1,049	-	-	-
Transferred to stage 3	(5)	-	5	-	-
Effect on provision-resulting from reclassification among three stages during the year	34	3,437	(5)	3,466	(9,719)
Changes resulting from adjustments	(628,168)	12,294	-	(615,874)	340,077
Balance at the end of the year	1,748,022	207,109	-	1,955,131	1,823,895

21. Paid-up Capital

The bank's authorized and paid in capital amounted to JD 200,655,000 divided into 200,655,000 shares of one Jordanian Dinar each as at 31 December 2023 and 31 December 2022.

22. Reserves

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

a. Statutory Reserve

The accumulated amounts in this account represent the amounts transferred from the annual net income before tax at 10% according to the Bank's Law and the Companies law. This reserve cannot be distributed to shareholders.

b. Voluntary Reserve

This reserve represents amounts transferred from the pre-tax income at a rate not exceeding 20% during previous years. The voluntary reserve shall be utilized for the purposes determined by the Board of Directors. The General Assembly has the right to distribute it in full or in partially as dividends to shareholders.

Restricted reserves are as follows:

	December 31,		
Reserve	2023	2022	Regulation
	JD	JD	
Statutory Reserve	70,592,981	67,779,725	Banking law and corporate law.
Fair Value Reserve	(4,869,383)	(5,871,290)	Central bank of Jordan and Securities Commission.
Periodic Fluctuations Reserve	3,678,559	3,678,559	Palestinian Monetary Authority instructions.

23. Fair Value Reserve - Net

Details of this item are as follows:

	December 31,	
	2023	2022
	JD	JD
Balance at the beginning of the year	(5,871,290)	(5,645,628)
Shares slod	27,998	-
Net realized profit transferred to the OCI statement	297,780	311,428
Net unrealized profit (losses) transferred to the OCI statement	1,013,580	(808,988)
Deferred tax assets	(337,451)	271,898
Balance at the end of the year	(4,869,383)	(5,871,290)

24. Retained Earning and Distributed Dividends and Recommended for Distribution

Details of this item are as follows:

	December 31,	
	2023	2022
	JD	JD
Balance at the beginning of the year	48,344,197	48,061,337
Profit for the year	18,592,484	16,899,842
Loss from sale of financial assets at fair value through other comprehensive income	(42,633)	-
Distributed Dividends	(16,052,400)	(14,045,850)
(Transferred) to reserves	(2,813,256)	(2,571,132)
Balance at the end of the year	48,028,392	48,344,197

- The use of an amount of JD 14,024,952 as of December 31,2023 (JD 13,300,066 as of December 31, 2022) is restricted and constitute of deffered tax assets, instructions of Central Bank of Jordan, the use of it should be pre-approved by Central Bank of Jordan.

- The Board of Directors recommended to distribute 8% of the paid in capital as cash dividends equivalent of JD 16,052 million of the retained earnings to the shareholders as profits for the year 2023, the dividends is subject to Central Bank of Jordan and General Assembly approval,the dividends for the year 2022 was 8% amounted to JD 16,052 Million.

25. Interest Income

Details of this item are as follows:

	2023	2022
Direct Credit Facilities:	JD	JD
Individuals (Retail)		
Overdrafts	172,132	204,486
Loans and bills	39,294,211	28,304,172
Credit cards	1,931,767	1,706,118
Real estate mortgages	24,119,647	18,413,831
Corporate		
Overdrafts	15,791,913	9,529,227
Loans and bills	49,084,697	39,878,293
Small and medium enterprises lending		
Overdrafts	3,337,156	2,879,064
Loans and bills	15,775,617	13,825,689
Public and governmental sectors	2,210,435	1,683,114
Balances at Central Banks	727,960	512,263
Balances and deposits at banks and financial institutions	6,448,573	1,553,329
Financial assets at amortized cost	41,611,903	38,220,911
	200,506,011	156,710,497

26. Interest Expense

Details of this item are as follows:

	2023	2022
	JD	JD
Banks and financial institution deposits	11,965,570	5,667,833
Customers' deposits:		
Current and demand accounts	962,159	510,166
Saving accounts	709,389	1,544,603
Time and notice placements	69,831,632	44,141,547
Lease liability interest	637,141	564,308
Cash margins	11,694,537	4,504,505
Borrowed funds	5,834,727	6,291,716
Subordinated bonds	1,825,891	1,302,568
Deposit insurance fees	2,138,019	3,077,022
	105,599,065	67,604,268

27. Net Commission Income

The details of this item are as follows:

	2023	2022
	JD	JD
Commission income:		
Direct credit facilities commission	2,884,242	2,974,599
Indirect credit facilities commission	6,115,149	5,348,201
Other commissions	6,438,241	6,405,985
Less: commission expense	(895,290)	(877,516)
Total Net Commission	14,542,342	13,851,269

28. Foreign Currencies Income

The details of this item are as follows:

	2023	2022
	JD	JD
Trading / operations in foreign currencies	2,840,910	2,436,575
Revaluation of foreign currencies	(443,989)	(297,594)
	2,396,921	2,138,981

29. Expected Credit Losses Expense -Net

The details of this item are as follows:

		2023				2022
	Note	Stage 1	Stage 2	Stage 3	Total	Total
		JD	JD	JD	JD	JD
Balances at banks and financial institutions	6,7	(4,001)	-	-	(4,001)	153,920
Financial assets at amortized cost	10	(360,477)	-	-	(360,477)	(50,271)
Direct credit facilities	8	526,024	6,769,127	5,791,392	13,086,543	7,490,612
Indirect credit facilities	20	154,479	5,426	-	159,905	(75,377)
		316,025	6,774,553	5,791,392	12,881,970	7,518,884

30. Dividends Income from Financial Assets at Fair Value through Other Comprehensive Income

Details of this item are as follows:

	2023	2022
	JD	JD
Dividend income from companies shares	793,726	367,687
Total	793,726	367,687

31. Other Income - Net

Details of this item are as follows:

	2023	2022
	JD	JD
Recovery from written-off debts	3,239,129	2,892,747
Interest in suspense recoveries	776,899	1,110,940
Buildings rent revenue	128,606	121,824
Rental income of safe deposit boxes	162,613	173,702
Recoverd Impairment loss	600,000	-
(Loss) gain from sale of seized assets	(114,426)	713,198
Gain (Loss) from sale of equipment and property	425,292	(120,713)
Income from check books	187,220	151,179
Brokerage commission income	119,441	187,831
Other income	2,303,172	856,153
Total	7,827,946	6,086,861

32. Employees' Expenses

The details of this item are as follows:

	2023	2022
	JD	JD
Employees’ salaries, benefits and remuneration	30,663,617	31,278,582
Bank’s contribution to social security	2,889,432	2,715,129
Bank’s contribution to employees savings fund	1,276,548	1,372,896
Medical expenses	1,530,185	1,556,506
Employees’ training	277,464	308,421
Travel expenses	222,114	139,233
Employees' life insurance	114,373	130,816
Employees' activities	175,614	162,470
	37,149,347	37,664,053

33. Other Expenses

Details of this item are as follows:

	2023	2022
	JD	JD
Fees and subscriptions	3,067,619	3,489,705
Information Technology licenses	4,970,328	4,636,917
Maintenance, repair and cleaning	2,060,028	1,978,280
Donations	1,532,608	446,584
Legal fees	1,224,052	1,519,671
Insurance fees	3,443,766	4,103,978
Advertisement	2,988,313	2,026,606
Board of Directors' expenses	1,590,470	1,278,989
Water, electricity and heating	887,426	941,773
Telecommunication	898,278	800,231
Printing and stationery	523,103	495,617
Other operating expenses	441,701	172,984
Rent and key money	458,335	604,960
Studies, research and consulting expenses	364,439	1,027,296
Transportation	687,539	681,420
Security	507,318	515,700
Professional fees	251,873	294,067
Hospitality	72,344	76,022
Expenses of land and real estate evaluations	26,537	28,329
Board of Director's remunerations	65,000	65,000
	26,061,077	25,184,129

34. Earnings per Share

Details of this item are as follows:

	2023	2022
	JD	JD
Profit for the year	18,592,484	16,899,842
Weighted average number of shares (share)	200,655,000	200,655,000
	Fils/JD	Fils/JD
Basic and diluted earnings per share (Bank's Shareholders)	0/093	0/084

35. Cash and Cash Equivalents

The details of this item are as follows:

	2023	2022
	JD	JD
Cash and balances with Central Banks maturing within 3 months	263,246,931	208,440,151
Balances at banks and financial institutions' maturing within 3 months	123,493,099	110,803,850
Banks and financial institutions' deposits maturing within 3 months	(122,352,893)	(115,894,382)
Restricted cash balances	(10,635,000)	(10,635,000)
	253,752,137	192,714,619

36. Balances and Transactions with Related Parties

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

Company Name	Ownership	Paid in Capital 2023	Paid in Capital 2022
	%	JD	JD
Ahli Micro Finance Company	100	6,000,000	6,000,000
Ahli Financial Leasing Company	100	17,500,000	17,500,000
Ahli Brokerage Company	100	3,000,000	3,000,000
Ahli Financial Technology	100	1,500,000	1,500,000

The Bank has entered into transactions with members of the Board of Directors and Executive Management within the normal course of its activities at the commercial interest rates and commissions. All facilities granted to the related parties are performing and classified under Stage 1 and ECL for these facilities was calculated according to IFRS 9 requirements.

The following related party transactions took place during the year:

	Related Parties				Total	
	Board of Directors	Executive Management	Subsidiaries	Other *	2023	2022
	JD	JD	JD	JD	JD	JD
Statement of Financial Position Items:						
Credit facilities	3,778,719	5,277,156	989,719	82,804,037	92,849,631	87,904,971
Related Parties' deposits at the bank	65,997,621	1,760,467	4,562,839	17,220,199	89,541,126	95,725,182
Cash margins	76,589	237,271	-	10,502,369	10,816,229	9,727,039
Assets at amortized cost	-	-	-	2,344,833	2,344,833	2,358,790
Off Statement of Financial Position Items:						
Indirect facilities	50,000	-	1,254,000	4,557,600	5,861,600	5,894,689
					For the Year Ended December 31,	
					2023	2022
Consolidated Statement of Profit or loss Items:					JD	JD
Interest and commission income	356,807	291,640	100,855	5,038,665	5,787,967	5,074,178
Interest and commission expense	4,410,733	58,967	141,544	750,987	5,362,231	3,566,278

Additional information

*This item represents companies partially owned by members of the Bank's Board of Directors' relatives, and the Bank's employees.

There are accounts receivable from a subsidiary company (Ahli Brokerage Company) of JD 1,437,978 belonging to a related party as at 31 December 2023. On 31 October 2013, the Company signed a settlement agreement with the client to pay the obligations through an advance payment upon signing the settlement agreement, in addition to monthly instalments, as well as enhancement of their guarantees.

- Final settlements were reached with related parties to subsidiaries and its results were recorded in the subsidiary's books after obtaining the needed approvals.

- The Bank doesn't have any deposits at the subsidiaries, associates and other related parties.

- Debit interest rates on deposits in Jordanian Dinar range between 0% - 6.9%

- Debit interest rates on deposits in foreign currency range between 2% - 13%

b. The following is a summary of the benefits (salaries and remunerations plus other benefits) of the executive management of the Bank:

	2023	2022
	JD	JD
Salaries and other benefits	3,401,049	3,671,987
Travel and transportation	20,577	24,554
Per diems	9,774	5,724
Total	3,431,400	3,702,265

37. Right of Use assets / Lease Liabilities

Details of this item are as follows:

a. Right of use assets

The bank leases many assets, including lands and buildings, the average lease term is 8 years, and the following is the movement over the right to use assets during the year:

	December 31,	
	2023	2022
	JD	JD
Beginning balance	10,582,187	10,031,598
Add: additions during the year	2,085,183	3,082,164
less: Cancelled contracts	(988,120)	(785,047)
less: Depreciation for the year	(1,822,187)	(1,746,528)
Balance – End of the Year	9,857,063	10,582,187

Amounts that were recorded in the statement of profits or losses:

	December 31,	
	2023	2022
	JD	JD
Depreciation for the year	1,822,187	1,746,528
Interest for the year	637,141	564,308
Lease expense during the year	458,335	604,960

b. Lease liabilities

	December 31,	
	2023	2022
	JD	JD
Beginning balance	10,477,672	9,663,597
Add: Additions during the year	2,085,183	3,107,831
Interest during the year	637,141	564,308
Less: Cancelled contracts during the year	(495,635)	(321,996)
Less: Paid during the year	(2,785,771)	(2,536,068)
Balance – End of the Year	9,918,590	10,477,672

Maturity of lease liabilities analysis:

	December 31,	
	2023	2022
	JD	JD
Up to a year	15,997	650,465
From one to five years	3,348,862	3,853,474
More than five years	6,553,731	5,973,733
	9,918,590	10,477,672

38. Risk Management

1. Risk Management System

The Risk Management Department at the Bank reports to the Board of Directors according to the Corporate Governance instructions issued by the Central Bank of Jordan. Board of Directors is responsible on reviewing and approving risk management strategies, policies, and procedures at the Bank on annual basis, which illustrates the general risk management framework. Board of Directors authorize Risk Management Committee established under the board of directors' decision to control all risk management.

The war in the Gaza Strip during the last quarter of 2023 led to the destruction of many economic and service facilities in the Strip, in addition to affecting many economic and commercial sectors in the West Bank as a result of repeated restrictions and closures, which led to an increase in the potential risks of the Group's operations in Palestine, and while There are no significant credit exposures in the Gaza Strip for the group, but it remains difficult to predict the full impact of the war. Management is closely monitoring the situation and actively managing potential impacts in accordance with best practices and regulatory requirements. Expected credit losses were estimated based on a range of expected economic conditions by assessing impairment indicators for exposures in potentially affected sectors, including reflecting the Bank's management estimates in assessing the impact on specific sectors or specific customers. Management believes that there are no fundamental doubts about the group's ability to continue its business in Palestine in the future.

2. Risk Management Culture

Risk management approach is based on experience, knowledge, and culture of risks in which each employee is responsible for the potential risks included in their scope of work .

Risk management provides independent monitoring and support to establish and disseminate the risk management concept as a whole and at all administrative levels. It also proactively helps in identifying expected losses, setting plans and procedures to face such risks in case occurred which contributes to reducing expected losses and expenses.

Risk management activities are listed in a general risk management policy which enables the bank to identify risks and set appropriate limits. This policy serves as a general framework for managing the main risks along with several separate policies for every type of risk, including:

- Credit risks, market risks and operational risks policies
- Liquidity risks and interest rates risk policies for all bank's portfolio.
- Internal capital adequacy assessment process methodology (ICAAP) .
- Stress testing framework & policy.
- Business continuity Plan policy.
- General framework and policy of Expected Credit Loss in line with International Financial Reporting Standard (IFRS 9) and directives of the CBJ.
- Credit policy and investment policy are considered to be a complement risk management policy for the purpose of risks control and management.

The Bank's management pays special attention to Basel requirements and best internationally practices for managing risks as they consider as a framework for enhancing the bank's ability to improve the regulatory environment and facing all risks (operational, market and credit). All practical steps were taken for implementation by establishing units to manage all risks where it will be responsible on recognizing, measuring, managing and controlling all types of risks and determining the extent of compliance with regulations, laws and standards issued by local or international entities in accordance to best known practices, size of the Bank's operations and types of the risks it is exposed to.

The Risk Management of the Group is responsible for performing the following functions:

- Developing the Bank's Risk Management Framework.
- Developing and executing risk management's strategy. In addition, enhancing policies and procedures which determine the roles and responsibilities of each of the parties at all administrative levels.
- Developing and reviewing risk management's policies regularly to ensure their effectiveness and amending them accordingly, as required.

- Developing Internal capital adequacy assessment process methodology to be comprehensive, effective, and capable of identifying the risks which the Bank may face, taking into consideration the Bank's strategic and capital management plan.
- Developing the general framework and recovery plan.
- Developing Bank's Risk Appetite.
- Monitoring the commitment of the bank's executive departments to the bank's risk appetite
- Ensure the existence of a business continuity plan and review it regularly.
- Reporting the risks resulting from any expansion in the activities of the Bank to the Risk Management Committee established by the Board of Directors.
- Performing stress tests regularly to measure the Bank's ability to withstanding shocks and encountering high risks and to be approved by the Board of Directors .
- Submit regular reports to Risk Management Committee containing information on actual risk management system (Profile Risk) for all activities of the Bank compared to Risk Appetite with corrective actions to breaches and activate early warning and recovery plan.
- Verify the integration of risk measurement mechanisms with the used management information systems.
- Raise the awareness on risk management in the Bank units to enhance the regulatory environment, monitoring and disseminating the culture of risk awareness and obtaining a well understanding from all administrative levels of the risks faced by the bank.
- Review strategic decisions and making recommendations to avoid risks and optimally utilizing the capital.
- Coordinate with all control departments of the Bank to verify the existence of regulatory controls on risks or delegating the management of these risks to external parties or insuring them.

3. Risk Appetite

- The process of identifying bank's risk appetite is performed according to the quantitative measurement methods, nature, and the distinctiveness of various risks. This process aims to identify the risk levels accepted by the Bank in order to achieve its strategic objectives. Such limits are reflected in risk appetite document approved by the bank and to be monitor on a regular basis, as well as any remediation for breaches and corrective actions, if any.
- Risk appetite framework is developed in line with on the Bank's strategic plan, issued by regulatory entities regarding credit liquidity risks, as well as capital management in a manner that supports growth and development in Bank's operations. In addition to ensuring activation for information security systems and business continuity plans.

4. Stress Testing

- Stress testing at the bank level is an integral part of the risks review and evaluation. Stress testing provides information on the financial integrity and risk matrix at the bank. It also provides early warning indicators regarding the Bank's capital.
- Stress testing is an integral part of the corporate governance system and risk management process as they notify the bank departments on the impact of unexpected negative events associated with various risks. The stress testing significantly impacts the administrative and strategic decisions and provide the board of directors and the executive management with indicators on the size of the capital required to encounter any losses that might result from changes that impact the bank's position and creditworthiness. Stress testing is considered important as it has a future-oriented nature in evaluating risks, compared to other methods that depend on historical data without taking into considerations the future events.
- Stress testing is conducted at the levels of sensitive and analytical scenarios and their impact is reflected on capital adequacy ratio, profits, and losses through a set of levels, including moderate, medium, and severe.
- The results of stress testing are analyzed and evaluated to identify their impact on the type of the bank's assets and financial position either through the size of the expected losses and/or their impact on the bank's reputation and capital adequacy. The results

of stress testing are used in capital planning and identification of their impact on generating additional capital according to the Internal Capital Adequacy Assessment Process (ICAAP).

  - Scenarios prepared are proportionate to the nature and type of risks encountering the bank from the least impactful to the most impactful, including scenarios determining size of losses the Bank may bear in order to identify uncovered risks. The scenarios' scope is identified accurately, reviewed periodically, and adjusted according to developments that occur at the bank level in particular and at the level of the banking sector and the economy in general.

- Stress tests are conducted annually to meet the requirements of the regulatory authorities, and these tests can be conducted more often based on the recommendation of the Risk Management Committee or Executive Management in accordance with the data and conditions of the banking sector and the economy in general.

- A set of scenarios has been prepared to measure the impact of climate change risks, which is one of the most important risks and challenges facing the world at this time and it's divided into two main types:
- Risks summarized in the impact of financial losses resulting from climate change and environmental events.
- Risks as a result of the transition to a low-carbon economy through granting the renewable energy companies and their impact on some companies that have high carbon emissions

5. Non-performing and Mechanism of Processing by the Bank:

Irregular/ non-performing facilities are defined as credit facilities that meet the following characteristics :

  - The debtor is facing significant financial difficulties (very weak financial data).
  - Has passed its maturity, or the maturity of one of its installments, or irregular payment of the principal and/or interest and/ or a dormant overdraft account for the following periods:

- ✓ Doubtful credit facilities from 90-179 days
- ✓ Substandard credit facilities from 180-359 days
- ✓ Default credit facilities for more than 360 days
- ✓ Overdraft balance exceeding the allowed limit by 10% or more and for 90 days or more.
- ✓ Credit facilities that were expired and not renewed 90 days ago or more .
  - The bank extinguishing part of the debtor's obligations for reasons related to financial difficulties facing the debtor party and its inability to pay all obligations on time.
  - The presence of clear indications that the debtor's bankruptcy is imminent.
  - The absence of an active market for the financial instrument due to financial difficulties faced by the debtor party (source of credit exposure / debt instrument).
  - The acquisition (purchase or creation) of a debt instrument at a significant discount represents a credit loss.
  - Credit facilities granted to any client who declared bankruptcy or to any company that was put in liquidation.
  - Credit facilities structured three times within a year.
  - Current accounts and overdrawn accounts for 90 days or more .
  - The value of guarantees paid on behalf of clients and not debited to their accounts for 90 days or more.
  - The concept of default (Stage 3) is applied to all the customer's accounts in case the concept applies to any of his exposures (Customer Level).

Mechanism of processing Non-performing:

When classifying non-performing debt, the Bank allocates provisions according to the instructions of the central bank, and the processing mechanism is through reschedules or documented settlements that end the debt's maturity in accordance with the instructions and standards. In exceptional circumstances, the bank may be forced to give the customer a short and specific period of time that is commensurate with the circumstances that called for it. The bank resorts to legal treatment of debt, including the enforcement of guarantees when it has exhausted all amicable means of collection, and it has formed its conviction that collecting the debt in this way has become the only way that guarantees the bank to recover its rights.

6. Internal Credit Rating System

The Bank uses Moody's System for Internal credit rating to evaluate corporate and SME clients, identify credit risks and evaluate probability of default for the counterparty. The Bank applies internal rating models designed for various categories of clients based on exposure nature, type of borrower and banking sector managed by the borrower. The Credit Rating System consists of three main models used by business departments to analyze and classify clients based on financial and non-financial data of the clients. Credit Departments archive and approve the financial and non-financial data .

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

The outputs of the credit rating system are translated into various risk grades that distinguish between customers on the basis of their credit risks. The number of risk grades is 10 main credit grades, so that the credit risks increase exponentially for each higher risk grade and there is a definition for each credit rating grade according to what is approved internally at the Bank.

Working Mechanism of the System:

- Full details of clients are entered by business departments as they can contact the clients and learn about their conditions and activities .
- Credit Review Department reviews the input data and credit ratings of the clients to ensure the accuracy, objectivity and compatibility of the data entered to the system with the credit data and study provided to the client in general. Override feature may be used by users with credit-related powers to increase or decrease risks degrees according to specified information to estimate the borrower conditions.
- The Credit Rating System maintains a complete record of the risk degrees of the archived accounts for clients, starting from establishment of the credit relationship and regular updates conducted annually at least or reclassifying the client's rating if required.

Application and Initial Recognition

To rate credit exposures through internal rating system, the existing rating of the credit exposure is compared to the rating upon initial recognition by internally prepared studies to document historical information of the risks of each debt to identify risk degree in initial recognition. As for unrated credit exposures in the date of the financial statements, they are included in Phase II until they are duly classified. The new accounts must be rated using the internal rating system and their ratings are considered as an initial recognition in the classification date.

7. Approved Mechanism to Measure Expected Credit Losses

- IFRS 9 requirements include measuring expected credit losses (impairment losses/provision) of the credit exposures and debt instruments within IFRS 9 scope in terms of the method of inserting the credit exposures/debt instruments. In addition, IFRS 9 requirements includes a general approach and framework for ECL calculation through 3-stages approach defined by the new standard to recognize credit impairment that is dependent on the quality of credit risks since initial recognition. Assets are transferred between the three stages according to the changes in the credit risks and based on these stages the change in ECL in recognized.
- The model of ECL calculation for debt instruments that subject to IFRS 9 was applied to all Jordan branches, subsidiaries, and external branches in line with the instructions of the central bank of Jordan as well as IFRS9 requirements.
- The Bank followed an approach to measure ECL on individual basis for credit exposures and debt instruments without identifying common components and specifications on a collective basis. ECL are calculated on the single contract (account) level that shows the impact of an individual details for each contract through identifying ECL formula variables by calculation of EAD, PD, LGD, time of maturity according to the detailed information of each contract. The following formula was used to calculate ECL:

  Expected Credit Loss (ECL) = Probability of Default (PD) % X Exposure at Default (EAD) X Loss Given Default (LGD)%.

- The impact of economic scenarios was employed on the result of the expected credit loss, so that it was divided according to the management's best estimate of the probability of its occurrence into three scenarios: Base scenario 40%, Best scenario (upturn) 30%, Worst scenario (downturn) 30%.
  It should be noted that the weights of the scenarios for the Palestine branches have been modified based on the instructions of the Palestine Monetary Authority to reflect the impact of the repercussions of the current situation, as follows:
  Base scenario 40%, worst case scenario 60% (Downturn).

8. Probability of Default (PD)

It is an estimate of the probability that the credit exposure/ debt instrument will default during a specific period of time, starting from the date of the financial statements, and is estimated as follows:

Corporations banking:

- Transition Matrix is developed for facilities sector (Corporate and SME) as reflected in the rating data in Moody's Internal Rating System for one year. The data covers two periods for credit exposures at the branches of Jordan, Palestine, and Cyprus at the level of individual clients.
- PDs and their annual updates available in Moody's System are used to generate default values for default probability at the level of banking sectors to be integrated in the approved ECLs model. A statistical model is constructed and a PiT PD and LTDR are extracted so that these variables reflect the probability matrix of Lifetime PD.

Retail banking:

- Transition matrix for branches in Jordan, external branches and subsidiaries is developed based on Delinquency Buckets information for the past 24 Months. Transition matrix is developed as per the product type, including secured and unsecured products.

Sovereign bodies and banks:

- Probability of default matrices for credit exposures and debt instruments owed by sovereign entities and banks in various regions of the world are developed by relying on reports generated by Standard & Poor to extract PiT PD and LTDR.

Exposure at Default (EAD)

- EAD is followed based on credit limits available for clients or utilized EAD whichever is higher for direct or indirect exposures whereas the amounts that may be withdrawn by the debtor in future are considered. In addition, the Credit Conversion Factor (CCF) of 100% is applied to indirect facilities (including bank guarantees and documentary credits) and to unutilized credit ceilings.
- The expected lifetime for debt is considered in behavioral analysis the period during which the debt remains outstanding, such as overdrafts and credit cards for which a 3-year maturity has been applied.
- The value of unutilized Limits is proportionately distributed to contracts relating to this ceiling. In other words, the unutilized EAD for the contracts within this ceiling is divided to the total value for utilized contracts within the same ceiling. This mechanism is also applied for collaterals which distributed to ensure proper distribution of credit exposures to their corresponding collaterals.

Loss Given Default (LGD)

- An estimate of the amount of potential loss on default. It represents the difference between contractual cash flows and those that the bank expects to collect, including the collateral provided. It is often expressed as a percentage of the credit exposure amount at default.

Secured Part

- The managerial LGD model is applied to the portion covered with guarantees. Acceptable financial and non-financial guarantees deemed as credit mitigates against such exposures that are legally documented in credit contracts. There is no legal impediment preventing access to them. Hair-cut percentages for each type of acceptable guarantees are considered according to the instructions of the Central Bank of Jordan. The following formula is applied to calculate LGD for the portion covered with guarantee as follows:
  LGD=1 - (Exposure After Mitigation / Exposure Before Mitigation x 100%)

- It has been taken into account the expected time period for recovery of real estate guarantees, cars and stocks according to the methodology adopted within the bank.

- The percentage losses are identified by assuming default for some banking sectors within the branches of Jordan, the banking group, subsidiaries, and foreign branches according to the methodology used in the bank.

Unsecured Part

- The historical data of the non-performing credit exposures for portions covered and uncovered with guarantees and collections made in the upcoming periods and in 5-6 years cut-off time from default date are used to study and analyze recovery rate for all banking sectors (Corporate, SME and Retail) and to individually specify LGD percentage. LGD for portion uncovered with guarantees for various banking sectors and according to the approved methodology by the bank.

Application Scope

According to the followed approach, credit exposures and financial instruments fall within ECL and in a manner that meet IFRS 9 requirements:

Loans and credit facilities (direct and indirect)

ECLs are calculated based on credit ceilings or utilized exposure whichever is higher to identify EAD by using CCF at 100%. As for Probability Default (PD), matrices developed for banking sectors in the upcoming 12 months or residual lifetime for the credit exposure. Phases required by IFRS 9 are considered to rate credit exposures based on the significant change determinants in credit risks. LGD for the portion uncovered with guarantee is applied as per the review of recovery rate for banking sectors. The acceptable financial and non-financial guarantees will be taken after application of standard hair-cut rates for all types of guarantees. The current value of the cash flows for the lifetime of the credit are calculated through Effective Interest Rate (EIR) given at the calculation date. It is noteworthy that one-year was used on average for all exposures with no outstanding date. Except for overdrafts and credit cards for which 3 years were used.

Debt instruments recorded at the amortized cost or at fair value through the other comprehensive income

The ECLs are calculated by using the balances of debt instruments and interest is applied to the total debt instrument to calculate EAD.
As for PD, the matrices developed for all types of debt instruments are applied and a LGD of 45% was applied .
The current value of the cash flows for the lifetime of the debt instruments are calculated using Effective Interest Rate (EIR) .
It should be noted that debt instruments (treasury bills) of the Jordanian Government have been treated without calculation of ECL.

Credit exposures by banks, sovereign entities, and financial institutions

ECLs are calculated by using the balances of credit exposures to calculate EAD. As for PD, the matrices developed for banks, sovereign entities, and financial institutions according to their geographical distribution at local, regional, and international levels. LGD of 45% was applied. The current value of the cash flows for the lifetime of the credit are calculated through Effective Interest Rate (EIR).

9. Determinants for significant changes in credit risks

All credit exposures and financial instruments subject to ECL measurement must have specific determinants to be considered as a significant increase in credit risks. Financial instrument and credit exposures are moved between the three stages, the Bank has adopted the following methodology within the model of calculating expected credit losses, which are considered as key indicators:

<table>
<tr><th>Variable</th><th>Stage 2</th><th>Stage 3</th></tr>
<tr><td>Change in credit Rating of the debt instrument/Credit Exposure</td><td>- Customers that having 2 grades deterioration in their final rating compared to their initial rating on Internal Rating Model.
- Substantial reduction, actual or expected, of external Credit Rating of credit exposure/ debt instrument</td><td rowspan="5">- The accounts to which the definition as defaulted/ irregular debts
- Bankruptcy or declaration on under liquidation for companies.
- Internal Risk Rating are (8-9-10)</td></tr>
<tr><td>Unrated Credit Exposure / Debt instrument</td><td>Lack of Credit Rating of credit exposure/ debt instrument</td></tr>
<tr><td>Day past Dues (DPD)</td><td>Dues for 30 days and more and less than 90 days</td></tr>
<tr><td>Internal Risk Rating</td><td>Risk Rating is (7)</td></tr>
<tr><td>Account Status</td><td>Accounts Under Watch category</td></tr>
</table>

Furthermore, the exposures under Retail Segment are governed by certain determinants as indicator to be considered impactful increase in the credit risks. For transition of the credit exposure among the three stages, the Bank has adopted the following approach within the calculation of the expected credit loss model:

<table>
<tr><th>Variable</th><th>Stage 2</th><th>Stage 3</th></tr>
<tr><td>Day Past Dues (DPD)</td><td>Dues for 30 days and more and less than 90 days</td><td rowspan="2">The accounts to which the definition as defaulted/ irregular debts</td></tr>
<tr><td>Account Status</td><td>Accounts Under Watch category</td></tr>
</table>

Taking into consideration other indicators that are considered appropriate to evaluate the increase in credit risk level or indicate the presence of default in this case the debt should be classified in stage 3 /2 in reference to IFRS 9, and Central Bank of Jordan circular number 47/2009.

10. Key Economic Indicators Used in Calculating Expected Credit Losses (ECLs)

Key economic indicators are considered in measuring probability default (PD) for several sectors. Historical information, current conditions and future events expected according to information or meaningful conclusions may be relied upon.

A statistical model with economic single variable is used and macroeconomic variables are relied upon. to predict expected future events, which are summarized in the impact of the change in growth rates in the Gross Domestic Product (GDP) and the annual rates of variation in unemployment rates for the previous 10-15 years and linking them With the future expectations of the economic variable for the next 5 years to reflect the impact of changes on the expected future ratios of annual default probabilities, as it was relied on the growth rate in the gross domestic product for each of the following sectors / geographical regions:

1. Jordan.
2. Palestine.
3. Cyprus.
4. Subsidiary/ Ahli Leasing.

Exposures of debt instruments owed by sovereign bodies and banks.

1. North America .
2. Europe & Central Asia
3. East Asia & Pacific
4. Arab World .

The annual rates of change in unemployment rates were also relied upon for each of the following sectors/geographical regions:

1. Jordan.
2. Palestine
3. Cyprus
4. Ahlia Micro Finance

11. Application Governance of IFRS 9

Corporate governance is one of the modern management requirements of companies. It plays a fundamental role in identifying responsibilities and relations between parties to achieve the bank vision and objectives. It also provides the board of directors and the executive management with appropriate tools and means to achieve strategic objectives and ensure creating an effective control environment .

The Bank adheres to corporate governance requirements according to the instructions of the Central Bank of Jordan and best international practices set by Basel Committee. To achieve application governance of IFRS 9, the responsibilities of the board of directors, executive management, involved business units are detailed below.

Board of Directors Responsibilities

- Identifying the bank strategic objectives, directing the executive management to formulate and approve strategies that aim at achieving objectives and approving action plans consistent with such strategies.
- Evaluating existing infrastructure, taking decisions concerning changes and improvements to ensure ECLs calculation according to the relevant legislation.
- The executive management supervision committees established by the board of directors ensure that internal control systems are in place, ensure availability of policies, plans and procedures and verify compliance with the bank's internal policies and application of international standards and relevant legislation.
- Taking procedures for effective monitoring of the IFRS 9 sound application and protection of the systems used in application.
- Ensuring that oversight units (including Risks Management Department and Internal Audit Department) take all needed actions to validate approaches and systems used in IFRS 9 application and provide necessary support .
- Approving business models that used in identification of objectives and rules of financial instruments' acquisition and classification.
- Adopting appropriate policies and procedures related to IFRS application, exceptional cases, and system outputs. An independent party will be responsible for deciding upon exceptions or changes. Such exceptions or changes must be presented to board of directors or audit committee formed by it.
- Ensuring that credit rating systems and ECLs calculation systems are in place.

Executive Management's Responsibilities

- Providing appropriate infrastructure, making recommendations on changes or improvements that support IFRS 9 application accurately and thoroughly by qualified professionals and through adequate database and appropriate information system .
- Reviewing regulations, policies, procedures, and any relevant standards and identify how appropriate they are for the standard application .
- Distributing tasks and responsibilities and business units' involvement in proper application of the international accounting standard .
- Following up regular reports related to the findings of IFRS 9 application and identifying the impact of its application on the bank's financial condition from quantitative and qualitative aspects .
- Setting corrective procedures approved by the board of directors.
- Protecting systems used in the application process .
- Reflecting IFRS 9 impact on pricing strategies and policies .

Related Depts Responsibilities

The tasks and responsibilities of the bank's departments related to the application of the requirements of the international standard are subject to the general framework and policy approved within the bank.

Rescheduled Loans

These represent loans previously classified under within Stage (3) in accordance with rescheduling principles. These loans amounted to JD 8,844,909 during the year ended December 31, 2023 (JD 63,349,325 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 146,966,079 during the year 2023 (JD 184,890,163 during the year 2022).

Bills bonds and debentures

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

		As of December 31,	
Rating Grade	Rating Institution	2023	2022
		JD	JD
Governmental	Government bonds and government guaranteed	810,222,305	768,028,106
Un-rated	-	82,503,117	103,854,936
Total		892,725,422	871,883,042

b. Market risk

Market risk is defined as the risk arising from changes in interest rates, exchange rates, securities prices, and any other instrument held by the bank, such as minerals, which leads the bank to bear losses as a result of any financial positions inside or outside the finanicial statments.

The Bank adopts a conservative policy in managing these risks where limits for the exposure for each of these risks are defined taking into account the prevailing volatility of each.

Interest rate risk

They represent losses arising from fluctuations in interest rates in the markets or resulting from changes in product prices arising from the change in interest rates and it has a negative impact on the bank's revenues and its equity.

These risks may also arise from the mismatch in the re-pricing dates of assets and liabilities in a manner that may result in a decrease in the group’s revenues as a result of the timing difference in re-pricing.

Interest rate risk lies in debt instruments and derivatives that include debt instruments in addition to other derivatives whose value is linked to market prices.

In general, the value of long-term instruments is more sensitive to interest rate risk than the value of short-term instruments

Interest rate risks are managed by the Risk Management department. The asset liability management 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.

2- Allocation of exposures according to industrial sectors:

A- Allocation of exposures according to financial instruments - net

	2023										
	Financial	Industrial	Trading	Constructions	Agricultural	Public Services	Shares	Individual	Government and Public Sector	Other	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	-	-	-	-	-	-	-	-	178,227,693	-	178,227,693
Balances at banks and financial institutions	123,493,099	-	-	-	-	-	-	-	-	-	123,493,099
Deposits at banks and financial institutions	34,818,367	-	-	-	-	-	-	-	-	-	34,818,367
Direct credit facilities	48,374,890	122,691,716	428,764,594	490,247,903	66,851,904	171,334,087	2,639,034	305,575,411	44,303,198	-	1,680,782,737
Financial assets at amortized cost	81,981,887	-	-	-	-	-	-	-	810,217,902	-	892,199,789
Other assets	25,477,173	-	-	-	-	-	-	-	-	-	25,477,173
Total	314,145,416	122,691,716	428,764,594	490,247,903	66,851,904	171,334,087	2,639,034	305,575,411	1,032,748,793	-	2,934,998,858
Financial guarantees	320,180,427	-	-	-	-	-	-	-	-	-	320,180,427
Letters of credit	100,141,385	-	-	-	-	-	-	-	-	-	100,141,385
Other liabilities	440,277,276	-	-	-	-	-	-	-	-	-	440,277,276
Total	1,174,744,504	122,691,716	428,764,594	490,247,903	66,851,904	171,334,087	2,639,034	305,575,411	1,032,748,793	-	3,795,597,946

b. Allocation of exposures according stage categories of IFRS (9) December 31, 2023:

Item	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Financial	1,161,522,845	11,715,979	1,505,680	1,174,744,504
Industrial and mining	103,038,805	15,247,928	4,404,983	122,691,716
Trading	390,745,393	34,789,706	3,229,495	428,764,594
Constructions	468,636,898	15,386,475	6,224,530	490,247,903
Agricultural	24,046,134	42,528,669	277,101	66,851,904
Public Services	154,936,529	15,949,956	447,602	171,334,087
Shares	2,639,034	-	-	2,639,034
Individual	299,654,223	5,154,703	766,485	305,575,411
Government and Public Sector	1,032,748,793	-	-	1,032,748,793
Total	3,637,968,654	140,773,416	16,855,876	3,795,597,946

3- Allocation of exposures according to geographical locations:

a. Allocation of exposures according to geographical regions - net

	2023							
	Inside Jordan	Middle East	Europe	Asia *	Africa	Americas	Other Countries	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	138,235,363	39,242,048	750,282	-	-	-	-	178,227,693
Balances at banks and financial institutions	199,201	18,749,320	64,017,004	-	-	30,251,038	10,276,536	123,493,099
Deposits at banks and financial institutions	34,818,367	-	-	-	-	-	-	34,818,367
Direct credit facilities	1,429,604,262	228,260,563	22,917,912	-	-	-	-	1,680,782,737
Financial assets at amortized cost	842,513,795	31,960,994	17,725,000	-	-	-	-	892,199,789
Other assets	23,983,538	1,253,050	240,585	-	-	-	-	25,477,173
Total	2,469,354,526	319,465,975	105,650,783	-	-	30,251,038	10,276,536	2,934,998,858
Financial guarantees	309,295,423	10,259,105	625,899	-	-	-	-	320,180,427
Letters of credit	96,840,265	3,301,120	-	-	-	-	-	100,141,385
Other liabilities	400,783,175	37,749,663	1,744,438	-	-	-	-	440,277,276
Total	3,276,273,389	370,775,863	108,021,120	-	-	30,251,038	10,276,536	3,795,597,946

b. Allocation of exposures according stage categories of IFRS (9) December 31, 2023:

Item	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
	JD	JD	JD	JD
Inside Jordan	3,130,133,027	130,490,924	15,649,438	3,276,273,389
Middle East	359,286,933	10,282,492	1,206,438	370,775,863
Europe	108,021,120	-	-	108,021,120
Asia	-	-	-	-
Africa	-	-	-	-
Americas	30,251,038	-	-	30,251,038
Other Countries	10,276,536	-	-	10,276,536
Total	3,637,968,654	140,773,416	16,855,876	3,795,597,946

* Except for the Middle East countries

4- Allocation of reclassified exposures:

a. Gross of reclassified exposures

	December 31, 2023					
	Stage 2		Stage 3			
Item	Total Exposure Value	Reclassified Exposures	Total Exposure Value	Reclassified Exposures	Total Reclassified Exposures	Percentage of Reclassified Exposures
	JD	JD	JD	JD	JD	%
Balances at central banks	-	-	-	-	-	
Balances at banks and financial institutions	-	-	-	-	-	
Deposits at banks and financial institutions	-	-	-	-	-	
Direct credit facilities	148,251,438	7,357,657	106,753,999	10,023,306	17,380,963	6.82%
Financial assets at amortized cost	-	-	-	-	-	
Other assets	-	-	-	-	-	
Total statement of financial position exposure	148,251,438	7,357,657	106,753,999	10,023,306	17,380,963	
Total off-statement of financial position exposure	12,770,768	1,761,983	2,561,654	(53,353)	1,708,630	11.14%
Total	161,022,206	9,119,640	109,315,653	9,969,953	19,089,593	

b. Expected credit losses of reclassified exposures:

	December 31, 2023						
	Reclassified Exposures			Expected credit loss of reclassified exposures			
Item	Total exposures reclassified from stage 2	Total exposures reclassified from stage 3	Total reclassified exposures	Stage 2-Individual	Stage 3-Individual	Total	Percentage of Loss for Reclassified Exposures
	JD	JD	JD	JD	JD	JD	%
Balances at central banks	-	-	-	-	-	-	
Balances at banks and financial institutions	-	-	-	-	-	-	
Deposits at banks and financial institutions	-	-	-	-	-	-	
Direct credit facilities	7,357,657	10,023,306	17,380,963	(473,208)	314,241	(158,967)	(0.91)%
Financial assets at amortized cost	-	-	-	-	-	-	
Other assets	-	-	-	-	-	-	
Total statement of financial position exposure	7,357,657	10,023,306	17,380,963	(473,208)	314,241	(158,967)	
Total off - statement of financial position exposure	1,761,983	(53,353)	1,708,630	(10,332)	2,203	(8,129)	(0.476)%
Total	9,119,640	9,969,953	19,089,593	(483,540)	316,444	(167,096)	

5. Exposure to credit risk (after net of allowances for impairment and suspended interest and before the effect of risk mitigates and collaterals):

	December 31,	
	2023	2022
	JD	JD
On- Consolidated Statement of Financial Position Items	178,227,693	142,302,225
Balances at Central Banks	123,493,099	110,803,850
Balances at banks and financial institutions	34,818,367	-
Deposits at banks and financial institutions		
Direct credit facilities:		
Retail	402,404,842	372,438,800
Real-estate loans	320,855,282	319,402,770
Large corporations	748,410,795	719,174,668
Small and medium enterprises	164,808,620	154,141,943
Lending to governmental and public sectors	44,303,198	30,114,465
Bills and Notes:		
Financial assets held at amortized cost, net	892,199,789	870,996,932
Other assets	25,477,173	19,780,154
Total on-Consolidated Statement of Financial Position Items	2,934,998,858	2,739,155,807
Off-Consolidated Statement of Financial Position Items		
Letters of guarantee	320,180,427	276,377,793
Letters of credit & Acceptances	100,141,385	95,992,612
Un-utilized credit facilities limits	440,277,276	432,727,219
Total off-Consolidated Statement of Financial Position Items	860,599,088	805,097,624
Total on & off-Consolidated Statement of Financial Position Items	3,795,597,946	3,544,253,431

- The above table represents the maximum credit risk for the bank as of December 31, 2023 and 2022 without taking the collaterals or effect of mitigation into consideration.

39- Segment Information

a. Information on the Bank's Segments:
For management purposes, the Bank is organized into the following major business sectors based on the reports used by the general manager and decision maker:

- 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 granted 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.

						Total	
						For the Year Ended December 31,	
	Retail	Small and Medium entities	Corporate	Treasury	Other	2023	2022
	JD		JD	JD	JD	JD	JD
Total revenue	48,292,618	26,868,912	41,757,053	2,084,320	1,464,978	120,467,881	111,551,027
Provision for expected credit losses	915,998	(2,227,559)	(11,774,982)	204,573	-	(12,881,970)	(7,518,884)
Segment results	49,208,616	24,641,353	29,982,071	2,288,893	1,464,978	107,585,911	104,032,143
Unallocated expenses	-	-	-	-	-	(73,279,728)	(73,481,607)
Provision on seized assets	-	-	-	-	-	(1,457,000)	(363,072)
Other Provisions	-	-	-	-	-	(677,067)	(1,838,033)
Profit before tax	49,208,616	24,641,353	29,982,071	2,288,893	1,464,978	32,172,116	28,349,431
Income tax	-	-	-	-	-	(13,579,632)	(11,449,589)
Net profit						18,592,484	16,899,842
Capital expenditures						16,649,614	7,499,000
Depreciation and amortization						10,069,304	10,633,425

Other information:						December 31,	
	Retail	Small and Medium entities	Corporate Banking	Treasury	Other	2023	2022
	JD		JD	JD	JD	JD	JD
Segment assets	710,781,639	178,866,632	829,199,631	1,318,177,654	116,882,262	3,153,907,818	2,936,349,619
Assets not distributed over sector	-	-	-	-	128,500,445	128,500,445	126,163,674
Total assets	710,781,639	178,866,632	829,199,631	1,318,177,654	245,382,707	3,282,408,263	3,062,513,293
Segment liabilities	1,259,065,296	450,544,752	767,153,123	280,736,953	142,575,326	2,900,075,450	2,685,530,035
Liabilities not distributed over sector	-	-	-	-	48,485,627	48,485,627	46,635,430
Total liabilities	1,259,065,296	450,544,752	767,153,123	280,736,953	191,060,953	2,948,561,077	2,732,165,465

B- Geographical Information:

The following table represents the geographical segments of the bank's business. The bank practices its activities mainly in the Kingdom, which represent

businesses inside the Kingdom, and the bank practices activities in Palestine

Below is the distribution of the revenues, assets and capital expenditures as per the geographical information:

	Inside Jordan		Outside Jordan		Total	
	2023	2022	2023	2022	2023	2022
	JD	JD		JD	JD	
Total revenue	103,484,751	98,640,266	16,983,130	12,910,761	120,467,881	111,551,027
Capital expenditures	14,929,503	6,926,507	1,720,111	572,493	16,649,614	7,499,000
Total assets	2,795,791,668	2,627,878,967	486,616,595	434,634,326	3,282,408,263	3,062,513,293

Fair value of collaterals obtained against total credit exposures as of 31 December 2023 :

Item	Total Exposure Value	Collateral Fair Value							Net Exposure after collateral	Expected Credit Loss (ECL)
		Cash Margin	Quoted Shares	Acceptable LGs	Real Estates	Cars and Mechanics	Others	Total Collateral Value		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	178,227,693	-	-	-	-	-	-	-	178,227,693	-
Balances at banks and financial institutions	123,512,215	-	-	-	-	-	-	-	123,512,215	19,116
Deposits at banks and financial institutions	35,000,000	-	-	-	-	-	-	-	35,000,000	181,633
Credit Facilities:	**1,798,655,875**	**211,288,926**	**6,526,455**	**5,475,224**	**934,494,535**	**38,608,692**	**56,237,724**	**1,252,631,556**	**546,024,319**	**91,007,603**
Retail	422,454,360	35,581,976	294,086	40,731	4,271,551	6,940,791	11,449	47,140,584	375,313,776	16,724,504
Real estate loans	328,992,495	4,353,796	-	-	408,979,808	25,500	35,431,272	448,790,376	(119,797,881)	5,577,717
Corporate	821,957,753	129,790,496	5,959,315	2,691,873	427,386,187	24,746,978	8,066,859	598,641,708	223,316,045	57,783,673
SMEs	180,936,485	41,562,658	273,054	2,742,620	93,856,989	6,895,423	12,728,144	158,058,888	22,877,597	10,910,125
Government and public sectors	44,314,782	-	-	-	-	-	-	-	44,314,782	11,584
Financial assets at amortized cost	892,725,422	-	-	-	-	-	-	-	892,725,422	525,633
Other assets	25,477,173	-	-	-	-	-	-	-	25,477,173	-
Total statement of financial position items	3,053,598,378	211,288,926	6,526,455	5,475,224	934,494,535	38,608,692	56,237,724	1,252,631,556	1,800,966,822	91,733,985
Total off statement of financial position items	866,869,534	76,672,789	336,595	1,000,000	71,766,396	332,666	-	150,108,446	716,761,088	6,270,446
Total	3,920,467,912	287,961,715	6,863,050	6,475,224	1,006,260,931	38,941,358	56,237,724	1,402,740,002	2,517,727,910	98,004,431

Fair value of collaterals obtained against total credit exposures as of 31 December 2022 :

Item	Total Exposure Value	Collateral Fair Value							Net Exposure after collateral	Expected Credit Loss (ECL)
		Cash Margin	Quoted Shares	Acceptable LGs	Real Estates	Cars and Mechanics	Others	Total Collateral Value		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	142,302,225	-	-	-	-	-	-	-	142,302,225	-
Balances at banks and financial institutions	111,008,600	-	-	-	-	-	-	-	111,008,600	204,750
Credit Facilities:	1,699,710,784	189,987,825	7,215,174	5,609,502	924,879,676	40,372,753	46,425,398	1,214,490,328	485,220,456	80,278,936
Retail	391,228,643	36,992,006	307,989	53,134	4,144,019	5,510,882	48,018	47,056,048	344,172,595	15,926,747
Real estate loans	329,799,397	2,358,560	-	-	568,172,037	110,556	35,637,627	606,278,780	(276,479,383)	7,787,058
Corporate	780,766,651	110,961,945	6,698,197	2,758,508	255,444,818	24,393,240	2,580,257	402,836,965	377,929,686	47,156,879
SMEs	167,798,688	39,675,314	208,988	2,797,860	97,118,802	10,358,075	8,159,496	158,318,535	9,480,153	9,405,312
Government and public sectors	30,117,405	-	-	-	-	-	-	-	30,117,405	2,940
Financial assets at amortized cost	871,883,042	-	-	-	-	-	-	-	871,883,042	886,110
Other assets	19,780,154	-	-	-	-	-	-	-	19,780,154	-
Total statement of financial position items	2,844,684,805	189,987,825	7,215,174	5,609,502	924,879,676	40,372,753	46,425,398	1,214,490,328	1,630,194,477	81,369,796
Total off statement of financial position items	811,208,165	62,544,704	286,783	1,000,000	62,463,717	429,876	-	126,725,080	684,483,085	6,110,541
Total	3,655,892,970	252,532,529	7,501,957	6,609,502	987,343,393	40,802,629	46,425,398	1,341,215,408	2,314,677,562	87,480,337

Fair value of collaterals obtained against stage 3 credit exposures as at 31 December 2023 :

Item	Total Exposure Value	Collateral Fair Value							Net Exposure after collateral	Expected Credit Loss (ECL)
		Cash Margin	Quoted Shares	Acceptable LGs	Real Estates	Cars and Mechanics	Others	Total Collateral Value		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	-	-	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Credit Facilities:	**106,753,999**	**2,946,514**	**-**	**883,250**	**33,914,886**	**21,255,170**	**368,373**	**59,368,193**	**47,385,806**	**66,545,908**
Retail	18,871,077	19,595	-	40,731	313,254	428,482	11,449	813,511	18,057,566	14,875,422
Real estate loans	11,138,825	8,414	-	-	9,512,830	13,500	55,814	9,590,558	1,548,267	4,841,036
Corporate	60,926,750	2,764,058	-	18,011	14,416,031	20,201,514	249,557	37,649,171	23,277,579	38,127,310
SMEs	15,817,347	154,447	-	824,508	9,672,771	611,674	51,553	11,314,953	4,502,394	8,702,140
Government and public sectors	-	-	-	-	-	-	-	-	-	-
Financial assets at amortized cost	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total statement of financial position items	106,753,999	2,946,514	-	883,250	33,914,886	21,255,170	368,373	59,368,193	47,385,806	66,545,908
Total off statement of financial position items	2,561,654	1,657,535	-	-	1,332,556	124,020	-	3,114,111	(552,457)	1,058,190
Total	109,315,653	4,604,049	-	883,250	35,247,442	21,379,190	368,373	62,482,304	46,833,349	67,604,098

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

Item	Total Exposure Value	Collateral Fair Value							Net Exposure after collateral	Expected Credit Loss (ECL)
		Cash Margin	Quoted Shares	Acceptable LGs	Real Estates	Cars and Mechanics	Others	Total Collateral Value		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central banks	-	-	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Credit Facilities:	109,309,465	2,983,150	831,411	750,770	41,863,214	21,507,113	362,860	68,298,518	41,010,947	63,112,391
Retail	16,641,481	74,171	-	52,614	750,219	486,257	48,018	1,411,279	15,230,202	13,681,093
Real estate loans	14,574,109	37,796	-	-	12,868,280	12,842	30,035	12,948,953	1,625,156	6,998,908
Corporate	64,409,126	2,661,426	831,411	25,898	19,399,173	20,159,161	248,601	43,325,670	21,083,456	35,534,712
SMEs	13,684,749	209,757	-	672,258	8,845,542	848,853	36,206	10,612,616	3,072,133	6,897,678
Government and public sectors	-	-	-	-	-	-	-	-	-	-
Financial assets at amortized cost	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total statement of financial position items	109,309,465	2,983,150	831,411	750,770	41,863,214	21,507,113	362,860	68,298,518	41,010,947	63,112,391
Total off statement of financial position items	2,753,091	1,677,711	-	-	1,683,580	253,020	-	3,614,311	(861,220)	1,058,190
Total	112,062,556	4,660,861	831,411	750,770	43,546,794	21,760,133	362,860	71,912,829	40,149,727	64,170,581

b.Market risk

Market risk is defined as the risks resulting from a change in market prices in a way that affects the bank's profits or equity in it. This definition includes the change in currency exchange rates and stock prices in addition to interest rates.

The Bank adopts a conservative policy in managing these risks, as these risks are controlled by adopting clear policies regarding them and the adoption of exposure limits for each type of these risks and our policy aims to reduce these risks to the lowest levels.

1. Interest rate risk

In managing interest rate risks, the bank relies on a conservative policy, as most of the bank’s assets and liabilities are subject to re-pricing in the short term,this conservative policy limits the impact of the change in interest rates on the bank's profits or on the prices of its assets and investments.

Interest rate risk is managed by the Asset and Liability Management Committee, whereby this committee is provided with interest re-pricing gap reports periodically.In addition to the reports of sensitivity to changes in interest rates that are prepared for each currency separately, as it is clear from these reports that the impact of these risks is within the lowest level.

For year 2023

Currency	Change (increase) in interest rate (%)	Sensitivity of interest revenue (profit or loss)	Sensitivity of shareholders' equity
		JD	JD
US Dollar	1%	31,226	-
Euro	1%	6,398	-
Sterling Pound	1%	1,045	-
Japanese Yen	1%	95	-
Other Currencies	1%	(33,334)	-

Currency	Change (decrease) in interest rate (%)	Sensitivity of interest revenue (profit or loss)	Sensitivity of shareholders' equity
		JD	JD
US Dollar	1%	(31,226)	-
Euro	1%	(6,398)	-
Sterling Pound	1%	(1,045)	-
Japanese Yen	1%	(95)	-
Other Currencies	1%	33,334	-

For year 2022

Currency	Change (increase) in interest rate (%)	Sensitivity of interest revenue (profit or loss)	Sensitivity of shareholders' equity
		JD	JD
US Dollar	1%	114,141	-
Euro	1%	310	-
Sterling Pound	1%	663	-
Japanese Yen	1%	(14)	-
Other Currencies	1%	(13,770)	-

Currency	Change (decrease) in interest rate (%)	Sensitivity of interest revenue (profit or loss)	Sensitivity of shareholders' equity
		JD	JD
US Dollar	1%	(114,141)	-
Euro	1%	(310)	-
Sterling Pound	1%	(663)	-
Japanese Yen	1%	14	-
Other Currencies	1%	13,770	-

2. Foreign currencies risk

The bank's policy is based on the complete hedging of currency risks, whereby open positions in foreign currencies are not maintained except within the minimum limits and according to a clear policy based on reducing sensitivity of the bank's profits to changes in currency rates, and limits are set for open positions for each currency separately and for the total currencies and the evaluation of these positions on a daily basis to reduce the risk of currency exchange rates to their minimum.

Currency	Change (increase) in interest rate (%)	Effect on profits or losses	Sensitivity of shareholders' equity
For year 2023	%	JD	JD
US Dollar	-	-	-
Euro	5	40,966	-
Sterling Pound	5	(572)	-
Japanese Yen	5	397	-
Other Currencies	5	(24,424)	-

Currency	Change (increase) in interest rate (%)	Effect on profits or losses	Sensitivity of shareholders' equity
For year 2022		JD	JD
US Dollar	-	-	-
Euro	5	1,836	-
Sterling Pound	5	(48)	-
Japanese Yen	5	(29)	-
Other Currencies	5	5,760	-

In the case of a decrease in the currency exchange rate by 5%, it will have the same financial effect as above, with the opposite indication.

3. Risks of changes in shares prices:

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

Indicator For year 2023	Change equity prices (%)	Effect on profits or losses	Effect on shareholders
	%	JD	JD
Financial markets	5%	-	506,432

Indicator For year 2022	Change equity prices (%)	Effect on profits or losses	Effect on shareholders
	%	JD	JD
Financial markets	5%	-	522,496

Stock Prices risk

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.

c. Liquidity Risks

The bank has a liquidity strategy to manage liquidity risk in accordance with the risk tolerance and to ensure that the bank maintains sufficient liquidity all times and in times of stress. 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 at 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.

39/c. Liquidity risk

The table below summarizes the distribution of liabilities on the basis of the remainder undiscounted contractual maturity at December 31, 2023 and 2022

As of December 31, 2023	Less than 1 Month	1 - 3 Months	3 - 6 Months	6 - 12 Months	1 - 3 Years	More than 3 Years	Without Maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities								
Banks and financial institutions' deposits	123,138,704	-	-	-	12,682,042	-	-	135,820,746
Customers' deposits	326,696,410	1,206,731,973	329,178,651	224,925,744	134,839,793	-	-	2,222,372,571
Margin accounts	3,983,390	9,521,417	12,656,742	21,259,770	297,060,945	-	-	344,482,264
Borrowed funds	5,053,742	1,052,860	1,869,531	49,483,562	48,460,148	58,417,360	-	164,337,203
Subordinated Loans	-	-	-	-	-	20,275,205	-	20,275,205
Other provisions	-	-	-	-	-	-	4,652,002	4,652,002
Income tax provision	2,996,580	-	7,344,772	-	-	-	2,880,653	13,222,005
Lease Liabilities	-	-	-	-	-	-	9,919,590	9,919,590
Other liabilities	-	-	-	-	-	-	33,479,491	33,479,491
Total Liabilities	461,868,826	1,217,306,250	351,049,696	295,669,076	493,042,928	78,692,565	50,931,736	2,948,561,077
Total Assets	480,982,135	133,047,118	140,420,076	339,505,022	753,467,173	1,171,907,167	263,079,572	3,282,408,263
As of December 31, 2022								
Liabilities								
Banks and financial institutions' deposits	85,203,615	30,737,667	309,877	-	984,377	-	-	117,235,536
Customers' deposits	270,380,843	992,187,988	313,025,337	301,452,105	158,398,739	-	-	2,035,445,012
Margin accounts	7,593,407	18,229,509	17,171,260	25,219,895	247,613,600	14,045,711	-	329,873,382
Borrowed funds	16,691,077	16,049,355	11,336,009	15,068,988	62,678,857	43,197,149	-	165,021,435
Subordinated Loans	-	-	-	-	-	20,402,226	-	20,402,226
Other provisions	-	-	-	-	-	-	5,141,770	5,141,770
Income tax provision	2,372,907	-	6,734,539	-	-	-	1,764,391	10,871,837
Lease Liabilities	-	-	-	-	-	-	10,477,672	10,477,672
Other liabilities	-	-	-	-	-	-	37,696,595	37,696,595
Total Liabilities	382,241,849	1,057,204,519	348,577,022	341,740,988	469,675,573	77,645,086	55,080,428	2,732,165,465
Total Assets	349,936,600	155,196,182	121,867,707	358,411,433	677,689,333	1,138,918,613	260,493,425	3,062,513,293

Interest Rate Re-Pricing Gap

The classification is based on the interest repricing periods or maturities whichever is earlier.

2023	Less than 1 Month	1 - 3 Months	3 - 6 Months	6 - 12 Months	1 - 3 Years	More than 3 Years	Non-Interest Bearing	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Assets								
Cash and balances at Central Banks	55,000,000	-	-	-	-	10,635,000	197,611,931	263,246,931
Balances at banks and financial institutions	62,494,381	109,639	-	-	-	-	60,889,079	123,493,099
Deposits at banks and financial institutions	-	-	-	17,926,227	16,892,140	-	-	34,818,367
Direct credit facilities - Net	19,742,486	93,254,476	115,282,778	213,952,063	263,734,708	960,639,932	14,176,294	1,680,782,737
Financial assets at fair value through OCI	-	-	-	-	-	-	39,753,290	39,753,290
Financial assets at amortized cost	64,667,096	33,000,470	22,838,074	106,897,440	464,371,890	200,424,819	-	892,199,789
Right of use	-	-	-	-	-	-	9,857,063	9,857,063
Property and equipment	-	-	-	-	-	-	90,842,701	90,842,701
Intangible assets	-	-	-	-	-	-	2,512,533	2,512,533
Deferred tax assets	-	-	-	-	-	-	16,401,308	16,401,308
Other assets	-	-	-	-	-	-	128,500,445	128,500,445
Total Assets	201,903,963	126,364,585	138,120,852	338,775,730	744,998,738	1,171,699,751	560,544,644	3,282,408,263
Liabilities								
Banks and financial institutions' deposits	122,352,893	-	-	-	12,682,042	-	-	135,034,935
Customers' deposits	325,223,141	605,686,654	327,180,330	222,433,790	133,762,228	-	594,315,740	2,208,601,883
Margin accounts	3,983,390	9,521,417	12,656,742	21,256,025	297,060,919	-	-	344,478,493
Borrowed funds	5,053,742	1,052,860	1,869,531	49,483,562	48,460,148	58,246,699	-	164,166,542
Subordinated Loans	-	-	-	-	-	20,000,000	-	20,000,000
Other provisions	-	-	-	-	-	-	4,652,002	4,652,002
Income tax provision	-	-	-	-	-	-	13,222,005	13,222,005
Lease liability	-	-	-	-	-	-	9,919,590	9,919,590
Other liabilities	-	-	-	-	-	-	48,485,627	48,485,627
Total Liabilities	456,613,166	616,260,931	341,706,603	293,173,377	491,965,337	78,246,699	670,594,964	2,948,561,077
Interest Rate Re-Pricing Gap	(254,709,203)	(489,896,346)	(203,585,751)	45,602,353	253,033,401	1,093,453,052	(110,050,320)	333,847,186
2022								
Total Assets	130,532,863	154,615,109	121,194,178	356,788,116	673,724,950	1,129,760,164	495,897,913	3,062,513,293
Total Liabilities	376,135,591	545,578,342	340,048,965	341,299,423	467,367,552	77,242,860	584,492,732	2,732,165,465
Interest Rate Re-Pricing Gap	(245,602,728)	(390,963,233)	(218,854,787)	15,488,693	206,357,398	1,052,517,304	(88,594,819)	330,347,828

Concentration in foreign currency risk:

As of December 31, 2023	US Dollar	Euro	Sterling Pound	Japanese Yen	Other Currencies	Total
Assets	JD	JD	JD	JD	JD	JD
Cash and balances at Central Banks	39,381,344	3,521,191	447,747	-	56,649,377	99,999,659
Balances at banks and financial institutions	50,495,835	31,382,678	15,375,524	2,559,291	23,417,865	123,231,193
Direct credit facilities - net	280,404,594	3,258,325	(22,596)	-	90,302,838	373,943,161
Financial assets at fair value through OCI	65,909	327,380	-	-	-	393,289
Financial assets at amortized cost	126,548,523	3,868,141	-	-	-	130,416,664
Right of use	13,555	-	-	-	-	13,555
Property and equipment	597,021	-	-	-	-	597,021
Intangible assets	7,625	-	-	-	-	7,625
Other assets	2,620,029	133,025	2,090	(1,863)	4,356,440	7,109,721
Total Assets	500,134,435	42,490,740	15,802,765	2,557,428	174,726,520	735,711,888
Liabilities						
Banks and financial institution deposits	24,926,112	557,981	3,280,244	-	6,890,085	35,654,422
Customers' deposits	403,411,011	37,967,528	12,230,180	485,733	152,366,693	606,461,145
Cash margins	65,358,182	2,865,050	185,750	2,064,030	13,296,952	83,769,964
Other provisions	75,190	-	-	-	-	75,190
Income tax provision	-	-	-	-	1,149,714	1,149,714
Lease liability	12,405	-	-	-	-	12,405
Other liabilities	3,194,230	280,855	118,021	(278)	1,511,562	5,104,390
Total Liabilities	496,977,130	41,671,414	15,814,195	2,549,485	175,215,006	732,227,230
Net concentration on consolidated statement of financial position	3,157,305	819,326	(11,430)	7,943	(488,486)	3,484,658
Contingent liabilities off consolidated statement of financial position	189,172,395	29,532,234	1,477,597	9,086,572	19,481,002	248,749,800
As of December 31, 2022						
Total Assets	481,169,935	52,964,239	14,963,521	611,578	127,925,892	677,635,165
Total Liabilities	469,850,777	52,927,529	14,964,475	612,158	127,810,701	666,165,640
Net concentration on consolidated statement of financial position	11,319,158	36,710	(954)	(580)	115,191	11,469,525
Contingent liabilities off the consolidated statement of financial position	237,924,336	22,334,695	1,580,380	3,534,450	124,842,645	390,216,506

Second: off-consolidated statement of financial position items:

As of December 31, 2023	Up to 1 Year	1 - 5 Years	Total
	JD	JD	JD
Acceptances and letters of credit*	144,744,299	11,244,776	155,989,075
Unutilized limits	442,232,407	-	442,232,407
Letters of guarantee	252,328,238	71,525,794	323,854,032
Total	839,304,944	82,770,570	922,075,514
As of December 31, 2022			
Acceptances and letters of credit *	126,856,377	1,863,790	128,720,167
Unutilized limits	434,551,114	-	434,551,114
Letters of guarantee	230,676,779	49,549,849	280,226,628
Total	792,084,270	51,413,639	843,497,909

* Includes Inward Letter of credit JD 55 million as at 31 December 2023 (JD 32 million as at December 31, 2022).

40. Capital Management

a. The capital adequacy ratio as of December 31, 2023 and 2022 was calculated based on Basel III Instructions, and the Bank's regulatory capital consists of a primary capital representing ordinary shares (CET1) and a supplementary capital, in addition to Tier2.

b. The regulatory bodies' requirements related to the ordinary shares capital
The Central Bank of Jordan's instructions require that minimum regulatory capital be (12%), For banks that have foreign presence, the minimum capital adequacy ratio is 14%, Banks are classified into 5 categories, the best of which is having an average capital adequacy equal to or more than 14%.

c. Manner of achieving capital management objectives
Capital management represents the optimal employment of the sources of funds to achieve the highest return on capital within the acceptable risk limits approved by the Board of Directors. In addition, capital management endeavors to maintain the minimum capital prescribed by the laws and regulations in force. In this regard, the Bank adopts a policy that aims to minimize the costs of funds as much as possible through obtaining funds from low-cost sources, expanding the customers' base, and optimally employing these sources within acceptable risk limits to achieve the highest possible return on capital.

d. Capital Adequacy

Through the management of its capital, the Bank seeks to achieve the below goals:

- Compliance with the Central Bank capital related requirements.
- To keep the ability of the Bank to continue as a going concern.
- Having a strong capital base for supporting the Bank's expansion and development.

Capital adequacy is reviewed and reported quarterly to the Central Bank of Jordan.

According to the Central Bank Instructions, the minimum requirement for capital adequacy is 12%. For Banks that have foreign presence the minimum capital adequacy ratio is 14%, Banks are classified into 5 categories, the best of which is having an average capital adequacy equal to or more than 14%.

The Bank manage its capital structure and makes the necessary adjustments in terms of working conditions. No adjustments were made on the objectives, policies and procedures related to capital restructuring during the year.

The Bank manage its capital structure based on CBJ that are based on Basel 3 agreement is as stated in the table below :

	December 31,	
	2023	2022
Common Equity Shareholders Rights	JD (In Thousands)	JD (In Thousands)
Authorized capital - (Paid)	200,655	200,655
Retained earnings	48,028	48,344
The cumulative change in fair value	(4,869)	(5,871)
Statutory reserve	70,593	67,780
Voluntary reserve	15,762	15,762
other reserve	3,678	3,678
Total Common Equity Tire 1 before regulatory adjustments	**333,847**	**330,348**
Regulatory Adjustments (deductions from Capital)		
Goodwill and intangible assets	(2,513)	(4,928)
Proposed dividends	(16,052)	(16,052)
Postponed provisions with the approval of the Central Bank	(4,550)	(4,790)
Investment in Bank's capital, financial institutions and insurance companies	(2,425)	(3,100)
Investments where the bank owns more than 10%	-	-
Deferred tax assets	(16,401)	(16,014)
Net Common Equity Shareholders Rights	**291,906**	**285,464**
Additional capital	-	-
Net Primary Capital (Tier 1)	**291,906**	**285,464**
Tier 2 capital		
Provision for debts tools listed in Stage 1	12,161	11,845
Subordinated bonds *	20,000	20,000
Total Supporting Capital	**32,161**	**31,845**
Total Regulatory Capital	**324,067**	**317,309**
Total Risk Weighted Assets	**2,144,863**	**2,031,800**
Capital percentage from regular shares (CET 1) (%)	13.61%	14.05%
Regulatory capital percentage (%)	15.11%	15.62%

* During the year 2022, the bank issued subordinated bonds in the amount of JD 20 million for a period of 7 years at discounted interest rate to the Central Bank of Jordan in addition to 1.75% margin in order to improve the capital adequacy percentage.

* During October 2017, the bank issued subordinated bonds in the amount of JD 25 million for a period of 6 years at discounted interest rate to the Central Bank of Jordan in addition to 2% margin in order to improve the capital adequacy percentage. During the year 2022 this bond was closed.

Liquidity Coverage Ratio (LCR):	December 31, 2023	December 31, 2022
	JD (In Thousands)	JD (In Thousands)
Total high-quality liquid assets after adjustments	1,048,905	936,511
Total net cash outflow	544,865	441,130
Liquidity coverage Ratio (LCR) (%)	192.50%	212.20%
The Liquidity Coverage Ratio/ based on the average of all working days	189.50%	198.80%

41. Maturity Analysis of Assets and Liabilities

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled:

December 31, 2023	Up to 1 Year	More than 1 Year	Total
	JD	JD	JD
Assets			
Cash and balances at Central Banks	252,611,931	10,635,000	263,246,931
Balances at banks and financial institutions	123,493,099	-	123,493,099
Deposits at banks and financial institutions	17,926,227	16,892,140	34,818,367
Direct credit facilities - Net	456,408,097	1,224,374,640	1,680,782,737
Financial assets at fair value through OCI	-	39,753,290	39,753,290
Financial assets at amortized cost	830,246,966	61,952,823	892,199,789
Right of use	-	9,857,063	9,857,063
Property and equipment	-	90,842,701	90,842,701
Intangible assets	-	2,512,533	2,512,533
Deferred tax assets	-	16,401,308	16,401,308
Other assets	-	128,500,445	128,500,445
Total Assets	1,680,686,320	1,601,721,943	3,282,408,263
Liabilities			
Banks and financial institution deposits	122,352,893	12,682,042	135,034,935
Customers' deposits	2,074,839,655	133,762,228	2,208,601,883
Cash margins	47,417,574	297,060,919	344,478,493
Borrowed funds	57,459,695	106,706,847	164,166,542
Subordinated loans	-	20,000,000	20,000,000
Other provisions	-	4,652,002	4,652,002
Income tax provision	2,996,580	10,225,425	13,222,005
Lease liability	-	9,919,590	9,919,590
Other liabilities	-	48,485,627	48,485,627
Total Liabilities	2,305,066,397	643,494,680	2,948,561,077
Net	(624,380,077)	958,227,263	333,847,186

December 31, 2022	Up to 1 Year	More than 1 Year	Total
	JD	JD	JD
Assets			
Cash and balances at Central Banks	197,805,151	10,635,000	208,440,151
Balances at banks and financial institutions	110,803,850	-	110,803,850
Direct credit facilities - Net	408,154,939	1,187,117,707	1,595,272,646
Financial assets at fair value through OCI	-	37,735,650	37,735,650
Financial assets at amortized cost	738,720,197	132,276,735	870,996,932
Right of use	-	10,582,187	10,582,187
Property and equipment	-	81,575,718	81,575,718
Intangible assets	-	4,928,612	4,928,612
Deferred tax assets	-	16,013,873	16,013,873
Other assets	-	126,163,674	126,163,674
Total Assets	1,455,484,137	1,607,029,156	3,062,513,293
Liabilities			
Banks and financial institution deposits	115,894,382	984,377	116,878,759
Customers' deposits	1,871,174,462	156,484,004	2,027,658,466
Cash margins	65,148,291	264,725,065	329,873,356
Borrowed funds	59,145,429	105,482,746	164,628,175
Subordinated loans	-	20,000,000	20,000,000
Other provisions	-	5,141,770	5,141,770
Income tax provision	2,372,907	8,498,930	10,871,837
Lease liability	-	10,477,672	10,477,672
Other liabilities	-	46,635,430	46,635,430
Total Liabilities	2,113,735,471	618,429,994	2,732,165,465
Net	(658,251,334)	988,599,162	330,347,828

42. Commitments and Contingent Liabilities

Details of this item are as follows:

	December 31,	
	2023	2022
Letter of credit:	JD	JD
Letter of credit-outgoing	64,157,083	65,501,271
Letter of credit-incoming	55,205,980	32,289,744
Acceptances	36,626,012	30,929,152
Letter of guarantees:		
Payment	148,461,621	132,196,322
Performance bonds	128,018,290	113,101,666
Others	47,374,121	34,928,640
Unutilized credit facilities Limits	442,232,407	434,551,114
	922,075,514	843,497,909

- The estimated cost of completing the project under construction for the new administration building about JD 28 million, and it is expected to be completed by the end of year 2025, the total cost about JD 32 million.

43.Accounts Managed on Behalf of Customers

Details of this item are as follows:

	December 31,	
	2023	2022
	JD	JD
Accounts managed on behalf of customers	9,976,007	8,556,962

44.Lawsuits Against the Bank

Lawsuits raised against the Bank amounted to JD 2,975,514 as at 31 December 2023 (31 December 2022: JD 2,463,894). In the opinion of the Bank’s management and the legal advisor, no further liabilities exceeding the provision amounted to JD 315,549 is required as at December 31, 2023 (December 31, 2022: JD 253,424).

Lawsuits raised by the bank against others amounted around JD 310 million, those lawsuits are still pending at the specialized court and they have no financial impact on the Bank.

45. Fair Value Hierarchy

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

Some financial assets and liabilities of the Company are measured at fair value at the end of each fiscal period. The following table shows information about how the fair value of these financial assets and liabilities is determined (valuation methods and inputs used).

Financial Assets / Financial Liabilities	Fair Value December 31 2023	Fair Value December 31 2022	The Level of Fair Value	Valuation Method and Inputs Used	Important Intangible Inputs	Relation between Fair Value and Significant Intangible Inputs
	JD	JD				
Financial Assets at Fair Value in Income Statement						
Financial Assets at Fair Value in Other Comprehensive Income						
Quoted shares	10,128,630	10,449,929	Level I	Prices listed in stock exchanges	Not Applicable	Not Applicable
Unquoted shares	29,624,660	27,285,721	Level III	Through using equity method based on the latest financial information available	Not Applicable	Not Applicable
Total	39,753,290	37,735,650				
Financial Assets at Fair Value	39,753,290	37,735,650				

There were no transfers between the first level and second level during 2023 and 2022.

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

Except as set out in the table below, we believe that the carrying value of financial assets and financial liabilities in the financial statements of the Company approximates their fair value, as the Company's management believes that the carrying value of the items listed below approximate their fair value, due to either their short-term maturity or repricing of interest rates during the year.

	December 31, 2023		December 31, 2022		
	Book Value	Fair Value	Book Value	Fair Value	Fair Value Level
	JD	JD	JD	JD	
Financial Assets with an Unspecified Fair Value					
Balances at central banks	65,635,000	65,545,925	32,762,000	32,774,670	Level II
Balances and deposits at banks and other financial institutes	123,493,099	124,181,292	110,803,850	110,834,515	Level II
Direct credit facilities - net	1,680,782,737	1,691,577,568	1,595,272,646	1,603,388,258	Level II
Financial assets at amortized costs	892,199,789	905,283,571	870,996,932	881,653,247	Level I and II
Seized assets against debts	71,853,453	82,561,273	81,285,040	98,269,749	
Total Financial Assets with an Unspecified Fair Value	2,833,964,078	2,869,149,629	2,691,120,468	2,726,920,439	
Financial Liabilities with an Unspecified Fair Value					
Banks and financial institutions’ deposits	135,034,935	135,820,746	116,878,759	117,092,382	Level II
Customers deposits	2,208,601,883	2,222,372,571	2,027,658,466	2,036,689,676	Level II
Cash margins	344,478,493	344,482,264	329,873,356	329,877,693	Level II
Borrowed funds	164,166,542	164,337,203	164,628,175	164,805,999	Level II
Total Financial Liabilities with an Unspecified Fair Value	2,852,281,853	2,867,012,784	2,639,038,756	2,648,465,750	

For the above-mentioned items, the second level financial liabilities and financial assets have been determined at fair value according to the agreed-upon pricing model, which reflects the credit risk of the parties dealt with.

46.Compartive Figures

Some Comparative Figures for the year 2022 have been reclassified to match the year 2023 Figures, and have no impact on the Consolidated statement of profit or loss for the year 2022.