AJIB
ARAB JORDAN INVESTMENT BANK

ANNUAL REPORT 2022

AJIB

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44th Annual Report

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Board of Directors

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Chairman of the Board

Mr. Samer Al-Qadi
Vice Chairman/Member

Mr. Emhamed Mohammed Farag
Representative of Libyan Foreign Bank/Member

Mr. Fahad Al-Huqbani
Representative of the Arab Investment Company/Member

His Excellency Mr. "Mohamad Sharif" Al-Zu'bi
Representative of Petra Company for Restaurants Establishment and Management/Member

Mr. Hussein Dabbas
Representative of Rawnaq Al Thiqa Company for Commercial Investments

Mr. Wael Al-Qadi
Member

Mr. Eyhab Al-Okar
Member

Mr. Musa Shahin
Member

Mr. Adel Asa'ad
Member

Mr. Zakaria Ghawanmeh
Member

Mission Statement

To be recognized as the leading bank in Jordan and the region; in products, and in the use of technology, by being customer-focused, innovative and having customer-service excellence and highly skilled employees.

Chairman's Message

Ladies and gentlemen, shareholders of Arab Jordan Investment Bank,

On behalf of the Arab Jordan Investment Bank (AJIB) Board of Directors, I am pleased to present the bank's 44th annual report, detailing the results of our work, the consolidated financial statements, our main achievements during 2022, and the bank's strategic vision for 2023.

The year 2022 was exceptional in terms of the challenges that emerged two years after the impact of the coronavirus pandemic. The world came face to face with the shock of the Russian war on Ukraine and its wide-ranging repercussions that included the slowdown in economic growth and a wave of inflation, which were met by central banks tightening monetary policies. Meanwhile, economic activities around the world declined and global financial markets recorded their worst performances ever.

Amidst this environment shrouded in uncertainty and volatility, the bank continued its efforts to improve its financial indicators, diversify its business, employ its resources effectively, and achieve operational profits during 2022, all thanks to its comprehensive performance strategy and adapting to changes in the business environment.

The year 2022 marked a milestone in the bank's performance, with the successful acquisition of National Bank of Kuwait's banking operations in Jordan. AJIB completed all procedures to transition the relevant banking operations, which ultimately confirms its commitment to its expansion strategy which accelerated during the last decade.

The acquisition process, which was carried out smoothly and seamlessly, confirms the strength of the bank's financial position and has elevated its market position in the Jordanian banking sector, within the framework of measured and steady steps that have a positive effect on the bank's financial performance.

The Russian-Ukrainian war destabilized the global economy and a severe crisis emerged in the energy and basic materials markets, considered the biggest in 50 years. This caused prices to rise to unprecedented levels, accompanied by a tightening of monetary policies in light of high inflation rates that recorded levels not witnessed by many countries for decades. All of this coincided with the continuing repercussions of the coronavirus pandemic, the emergence of new variants of the virus, and China's implementation of strict closures for most of 2022.

As a result of these rapid developments, global growth declined from 6.2% in 2021 to 3.4% in 2022, according to the estimates of the International Monetary Fund. Some countries were affected by economic contraction, while the global economy was beset with risks of reaching a state of inflationary stagnation in the future. Meanwhile, the scope of deterioration widened and impacted a large percentage of developed and developing economies, and income levels eroded significantly due to inflation, which rose by 8.8% in 2022. Many countries experienced depreciation of currencies and the scarcity of investments. Accompanying all of this were fears of a global debt crisis, in light of its rise in developing countries to the highest level in 50 years, with new costs incurred as a result of the repercussions of the war and the raising of interest rates by central banks around the world.

The rise in consumer price indices to their highest levels in four decades in both the United States and the Eurozone led to a rapid and simultaneous tightening of monetary policies. This approach soon spread to various parts of the world, with the US Federal Reserve raising interest rates seven times during 2022, after it had stabilized at near zero since the beginning of the coronavirus pandemic, so that the benchmark interest rate at the end of 2022 ranged between 4.25% and 4.5%. The European Central Bank increased the benchmark interest rate four times, to 2.5%, and the Bank of England issued eight interest rate increases in 2022, to reach the highest level in 14 years at 3.5%.

Despite their importance in stabilizing prices, these measures contributed to a significant deterioration in global financial conditions, and a rise in the price of the dollar, which was offset by a decline in the currencies of many countries with an increase in their financial and trade deficits. Meanwhile, financial markets declined, investment growth significantly weakened, and real estate and housing markets deteriorated in many countries.

In the Arab region, economic performance improved in general, as the countries of the region achieved an average growth rate of 5.5% in 2022, which is the highest since 2016. Yet, this rate hides sharp discrepancies between energy-exporting and -importing countries that are struggling to overcome the effects of the coronavirus pandemic and the shock to oil and food prices, as well as the economic slowdowns in the United States, China, and Europe.

While energy-exporting countries benefited from the rise in oil and gas prices in light of the IMF's expectations of achieving cumulative surpluses of $1 trillion during the years 2022 to 2026, the oil-importing countries faced adverse conditions, which caused pressures related to high import bills and a shrinking of available fiscal space in budgets, due to their incurred losses resulting from supporting prices to alleviate pressure on consumers.

The deterioration of the global situation cast a heavy shadow over the region's economic activities. Despite the resilience of growth linked to the rise in oil prices, inflation curbed recovery, amid risks of widening trade deficits and high interest rates on government borrowing, which weakened access to financing. Like large parts of the world, the region faced exceptional cases of risks, exacerbated hyperinflation in some countries, and the spread of poor food security and fuel shortages. This, in turn, increased the extent of social unrest and debt problems.

Domestically, the national economy continued to recover from the repercussions of the coronavirus pandemic, achieving a real growth rate of 2.7% during 2022, compared to a growth of 1.9% in 2021. This was supported by monetary and financial stability, despite the adverse winds globally, as Jordan continued to implement the structural reforms that were emphasized in the country's vision for economic development.

This performance prompted Moody's, the global credit rating agency, to raise the outlook for Jordan's long-term sovereign credit rating from B1 stable to B1 positive. This is a development that reveals the path of recovery resulting from implementing policies capable of supporting growth and maintaining stability in the face of urgent challenges.

However, the rate of inflation increased during 2022 to 4.23% compared to 1.4% in 2021. This increase is mainly due to the rise in the prices of fuel, electricity, and transportation, in addition to other commodities and reflects the increase in their prices globally. Despite this, the impact of the global inflation wave was less severe compared to a large number of countries in the region and the world, which experienced jumps in prices to unprecedented levels in decades.

As for the labor market, the unemployment rate decreased by 0.4 percentage points in the fourth quarter of 2022 compared to the same period in the year 2021, reaching 22.9%. The unemployment rate is still high among university degree holders, reaching 28.4%.

The Jordanian real-estate market continued its activity during 2022. Sales grew by 17%, achieving JD5.85 billion. The value of non-Jordanian purchases increased by 18%, reaching JD303 million. Moreover, the sector also benefited from the government incentives package, the latest of which was the law amending the Real Estate Sales Tax Law for the year 2022, which reduced the real-estate sale tax from 4% to 3%.

With these developments, the Amman Stock Exchange indices reflected the economic improvement despite the decline shown by a group of global financial markets. It became one of the best performers at the level of Arab stock exchanges, supported mainly by the mining sector. The weighted index rose by 18.1%, reaching 2501.6 points at the end of 2022, compared to 2118.6 points at the end of 2021. As such, it achieved its highest level since 2009, and this was reflected in the increase in the market value of shares by 16.2% to about JD18 billion, accounting for 56% of the GDP, while the trading volume decreased by 0.98% to reach JD2.01 billion.

On the foreign trade side, exports continued their positive performance, recording JD8.79 billion, an increase of 32.3%, during 2022. Imports increased by 26.7% to record JD19.37 billion, bringing the trade deficit to JD10.586 billion, affected by the rise in prices in global markets and as imports of crude oil and its derivatives increased by 47.2%, recording JD3.5 billion.

Tourism activities also continued to recover in 2022 and returned to their levels before the coronavirus pandemic. Tourism income reached JD4.123 billion, an increase of 0.4% and 110.5% compared to 2019 and 2021 respectively, in view of the increase in the number of tourists, which registered 5.049 million. This was accompanied by a slight improvement in the remittances of expatriates, rising by 1.5% during 2022 to reach JD2.448 billion.

With regard to public finance, the general budget achieved during 2022, and according to the re-estimation data, a total revenue of JD8.734 billion, an increase of 7.45% compared to 2021, of which JD7.938 billion were local revenues and JD796 million were foreign grants. Public expenditures amounted to JD10.56 billion.

As a result of these developments, the public budget deficit registered JD1.825 billion, an increase of 5.5% in 2022.

In light of these developments and changes globally and locally, the wave of inflation that the world is experiencing, the deepening state of economic uncertainty, the problems of supply chains, and the tightening of monetary policies by most central banks, the Central Bank of Jordan raised interest rates on all monetary policy tools during 2022 with the aim of strengthening monetary and financial stability in the Kingdom and controlling the rate of inflation.

The policy that was deliberately adopted by the Central Bank of Jordan played a decisive role in limiting the consequences of negative global developments. The Central Bank raised interest rates through seven decisions during 2022, bringing the main interest rate to 6% by the end of 2022, compared to 2.5% by the end of 2021.

Within the framework of its eagerness to achieve a balance between monetary stability and continuing to stimulate economic growth and mitigate the impact of raising interest rates on economic sectors, the Central Bank continued to deploy fixed preferential interest rates on its program to refinance the 10 vital economic sectors, at a value of JD1.3 billion and a maximum interest rate of 4%. The Central Bank maintained its program of support to small- and medium-sized companies at a value of JD700 million, with the interest rate not exceeding 2%.

The measures taken by the Central Bank of Jordan helped achieve the goal of monetary stability, enhancing economic activity, and stimulating demand. Foreign reserves at the Central Bank reached $17.267 billion, which is enough to cover the Kingdom's imports of goods and services for 7.5 months.

Amid economic developments at various levels, AJIB continued to implement its growth strategy, upgrading services and products, and strengthening its presence in various markets, in addition to studying available opportunities to advance the bank and its performance.

During 2022, AJIB achieved profits after tax in the amount of JD19.482 million, with a growth rate of 7.3%. This demonstrated its positive performance despite the unfavorable conditions, the decline in economic activities, and the growth rates in the markets in which it operates. It achieved a total pre-tax return on equity of 13.6%. Customer deposits maintained their growth, increasing by about 12% to reach JD1.383 billion at the end of 2022. As for net direct credit facilities in 2022, they reached JD814.142 million.

As for the indicators of the bank's financial solvency and strength, the ratio of non-performing loans to total facilities reached 1.04% in 2022, compared to 1.18% in 2021. The bank continues to record the best ratio among Jordanian banks, which shows the quality of the facilities portfolio. The capital adequacy ratio reached 17.80% in 2022, which is higher than the ratios set according to the requirements of Basel III and the required global and local ratios of 8% and 12%, respectively.

Based on the achieved financial results, AJIB's Board of Directors recommends to the General Assembly the distribution of cash dividends to shareholders at a rate of 10% of the bank's capital, which amounts to JD15 million, thus maintaining the bank's record in distributing generous cash dividends to its shareholders.

In this regard, I cannot but extend my sincere thanks and gratitude to all our esteemed clients and shareholders for their trust in us and their strong belief in the capabilities of this national institution, its path of success and future plans, the dedication of its staff and their achievements and commitment to the bank's vision and strategic objectives.

Hani Abdulkadir Al-Qadi
Chairman of the Board of Directors

Our Achievements During 2022

1. Corporate Banking Department

Jordanian banks faced major challenges in 2022, during which interest rates were raised successively, bringing the amount of these increases to 4.25%, which led to higher costs for both banks and their customers. Thanks to advance planning and prudent policies, AJIB was able to overcome this challenge in a flexible and proficient manner without affecting the performance of the Corporate Banking Department's portfolio.

In 2022, the Corporate Banking Department continued financing of the corporate and SME sectors by increasing their facilities or offering them new ones commensurate with their financial capabilities, after studying and analyzing their financial statements and obtaining acceptable guarantees. The department also worked on restructuring the portfolio accounts whose credit status required it in order to preserve the quality of the portfolio.

The bank also continued to offer its customers loans provided by the Central Bank of Jordan to mitigate the effects of the coronavirus crisis.

The Corporate Banking Department studied the effects of increasing interest rates on the local economy and was careful to apply these increases in varying percentages and over different periods of time to reduce the high costs for its customers.

Stemming from the bank's strategy of increasing its share in the banking market, and in line with the policy of the Central Bank of Jordan that encourages the merger of banks in Jordan, AJIB acquired the business of the National Bank of Kuwait in Jordan. The entire portfolio of companies was transferred to the department's portfolio, which included several accounts of international and local companies, in addition to a syndicated facility led by AJIB with the National Bank of Kuwait, which strengthened the bank's portfolio and increased its profitability.

Over the past year, the corporate banking system was further developed and modernized in line with the requirements and needs of the bank's corporate customers. Several visits were arranged to existing and new customers at their places of work, and their feedback will be studied and implemented, such as adding Swift, letters of credit, collection policies, and others.

2. Retail Banking Department

AJIB continued to deliver the latest technologies and the best banking services to its customers, in addition to offering banking products and comprehensive and integrated electronic services that meet the unique needs of its clients while simultaneously maintaining pace with the latest developments in the banking industry.

During 2022, the bank developed and modernized its banking system, which includes a wide range of digital banking solutions that allow its customers to complete many banking transactions easily and securely via AJIB's online banking portal or through its mobile banking app on their smartphones. Now, clients can activate or stop their credit cards, determine the limit of their online purchases, repay loans early, and many other advantages without the need to visit a branch, which saves time and effort.

AJIB also continued to provide its customers with the best offers and services through its rewards program designed for credit cardholders by offering points for every purchase made through points of sale or online, which can then be redeemed through the website dedicated to the AJIB Rewards Program (www.ajibrewards.com) or through the AJIB Rewards mobile application. The bank also developed the AJIB Pay app in accordance with the latest coding standards set by Visa and Mastercard and is considered the most secure application for transactions and payments because it prevents access to sensitive card data and allows customers to use their phone to pay through points of sale.

The bank also continued to provide distinguished financial solutions to individuals by launching several campaigns for personal and housing loans at competitive interest rates and with a grace period of up to 90 days. This increased the bank's competitiveness among banks in the local market and allowed it to attract new customers from other banks. The bank continued to provide banking services to its customers with special needs, enabling them to complete their banking transactions easily, securely and privately.

Queueing systems have been deployed at all the bank's branches that generate reports allowing management to monitor employee performance as well as the quality of the services provided to customers. This is part of the continued efforts to improve and develop performance levels as a way of ensuring effective and efficient customer service.

The bank launched exceptional offers for Mastercard cardholders to coincide with the FIFA World Cup 2022 at several restaurants in Qatar, in addition to providing a service for exchanging Qatari Riyals at the bank's branches in Queen Alia International Airport, which serve customers around the clock.

The bank also further developed its text messages service, which now allow customers to stay up to date on any financial transactions made on their accounts through short text messages to their cell phones immediately after the completion of any transaction on the account.

During 2022, the bank continued to invest in its human capital, organizing intensive courses for all its employees at various functional and administrative levels, with the aim of advancing their professional skills and increasing their productivity to keep pace with the bank's vision and raising service levels offered to customers.

3. Trade Finance Department

Disturbances in supply chains, the high prices of oil derivatives and the increase in global production and transportation costs did not prevent AJIB from achieving its set goals of maintaining the volume of business services provided to customers in the import and export business. These are based on unique banking products, including documentary credits and letters of guarantee and collection policies, in addition to a variety of short-term and long-term financing tools, as well as discounting documents to ensure the continuity of the flow of goods and funds between exporters and importers and other relevant services.

The global economy is still suffering from the effects of the coronavirus pandemic and the negative effects of the Russia-Ukrain war on the global economy, which also cast a shadow on the local economy. This pushed central banks in several countries, including the Hashemite Kingdom of Jordan, to take measures in monetary policies, including a successive increase in interest rates, which affected borrowing and commercial activity for all sectors in general.

The Trade Finance Department is proud of the level of service provided to customers through its highly skilled team that provides guidance whenever needed. The acquisition of the operations of the National Bank of Kuwait in Jordan has had a positive effect on diversifying the skills and expertise of our team, which is what characterizes AJIB in the Jordanian banking market.

4. VIP Banking Department

AJIB continued its intense efforts to provide services to clients according to the best international banking practices. In this regard, the VIP Banking Department continued to build solid relationships with its major corporate and retail clients in order to facilitate their work and provide them with the best and most innovative services and products. The VIP department is ideal for clients who seek excellence and a unique experience of unparalleled banking services.

5. Transfers Department

AJIB continued to maintain its position as an innovator in the field of transfers, offering clients a package of outstanding services and effective work systems to ensure that transfers are received by beneficiaries in record time through easy-to-use effective channels. The bank provides online transfer services through AJIB Online and AJIB Mobile app, as well as the option of using the wide branch network available throughout the Kingdom, staffed with qualified teams who provide the best services in record time. AJIB also facilitates the receipt of local and international transfers, which are processed rapidly.

In order to keep up with the latest developments in bank transfer services, AJIB became a member of SWIFT GPI, which has transformed the payment experience of its customers across borders by offering fast, traceable payments with complete transparency. As part of the bank's vision to obtain the latest international payment services, AJIB will be the first bank in Jordan to provide the SWIFT GO service, which allows its customers to transfer money quickly and safely between participating banks within a maximum of four hours at competitive prices, with the possibility of tracking the transfer and receiving the full amount from the beneficiary.

6. International Investments Department

The International Investments Department manages a variety of investments for the bank, including a group of international debt instruments made up of US, European and Arab treasury bonds in various global markets, government agencies, and Gulf debt instruments. The Investments Department also provides complete stock services to its clients in US, European and British markets within a framework of competitive commissions in local and regional markets.

The bank's long history and its exceptional achievements in the financial and investment services sector makes it the ideal partner to help its clients manage their investments by harnessing the expertise of its staff and their unique knowledge in financial services at all local, regional and international levels.

During 2022, the bank released a range of products and services designed to provide solutions for the advancement of personal wealth and its optimal management, as well as services that allow clients to benefit from capital growth in the short, medium and long terms, and helping them develop their investment portfolios.

The International Investments Department will be providing a service to manage regional and international client investments through a new trading app, which will be launched in 2023. This will provide services for buying and selling stocks and trading in options and futures contracts within the various global markets with ease and according to the highest safety standards and from anywhere in the world. It will further expand the bank's customer base, and will allow them to enter new markets, as well as advance the culture of trading to enhance personal income and increase sources of income.

Portfolio Management

In 2022, the Portfolio Management Department continued to harness its extensive professional experience and innovative solutions to help clients make calculated investment decisions, while ensuring that their financial portfolios are in line with their long-term goals. This ensures that personal financial portfolios are perfectly compatible with long- term objectives through a mixture of international stocks, fixed income instruments, joint investment funds, precious metals and commodities.

Investment Services

Throughout 2022, the bank provided exclusive wealth management solutions that were tailored to meet the unique needs of its customers. Asset distribution is the most important factor that may affect the returns of client portfolios, and in order to increase future returns, the bank continuously analyzes market trends and examines global economic developments to ensure better performance, increased profitability and focus on diversifying assets as an important factor in order to secure better returns on the financial portfolios of clients, regardless of whether markets are rising or falling.

The bank also helps its clients to manage global financial markets by providing advice, trading and implementation, as well as assisting them in managing risks and liquidity and taking advantage of strategic investment opportunities.

7. Prestige Service and Wealth Management

In 2022, AJIB continued to provide its Prestige personal banking service, which offers exclusive products and services at high levels of excellence through its team that boasts extensive expertise in the field, as well as unmatched levels of professionalism.

AJIB Prestige clients enjoy a diverse set of exclusive benefits, including preferential and competitive interest rates, offered through a network of seven Prestige service centers located at the headquarters building, as well as branches located at the Interior Ministry Circle, Abdoun, Bayader Wadi Al-Sir, Tla' Al-Ali, Wadi Saqra, and Dabouq.

AJIB Prestige wealth management services include a range of advanced investment products and services in the local, regional and global markets, delivered by a dedicated team in wealth management, that are designed to meet individual needs and achieve the highest returns while maintaining the financial solvency of clients.

AJIB Prestige also provides bancassurance services as part of the Prestige Life program, offered in cooperation with MetLife Jordan, an American insurance company. This program includes a group of sub-programs of specialized insurance plans such as life insurance, retirement insurance, investment insurance and education insurance, all delivered by a team of professionals.

In 2022, the bank offered its relationship managers the opportunity to further their knowledge through training and qualification programs as a way of continuously developing and offering high net-worth clients a distinguished banking experience.

8. Treasury Department

During 2022, the Treasury Department continued its significant role of managing the bank’s assets and liabilities according to the international best practices and with an eye on the exceptional circumstances experienced by the global and national economies, including a noticeable slowdown in growth, high levels of inflation in light of high commodity prices and the widening circle of price pressures as a result of the Russia-Ukrain war, in addition to the significant increase in interest rates, which are expected to continue to rise during 2023.

The bank succeeded in reducing the negative impact of the rise in interest rates on the bank’s actual and estimated budgets through an analysis of economic indicators and expectations, and by closely following the decisions of central banks made during 2022. This helped create opportunities for the bank by making optimal use of the previous effects and turning them into opportunities for the bank, whether banking or investment. The bank played an effective and significant role in the Jordanian capital market and the money market between Jordanian banks, and had the largest share of those transactions, which contributed to revitalizing those markets and increasing profitability returns from them for the benefit of the bank and its investments, especially in areas of borrowing and investing in government bonds and Jordanian treasury bills.

The Treasury Department worked to reduce the cost of fund sources and improve the interest margin through the careful reading of market developments, interest rate trends and Central Bank decisions.

It also maintained high levels of liquidity and ensured the stability of the bank’s financial position first and foremost and provided all the requirements necessary to achieve the required growth of the bank’s credit and investment portfolios within the determinants of the investment policy and the instructions of the Central Bank of Jordan.

The Treasury Department also achieved significant growth in the volume of transactions during 2022 compared to previous years, which had significant impact on increasing its revenues. The profits of foreign currency exchange and financial derivatives operations also contributed to the increase of those revenues.

These results once again confirm AJIB’s ability to continue its strong performance and growth, which reflects the solidity of its financial position, the strength of its balance sheet and the soundness of its existing strategy.

9. ATMS and Cards Department

AJIB’s customers are the most essential part of the banking process and providing them with unique and advanced services that are in line with the bank’s strategy is its top priority. With this in mind, AJIB launched a number of new products in 2022, with a focus on electronic services, channels for providing them, and bank cards, all of which contributed to strengthening the bank’s competitive position in the market and increasing its customer base.

This year, the AJIB Easy Cash service was launched for the first time in Jordan. This unique service allows cash withdrawals using direct debit cards through points of sale available at all Manaseer stations, which number more than 90 stations spread across the Kingdom.

In order for AJIB to provide banking services and to continue to meet the needs of individuals and companies, the Visa Platinum corporate credit card was launched with a distinctive design. In 2022, work was also done to develop many of the services provided through AJIB Mobile and AJIB Online. The daily limit for total financial transactions executed through AJIB Mobile and AJIB Online was raised to JD20,000, and the maximum number of financial transactions per day was abolished. Furthermore, a partial payment service for personal and housing loans for customers was launched through the AJIB Mobile app and AJIB Online.

A set of services for credit cards was also launched through electronic channels, including a bill payment service through credit cards and cash transfer services from card to account through the AJIB Mobile app and AJIB Online, which allow for cash transfers from the balance available on the credit card to a customer's current and savings accounts in the dinar currency only.

In order to continue providing customers with the most up-to-date services, the ATMs and Cards Department has updated the AJIB mobile app, which offers an advanced banking experience through an easy, flexible platform with access to exclusive banking services.

During 2022, new services were launched that are available only on the AJIB Mobile app, which include the Show PIN service that displays the customer's credit card PIN in the event that a new card is issued, or a PIN is forgotten. There is also the Transfer to Time Deposit service, which allows customers to grow their deposit account through cash transfers from the available balance in their current or savings accounts to the deposit account in various foreign currencies.

10. Retail Branches and Office Network

AJIB maintained the expansion of its ATM network and the development of its branches to best represent the bank's plans to serve the largest segment of society and to be closer to its customers, as well as to contribute to providing the best banking services and strengthening its presence. The bank's branch network reached 35 branches and offices, which is supported by a wide network of ATMs that operate using the most cutting-edge technologies.

In 2022, five new ATMs were added in several strategic locations in the Kingdom, including Marka, Dahyet Al-Rasheed and the Sahab areas. Furthermore, the bank's presence was expanded through the ATM network in the governorates, with an ATM installed in a central location that serves the governorates of Jerash and Ajloun, in addition to the installation of an ATM at Al-Durra roundabout, which is a strategic location in Irbid, bringing the number of ATMs affiliated with the bank to 75.

Also in 2022, AJIB continued to develop its existing branches, renovating and redesigning the strategic Zarqa branch with a new look. Work was also done to develop the Taj Mall branch at the beginning of 2022 in order to comply with the specifications and designs of the bank, by applying the best standards to ensure quality and the upgrade of its general appearance.

The bank's Irbid office, located on Al-Hosn Street, was also renovated and the working hours were adjusted from 10:00 am to 10:00 pm in order to cater to the largest possible segment of society, which allows it to continue meeting the growing needs of individuals and companies for its various banking products and services.

AJIB is currently working on equipping a new branch in Karak in the strategic Al-Thaniya area at the entrance to the city, which is expected to serve many of the bank's existing clients as well as attracting new customers.

11. Information Technology Department

During 2022, AJIB continued to upgrade the level of banking services provided to its clients, modernizing its infrastructure and its communication systems to the highest standards to ensure the quality and continuity of the services provided and the flow of work, even during crises.

The Information Technology Department, in particular, contributed to the digital transformation and innovation of banking services and new projects in the bank in order to improve the provision of service to customers, meet their requirements, and facilitate their efficient access to services. In terms of protection and security systems, the bank added new and multiple levels of security at its headquarters, the alternative disasters recovery site and at all branches, providing a safe environment for customers and their data and protecting banking systems against the increasing growth in cyber-attacks, in accordance with the best approved local and international standards.

The bank recently inspected the alternative disaster recovery site and the services it provides in line with the plan set forth for the continuation and sustainability of its services.

With regards to the governance of information technology, AJIB continued to implement the Information and Affiliated Technology Governance Framework (COBIT 2019), which seeks to achieve the optimum benefits from information technology at the lowest possible risk levels and with the use of the least resources. This framework includes a group of operations and practices that cover various departments at the bank by highlighting cybersecurity issues, risk management, the privacy and protection of data, compliance, control, auditing and strategic fit. Through this work, the bank attained the third level of maturity in the information and technology governance processes affiliated with COBIT 2019 with the participation of the board of directors, the executive management and all staff members. Work is currently underway to raise the level of maturity to the fourth level through a number of operations using a methodology based on managing information technology, preserving its operations, and implementing the necessary procedures to achieve the bank's strategic plans.

In order to develop information technology operations and improve their added value, IT quality assurance tasks were strengthened to ensure the application of international standards and measures for quality assurance, which had a positive effect on services and technology projects provided as well as on overall performance. The bank also continued to review and work on the latest developments and circulars issued by official authorities, including the Central Bank of Jordan, regarding security gaps and vulnerabilities announced globally to ensure the implementation of the necessary measures to protect information security.

The bank paid special attention to electronic payment channels, launching the Show PIN service that displays the customer's credit card password through the AJIB Mobile app in the event that a new card was issued or if the number was forgotten.

The bank also launched the direct transfer service SWIFT GO for Swift transfers, as well as an updated version of the mobile banking app with a new and distinctive look, which will improve user experiences and advance the quality of services offered. The bank launched a direct transfer service from credit card accounts to customer accounts through the mobile banking app, in addition to an early payment service for loans on electronic channel systems. The bank also developed a transfer service from customer account to the deposit account through the banking app, in addition to developing the clearing process on the payment system to make it instantaneous, which speeds up the clearing process between the bank and customer payments.

The bank developed a one-time verification code service that shows a customer the details of the transaction and its value. It also launched the AJIB Easy Cash service, which allows customers to withdraw cash using direct debit cards through points of sale available at all Manaseer stations, which number more than 90 spread across the Kingdom, as well as a service that allows them to pay bills through credit cards.

The bank also continued to upgrade internal systems infrastructure, linking them together in order to provide services with ease and highest quality. This was done periodically following the latest updates and upgrades on the systems to ensure the continuation of providing the highest quality services to clients.

12. Administrative Affairs, Human Resources, and Training Department

In 2022, the Administrative Affairs, Human Resources and Training Department began a gradual recovery from the effects of the coronavirus pandemic and a return to normal conditions in terms of the recovery of banking activities at the bank and the initiatives of the department.

The most notable milestone of the first half of 2022 for the department was the acquisition of the banking business of the National Bank of Kuwait in Jordan, which falls in line with the bank's expansion plan in the Jordanian market. The acquisition process was successfully completed at the end of May 2022, and was smooth for both clients and employees. The department was eager to retain and integrate employees into the new work environment through meetings on the merger process, which allowed them to engage in the new business, understand the new work methods and get acquainted with their colleagues and counterparts. Furthermore, employees transferred from the National Bank of Kuwait attended training courses that allowed them to be in sync with AJIB's banking systems.

The bank continued to advance its recruitment processes in accordance with its strategic plans for identifying and addressing any gaps between the existing workforce and future human resource needs. Priority was given to new transfers from NBK, who were placed in appropriate jobs according to their expertise, in addition to internal recruitment and according to the approved career paths for employees. The bank's approach was directed at setting policies that provide opportunities for internal career development and promotion, allowing employees to change roles in order to diversify, enhance and enrich their experiences in impartial, transparent conditions, and with equal opportunities for all. Finally, a number of openings were filled with external recruits with the necessary qualifications.

In 2022, the Training Department initiated a number of activities and training programs aimed at building and advancing the skills and abilities of employees at all functional and administrative levels, as well as enhancing their expertise in various fields. The total number of employees who took part in the activities and programs totaled about 570 participants, some of whom took part in more than one program and training activity within a variety of packages of courses, training seminars, workshops, and conferences, which totaled 55 held locally and abroad through visual communication and self-study.

The internal training programs offered all branch and customer service, sales and banking employees a chance to take part in courses geared towards the provision of exemplary service and increasing sales. A banking training program was held for new branch employees, which included combating money laundering and terrorist financing, a liquidity management program for branch manager.

In order to maintain pace with the rapid and continuous transformation of business towards digitization and electronic channels and the associated risks, which have become regulatory and legislative requirements, and to maintain employee knowledge at the highest levels for information security, e-training programs were intensified through the KnowBe4 system, which is the leading global system in e-training, particularly in the field of information cyber protection and security. More than 10 information security and protection programs were launched, and more than 1,500 employees completed these programs, which varied between compulsory programs for new employees and other specialized in certain jobs and departments. Employees also continued to participate in seminars, workshops and courses held by financial training centers, specialized agencies and regional organizations, including the Union of Arab Banks.

In the same context, work continued to further the skills of employees in accordance with the highest professional and international standards, including obtaining specialized professional certificates such as CIA, CHRA, CISI Investment Trustee, Certified Compliance Manager and CAMS from the Institute of Banking Studies, the specialized professional diploma in compliance, and the specialized professional diploma in financial analysis. Furthermore, employees participated in local training programs in credit risk management, finance, compliance and information technology, as well as attending regional and international conferences.

In 2023, the department looks forward to further developing, improving and expanding its scope of work to meet the growing needs of AJIB's human capital based on its strategic plans, including initiatives and projects that reinforce its role of advancing the work level and offering advanced systems and services, particularly in technology.

13. The Cyprus Branch

Cyprus promotes its geographical position as being a bridge between East and West, in addition to its educated English-speaking population, moderate cost of living, good air transport routes and strong communications network.

The Cypriot investment law was prepared according to the English law, which is familiar to most international financiers, and Cypriot legislation was brought in line with the EU standards in the period that preceded its accession into the EU in 2004. Restrictions on foreign direct investment were removed, allowing 100% foreign ownership in many cases, while foreign portfolio investments were liberalized in the Cyprus Stock Exchange.

In 2002, a modern, business-friendly tax system was put in place with a corporate tax rate of 12.5%, one of the lowest in the European Union. Cyprus entered into double taxation treaties with more than 40 countries, and as a member of the Eurozone, it has no exchange restrictions, and non-residents and foreign investors can freely repatriate returns from investments in Cyprus.

The GDP increased by 6.3% in the first half of 2022, compared to the same period in 2021, mainly driven by domestic demand. Booming private consumption growth has been supported by increased employment and savings accumulated during the COVID-19 pandemic, and increased investment supported by the implementation of the recovery and resilience plan. The tourism sector has also performed well, with arrivals and revenues from tourism in the third quarter of 2022 reaching nearly 80% and 90% of pre-pandemic levels, respectively, in the third quarter of the year. Exports of information and communication technology (ICT), financial services, and transportation services continued to expand in the first half of 2022.

Since its establishment more than 30 years ago on the island, Arab Jordan Investment Bank has been part of the success story of Cyprus through its two branches in the capital, Nicosia, and in Limassol, providing an entire range of banking services professionally and effectively.

14. The United Arab Jordan Company for Investment and Financial Brokerage

In 2022, the United Arab Jordanian Investment and Financial Brokerage Company continued to offer its services in the field of buying and selling local shares and bonds in an ideal and comfortable climate for its clients.

The Amman Financial Market witnessed a decrease in trading volume during 2022 compared to 2021, as the total trading volume for 2022 came to about JD1.903 billion compared to JD1.963 billion in 2021. The total number of shares traded during 2022 decreased to 1.155 billion shares compared to 1.538. billion shares in 2021. The general stock price index closed at 2501.60 points, up by 382.95 points, an increase of 18% from its level recorded for the year 2021, which was 2118.65 points.

15. Arab Jordan Investment Bank (Qatar)

The Qatari economy achieved significant economic gains by the end of 2022, as oil and gas revenues increased due to the significant rise in energy prices, which formed a surplus in the general budget and an increase in foreign reserves. The growth witnessed by the Qatari economy is also due to the successful hosting of the FIFA World Cup and its impact on the services sector and the great demand for tourism. Government spending should also be considered, in light of the requirements for completing a set of huge projects within a specific period of time.

It should be noted that state-owned Qatar Energy signed agreements with major international companies in 2022 to expand the North Field, which will increase the LNG production capacity in Qatar from 77 million tons annually to 126 million tons by 2027.

Standard & Poor's raised the credit rating of the State of Qatar from AA- to AA with a stable outlook. It also expected that Qatar will achieve large budget surpluses and reduce debt servicing costs in a sustainable manner, thanks to the government's successful strategy of paying off debts that are due to maturity. This positive rating is supported by the combined positive impact of increased production capacity of LNG facilities, strong growth in the non-oil sector, continued economic diversification within the framework of the Qatar National Vision 2030, the strong net asset position and the proven resilience of the country's policy.

This upgrade by Standard & Poor's came in conjunction with Moody's amending its outlook for Qatar from stable to positive, making Qatar one of the highest rated countries in the GCC region.

AJIB Qatar continued to achieve its strategic goals and grow its business and was able to achieve an increase in the volume of revenues and profits. The bank seized the best opportunities to achieve gains and diversify investments and financing portfolios to distribute risks, which strengthened the bank's position in the Qatar Financial Center, as well as in the Qatari and regional markets.

Since its inception, the bank has maintained stable and continuous growth and achieved the best returns for shareholders, and the best services for customers, thanks to the efforts and dedication of the bank's employees and the support of the Chairman and members of the Board of Directors.

16. Jordan International Bank (JIB) - London

Jordan International Bank (JIB) - London is an affiliate company of AJIB, which owns 25% of JIB's capital.

The bank's total operating profit before tax was £4.4m in 2022, compared to £2.7m in 2021. The bank's balance sheet grew steadily year on year, registering £429m by the end of 2022, compared to £384m. pounds by the end of 2021.

17. Al-Kawthar for Financial Leasing

Al-Kawthar for Financial Leasing is a private shareholding company established by AJIB in 2022 with a capital of JD8 million to meet the non-traditional financing needs and requirements of corporate and individual customers and supporting the continuous development of their businesses.

The establishment of this company stemmed from the bank's vision to be a leader in providing banking services and remaining up to date with innovation and development in the banking sector, as well as providing the best financing solutions and products that compatible with the provisions of Islamic Sharia. The company has a highly qualified team, perfectly equipped to offer customers the best options and modern financing alternatives to meet their unique needs. The company works to finance all assets, ranging from production lines, trucks and buses to various types of machinery, devices, medical and laboratory equipment, and cars, in addition to financing housing projects and ready-made housing units.

2023 Business Objectives

2023 Business Objectives

- Expand and diversify the retail banking client base by welcoming in new segments and sectors while continuing to upgrade the already outstanding level of banking services provided to them in a manner that ensures the provision of a unique experience based on excellence in services and products that are compatible with their growing needs in order to maintain their confidence.

- Continue to focus on the VIP and Prestige customers through our specialized and highly qualified team, which caters to the needs of the sector with the most up-to-date services, expert advice as well as the guidance necessary to grow their wealth.

- Continue our vital developmental role in the corporate banking services sector, and work to maintain the economic and financial objectives of our clients, in addition to providing financial advice and guidance according to the market requirements and conditions, ultimately reinforcing client experiences by providing an integrated package of banking products and services.

- Increase our corporate client base, particularly in vital sectors such as industry, trade, energy, and transport. We will also work to identify new and promising segments in accordance with the bank's prudent policy that ensures a balance between the quality of credit facilities offered and the ratio of weighted risks.

- Continue to be a pioneer in electronic banking systems and the latest financial technologies (Fintech), strengthening client experiences by facilitating their work and ensuring the highest levels of security by implementing a package of projects and programs based on the bank's digital transformation strategy.

- Achieve the highest levels of operational efficiency by focusing on expanding the client base in the field of commercial and demand deposits, which is deemed to be less costly and supports the bank's performance indicators.

- Expand the bank's branch and ATM network in select locations to guarantee convenience and around-the-clock accessibility for clients. Furthermore, the bank will continue to evaluate its expansion outside of Jordan.

- Advance our human resources and reinforce their development by introducing them of the latest services and technologies and equipping them with advanced skills through our specialized training programs. This, in turn, will guarantee that the bank maintains the highest standards and will reflect positively on clients.

Summary of Key Financial Indicators

Summary of Key Financial Indicators for AJIB

(JD Million)

Statement/Year	2022	2021	2020	2019
Total Assets	2414.4	2300.9	2200.2	2132.1
Net Credit Facilities	814.1	863.9	833.0	815.5
Financial Assets at Amortized Cost	769.0	734.7	687.6	711.6
Customer Deposits and Cash Margins	1383.0	1238.5	1215.9	1132.6
Total Equity	233.2	228.9	224.6	215.9
Total Income	68.8	62.0	63.4	58.2
Net Profit Before Tax	30.4	28.5	17.0	23.7
Net Profit After Tax	19.5	18.2	11.5	16.2
Net Shareholder Profit after Tax	18.1	17.1	10.8	14.9
Market Value	190.5	211.5	178.5	196.5
Share Price by End of Year (JD)	1.27	1.41	1.19	1.31
Earnings per Share (JD)	0.120	0.114	0.072	0.099
Proposed Dividend Distribution (JD)	0.10	0.10	0.10	0.00

Strength and Durability of the Financial Position

- Steady growth in the volume of operations, where the total assets reached JD2.4 billion by the end of 2022, with a growth rate of 4.9% compared to 2021, while maintaining acceptable levels of risk.
- Steady growth of profits compared to previous years.

The capital base is strong enough to meet the normal and calculated credit risks of the Bank.

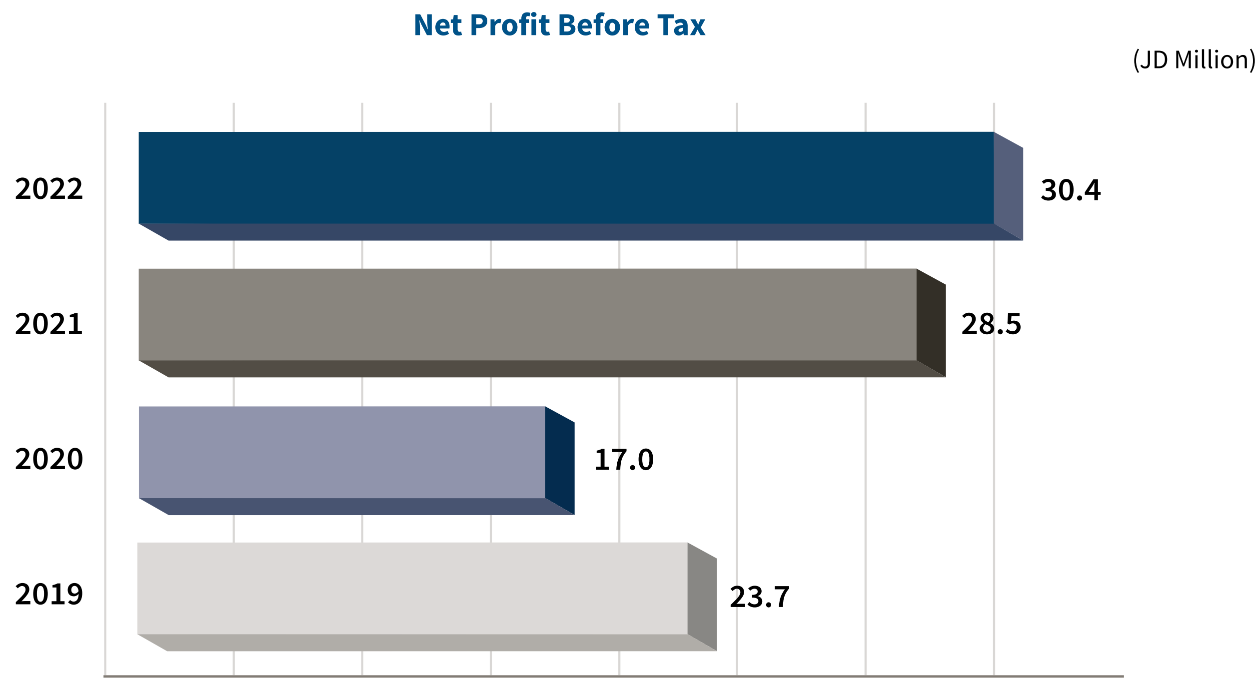
(JD Million)

	2022	2021	Change %
Net Credit Portfolio	814.1	863.9	(5.8%)
Securities Portfolio	820.7	778.4	5.4%
Total Assets	2414.4	2300.9	4.9%
Customer Deposits and Cash Margin	1,383.0	1,238.5	11.7%
Banks and Financial Institutions Deposits	452.5	559.8	(19.2%)
Total Equity	233.2	228.9	1.9%

	2022	2021	2020	2019
	Basel III	Basel III	Basel III	Basel III
Capital Adequacy Ratio	17.80%	17.43%	15.80%	16.50%

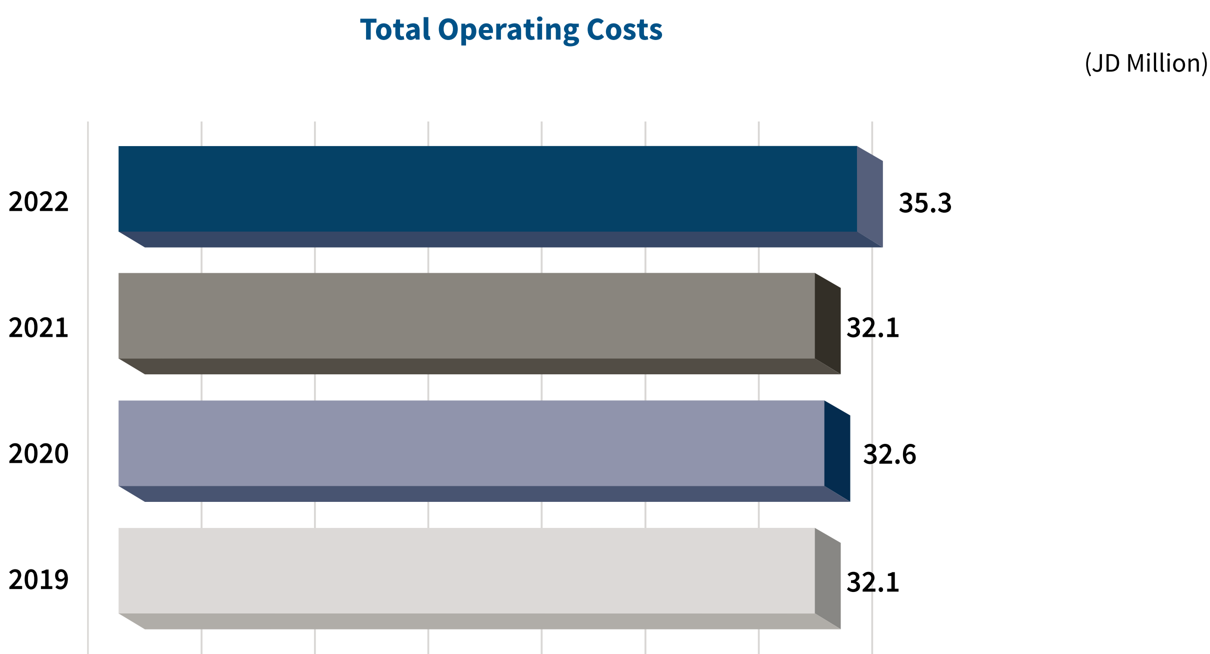
Net Profit before Tax

In 2022, the Bank achieved net profits before tax of JD30.4 million. These profits came in line with the economic conditions experienced in 2022 in the markets where the Bank is operating.



Total Operating Costs

Operating costs, especially those that can be controlled, were in proportion to the flow of profits. The Bank maintained a balanced level of operating costs in previous years. The index of operational costs improved during 2022 by 0.5%, compared to 2021, reaching 51.3%.

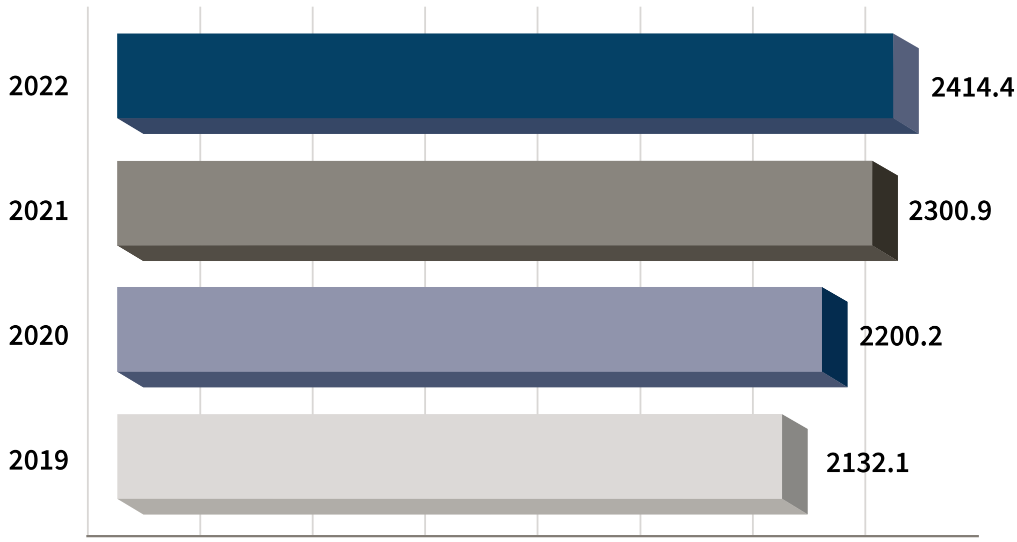


Steady and Balanced Growth in the Financial Position

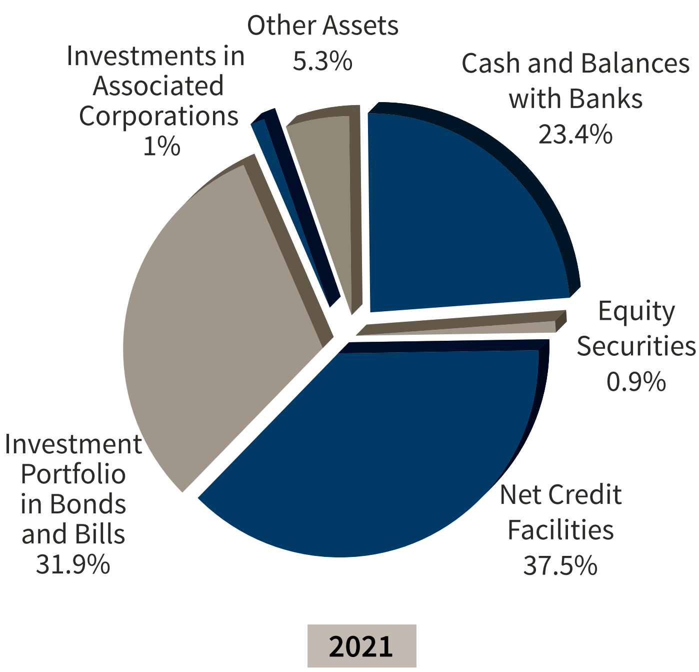
Assets saw a remarkable growth in 2022 by 4.9% to reach JD2.4 billion, compared to JD2.3 billion in 2021. This growth came through diversifying the sources and investments of funds in a manner that achieves a rewarding return for our business partners from among shareholders, customers, and employees, and within well-studied and acceptable risk levels in light of the economic and political challenges in the region.

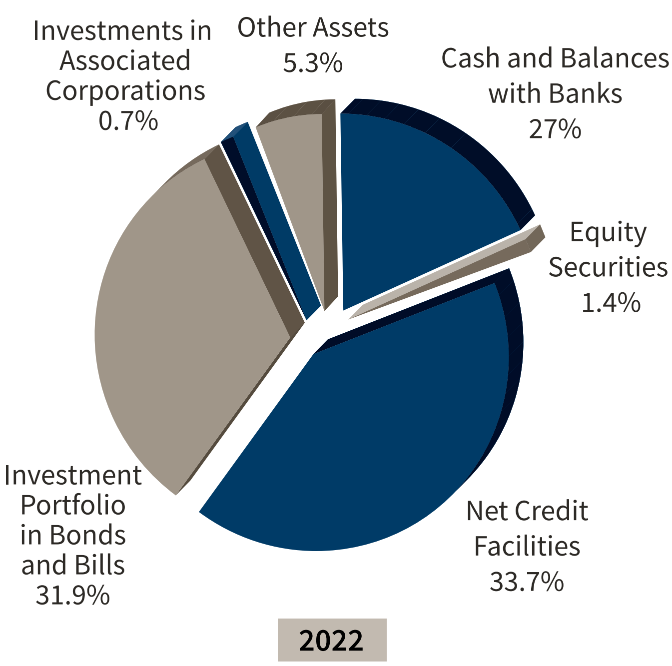
Total Assets

(JD Million)



Balanced Composition of Assets Reflects Strong and Solid Financial Position

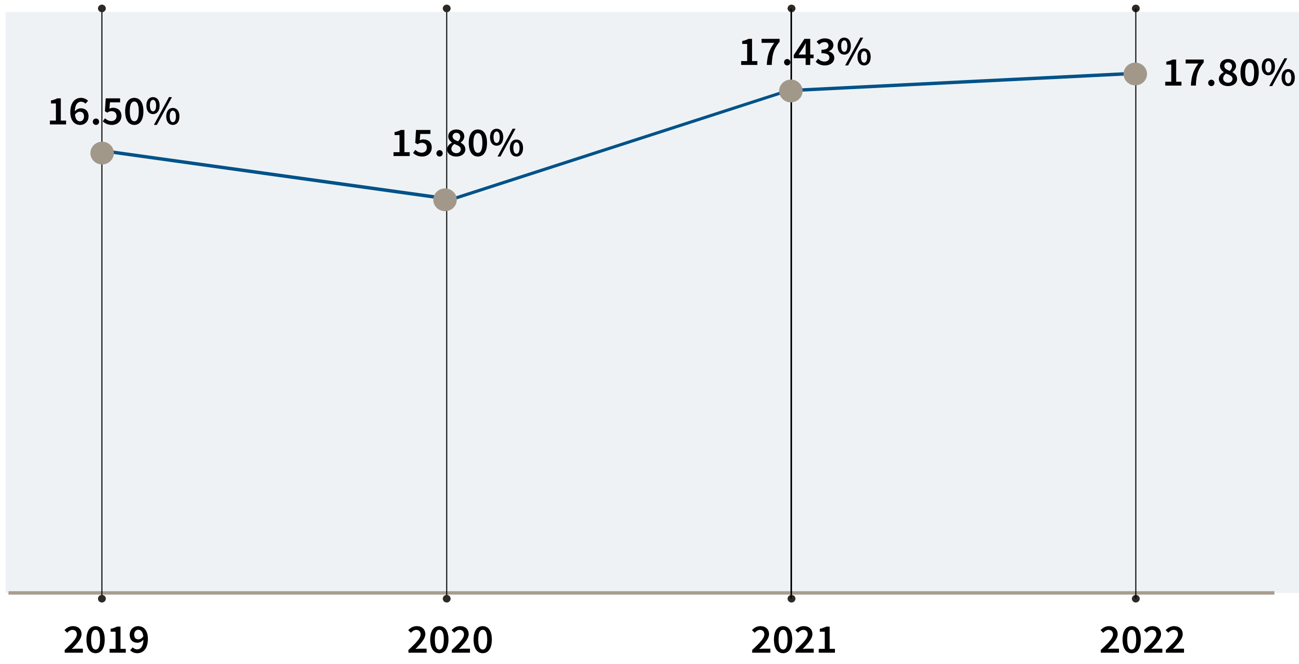




Capital Adequacy Ratio

The Bank's capital adequacy ratio exceeded, by a large margin, the minimum 8% required by the Basel Committee standards, as well as the minimum 12% requirement of the Central Bank of Jordan, to reach 17.80% in 2022, according to the requirements of Basel III.

Capital Adequacy Ratio

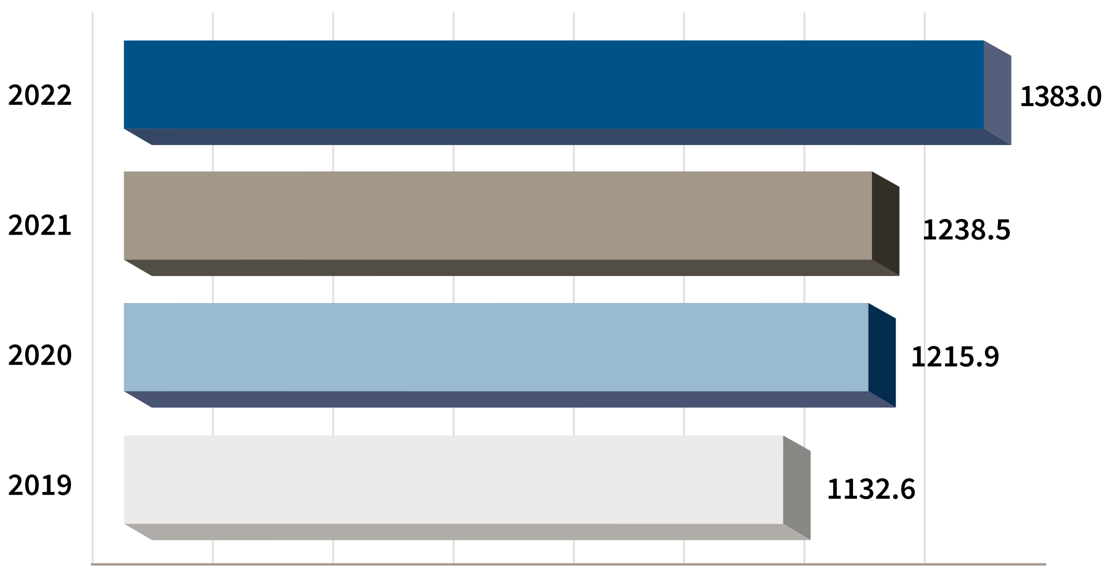


Growth of Customer Deposits and Cash Margins

Despite the major competition among the banks in the local market to attract customer deposits due to the rise in interest rates during 2022, AJIB maintained competitive interest rates in the market.

Capital Adequacy Ratio

(JD Million)



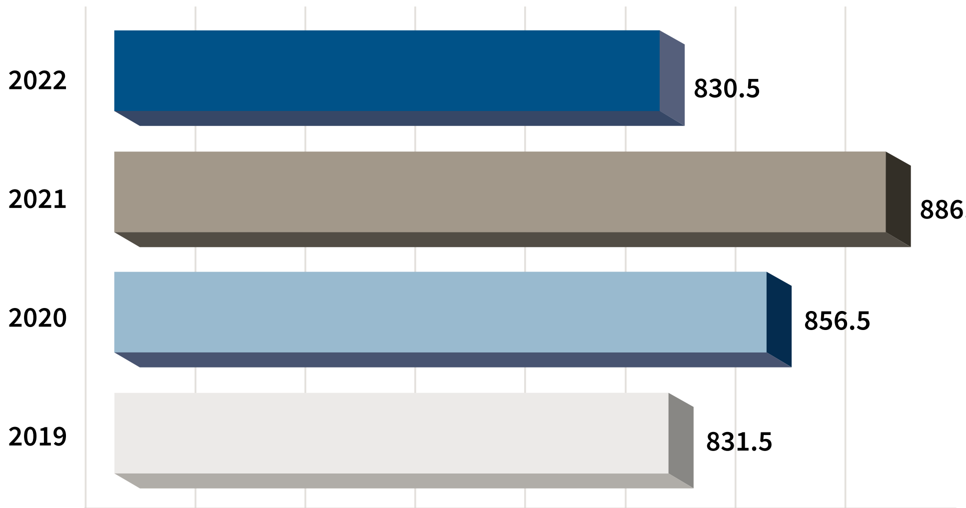
Total Credit Facilities Portfolio

The Bank continued in 2022 to focus its efforts on improving the quality of the credit portfolio by following two strategic pillars: implementing a prudent and selective credit policy in granting facilities under difficult economic conditions, in addition to continuing efforts to address and collect non-performing debts in a manner that improves their quality. As a result of these efforts, the balance of the total credit facilities portfolio reached JD830.5 million in 2022, compared to JD886.1 million in 2021. The non-performing debt ratio in 2022 reached 1.04% of the balance of direct credit facilities after deducting suspended interests, compared to 1.18% in 2021, which is one of the lowest ratios in the banking sector.

The coverage ratio of provisions for non-performing debts (after excluding suspended interests) reached 36% in 2022.

Total Credit Facilities

(JD Million)

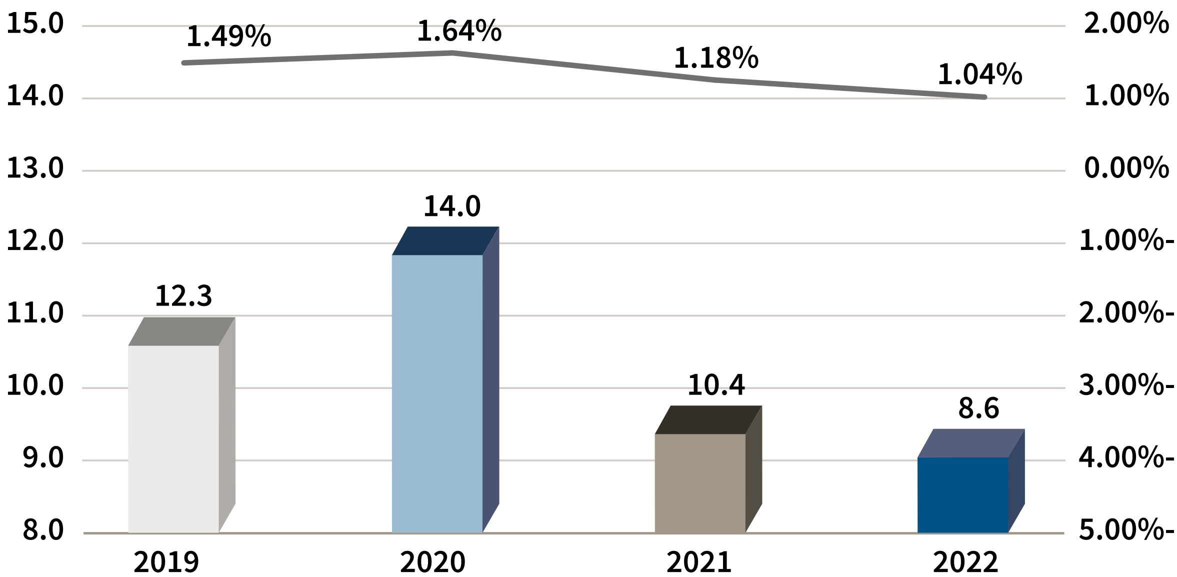


Non-Performing Credit Facilities

The efforts exerted in addressing and collecting non-performing debts during 2022 led to a decline in net non-performing credit facilities during 2022 by JD1.8 million, with a decline rate of 17.2%. The ratio of the net non-performing debts to total credit facilities in 2022 reached 1.04%, which is considered among the lowest ratios in the Jordanian banking sector.

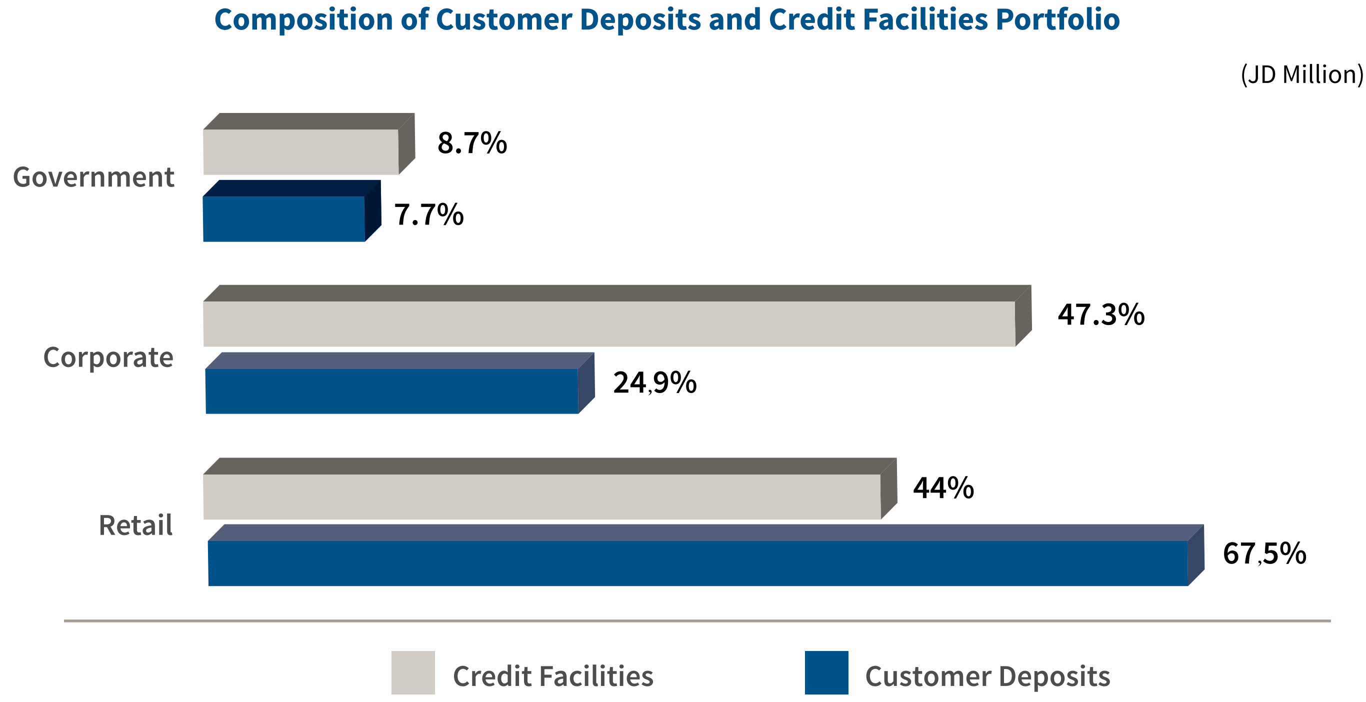
Net Non-Performing Facilities and their Ratio to the Facilities Portfolio

(JD Million)



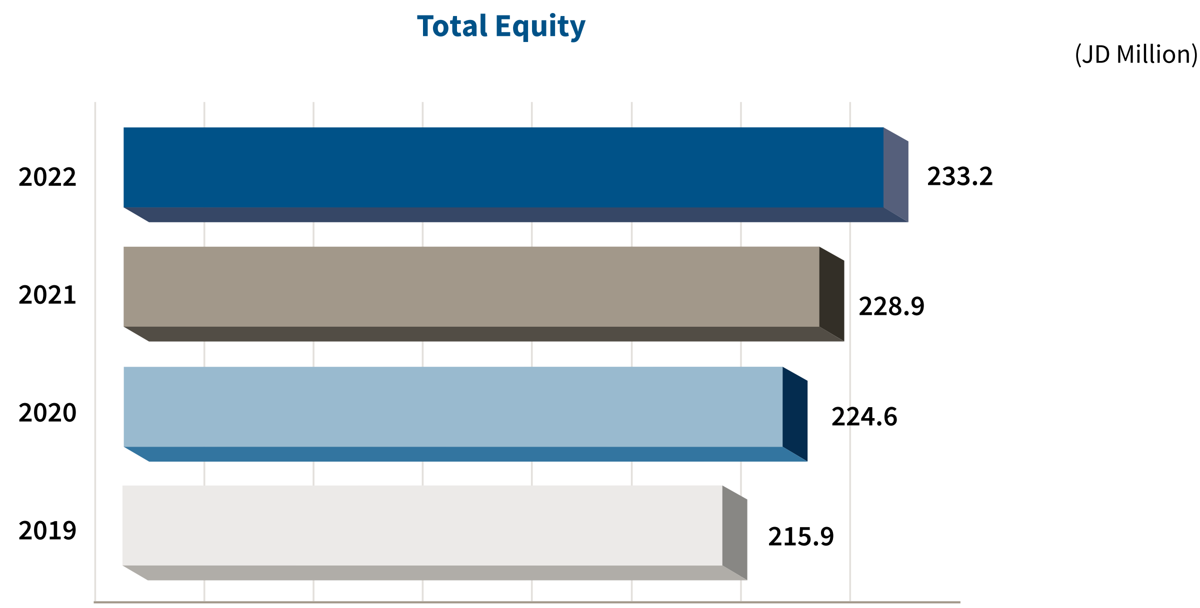
Composition of Customer Deposits and Credit Facilities Portfolio

Retail deposits are considered stable deposits in the banking sector in general, whereby it constituted 67.5% of customer deposits as at the end of 2022, compared to 44% of loans and facilities for the same sector. Loans extended to individuals are considered of lower risk than cooperate loans.



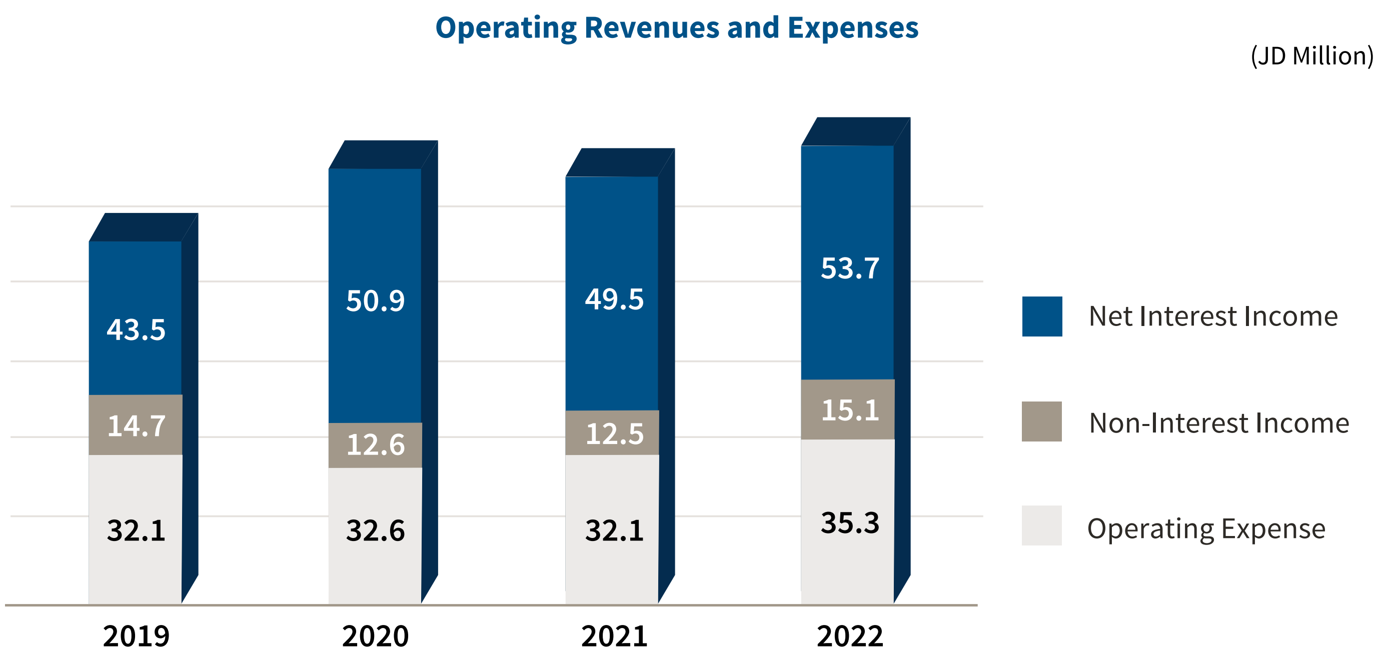
Total Equity

The Bank maintained its capital base in a way that places it in the ranks of banks with a solid capital and a strong financial position to reach JD233.2 million in 2022.



Net Revenues and Operational Expenses

The Bank maintained an acceptable level compared to the banking system. The operational efficiency index during the period reached 51.3% at the end of 2022.



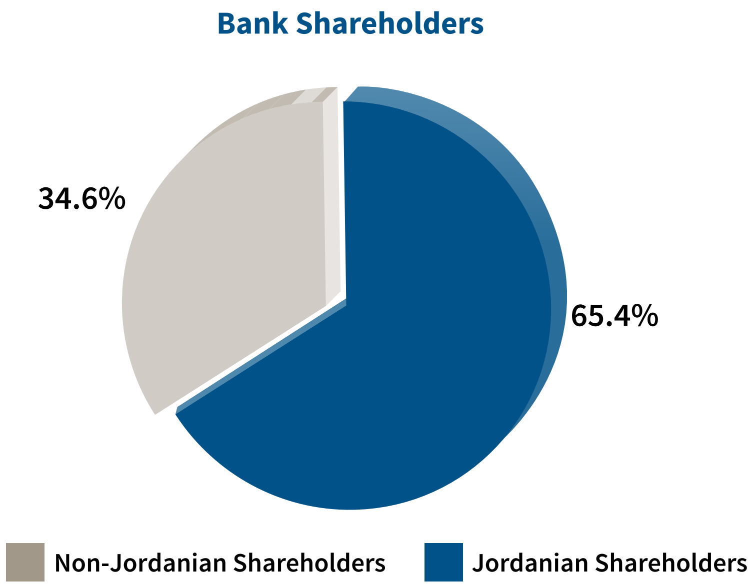
Financial Highlights

Statement / Year	2021	2021	2020	2019
Return on Average Assets (ROaA) Before Tax	1.3%	1.3%	0.8%	1.1%
Return on Average Assets (ROaA) After Tax	0.8%	0.8%	0.5%	0.8%
Return on Average Equity (ROaE) Before Tax	13.2%	12.6%	7.7%	11.0%
Return on Average Equity (ROaE) After Tax	8.4%	8.0%	5.2%	7.5%
Non-Performing Loans / Credit Facilities Portfolio	1.0%	1.2%	1.6%	1.5%
Net Credit Facilities / Customer Deposits	61.0%	72.2%	70.9%	74.7%
Net Credit Facilities / Total Assets	33.7%	37.5%	37.9%	38.2%
Cash and Balances with Banks / Total Assets	27.0%	23.4%	23.8%	20.9%
Total Equity / Total Assets	9.7%	9.9%	10.2%	10.1%

Number of Bank Employees

At the end of 2022, the number of AJIB employees reached 800 employees, compared to 778 employees at the end of 2021.

Bank Shareholders



Independent Auditor’s Report

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Arab Jordan Investment Bank
Amman – Jordan

Report on the Audit of the consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Arab Jordan Investment Bank "the Bank" and its subsidiaries "the Group", which comprise of the consolidated statement of financial position as at 31 December 2022, the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter provided in that context.

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.

<table>
<tr><th colspan="2">Inadequate allowances (ECL) for credit facilities
Refer to the note 10 on the consolidated financial statements</th></tr>
<tr><td>Key Audit matter
This is considered as a key audit matter as the Group exercises significant judgement to determine when and how much to record as expected credit losses.

The provision for credit facilities is recognized based on the Group’s provisioning and impairment policy which complies with the requirements of IFRS 9.

Credit facilities form a major portion of the Group’s assets, there is a risk that inappropriate expected credit losses provisions are booked, whether from the use of inaccurate underlying data, or the use of unreasonable assumptions. Due to the significance of the judgments used in classifying credit facilities into various stages stipulated in IFRS 9 and determining related provision requirements, this audit area is considered a key audit risk.

As at 31 December 2022, the Group’s gross credit facilities amounted to JD 830,450,395 and the related expected credit losses provisions amounted to JD 13,820,415. The expected credit losses provision policy is presented in the accounting policies in note (2) to the consolidated financial statements.</td>
<td>How the key audit matter was addressed in the audit

Our audit procedures included the following:
• We gained an understanding of the Group’s key credit processes comprising granting and booking and tested the operating effectiveness of key controls over these processes.
• We read the Group’s impairment provisioning policy and compared it with the requirements of the International Financial Reporting Standards as well as relevant regulatory guidelines and pronouncements.
• We assessed the Group’s expected credit loss model, in particular focusing on its alignment of the expected credit loss model and its underlying methodology with the requirements of IFRS 9.
• We tested a sample of exposures, assessed on an individual basis and performed procedures to evaluate the following:
- Appropriateness of the group’s staging.
- Appropriateness of determining Exposure at Default, including the consideration of repayments in the cash flows and the resultant arithmetical calculations
- Appropriateness of the PD, EAD and LGD for different exposures at different stages.
- Appropriateness of the internal rating and the objectivity, competence and independence of the experts involved in this exercise.
- Soundness and mathematical integrity of the ECL Model.
- For exposures moved between stages we have checked the appropriateness of the Group’s determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages. We also checked the timely identification of exposures with a significant deterioration in credit quality.

• For exposures determined to be individually impaired we re-preformed the ECL calculation we also obtained an understanding of the latest developments in the counterparty’s situation of the latest developments in estimate of future cash flows, current financial position any rescheduling or restructuring agreements.
• For forward looking assumptions used by the Group in its Expected Credit Loss (“ECL”) calculations, we held discussions with management and corroborated the assumptions using publicly available information.
• We assessed the financial statements disclosures to ensure compliance with IFRS 9. Refer to the accounting policies, critical accounting estimates and judgments, disclosures of credit facilities and on ECL in notes (2), (4), (10) and (44) to the consolidated financial statements.</td></tr>
</table>

Other information included in the Group's 2022 annual report.

Other information consists of the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. We expect to obtain the Group's annual report subsequent to our auditor's report date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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 company'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 company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company'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 exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with 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 company'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 company 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 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 performance 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 Company maintains proper books of accounts which are in agreement with the financial statements. The partner in charge of the audit resulting in this auditor's report was Waddah Barkawi; license number 591.

Amman – Jordan
1 February 2023

Ernst + Young

Consolidated
Financial Statements

ARAB JORDAN INVESTMENT BANK (A PUBLIC SHAREHOLDING LIMITED COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

Assets	Notes	2022	2021
		JD	JD
Cash and balances at Central Bank of Jordan	5	341,688,653	276,823,156
Balances at banks and financial institutions- net	6	303,959,667	261,592,947
Deposits at banks and financial institutions- net	7	5,809,910	-
Financial assets at fair value through profit or loss	8	663,897	1,606,418
Financial assets at fair value through other comprehensive income	9	33,009,788	19,954,887
Direct credit facilities - net	10	814,141,864	863,908,139
Financial assets at amortized cost - net	11	769,041,525	734,689,621
Investment in associate company	12	17,950,200	22,169,467
Property and equipment – net	13	74,107,186	69,917,330
Intangible assets - net	14	1,475,026	1,743,276
Right of use assets	42	2,724,869	2,411,923
Deferred tax assets	21-D	3,319,903	3,325,878
Other assets	15	46,544,450	42,778,428
Total Assets		2,414,436,938	2,300,921,470
Liabilities and Equity			
Liabilities:			
Banks and financial institutions' deposits	16	452,475,145	559,785,163
Customers' deposits	17	1,334,561,881	1,197,224,371
Borrowed money from the Central Bank of Jordan	18	286,415,742	219,557,148
Cash margins	19	48,439,510	41,274,361
Sundry provisions	20	924,050	796,252
Income tax provision	21-A	9,380,725	8,649,454
Lease liabilities	42	2,451,070	2,173,412
Other liabilities	22	46,562,437	42,559,195
Total Liabilities		2,181,210,560	2,072,019,356
Equity:			
Equity attributable to Bank's shareholders			
Paid-in capital	23	150,000,000	150,000,000
Statutory reserve	24	39,903,516	37,231,966
Foreign currency translation adjustments	25	(4,171,605)	(2,384,872)
Fair value reserve – net	26	2,133,996	(973,193)
Retained earnings	27	26,177,753	26,204,376
Total Equity attributable to the Bank's shareholders		214,043,660	210,078,277
Non – controlling interest	29	19,182,718	18,823,837
Total Equity		233,226,378	228,902,114
Total Liabilities and shareholders' Equity		2,414,436,938	2,300,921,470

The accompanying notes from (1) to (54) constitute an integral part of these consolidated financial statements and should be read with them.

ARAB JORDAN INVESTMENT BANK (A PUBLIC SHAREHOLDING LIMITED COMPANY)

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022	2021
		JD	JD
Interest income	30	99,884,613	86,519,964
Interest expense	31	(46,169,581)	(36,982,554)
Net interest income		53,715,032	49,537,410
Net commission income	32	7,031,639	6,700,432
Net interest and commissions income		60,746,671	56,237,842
Foreign currencies income	33	4,192,561	3,204,662
(Losses) Gain from financial assets at fair value through profit or Loss	34	(338,281)	251,162
Cash dividends from financial assets at fair value through other comprehensive income	35	446,372	227,551
Other income	37	3,055,182	1,672,742
Gross income		68,102,505	61,593,959
Employees expenses	38	17,134,106	15,383,023
Depreciation and amortization	13,14,42	4,540,134	4,336,096
Other expenses	39	13,601,504	12,389,981
Provision for Expected credit loss	36	2,532,269	1,185,324
Sundry provisions	15,20	606,479	187,445
Total expenses		38,414,492	33,481,869
Bank’s share in the income of associate company	12	709,931	394,592
Profit for the year before income tax		30,397,944	28,506,682
Income tax expense	21-B	(10,916,322)	(10,343,466)
Profit for the year		19,481,622	18,163,216
Attributable to:			
Bank’s shareholders		18,059,241	17,090,334
Non - controlling interest		1,422,381	1,072,882
		19,481,622	18,163,216
		JD / Fils	JD / Fils
Basic and diluted earnings per share from profit for the year (bank’s shareholder)	40	0,12	0,114

The accompanying notes from (1) to (54) constitute an integral part of these consolidated financial statements and should be read with them.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022	2021
		JD	JD
Profit for the year		19,481,622	18,163,216
Comprehensive income items:			
Other comprehensive income items which will be reclassified to profit or loss in future periods:			
Foreign Currency translation adjustments - Associate Company	25	(2,289,741)	(232,479)
Other comprehensive income items which will not be reclassified to profit or loss in future periods:			
Cumulative change in fair value of financial assets through comprehensive income - net after tax	26	3,237,360	2,106,684
Others		(41,477)	-
Total other comprehensive income items for the year after tax		906,142	1,874,205
Total comprehensive income for the year		20,387,764	20,037,421
Total comprehensive income attributable to:			
Bank's shareholders		18,965,383	18,964,539
Non - controlling interest		1,422,381	1,072,882
		20,387,764	20,037,421

The accompanying notes from (1) to (54) constitute an integral part of these consolidated financial statements and should be read with them.

ARAB JORDAN INVESTMENT BANK (A PUBLIC SHAREHOLDING LIMITED COMPANY)

CONSOLIDATED STATEMNET OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

For the year ended 31 December 2022	Paid-in Capital	Statutory Reserve	Foreign Currency Translation	Fair Value Reserve - Net	Retained Earnings**	Total Equity attributable to the Bank's	Non - Controlling Interest	Total Equity
	JD	JD	JD	JD	JD	JD	JD	JD
Balance - beginning of the year	150,000,000	37,231,966	(2,384,872)	(973,193)	26,204,376	210,078,277	18,823,837	228,902,114
Total comprehensive income for the year	-	-	(1,786,733)	3,237,360	17,514,756	18,965,383	1,422,381	20,387,764
Transferred to reserves	-	2,671,550	-	-	(2,671,550)	-	-	-
Accumulated changes in affiliates	-	-	-	(130,171)	130,171	-	-	-
Dividend distributed to shareholders*	-	-	-	-	(15,000,000)	(15,000,000)	-	(15,000,000)
Change in non-controlling interest	-	-	-	-	-	-	(1,063,500)	(1,063,500)
Balance at the end of the year	150,000,000	39,903,516	(4,171,605)	2,133,996	26,177,753	214,043,660	19,182,718	233,226,378
For the year ended 31 December 2021								
Balance - beginning of the year	150,000,000	34,697,058	(2,152,393)	(3,079,877)	26,648,950	206,113,738	18,459,955	224,573,693
Total comprehensive income for the year	-	-	(232,479)	2,106,684	17,090,334	18,964,539	1,072,882	20,037,421
Transferred to reserves	-	2,534,908	-	-	(2,534,908)	-	-	-
Dividend distributed to shareholders	-	-	-	-	(15,000,000)	(15,000,000)	-	(15,000,000)
Change in non-controlling interest	-	-	-	-	-	-	(709,000)	(709,000)
Balance at the end of the year	150,000,000	37,231,966	(2,384,872)	(973,193)	26,204,376	210,078,277	18,823,837	228,902,114

In accordance to the instructions of the regulatory authorities

* According to the resolution of the bank's General Assembly meeting held on 7 April 2022 it was approved to distribute 10% of the Bank's capital as cash dividends to the shareholders which is equivalent to JD 15 million,

** An amount of JD 3,319,903 of retained earnings is restricted (including capitalization or distribution or amortization of losses or for any other purposes unless actually realized) which equals to the negative balance of fair value reserve,

The accompanying notes from (1) to (54) constitute an integral part of these consolidated financial statements and should be read with them.

ARAB JORDAN INVESTMENT BANK (A PUBLIC SHAREHOLDING LIMITED COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022	2021
		JD	JD
Operating activities			
Profit before income tax	53	30,397,944	28,506,682
Adjustments for:			
Gain From the acquisition of National Bank of Kuwait Jordan branch		(1,850,000)	-
Depreciation and amortization	13,14	4,540,134	4,336,096
Provision for expected credit loss	36	2,532,269	1,185,324
Unrealized Losses (Gain) on financial assets at fair value through profit or loss	34	298,365	(112,975)
Cash dividends from financial assets at fair value through other comprehensive income	35	(446,372)	(227,551)
Provision for assets seized by the bank	15	400,000	-
Provision for end of service indemnity	20	77,479	47,368
Other sundry provisions	20	129,000	140,077
(gain) Loss from sale of property and equipment	37	(12,374)	(1,525)
Lease Liabilities / Finance Cost	42	109,366	104,162
Loss from the sale of seized by the bank	37	9,680	111,033
Effect of exchange rate fluctuations on cash and cash equivalents	33	(56,025)	(64,498)
Bank's share in the income of associate company	12	(709,931)	(394,592)
Cash profit before changes in assets and liabilities		35,419,535	33,629,601
Changes in assets and liabilities:			
Deposits with banks and other financial institutions (maturing over 3 months)		(5,822,560)	14,240,395
Financial assets at fair value through profit or loss		644,156	(247,405)
Direct credit facilities		57,901,248	(31,959,963)
Other assets		(1,956,534)	(5,974,156)
Banks and financial institutions deposits (maturing over 3 months)		(52,021,000)	(2,127,000)
Customers' deposits		80,903,781	22,504,297
Cash margins		5,453,676	111,339
Other liabilities		3,263,884	13,791,166
Net change in assets and liabilities		88,366,651	10,338,673
Net cash flows from operating activities before taxes and sundry provisions paid		123,786,186	43,968,274
Sundry provisions paid	20	(78,681)	(93,754)
Income tax paid	21-A	(10,179,076)	(9,094,563)
Net cash flows from operating activities		113,528,429	34,779,957
Investing activities:			
Cash dividends from associate company		2,639,457	-
Financial assets at amortized cost – net		39,409,599	(47,126,603)
Sale of financial assets at fair value through other comprehensive income		(9,358,585)	(649,989)
Cash dividends on financial assets at fair value through other comprehensive income	35	446,372	227,551
Acquisition of a subsidiary, net of cash acquired		(30,523,029)	-
Purchase of property and equipment	13	(2,431,352)	(1,549,378)
Proceeds from sale of property and equipment and intangible assets		60,696	177,793
Purchase of intangible assets	14	(486,435)	(455,581)
Net cash flows used in investing activities		(243,277)	(49,376,207)
Financing activities:			
Borrowed money from the Central Bank of Jordan		66,183,846	98,927,516
Change in non–controlling interest		(1,063,500)	(709,000)
Dividends paid to shareholders		(14,993,910)	(15,034,545)
Paid lease obligations	42	(959,028)	(869,966)
Net cash flows from financing activities		49,167,408	82,314,005
Net increase in cash and cash equivalents		162,452,560	67,717,755
Effect of exchange rate fluctuations on cash and cash equivalents		56,025	64,498
Cash and cash equivalent - beginning of the year		52,749,589	(15,032,664)
Cash and cash equivalent - end of the year	41	215,258,174	52,749,589

The accompanying notes from (1) to (54) constitute an integral part of these consolidated financial statements and should be read with them.

Notes on the Consolidated Financial Statements

31 December 2022

1. General

The Arab Jordan Investment Bank is a public shareholding limited company with headquarters in Amman – Hashemite Kingdom of Jordan, On February 2nd, 1978 it was registered according to the Companies Law and related subsequent amendments the last of which was amendment No, (22) for the year 1997, Moreover the Bank's authorized and paid-up capital was increased gradually the last of which was during the year 2014 to become JD 150 million at face value of JD 1 each.

The Bank is engaged in commercial banking activities through its (36) branches and offices in Jordan and (1) branch in Cyprus and its subsidiaries in Qatar and Jordan (Arab Jordan Investment Bank - (Qatar) LLC and the United Arab Jordan Company for Investment and Financial Brokerage and Al- Kawthar for Financial Leasing).

The Bank's shares are listed and traded in the Amman Stock Exchange.

The consolidated financial statements have been approved by the Board of Directors in its meeting held on 26 January 2023.

2. Significant Accounting Policies

Basis of Preparation of the Consolidated Financial Statements

The accompanying consolidated financial statements for the Bank and its subsidiaries have been prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Arab Jordan Investment Bank Group adheres to the local regulations and instructions of the Central Bank of Jordan, as well as to the prevailing regulations in the countries where the Group operates.

The consolidated financial statements are prepared on the historical cost basis except for financial assets at fair value through profit and loss and financial assets at fair value through other comprehensive income and financial derivatives which have been measured at fair value at the date of the consolidated financial statements. Moreover fair value hedged assets and liabilities are stated at fair value.

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

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries were the Bank holds control over the subsidiaries. The control exists when the Bank controls the subsidiaries significant and relevant activities and is exposed. or has rights. to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. All transactions balances. income and expenses between the Bank and subsidiaries are eliminated. The following subsidiaries were consolidated in the Group's financial statements:

Company's Name	Ownership Percentage	Paid-up capital	Head Quarter	Date of ownership	Company's Objectives
United Arab Jordan Company for Investment and Financial Brokerage	100%	2,500,000	Amman-Jordan	5 February 2002	Financial Brokerage
Al Kawthar for Finance Leasing	100%	4,000,000	Amman-Jordan	8 February 2022	Financial Leasing
Arab Jordan Invest Bank / Qatar	50% + two shares	35,450,000	Doha - Qatar	5 December 2005	Bank activity

The following are the most significant financial information for the subsidiary companies:

	United Arab Jordan Company for Investment and Financial Brokerage		Al Kawthar for Finance Leasing Company		Arab Jordan Investment Bank- Qatar	
	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD
Total assets	2,687,798	3,251,001	4,026,818	-	179,933,440	136,890,036
Total liabilities	257,192	332,252	80	-	141,568,004	99,242,363
Equity	2,430,606	2,918,749	4,026,738	-	38,365,436	37,647,673

	For the year ending 31 December		For the year ending 31 December		For the year ending 31 December	
	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD
Total revenue	265,854	463,287	149,434	-	7,175,655	4,976,187
Total expenses	529,914	214,307	122,696	-	4,330,893	2,830,424

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

The Results of operations of subsidiaries are included in the consolidated statement of income effective from the acquisition date. which is the date of transfer of control over the subsidiary to the Group. The results of operations of subsidiaries disposed are included in the consolidated statement of income up to the effective date of disposal. which is the date of loss of control over the subsidiary.

Non-controlling interest represents the portion that is not owned by the Bank in the owner's equity in the subsidiary companies.

Significant Accounting Policies

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group 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.

When the Group acquires a business, it assesses 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. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with changes in fair value recognised in the consolidated statement of comprehensive income.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Recognition of Interest Income

The effective interest rate method

In accordance with IFRS 9, interest income is recognized using the effective interest rate method for all financial instruments at amortized cost and financial instruments at fair value through the income statement or through other comprehensive income. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial instrument, or, shorter period, to the net carrying amount of the financial asset.

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

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

Interest and similar income and expense

For all financial instruments measured at amortized cost, financial instruments designated at FVOCI and FVTPL, interest income or expense is recorded using the EIR. The calculation takes into account all of the contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

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

The Bank also holds investments in assets of countries with negative interest rates. The Bank discloses interest paid on these assets as interest expense.

Fee and commission income

Fee income can be divided into the following two categories:

A. Fee income earned from services that are provided over a certain period of time

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

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

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

Financial guarantees, letters of credit and undrawn loan commitments

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

Financial guarantees are initially recognized in the consolidated financial statements (within other liabilities) at fair value, being the premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially.

recognized less cumulative amortization recognized in the consolidated statement of income and an ECL provision.

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

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

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

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

Segmental Information

Business sector represents a group of assets and operations that jointly provide products or services subject to risks and returns different from those of other business segments. which were measured according to the reports used by the General Manager and the Bank's decision maker.

Geographical sector relates to providing products or services in an economic environment subject to specific risks and returns different from those operating in other sectors of other economic environments.

Direct Credit Facilities

Direct credit facilities are financial assets with fixed or determinable payments which are provided basically by the Bank or have been acquired and has no market price in the active markets. which are measured at amortized cost.

A provision for the impairment in direct credit facilities is recognized through the calculation of the expected credit loss in accordance with International Financial Reporting Standard 9.

Interest and commission earned on non-performing granted credit facilities are suspended in accordance with the instructions of the Central Bank of Jordan and in accordance with the instructions of the regulatory authorities whichever is more conservative in countries where the bank has its branches or subsidiaries.

When direct credit facilities are uncollectible they are written off against the provision account. any surplus in the provision is reversed through the consolidated statement of income. and subsequent recoveries of amounts previously written off are credited to revenue.

Fair Value

Fair value represents the closing market price (Assets Purchasing / Liabilities Selling) of financial assets and derivatives on the date of the consolidated financial statements in active markets. In case declared market prices do not exist active trading of some financial assets and derivatives is not available or the market is inactive fair value is estimated by one of several methods including the following:

- Comparison with the fair value of another financial asset with similar terms and conditions.
- Analysis of the present value of expected future cash flows for similar instruments.
- Adoption of the option pricing models.
- Evaluation of long-term assets and liabilities that bear no interest through discounting cash flows and amortizing premium / discount using the effective interest rate method within interest revenue / expense in the consolidated statement of income.

The valuation methods aim to provide a fair value reflecting the market's expectations taking into consideration the market expected risks and expected benefits when the value of the financial assets. When the financial assets fair value can't be reliably measured. they are stated at cost less any impairment.

Investment in Associate

An associate company is the company whereby the bank exercises effective influence over their decisions related to financial and operational policies without control. with the bank owning from (20%) to (50%) of the voting rights. and is stated in accordance to the equity method.

Revenues and expenses resulting from transactions between the Bank and the associate company are eliminated according to the bank's ownership percentage in these company.

Financial Assets at Amortized Cost

Are the assets that the bank's management intends to hold for the purpose of collecting the contractual cash flows which represents the cash flows that are solely payments of principal and interest on the outstanding principal.

Financial assets are recorded at cost upon purchase plus acquisition expenses. Moreover the issue premium \ discount is amortized using the effective interest associated with the decline in value of these investments leading to the in ability to recover the investment or parts thereof are deducted. any impairment is registered in the consolidated statement of income and should be presented subsequently at amortized cost less any impairment losses.

The amount of impairment loss recognised at amortized cost is the expected credit loss of the financial assets at amortized cost.

It is not allowed to reclassify any financial assets from/to this category except for certain cases that are specified by the International Financial Reporting Standards (And if in any cases these assets are sold before the maturity date the result of sale will be recorded in the consolidated statement of income in a separated disclosure and caption in according to the International Financial Reporting Standards in specific).

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Financial Assets at Fair Value through Profit or Loss

It is the financial assets purchased by the bank for the purpose of trading in the near future and achieving gains from the fluctuations in the short-term market prices or trading margins.

Financial assets at fair value through profit or loss are initially stated at fair value at acquisition date (purchase costs are recorded in the consolidated statement of income upon acquisition) and subsequently measured in fair value. Moreover changes in fair value are recorded in the consolidated statement of income including the change in fair value resulting from translation of non-monetary assets stated at foreign currency. Gains or losses resulting from the sale of these financial assets or part of them are taken to the consolidated statement of income.

Dividends and interests from these financial assets are recorded in the consolidated statement of income.

It is not allowed to reclassify any financial assets to / from this category except for the cases specified in International Financial Reporting Standard.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Financial Assets at Fair Value through Other Comprehensive Income

These financial assets represents the investments in equity instruments held for the long term.

These financial assets are recognized at fair value plus transaction costs at purchase date and are subsequently measured at fair value in the consolidated statement of comprehensive income and within owner's equity including the changes in fair value resulting from translation of non-monetary assets stated in foreign currency. Gain or loss from the sale of these investments or part of them should be recognized in the consolidated statement of comprehensive income and within owner's equity and the balance of the revaluation reserve for these assets should be transferred directly to the retained earnings not to the consolidated statement of income.

No impairment testing is required for these assets. Unless classified debt instrument as financial assets at fair value through other comprehensive income. in that case. the impairment is calculated through the expected credit loss model.

Dividends are recorded in the consolidated statement of income.

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

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Impairment in Financial Assets

Overview of the ECL principles

The adoption of IFRS 9 has fundamentally changed the Group's loan loss impairment method by replacing IAS 39's incurred loss approach with a forward-looking ECL approach as of 1 January 2019.

The Group records the allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL. together with loan commitments and financial guarantee contracts. in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

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

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

ECL is calculated for the full period of credit exposure and for the probability of default during the 12 months period on an individual basis or collective based on the financial instrument portfolio and the nature of these financial instruments.

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

Based on the above process. the Group groups its loans into Stage 1. Stage 2 and Stage 3. as described below:

- Stage 1: When loans are first recognized. the Group recognizes an ECL allowance based on the probability of default during 12 months period. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination. the Group records an allowance for the LTECLs. Stage 2 loans also include facilities. where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3: Loans that are considered credit-impaired. The Group records an allowance for the LTECLs.

The Calculation of ECLs

The Group calculates the expected credit losses in accordance with the International Financial Reporting Standard Number 9 which is disclosed in Note 4.

Collateral Repossessed

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

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

Property and Equipment

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

	%
Buildings	2
Equipment furniture and fixtures	9-15
Vehicles	20
Computer	12-25
Solar plant	5
Others	2-12

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

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

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

Impairment of Non-Financial Assets

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

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

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

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

Lease liabilities

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

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

Intangible Assets

A. Goodwill

Goodwill is recognized at cost and represents the excess of the acquisition costs or investment costs in an affiliate or a subsidiary over the net assets fair value of the affiliate or subsidiary as of the acquisition date. Goodwill arises from the investment in the subsidiary recognized as a separate item in intangible assets. Later on. goodwill will be reviewed and reduced by any impairment amount.

Goodwill is allocated to cash generating unit(s) to test impairments in its value.

Impairment testing is done on the date of the consolidated financial statements. Goodwill is reduced if the test indicates that there is impairment in its value. and that the estimated recoverable value of the cash generating unit(s) relating to goodwill is less than the book value of the cash generating unit(s). Impairment is recognized in the consolidated statement of income.

B. Other Intangible assets

Intangible assets purchased in an acquisition are stated at fair value at the date of acquisition. Other intangible assets purchased other than through acquisition are recorded at cost.

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

No capitalization of intangible assets resulting from the banks' operations is made. They are rather recorded as an expense in the consolidated statement of income in the same year.

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

The Group made upfront payments to acquire patents and licences. The patents have been granted for a period of 10 years by the relevant government agency with the option of renewal at the end of this period. Licences for the use of intellectual property are granted for periods ranging between five and ten years depending on the specific licences. The licences may be renewed at little or no cost to the Group. As a result, those licences are assessed as having an indefinite useful life.

The intangible assets with a specified useful life appears of cost after deducting the annual amortization. These assets were amortized by using the straight-line method on the useful life using a percentage of 25% annually.

Provisions

Provisions are recognized when the bank has an obligation on the date of the consolidated financial statement arising from a past event and the costs to settle the obligation is probable and can be reliably measured.

Provision for employees' end-of-service indemnity

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

Income Tax

Income tax expenses represent accrued taxes and deferred taxes.

Income tax expenses are accounted for on the basis of taxable income. Moreover taxable income differs from income declared in the consolidated financial statements because the latter includes non-taxable revenues or taxable expenses disallowed in the current year but deductible in subsequent years accumulated losses acceptable by the tax law and items not accepted for tax purposes or subject to tax.

Taxes are calculated on the basis of the tax rates according to the prevailing laws regulations and instructions of the countries where the bank operates.

Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the consolidated financial statements and the value of the taxable amount. Deferred tax is calculated on the basis of the liability method in the consolidated statement of financial position according to the rates expected to be applied when the tax liability is settled or tax assets are recognized.

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

Capital Cost of Issuing or Buying the Bank's Shares

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

Accounts Managed on Behalf of Customers

These represent the accounts managed by the bank on behalf of its customers but do not represent part of the bank's assets. The fees and commissions on such accounts are shown in the consolidated statement of Income. A provision against the impairment in the capital-guaranteed portfolios managed on behalf of customers is taken.

Offsetting

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

Realization of Income and Recognition of Expenses

Interest income is realized by using the effective interest method except for interest and commissions from non-performing credit facilities which are not recognized as income and are recorded in the interest and commissions in suspense account.

Expenses are recognised according to the accrual basis.

Commission is recorded as revenue when the related services are provided. moreover dividends are recorded when realized (decided upon by the General Assembly of Shareholders).

Date of Recognizing Financial Assets

Purchases and sales of financial assets are recognized on the trading date (which is the date on which the bank commits itself to purchase or sell the asset).

Hedge Accounting and Financial Derivatives

Financial Derivatives for Hedging:

For the purpose of hedge accounting the financial derivatives appear at fair value.

Fair Value Hedges:

A fair value hedge is a hedge against the exposure to changes in the fair value of the bank's recognised assets or liabilities.

When the conditions of an effective fair value hedge are met the resulting gains and losses from the valuation of the fair value hedge and the change in the fair value of the hedged assets or liabilities is recognised in the consolidated statement of income.

When the conditions of an effective portfolio hedge are met the gain or loss resulting from the revaluation of the hedging instrument at fair value as well as the change in the fair value of the assets or liabilities portfolio are recorded in the consolidated income statement for the same year.

Cash flow Hedges:

Hedge for the change in the current and expected cash flows exposures of the Bank's assets and liabilities.

When the conditions of an effective cash flow hedge are met the gain or loss of the hedging instruments is recognized in the statement of comprehensive income and owner's equity. such gain or loss is transferred to the consolidated statement of income in the period in which the hedge transaction impacts the consolidated statement of income.

When the condition of the effective hedge do not apply the gain or loss resulting from the change in the fair value of the hedging instrument is recorded in the consolidated statement of income the same year.

Assets Seized by the Bank against Due Debts

Assets that have been the subject of foreclosure by the bank are shown under "other assets" at the acquisition value or fair value whichever is lower. As of the consolidated statement of financial position date these assets are revalued individually at fair value. any decline in their market value is taken to the consolidated statement of income as a loss whereas any such increase is not recognized. Subsequent increase is taken to the income statement to the extent it does not exceed the previously recorded impairment.

Repurchase and Resale Agreements

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) will continue to be recognised in the bank's consolidated financial statements due to the bank's continuing exposure to the risks and rewards of these assets using the same accounting policies. (The buyer has the right to control such assets (by sale or pledge as collateral) which are reclassified as financial assets pledged as collateral). The proceeds of the sale are recorded under loans and borrowings. The difference between the sale and repurchase price is recognised as an interest expense over the agreement term using the effective interest method.

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

Foreign Currencies

Transactions in foreign currencies during the year are recorded at the exchange rates prevailing at the date of the transactions. Moreover. financial assets and financial liabilities are translated to Jordanian Dinar based on the average exchange rates declared by the Central Bank of Jordan on the date of the consolidated financial statements.

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

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

Translation differences for non-monetary assets and liabilities denominated in foreign currencies (such as equity securities) are recorded as part of the change in fair value.

When consolidating the financial statements assets and liabilities of the branches and subsidiaries abroad are translated from the primary currency to the currency used in the financial statements using the average exchange rates prevailing on the consolidated statement of financial position date and declared by the Central Bank of Jordan. Revenue and expense items are translated using the average exchange rates during the year and exchange differences are shown in a separate item within the consolidated statement of other comprehensive income equity. In case of selling one of the subsidiaries or branches the related amount of exchange difference is booked in revenues/expenses in the consolidated statement of income.

Profit or loss resulting from the foreign exchange of interest-bearing debt instruments and within financial assets at fair value through other comprehensive income is included in the consolidated statement of income. Differences in the foreign currency translation of equity instruments are included in the cumulative change in fair value reserve within owner's equity in the consolidated statement of financial position.

Cash and Cash Equivalents

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

3. Changes in Accounting Policies

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2021 except for the adoption of new amendments on the standards effective as of 1 January 2022 shown below:

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

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

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

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

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.
These amendments had no material impact on the consolidated financial statements of the Bank.

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

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

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

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

The amendments is not applicable to the Bank.

IFRS 9 Financial Instruments – Fees in the ’10 per cent’ test for derecognition of financial liabilities
As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

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

IAS 41 Agriculture – Taxation in fair value measurements
As part of its 2018-2021 annual improvements to IFRS standards process, the IASB issued amendment to IAS 41 Agriculture, The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.
An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.
The amendments are not expected to have a material impact on the Bank.

4. Significant Judgments and Estimates Used

Use of Estimate:
The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of financial assets and liabilities and disclosure of contingent liabilities, These estimates and assumptions also affect the revenues and expenses and the resultant provisions as well as fair value changes reported in equity, In particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows, Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

The management believes that their estimates are reasonable’ and are as follows:

A. EXPECTED CREDIT LOSS FOR DIRECT CREDIT FACILTIES
In determining provision for expected credit loss for direct credit facilities, important judgement is required from the bank’s management in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

Inputs, assumptions and techniques used for ECL calculation – IFRS 9 Methodology
Key concepts in IFRS 9 that have the most significant impact and require a high level of judgment, as considered by the Bank while determining the impact assessment, including the following:

*** Detailed explanation of the bank’s internal credit rating system and its working mechanism.**

- The Bank relies on Moody's RA application to classify corporate credit risk ratings, which reviews and analyzes financial and objective information about the borrower, The program generates a comprehensive assessment of the creditworthiness of the borrower, that results in the probability of default (PD), The system classifies the corporate customers within 7 levels of active accounts and 3 levels of non- performing accounts, The probability of default (PD) increase with the level of risk, wherein, 3 segments are adopted at each level (grade) except for grade 1 as shown in the table below:

Risk Grade of the Customer	Credit Rating	Credit Quality
1	Aaa	Exceptional business credit, judged to be of highest quality, with minimal credit risk,
2+	Aa1	Very good business credit with very low credit risk,
2	Aa2	
2-	Aa3	
3+	A1	Low credit risk facilities,
3	A2	
3-	A3	
4+	Baa1	Moderate credit risk facilities,
4	Baa2	
4-	Baa3	
5+	Ba1	High credit risk facilities,
5	Ba2	
5-	Ba3	
6+	B1	Very high credit risk facilities,
6	B2	
6-	B3	
7+	Caa1	Weak Business credit: judged to be of poor standing and subject to very high credit risk,
7	Caa2	
7-	Caa3	
8	Default	Substandard facilities,
9	Default	Doubtful facilities,
10	Default	Loss facilities,

- Risk of individuals is measured based on portfolio valuation through customer behaviour records and their commitment for timely payments.
- Global ratings are used to measure the risk of other financial assets (fixed-rate financial instruments and credit claims on banks and financial institutions).

- **The mechanism for calculating expected credit losses (ECL) on financial instruments and for each item separately.**

The Bank has adopted a special mechanism for calculating expected credit losses based on the type of financial instrument:

- **Financial instruments for the portfolio of companies and instruments with fixed income and credit claims on banks and financial institutions:**
  In calculating the expected credit losses for this portfolio, the Bank relies on a specialized and developed system from Moody's, Each customer / instrument is calculated individually at the level of each account / instrument.

- **Portfolio financial instruments:**
  In collaboration with Moody's, the Bank has developed a retail portfolio model to calculate expected credit loss based on the requirements of the Standard, The provision for the Retail Portfolio is calculated on an aggregate basis.
  * Governs the application of the requirements of IFRS 9 and includes the responsibilities of the board of directors and executive management to ensure compliance with the requirements of the IFRS.
  The Board of Directors has several specialized committees, each with its own objectives and to implement the Standard.

- **Risk Management Department**
  - Review the implementation strategy of the standard and its impact on the risk management of the bank before its adoption by the Board.
  - Keeping pace with developments affecting the Bank's risk management and reporting periodically to the Board.
  - Verify that there is no difference between the actual risks taken by the Bank and the level of acceptable risks approved by the Board.
  - To create the appropriate conditions to ensure the identification of risks that have a material impact and any activities carried out by the Bank that could expose it to risks greater than the acceptable risk level, report to the Board and follow up on their treatment.

- **Audit Committee**
  - Review the financial statements after application of the Standard to verify the orders of the Central Bank of Jordan regarding the adequacy of the provisions and to give an opinion on the non-performing bank debts before submitting them to the Board of Directors.
  - Review the observations contained in the reports of the Central Bank and the reports of the external auditor and follow up the actions taken thereon.
  - Review the accounting issues that have a significant impact on the financial statements of the Bank and ensure the accuracy of the accounting and control procedures and their compliance.

- **Financial Department**
  - Calculate ECL and customer classification based on the three stages quarterly in accordance with the accounting standards requirements and the Central Bank of Jordan requirements and the acquaintance of the executive management on the results of calculation.
  - Make necessary accounting adjustments and restrictions after the results are approved and verify that all products have been calculated.
  - Prepare the necessary disclosures in cooperation with the concerned departments in the bank in accordance with the requirements of the standard and the instructions of the Central Bank.

◆ **Risk Management Department**

- Participate with the departments in the development and construction of the business model, including the classification of the Bank's financial assets in accordance with the principles of IFRS 9.
- Calculate the ECL then classify the customers based on the three stages quarterly in accordance with the accounting standards requirements and the Central Bank of Jordan requirements and the acquaintance of the executive management on the results of calculation.
- Review and approve risk factors in accordance with the bank methodology and policy.

* Definition and mechanism for calculating and monitoring the probability of default (PD) and exposure at default (EAD) and loss given default (LGD).

Corporate and fixed-income financial instruments and credit claims on banks and financial institutions:

- **Probability of default (PD):** The percentage of the probability of the borrower defaulting or failing to meet the payment of the instalments or obligations towards the bank on its due dates.

The probability of default is calculated for each customer using Moody's Risk Analyst MRA, which is based on the customer's financial data and / or based on the objective evaluation of the customer.

The system has three calculation models to reach the default rate:
A- Large and medium-sized companies (with financial statements).
B- Small businesses (without financial statements).
C- Individuals with high solvency.

- **Loss given Default (LGD):** The percentage that represents the portion of the exposure that will be lost in case of default

The Loss Given Default (LGD) is calculated through a specialized system from Moody's, The system has a model calculation that is used to reach the (LGD):
A- Clean Basis Exposure: The loss ratio is calculated based on the economic sector, the probability of default and the geographical area of the customer.
B- Exposure to acceptable collateral Credits: which include the covered and unsecured portion, are considered when calculating losses at default, Haircut ratios are defined in accordance with the requirements of the Central Bank of Jordan.

- **Exposure at Default (EAD):** This is the present value of used and unused facilities at defaults, in addition to any outstanding receivables, plus any accrued interest not received.

All the above ratios shall be entered at the level of each account / instrument together with details of facilities / financial instruments on the expected credit loss calculation system which also calculates exposure at default (EAD).

◆ **Retail Portfolio:**

Probability of Default (PD): is calculated based on the relationship between the historical regression ratios of each product and the economic variables.
Loss Given Default (LGD) is calculated based on historical bad debts compared with its time of default.
Exposure at default (EAD) for both personal loans and housing loans is calculated based on future cash flows (cash flows according to repayment schedules) For credit cards, credit exposure is assumed to be equal to the current outstanding balance plus a certain percentage of the unutilized balance Based on a study by Moody's.

* Determines the significant change in credit risk that the Bank has relied on in calculating the expected credit losses.

Stage	Nature of the accounts within the stage.
First Stage Stage 1 (First recognition)	Regular financial instruments - Financial instruments with less than 30 days' receivables, Note that this period will be reduced by 10 days per year to become 30 days by the year 2022. - Customers with a risk rating of -6 and below. - Bonds and financial investments with a credit rating of B1 and above according to Moody's.
Second Stage Stage 2 (Credit quality decline)	Regular financial instruments that have shown a significant increase in credit risk since the date of initial recognition. - Financial instruments that have dues from 30-90 days, noting that the minimum period will be reduced by 10 days per year to become 30-90 days by the year 2022. - Current and under-exposed accounts if the period of non-payment is more than 30 days and less than 90 days. - Customers with a risk score of +7, 7, and 7. - Bonds and financial investments that carry a credit rating between B1 and Caa3 - A decline in the possibility of stumbling to the customer by 2% and above. - A decline in the credit rating since the initial recognition of bonds and financial investments by four degrees or more. - All accounts classified under observation. - The ceilings that have expired and have not been renewed or have not been postponed.
Third Stage Stage 3 (Decrease in credit value)	Unregulated financial instruments that have objective evidence / evidence to default with a negative impact on the future cash flow of the financial instrument.

The Bank's policy in identifying the common elements on which the credit risk and expected credit loss were measured on a collective basis.

The Retail Portfolio is calculated on a lump sum basis, The portfolio was divided into three categories:
1) Personal loans
2) Housing loans
3) Credit cards

These categories share the same credit characteristics:
1) Credit Product Type
2) Quality of guarantees

*** Macroeconomic Factors, Forward Looking Information (FLI) and Multiple Scenarios**

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions, The estimation and application of forward-looking information will require significant judgment from the bank's management.

PD, Loss Given Default (LGD) and Exposure At Default (EAD) inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio, Each macroeconomic scenario used in our expected credit loss calculation will have forecasts of the relevant macroeconomic variables.

Covid-19 impact on scenarios and assumptions:

Due to developments and the abnormal situation resulting from (Covid-19), an additional scenario was used by the management to calculate the expected credit losses to become four scenarios and these four scenarios continued to work during 2022.

- The bank uses the following macroeconomic indicators when performing futuristic forecasts for the countries that it operates in:

1) Gross Domestic Product
2) Unemployment rate
3) Stock market index price
4) Oil prices

The bank uses four scenarios to reach a probable value when to estimate the expected credit losses as follows:

1) Main scenario(Baseline) weighted 10%
2) Best scenario(Optimistic S1) weighted 20%
3) Worst case scenario 1 (Pessimistic S3) weighted 30%
4) Worst case scenario 2 (Pessimistic S4) weighted 40%

These scenarios are extracted from Data Buffet system of Moodys in 14 historical values format and 20 future estimated value(Forecasted) for all the previously mentioned macroeconomic indicators.

The probable options are estimated according to the best approximation related to the historical probability and current affairs, The probable scenarios are evaluated every three months, All scenarios are implemented to all the wallets that are subject to expected credit losses.

- **Definition of Default**

  The definition of default used in the measurement of expected credit losses and the assessment to determine movement between stages will be consistent with the definition of default used for internal credit risk management purposes, IFRS 9 does not define default, but contains a rebuttable presumption that default has occurred when an exposure is greater than 90 days past due.

B. INCOME TAX

Income tax expenses represent accrued taxes and deferred taxes.

Income tax expenses are accounted for on the basis of taxable income, Moreover taxable income differs from income declared in the consolidated financial statements because the latter includes non-taxable revenues or taxable expenses disallowed in the current year but deductible in subsequent years accumulated losses acceptable by the tax law and items not accepted for tax purposes or subject to tax.

Taxes are calculated on the basis of the tax rates according to the prevailing laws regulations and instructions of the countries where the bank operates.

Deferred taxes are taxes expected to be paid or recovered as a result of temporary timing differences between the value of the assets and liabilities in the consolidated financial statements and the value of the taxable amount, Deferred tax is calculated on the basis of the liability method in the consolidated statement of financial position according to the rates expected to be applied when the tax liability is settled or tax assets are recognized.

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

C. FAIR VALUE

Fair value represents the closing market price (Assets Purchasing / Liabilities Selling) of financial assets and derivatives on the date of the consolidated financial statements in active markets, In case declared market prices do not exist active trading of some financial assets and derivatives is not available or the market is inactive fair value is estimated by one of several methods including the following:

- Comparison with the fair value of another financial asset with similar terms and conditions.
- Analysis of the present value of expected future cash flows for similar instruments.
- Adoption of the option pricing models.
- Evaluation of long-term assets and liabilities that bear no interest through discounting cash flows and amortizing premium / discount using the effective interest rate method within interest revenue / expense in the consolidated statement of income.

The valuation methods aim to provide a fair value reflecting the market's expectations taking into consideration the market expected risks and expected benefits when the value of the financial assets, When the financial assets fair value can't be reliably measured, they are stated at cost less any impairment.

5. Cash and Balances at the Central Bank of Jordan

This item consists of the following:

	2022	2021
	JD	JD
Cash in vaults	20,287,267	19,449,736
Balances at Central Bank of Jordan:		
Statutory Cash reserve	69,533,434	61,698,732
Current accounts	251,867,952	195,674,688
Total	341,688,653	276,823,156

Except for the statutory cash reserve there are no restricted balances at the Central Bank of Jordan as of 31 December 2022 and 2021.

There are no certificates of deposits maturing in the period exceeding three months as of 31 December 2022 and 2021.

Cash and balances at the Central Bank of Jordan classification based on the Bank's internal credit rating is as follows:

	31 December 2022				2021
	Stage 1	Stage 2	Stage 3	Total	
	JD	JD	JD	JD	JD
Low risk (2-6)	321,401,386	-	-	321,401,386	257,373,420
Acceptable risk (7)	-	-	-	-	-
High risk (8-10)	-	-	-	-	-
Total balances as of 31 December 2022	321,401,386	-	-	321,401,386	257,373,420

The movement on balances at Central Bank of Jordan as of 31 December 2022 is as follows:

	31 December 2022				2021
	Stage 1	Stage 2	Stage 3	Total	
	JD	JD	JD	JD	JD
Total balances as of 1 January 2022	257,373,420	-	-	257,373,420	178,951,591
New balances	81,452,327	-	-	81,452,327	96,563,422
Paid balances	(17,424,361)	-	-	(17,424,361)	(18,141,593)
Total Balances as of 31 December 2022	321,401,386	-	-	321,401,386	257,373,420

The movement on expected credit losses for balances at Central Bank of Jordan as of 31 December 2022 is as follows:

	31 December 2022				2021
	Stage 1	Stage 2	Stage 3	Total	
	JD	JD	JD	JD	JD
Total balances as of 1 January 2022	-	-	-	-	-
New balances	-	-	-	-	-
Paid balances	-	-	-	-	-
Total balances as of 31 December 2022	-	-	-	-	-

6. Balances at Banks and Financial Institutions- Net

This item consists of the following:

Description	Local banks and financial institutions		Foreign banks and financial institutions		Total	
	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD
Current and call accounts	687,636	279,628	91,898,411	200,805,428	92,586,047	201,085,056
Deposits maturing within 3 months or less	10,000,000	-	201,479,619	60,626,540	211,479,619	60,626,540
Total	10,687,636	279,628	293,378,030	261,431,968	304,065,666	261,711,596
Less: ECL provision	-	-	(105,999)	(118,649)	(105,999)	(118,649)
	10,687,636	279,628	293,272,031	261,313,319	303,959,667	261,592,947

The balances at banks and financial institutions that bears no interest amounted to JD 92,586,047 as of 31 December 2022 (JD 210,719,775 as of 31 December 2021).

There are no restricted balances at banks and financial institutions as of 31 December 2022 and 2021.

Balances at banks and financial institutions' classification based on the Bank's internal credit rating.

	31 December 2022				2021
	Stage 1 "Individual"	Stage 2 "Individual"	Stage 3 "Individual"	Total	
	JD	JD	JD	JD	JD
Low risk (2-6)	290,462,148	-	-	290,462,148	240,495,701
Acceptable risk (7)	-	13,603,518	-	13,603,518	21,215,895
High risk (8-10)	-	-	-	-	-
Total	290,462,148	13,603,518	-	304,065,666	261,711,596

- The probability of default for the low risk classification varies between 0 – 1.42% and 0 -0.84% in the prior year.
- The probability of default for the acceptable risk classification varies between 0 – 1.26% and 0.98% in the prior year.

The movement on balances at banks and financial institutions as of 31 December 2022 is as follows:

	31 December 2022				
	Stage 1	Stage 2	Stage 3	Total	
	JD	JD	JD	JD	JD
Total Balances as of 1 January 2022	240,495,701	21,215,895	-	261,711,596	312,205,790
New balances	165,138,616	76,133	-	165,214,749	167,994,436
Paid balances	(115,172,169)	(7,688,510)	-	(122,860,679)	(218,488,630)
Total Balances as of 31 December 2022	290,462,148	13,603,518	-	304,065,666	261,711,596

The movement on the expected credit losses for balances at banks and financial institutions as of 31 December 2022 is as follows:

	31 December 2022				2021
	Stage 1	Stage 2	Stage 3	Total	
	JD	JD	JD	JD	JD
Total Balances as of 1 January 2022	55,857	62,792	-	118,649	63,131
New balances	-	-	-	-	55,518
Paid balances	-	(12,650)	-	(12,650)	-
Total Balances as of 31 December 2022	55,857	50,142	-	105,999	118,649

7. Deposits at Banks and Financial Institutions - Net

This Item consists of the following:

Description	Local Banks and Financial Institutions		Foreign Banks and Financial Institutions		Total	
	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD
Deposits maturing within 3-6 months	-	-	5,822,560	-	5,822,560	-
Total	-	-	5,822,560	-	5,822,560	-
Less: ECL	-	-	(12,650)	-	(12,650)	-
Total	-	-	5,809,910	-	5,809,910	-

- There are no restricted balances at banks and financial institutions of 31 December 2022 and 2021.
- There are no restricted depoists as of 31 December 2022 and 2021.

Distribution of deposits at banks and financial institutions according to the Bank’s internal credit rating:

	31 December 2022				Total
	Stage 1 “individual”	Stage 2 “individual”	Stage 3 “individual”	Total	
	JD	JD	JD	JD	JD
Low risk (2-6)	-	-	-	-	-
Acceptable risk (7)	-	5,822,560	-	5,822,560	-
High risk (8-10)	-	-	-	-	-
Total	-	5,822,560	-	5,822,560	-

The probability of default varies to 1.26% compare 0.98% in the prior period.

The movement on deposits at banks and financial institutions as of 31 December 2022 is as follows:

	31 December 2022				2021
	Stage 1	Stage 2	Stage 3	Total	
	JD	JD	JD	JD	JD
Total Balances as of 1 January 2022	-	-	-	-	14,240,395
New balances	-	5,822,560	-	5,822,560	-
Paid balances	-	-	-	-	(14,240,395)
Total Balances as of 31 December 2022	-	5,822,560	-	5,822,560	-

The movement on the expected credit losses for deposits at banks and financial institutions as of 31 December 2022 is as follows:

	31 December 2022				2021
	Stage 1	Stage 2	Stage 3	Total	
	JD	JD	JD	JD	JD
Total Balances as of 1 January 2022	-	-	-	-	55,518
New balances	-	12,650	-	12,650	-
Paid balances	-	-	-	-	(55,518)
Total Balances as of 31 December 2022	-	12,650	-	12,650	-

8. Financial Assets at Fair value Through Profit or Loss

This item consists of the following:

	2022	2021
	JD	JD
Quoted equity shares	663,897	1,606,418

There are no pledged financial assets by the Group as of 31 December 2022 and 2021.

9. Financial Assets at Fair Value Through other Comprehensive Income

Financial assets at fair value through comprehensive income classified based on IFRS 9:

	2022	2021
	JD	JD
Quoted financial assets:		
Corporate shares	17,335,234	13,896,318
Total quoted financial assets	17,335,234	13,896,318
Unquoted financial assets:		
Corporate shares	15,674,554	6,058,569
Total unquoted financial assets	15,674,554	6,058,569
Total	33,009,788	19,954,887

No Losses from financial assets through other comprehensive income in 2022 and 2021.
Cash dividends on the investments above amounted to JD 446,372 for the year ended 31 December 2022 (JD 227,551 for the year ended 31 December 2021).

* There are no pledged financial assets by the Group as of 31 December 2022 and 2021.

10. Direct Credit Facilities - Net

This item consists of the following:

	2022	2021
	JD	JD
Individuals (Retail)		
Loans *	228,922,366	169,958,714
Credit cards	6,415,799	6,107,765
Housing loans	129,815,573	114,486,754
Large companies		
Loans *	267,242,333	339,396,888
Overdraft	76,867,171	120,442,624
Small and medium companies		
Loans *	35,204,825	33,498,236
Overdraft	13,697,887	7,030,546
Government & public sector	72,284,441	95,222,767
Total	830,450,395	886,144,294
Less: provision for impairment of direct credit facilities	(13,820,415)	(19,011,542)
Less: suspended interest	(2,488,116)	(3,224,613)
Net credit facilities	814,141,864	863,908,139

* Net after deducting interests and commission received in advance.

- Non-performing credit facilities amounted to 9,519,530 representing 1,15% of direct credit facilities balance as of 31 December 2022 (JD 12,251,755 representing 1,38 % of the granting balance for the previous year).
- Non-performing credit facilities net of interest in suspense amounted to JD 8,626,343 representing 1,04% of direct credit facilities balance net of interest in suspense (JD 10,416,550 representing 1,18 % for the previous year).
- Credit facilities granted to and guaranteed by the Jordanian Government amounted to JD 83,222,561 representing 10,02% of total direct credit facilities as of 31 December 2022 (JD 126,514,447 representing 14,28% for the previous year).

The movement on the direct credit facilities at as of 31 December 2022:

	2022						2021
	Individual	Small and medium entities	Corporate	Real Estate Loans	Government and Public Sector	Total	Total
	JD	JD	JD	JD	JD	JD	JD
Balance as of 1 January 2022	176,066,479	40,528,782	459,839,512	114,486,754	95,222,767	886,144,294	856,505,638
Transferred balances resulted from the acquisition	865,765	-	3,838,014	4,118,171	-	8,821,950	-
New balances through the year	117,252,199	17,469,793	31,801,045	28,389,584	8,822,476	203,735,097	309,648,239
Repaid balances	(55,377,523)	(7,348,551)	(126,088,995)	(16,688,284)	(31,760,802)	(237,264,155)	(265,075,619)
Net transferred in stage 1	(2,012,444)	(3,898,249)	(559,006)	(14,281,314)	-	(20,751,013)	105,170
Net transferred in stage 2	945,911	195,899	559,006	14,312,273	-	16,013,089	(1,702,484)
Net transferred in stage 3	1,066,533	3,702,350	-	(30,959)	-	4,737,924	1,597,314
Net effect resulted by changes on categories of stages	(110,879)	(566,983)	(3,206,713)	644,756	-	(3,239,819)	(1,880,548)
Changes from adjustments	-	(326,591)	(18,852,732)	(601,327)	-	(19,780,650)	(10,136,876)
Transferred to off balance sheet	(3,357,876)	(853,738)	(3,220,627)	(534,081)	-	(7,966,322)	(2,916,540)
Written off balances	-	-	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-	-	-
Balance as of 31 December 2022	235,338,165	48,902,712	344,109,504	129,815,573	72,284,441	830,450,395	886,144,294

Provision for impairment of direct credit facilities as at 31 December 2022:

	Individual	Small and medium entities	Corporate	Real Estate Loans	Government and Public Sector	Total	2021
	JD	JD	JD	JD	JD	JD	JD
Balance as of 1 January 2022	6,672,600	3,565,587	6,816,431	1,902,079	54,845	19,011,542	20,497,787
Transferred balances resulted from the acquisition	8,624	-	131,555	109,116	-	249,295	-
New balances through the year	840,430	27,016	570,638	326,231	-	1,764,315	3,799,694
Repaid balances	(1,410,301)	(24,655)	(150,605)	(427,615)	-	(2,013,176)	(2,636,837)
Net transferred in stage 1	4,344	2,576	170,125	42,232	-	219,277	302,458
Net transferred in stage 2	41,459	(2,576)	(170,125)	208,349	-	77,107	(28,207)
Net transferred in stage 3	(45,803)	-	-	(250,581)	-	(296,384)	(274,251)
Net effect resulted by changes on categories of stages	300,916	232,440	51,397	218,582	-	803,335	228,934
Changes from adjustments	(4,360)	25,946	(206,388)	(4,763)	-	(189,565)	(529,784)
Transferred to off balance sheet	(1,090,870)	(868,524)	(3,175,906)	(436,148)	-	(5,571,448)	(2,348,252)
Written off balances	(233,883)	-	-	-	-	(233,883)	-
Adjustments result from foreign exchange	-	-	-	-	-	-	-
Balance as of 31December 2022	5,083,156	2,957,810	4,037,122	1,687,482	54,845	13,820,415	19,011,542
Redistribution:							
Provisions as Individual level	685,226	2,957,810	4,037,122	1,429,483	54,845	9,164,486	14,383,599
Provision as Aggregate level	4,397,930	-	-	257,999	-	4,655,929	4,627,943
Provision Coverage Rate	2,16%	6,05%	1,17%	1,30%	0,08%	1,66%	2,15%

The amount of 2,013,176 JOD was reversed and reclassified to the facilities provision, the opening balances were reclassified as per the Central Bank of Jordan regulation (JD 2,636,837 for the year ended 31 December 2021).

Direct credit facilities of individuals distributed into Credit rating categories based on Bank's internal system:

	31 December 2022				2021
	Stage 1	Stage 2	Stage 3	Total	
	JD	JD	JD	JD	JD
Low risk (2-6)	221,131,288	-	-	221,131,288	162,734,580
Acceptable risk (7)	-	11,992,075	-	11,992,075	9,431,321
High risk (8-10)	-	-	2,214,802	2,214,802	3,900,578
Total	221,131,288	11,992,075	2,214,802	235,338,165	176,066,479

- The probability of low risks default ranges from 0.16% - 8.62 % compared to 0.06% - 7.53% from the previous year.
- The probability of acceptable risks default ranges from 1.41% - 87.86% versus 5.97% - 79.52% from the previous year.
- The probability of high risks default is 100% compared to 100% from the previous year.

Movement on the direct credit facilities for individuals:

	2022				2021
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2022	162,734,580	9,431,321	3,900,578	176,066,479	138,284,988
Transferred balances resulted from the acquisition	812,997	-	52,768	865,765	-
New balances	112,529,914	4,141,890	580,395	117,252,199	93,276,572
Repaid balances	(52,575,917)	(1,983,245)	(818,361)	(55,377,523)	(53,614,242)
Net transferred in stage 1	697,776	(598,034)	(99,742)	-	-
Net transferred in stage 2	(1,521,945)	1,769,972	(248,027)	-	-
Net transferred in stage 3	(1,188,275)	(226,027)	1,414,302	-	-
Net effect resulted by changes on categories of stages	(84,433)	(55,084)	28,638	(110,879)	(252,267)
Changes from adjustments	-	-	-	-	-
Transferred to off balance sheet	(273,409)	(488,718)	(2,595,749)	(3,357,876)	(1,628,572)
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December 2022	221,131,288	11,992,075	2,214,802	235,338,165	176,066,479

Movement on ECL of individual facilities:

	2022				2021
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2022	3,384,542	499,302	2,788,756	6,672,600	7,029,482
Transferred balances resulted from the acquisition	-	-	8,624	8,624	-
Provision on new balances through the year	467,209	82,761	290,460	840,430	700,764
Recovered provision from repaid balances	(516,878)	(86,801)	(806,622)	(1,410,301)	(228,507)
Net transferred in stage 1	49,692	(27,984)	(21,708)	-	-
Net transferred in stage 2	(25,465)	79,447	(53,982)	-	-
Net transferred in stage 3	(19,883)	(10,004)	29,887	-	-
Net effect resulted by changes on categories of stages	(37,883)	7,196	331,603	300,916	(149,365)
Changes from adjustments	21,397	-	(25,757)	(4,360)	(61,067)
Transferred to off balance sheet	(4,623)	(21,279)	(1,064,968)	(1,090,870)	(618,707)
Written off balances	-	-	(233,883)	(233,883)	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December 2022	3,318,108	522,638	1,242,410	5,083,156	6,672,600
Rate of provision coverage	1,50%	4,36%	56,10%	2,16%	3,79%

Direct credit facilities of Small and medium entities distributed into Credit rating categories based on Bank's internal system:

	2022				2021
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk (2-6)	34,208,579	-	-	34,208,579	29,502,340
Acceptable risk (7)	-	10,567,355	-	10,567,355	10,012,175
High risk (8-10)	-	-	4,126,778	4,126,778	1,014,267
Total	34,208,579	10,567,355	4,126,778	48,902,712	40,528,782

- The probability of default for the low risk ranges from 0.04% - 5.67% compared to 0.03% -3.21% in the prior year.
- The probabitly of default for the acceptable risk ranges from 0.95% - 21.36% compared to 0.16% - 9.11% in the prior year.
- The probability of high risks default is 100% compared to 100% in the previous year.

Movement on the direct credit facilities for small and medium entities:

	2022				2021
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2022	29,502,340	10,012,175	1,014,267	40,528,782	41,907,114
Transferred balances resulted from the acquisition	-	-	-	-	-
New balances	15,475,480	1,414,301	580,012	17,469,793	11,474,696
Repaid balances	(6,279,368)	(823,205)	(245,978)	(7,348,551)	(11,339,566)
Net transferred in stage 1	1,048,351	(1,048,351)	-	-	-
Net transferred in stage 2	(4,946,600)	4,946,600	-	-	-
Net transferred in stage 3	-	(3,702,350)	3,702,350	-	-
Net effect resulted by changes on categories of stages	(162,933)	(332,885)	(71,165)	(566,983)	116,572
Changes from adjustments	(427,661)	101,070	-	(326,591)	(1,000,333)
Transferred to off balance sheet	(1,030)	-	(852,708)	(853,738)	(629,701)
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December 2022	34,208,579	10,567,355	4,126,778	48,902,712	40,528,782

Movement on ECL of small and medium entities facilities:

	2022				2021
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2022	1,298,955	1,599,730	666,902	3,565,587	3,503,700
Transferred balances resulted from the acquisition	-	-	-	-	-
Provision on new balances through the year	25,107	1,909	-	27,016	1,022,013
Recovered provision from repaid balances	(7,877)	(16,474)	(304)	(24,655)	(231,676)
Net transferred in stage 1	13,730	(13,730)	-	-	-
Net transferred in stage 2	(11,154)	11,154	-	-	-
Net transferred in stage 3	-	-	-	-	-
Net effect resulted by changes on categories of stages	(11,238)	243,678	-	232,440	69,883
Changes from adjustments	14,256	(988,310)	1,000,000	25,946	(30,905)
Transferred to off balance sheet	-	(279,046)	(589,478)	(868,524)	(767,428)
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31December 2022	1,321,779	558,911	1,077,120	2,957,810	3,565,587
Rate of provision coverage	3,86%	5,29%	26,10%	6,05%	8,80%

Direct credit facilities of corporate distributed into Credit rating categories based on Bank's internal system:

	2022				2021
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk (2-6)	290,366,221	-	-	290,366,221	406,821,506
Acceptable risk (7)	-	53,743,283	-	53,743,283	49,806,984
High risk (8-10)	-	-	-	-	3,211,022
Total	290,366,221	53,743,283	-	344,109,504	459,839,512

- The probability of default for the low risk ranges between zero – 5.13% compared to zero – 3.24% in the prior year.
- The probabilty of default for the acceptible risk ranges between 1.91% - 48.76% compared to 0.52% - 16.58% in the prior year.

Movement on the direct credit facilities for corporate:

	2022				2021
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2022	406,821,506	49,806,984	3,211,022	459,839,512	472,470,261
Transferred balances resulted from the acquisition	3,161,393	676,621	-	3,838,014	-
New balances	25,344,721	6,446,719	9,605	31,801,045	136,389,928
Repaid balances	(124,349,507)	(1,739,488)	-	(126,088,995)	(139,414,118)
Net transferred in stage 1	9,229,719	(9,229,719)	-	-	-
Net transferred in stage 2	(9,788,725)	9,788,725	-	-	-
Net transferred in stage 3	-	-	-	-	-
Net effect resulted by changes on categories of stages	(1,397,532)	(1,809,181)	-	(3,206,713)	(1,511,350)
Changes from adjustments	(18,655,354)	(197,378)	-	(18,852,732)	(8,094,923)
Transferred to off balance sheet	-	-	(3,220,627)	(3,220,627)	(286)
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December 2022	290,366,221	53,743,283	-	344,109,504	459,839,512

Movement on ECL of corporate facilities:

	2022				2021
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2022	1,137,481	2,503,044	3,175,906	6,816,431	7,807,681
Transferred balances resulted from the acquisition	78,918	52,637	-	131,555	-
Provision on new balances through the year	-	570,638	-	570,638	785,871
Recovered provision from repaid balances	(148,404)	(2,201)	-	(150,605)	(1,736,168)
Net transferred in stage 1	202,704	(202,704)	-	-	-
Net transferred in stage 2	(32,579)	32,579	-	-	-
Net transferred in stage 3	-	-	-	-	-
Net effect resulted by changes on categories of stages	(140,152)	191,549	-	51,397	423,096
Changes from adjustments	(222,428)	16,040	-	(206,388)	(464,049)
Transferred to off balance sheet	-	-	(3,175,906)	(3,175,906)	-
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31December 2022	875,540	3,161,582	-	4,037,122	6,816,431
Rate of provision coverage	0,30%	5,88%	-	1,17%	1,48%

Direct credit facilities of real estate loans distributed into Credit rating categories based on Bank's internal system:

	2022				2021
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk (2-6)	106,102,300	-	-	106,102,300	106,505,707
Acceptable risk (7)	-	20,535,323	-	20,535,323	3,855,159
High risk (8-10)	-	-	3,177,950	3,177,950	4,125,888
Total	106,102,300	20,535,323	3,177,950	129,815,573	114,486,754

- The probability of default for the low risk ranges between zero – 5.09% compared to zero – 3.34% in the prior year.
- The probabilty of default for the acceptible risk ranges between 0.81% - 9.09 % compared to 1.18% - 6.26% in the prior year.
- The probability of default for the high risk classification ranges between 100% to 100% from the prior year.

Movement on the direct credit facilities for real estate loans:

	2022				2021
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2022	106,505,707	3,855,159	4,125,888	114,486,754	103,658,756
Transferred balances resulted from the acquisition	3,435,821	425,637	256,713	4,118,171	-
New balances	26,717,764	1,557,736	114,084	28,389,584	33,057,043
Repaid balances	(15,603,410)	(277,739)	(807,135)	(16,688,284)	(20,295,941)
Net transferred in stage 1	1,001,223	(587,427)	(413,796)	-	-
Net transferred in stage 2	(14,974,807)	15,634,245	(659,438)	-	-
Net transferred in stage 3	(307,730)	(734,545)	1,042,275	-	-
Net effect resulted by changes on categories of stages	(70,941)	692,954	22,743	644,756	(233,503)
Changes from adjustments	(601,327)	-	-	(601,327)	(1,041,620)
Transferred to off balance sheet	-	(30,697)	(503,384)	(534,081)	(657,981)
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December 2022	106,102,300	20,535,323	3,177,950	129,815,573	114,486,754

Movement on ECL of real estate loans facilities:

	2022				2021
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2022	538,555	445,695	917,829	1,902,079	2,102,079
Transferred balances resulted from the acquisition	-	45,137	63,979	109,116	-
Provision on new balances through the year	28,363	-	297,868	326,231	1,291,046
Recovered provision from repaid balances	(17,079)	(1,862)	(408,674)	(427,615)	(440,486)
Net transferred in stage 1	109,391	(4,567)	(104,824)	-	-
Net transferred in stage 2	(66,452)	218,630	(152,178)	-	-
Net transferred in stage 3	(707)	(5,714)	6,421	-	-
Net effect resulted by changes on categories of stages	(105,845)	67,428	256,999	218,582	(114,680)
Changes from adjustments	(4,763)	-	-	(4,763)	26,237
Transferred to off balance sheet	-	(347,893)	(88,255)	(436,148)	(962,117)
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December 2022	481,463	416,854	789,165	1,687,482	1,902,079
Rate of provision coverage	0,45%	2,03%	24,83%	1,30%	1,66%

Direct credit facilities of government and public sector distributed into Credit rating categories based on Bank's internal system:

	2022				2021
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk (2-6)	68,141,345	-	-	68,141,345	90,116,202
Acceptable risk (7)	-	4,143,096	-	4,143,096	5,106,565
High risk (8-10)	-	-	-	-	-
Total	68,141,345	4,143,096	-	72,284,441	95,222,767

- The probability of default for the low risk ranges between zero – 1.23% compared to zero in the prior year.
- The probabilty of default for the acceptible risk ranges between 1.37% - 1.71 % compared to 0.77% - 1% in the prior year.

Movement on the direct credit facilities for government and public sector:

	2022				2021
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2022	90,116,202	5,106,565	-	95,222,767	100,184,519
Transferred balances resulted from the acquisition	-	-	-	-	-
New balances	8,822,476	-	-	8,822,476	35,450,000
Repaid balances	(30,797,333)	(963,469)	-	(31,760,802)	(40,411,752)
Net transferred in stage 1	-	-	-	-	-
Net transferred in stage 2	-	-	-	-	-
Net transferred in stage 3	-	-	-	-	-
Net effect resulted by changes on categories of stages	-	-	-	-	-
Changes from adjustments	-	-	-	-	-
Transferred to off balance sheet	-	-	-	-	-
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December 2022	68,141,345	4,143,096	-	72,284,441	95,222,767

Movement on ECL of government and public sector loans facilities:

	2022				2021
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2022	-	54,845	-	54,845	54,845
Transferred balances resulted from the acquisition	-	-	-	-	-
Provision on new balances through the year	-	-	-	-	-
Recovered provision from repaid balances	-	-	-	-	-
Net transferred in stage 1	-	-	-	-	-
Net transferred in stage 2	-	-	-	-	-
Net transferred in stage 3	-	-	-	-	-
Net effect resulted by changes on categories of stages	-	-	-	-	-
Changes from adjustments	-	-	-	-	-
Transferred to off balance sheet	-	-	-	-	-
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31 December 2022	-	54,845	-	54,845	54,845
Rate of provision coverage		1,32%		0,08%	0,06%

Total direct credit facilities distributed into Credit rating categories based on Bank's internal system:

	2022				2021
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Low risk (2-6)	719,949,733	-	-	719,949,733	795,680,335
Acceptable risk (7)	-	100,981,132	-	100,981,132	78,212,204
High risk (8-10)	-	-	9,519,530	9,519,530	12,251,755
Total	719,949,733	100,981,132	9,519,530	830,450,395	886,144,294

- The probability of default for the low risk ranges zero – 8.62% compared to zero – 7.53% in the prior year.
- The probability of default for the acceptable risk ranges from 0,81%-87,86% compared to 0.16% -79.52% in the prior year.
- The probability of default for the high risk classification ranges between 100% to 100% in the prior year.

Movement on the collective direct credit facilities:

	2022				2021
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2022	795,680,335	78,212,204	12,251,755	886,144,294	856,505,638
Transferred balances resulted from the acquisition	7,410,211	1,102,258	309,481	8,821,950	-
New balances	188,890,355	13,560,646	1,284,096	203,735,097	309,648,239
Repaid balances	(229,605,535)	(5,787,146)	(1,871,474)	(237,264,155)	(265,075,619)
Net transferred in stage 1	11,977,069	(11,463,531)	(513,538)	-	-
Net transferred in stage 2	(31,232,077)	32,139,542	(907,465)	-	-
Net transferred in stage 3	(1,496,005)	(4,662,922)	6,158,927	-	-
Net effect resulted by changes on categories of stages	(1,715,839)	(1,504,196)	(19,784)	(3,239,819)	(1,880,548)
Changes from adjustments	(19,684,342)	(96,308)	-	(19,780,650)	(10,136,876)
Transferred to off balance sheet	(274,439)	(519,415)	(7,172,468)	(7,966,322)	(2,916,540)
Written off balances	-	-	-	-	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31December 2022	719,949,733	100,981,132	9,519,530	830,450,395	886,144,294

Movement on ECL of collective direct credit facilities :

	2022				2021
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Balance as of 1 January 2022	6,359,533	5,102,616	7,549,393	19,011,542	20,497,787
Transferred balances resulted from the acquisition	78,918	97,774	72,603	249,295	-
Provision on new balances through the year	520,679	655,308	588,328	1,764,315	3,799,694
Recovered provision from repaid balances	(690,238)	(107,338)	(1,215,600)	(2,013,176)	(2,636,837)
Net transferred in stage 1	375,517	(248,985)	(126,532)	-	-
Net transferred in stage 2	(135,650)	341,810	(206,160)	-	-
Net transferred in stage 3	(20,590)	(15,718)	36,308	-	-
Net effect resulted by changes on categories of stages	(295,118)	509,851	588,602	803,335	228,934
Changes from adjustments	(191,538)	(972,270)	974,243	(189,565)	(529,784)
Transferred to off balance sheet	(4,623)	(648,218)	(4,918,607)	(5,571,448)	(2,348,252)
Written off balances	-	-	(233,883)	(233,883)	-
Adjustments result from foreign exchange	-	-	-	-	-
Balance as of 31December 2022	5,996,890	4,714,830	3,108,695	13,820,415	19,011,542
Rate of provision coverage	0.83%	4,67%	32,66%	1,66%	2,15%

Interest In Suspense:

The following is the movement on the interest in suspense:

For the year ended 31 December 2022	Individual	Housing loans	Large companies	Small and medium companies	Government and Public Sector	Total
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	1,009,191	1,402,234	35,116	778,072	-	3,224,613
Add: Interest suspended during the year	598,325	183,657	-	229,393	-	1,011,375
Less: Interest in suspense reversed to revenues	(177,060)	(354,741)	-	(58,955)	-	(590,756)
Less: Interest in suspense transferred to off - statement of financial position accounts	(645,391)	(121,447)	(35,116)	(355,162)	-	(1,157,116)
Less: Interest in suspense written off	-	-	-	-	-	-
Balance at the end of the year	785,065	1,109,703	-	593,348	-	2,488,116
For the year ended 31 December 2021						
Balance at the beginning of the year	819,298	1,408,670	26,034	705,349	-	2,959,351
Add: Interest suspended during the year	722,923	217,857	9,082	198,637	-	1,148,499
Less: Interest in suspense reversed to revenues	(258,878)	(111,442)	-	(11,882)	-	(382,202)
Less: Interest in suspense transferred to off - statement of financial position accounts	(259,735)	(112,851)	-	(114,032)	-	(486,618)
Less: Interest in suspense written off	(14,417)	-	-	-	-	(14,417)
Balance at the end of the year	1,009,191	1,402,234	35,116	778,072	-	3,224,613

Following is the economic distribution of credit facilities - net:

	31 December 2022			2021
	Inside Jordan	Outside Jordan	Total	Total
	JD	JD	JD	JD
Financial	7,944,085	-	7,944,085	8,138,962
Industrial	120,747,425	-	120,747,425	185,862,179
Trading	240,873,049	7,635,943	248,508,992	285,059,918
Real Estate	124,436,896	2,581,492	127,018,388	111,182,441
Equities	928,710	-	928,710	849,349
Retail	220,337,332	9,132,612	229,469,944	168,384,688
Governmental and public sector	66,557,597	5,672,000	72,229,596	95,167,922
Transportation and Freight	3,977,839	-	3,977,839	5,427,884
Tourism and Hotels	3,316,885	-	3,316,885	3,834,796
Total	789,119,817	25,022,047	814,141,864	863,908,139

Following is the geographical distribution of credit facilities- net:

	31 December 2022	31 December 2021
	JD	JD
Inside Jordan	790,648,140	836,928,963
Asia	18,557,296	20,422,686
Europe	4,936,428	6,556,490
Total	814,141,864	863,908,139

11. Financial Assets at Amortized Cost - Net

This item consists of the following:

Quoted financial assets	31 December 2022	31 December 2021
	JD	JD
Foreign government bonds	1,480,982	706,541
Companies bonds	9,464,460	10,467,548
Total quoted financial assets	10,945,442	11,174,089

Unquoted financial assets	31 December 2022	31 December 2021
	JD	JD
Governmental bonds and with their guarantee	759,170,146	722,401,235
Companies bonds	1,320,000	1,582,500
Total unquoted financial assets	760,490,146	723,983,735
Total quoted and unquoted financial assets	771,435,588	735,157,824
Less: Provision for impairment	(2,394,063)	(468,203)
Total	769,041,525	734,689,621

Debt instruments analysis - Net

	2022	2021
	JD	JD
Fixed rate	769,041,525	734,689,621
Variable rate	-	-
Total	769,041,525	734,689,621

Financial assets at amortized cost classifications based on the Bank's internal credit rating:

Credit rating categories based on Bank's internal system:	2022				2021
	Stage 1 "individual"	Stage 2 "individual"	Stage 3 "individual"	Total	Total
	JD	JD	JD	JD	JD
Low risk (2-6)	768,841,683	-	-	768,841,683	734,575,324
Acceptable risk (7)	-	2,273,905	-	2,273,905	-
High risk (8-10)	-	-	320,000	320,000	582,500
Total	768,841,683	2,273,905	320,000	771,435,588	735,157,824

- The probability of default for the low risk classification ranges between zero – 3.58% compared to 0 – 1.79% in the prior year.
- The probability of default for the acceptable risk ranges from 7.30%-7.89% compared to zero in the prior year.
- The probability of default for the high risk classification ranges between 100% to 100% in the prior year.

The movement on the financial assets at amortized cost during 2022 is as follows:

	2022				2021
	Stage 1 "individual"	Stage 2 "individual"	Stage 3 "individual"	Total	Total
	JD	JD	JD	JD	JD
Total balance as of 1 January 2022	734,575,324	-	582,500	735,157,824	688,031,221
Transferred balances resulted from acquisition	78,061,094	-	-	78,061,094	-
New balances during the year	122,323,614	-	-	122,323,614	151,192,531
Repaid balances	(163,662,181)	-	(80,000)	(163,742,181)	(104,065,928)
Net transferred in stage 1	-	-	-	-	-
Net transferred in Stage 2	(2,456,168)	2,456,168	-	-	-
Net transferred in Stage 3	-	-	-	-	-
Written off balances	-	-	(182,500)	(182,500)	-
Net effect resulted by changes on categories of stages	-	(30,246)	-	(30,246)	-
Adjustments result from foreign exchange	-	(152,017)	-	(152,017)	-
Total balance as of 31 December 2022	768,841,683	2,273,905	320,000	771,435,588	735,157,824

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

	2022				2021
	Stage 1	Stage 2	Stage 3	Total	Total
	JD	JD	JD	JD	JD
Total Balances as of 1 January 2022	125,703	-	342,500	468,203	388,203
New balances	28,360	2,000,000	80,000	2,108,360	80,000
Paid balances	-	-	-	-	-
Written off balances	-	-	(182,500)	(182,500)	-
Total Balances as of 31 December 2022	154,063	2,000,000	240,000	2,394,063	468,203

12. Investment in Associate Company

The following is the movement on the investment in the associate company:

	2022	2021
	JD	JD
Balance at the beginning of the year	22,169,467	22,007,354
The Bank's share in the associate company's profit	709,931	394,592
Foreign currency translation adjustment	(2,289,741)	(232,479)
Dividends	(2,639,457)	-
Balance at the end of the year	17,950,200	22,169,467

Investment in associate company represents the Bank's share in Jordan International Bank/ London (United Kingdom, which amounts to 25% of capital (GBP 65,000,000)), the Bank's share in net income for the year ended 31 December 2022 was calculated based on latest unaudited available financial statements as of 31 December 2022, in addition to Bank's share percentage which is 25%.

- The Bank's right to vote on the General Assembly's decisions regarding this investment is based on the ownership percentage in the investment.

- The Bank's share in the associate company's assets, liabilities, and revenues is as follows:

	2022	2021
	JD	JD
Total assets	376,052,251	364,408,433
Total liabilities	304,251,451	275,730,565
Net assets	71,800,800	88,677,868
The Bank's share in net assets	17,950,200	22,169,467
Net income for the year	2,839,724	1,578,368
The Bank's share in net income for the year	709,931	394,592

The Bank's share of 25% in the assets and liabilities and net profit of Jordan International Bank / London has been calculated for the year 2022 as shown above according to the latest unaudited financial statements available on 31 December 2022.

13. Property and Equipment – Net

This item consists of the following:

	Land	Buildings	Equipment furniture and fixtures	Vehicles	Computers	Solar energy plant	Others	Payments to acquire property and equipments	Total
For the year-ended 31 December 2022	JD	JD	JD	JD	JD	JD	JD	JD	JD
Cost									
Balance at the beginning of the year	22,555,514	38,954,046	11,779,850	1,693,096	3,516,857	4,395,227	8,458,790	841,426	92,194,806
Additions	-	-	204,428	169,534	133,055	-	433,655	1,490,680	2,431,352
Disposals	-	-	(111,649)	(110,740)	(79,372)	-	-	-	(301,761)
Transfers*	-	-	24,824	-	2,199	-	-	(127,894)	(100,871)
Transfered balances resulted from acquisition	2,250,000	2,666,719	897,599	36,000	261,645	-	293,365	-	6,405,328
Balance at the end of the Year	24,805,514	41,620,765	12,795,052	1,787,890	3,834,384	4,395,227	9,185,810	2,204,212	100,628,854
Accumulated depreciation :									
Balance at the beginning of the year	-	(5,487,118)	(7,007,939)	(1,222,867)	(2,667,769)	(677,460)	(5,214,323)	-	(22,277,476)
Depreciation for the year	-	(846,169)	(775,148)	(194,819)	(330,591)	(219,761)	(509,259)	-	(2,875,747)
Disposals	-	-	106,659	110,739	41,584	-	-	-	258,982
Transfered balances resulted from acquisition	-	(312,981)	(812,712)	(23,895)	(243,098)	-	(234,741)	-	(1,627,427)
Balance at the end of the year	-	(6,646,268)	(8,489,140)	(1,330,842)	(3,199,874)	(897,221)	(5,958,323)	-	(26,521,668)
Net property and equipment at the end of the year	24,805,514	34,974,497	4,305,912	457,048	634,510	3,498,006	3,227,487	2,204,212	74,107,186
For the year-ended 31 December 2021									
Cost									
Balance at the beginning of the year	22,555,514	38,954,046	13,032,260	1,841,478	3,378,765	4,395,227	8,392,892	1,140,080	93,690,262
Additions**	-	-	778,153	277,150	139,831	-	236,246	117,998	1,549,378
Disposals	-	-	(2,041,582)	(425,532)	(156,243)	-	(170,348)	-	(2,793,705)
Transfers*	-	-	11,019	-	154,504	-	-	(416,652)	(251,129)
Balance at the end of the Year	22,555,514	38,954,046	11,779,850	1,693,096	3,516,857	4,395,227	8,458,790	841,426	92,194,806
Accumulated depreciation :									
Balance at the beginning of the year	-	(4,676,040)	(8,195,989)	(1,408,715)	(2,534,388)	(457,699)	(4,873,544)	-	(22,146,375)
Depreciation for the year	-	(811,078)	(786,713)	(195,610)	(289,323)	(219,761)	(509,252)	-	(2,811,737)
Disposals	-	-	1,974,763	381,458	155,942	-	168,473	-	2,680,636
Balance at the end of the year	-	(5,487,118)	(7,007,939)	(1,222,867)	(2,667,769)	(677,460)	(5,214,323)	-	(22,277,476)
Net property and equipment at the end of the year	22,555,514	33,466,928	4,771,911	470,229	849,088	3,717,767	3,244,467	841,426	69,917,330

* Transfers represents an amount of JD 100,871 which has been transferred to intangible assets- note (14) during 2022,

– Property and equipment consists of assets that has been fully depreciated amounting to 16,036,945 as of 31 December 2022 (JD 11,336,736 as of 31 December 2021).

14. Intangible Assets – Net

This item consists of the following:

	Computer's Software and programs	
	2022	2021
	JD	JD
Balance at the beginning of the year	1,743,276	1,790,547
Additions	429,689	455,581
Transfers (Note 13)*	100,871	251,129
Disposals	(5,543)	(637)
Amortization for the year	(850,013)	(753,344)
Payments on software purchases	56,746	-
Balance at the end of the Year	1,475,026	1,743,276

* This represents what has been transferred from payments to acquire property and equipment during the year 2021 and 2022.
* An amount of 749,306 JD was transferred from NBK with its entire provision, which is fully amortized software with a net book value of zero.

15. Other Assets

This item consists of the following:

	2022	2021
	JD	JD
Accrued interest and commissions revenue	19,373,790	16,702,331
Prepaid expenses	2,328,872	1,868,234
Assets seized by the Bank *	22,535,602	21,732,040
Stationery and printing	315,269	285,333
Refundable deposits	467,451	459,051
Cheque clearing	290,065	584,523
Others	1,233,401	1,146,916
Total	46,544,450	42,778,428

* The following is the movement on the assets seized by the Bank:

	2022	2021
	JD	JD
Balance at the beginning of the year	23,571,040	18,970,863
Additions	1,908,235	5,071,113
Disposals	(277,681)	(470,936)
	25,201,594	23,571,040
Less: Provision for assets seized by the Bank **	(2,665,992)	(1,839,000)
Balance at the end of the year	22,535,602	21,732,040

** According to Central Bank of Jordan's Law, buildings and plots of land that were foreclosed by the Bank against debts due from clients should be sold within two years from the foreclosure date, however this period could be extended for two more years in exceptional cases by the Central Bank of Jordan.

The movement on provision for assets seized by the Bank is as follows:

	2022	2021
	JD	JD
Balance-Beginning of the year	1,839,000	1,839,000
Transferred from acquisition of NBK	426,992	-
Additions during the year	400,000	-
Balance- End of the year	2,665,992	1,839,000

16. Banks and Financial Institutions' Deposits

This item consists of the following:

	2022			2021		
	Inside the Kingdom	Outside the Kingdom	Total	Inside the Kingdom	Outside the Kingdom	Total
	JD	JD	JD	JD	JD	JD
Current accounts and demand deposits	93,184	15,244,670	15,337,854	126,027	3,355,141	3,481,168
Time deposits due within 3 months	168,510,219	246,648,072	415,158,291	230,575,953	251,728,042	482,303,995
Time deposits 3-6 months	-	21,979,000	21,979,000	-	-	-
Time deposits 9-12 months	-	-	-	45,000,000	-	45,000,000
Time deposits over 1 year	-	-	-	29,000,000	-	29,000,000
Total	168,603,403	283,871,742	452,475,145	304,701,980	255,083,183	559,785,163

17. Customers’ Deposits

This item consists of the following:

31 December 2022	Individual	Large companies	Small and medium companies	Government and Public Sector	Total
	JD	JD	JD	JD	JD
Current accounts and demand deposits	104,189,299	86,527,831	49,845,984	10,562,073	251,125,187
Saving accounts	163,035,449	1,940,654	1,941,337	193,669	167,111,109
Time deposits	633,153,279	164,932,384	26,502,002	91,737,920	916,325,585
Total	900,378,027	253,400,869	78,289,323	102,493,662	1,334,561,881
31 December 2021					
Current accounts and demand deposits	87,289,369	82,074,558	49,342,816	8,346,318	227,053,061
Saving accounts	153,158,694	1,141,894	1,358,186	158,933	155,817,707
Time deposits	591,324,112	80,890,335	33,549,929	108,589,227	814,353,603
Total	831,772,175	164,106,787	84,250,931	117,094,478	1,197,224,371

- Deposits of the government and the general public sector inside the kingdom of Jordan amounted to JD 102,493,662 equivalent to 7,68% from the total deposits as of 31 December 2022 (JD 117,094,478 equivalent to 9,78 % as of 31 December 2021).
- Non-interest bearing deposits amounted to JD 241,883,689 equivalent to 18,12% of total deposits as of 31 December 2022 (JD 212,459,974 equivalent to 17,75 % as of 31 December 2021).
- Restricted deposits amounted to JD 6,356,232 equivalent to 0,48% of total deposits as of 31 December 2022 of which JD 3,276 is at Cyprus branch and JD 6,352,956 at Jordan Branches (JD 6,281,067 equivalent to 0,52% as of 31 December 2021 of which JD 6,277,983 is at Jordan branches and JD 3,084 at Cyprus branch).
- Dormant deposits amounted to JD 8,951,567 as of 31 December 2022 (JD 7,434,791 for the previous year).

18. Borrowed Money from the Central Bank of Jordan

This item consists of the following:

31 December 2022	Amount	Maturity date	Collaterals	Payment terms	Interest rates
Central Bank of Jordan	16,666,667	2 January 2023	Treasury Bonds	One payment	6%
Central Bank of Jordan	8,333,334	4 January 2023	Treasury Bonds	One payment	6.5%
Central Bank of Jordan	200,000,000	4 January 2023	Treasury Bonds	One payment	7.25%
Central Bank of Jordan	14,285,716	19 February 2023	Treasury Bonds	One payment	4.5%
Central Bank of Jordan	15,625,000	16 May 2023	Treasury Bonds	One payment	6%
Central Bank of Jordan- productive projects funding	12,458,197	-	Demand bills of exchange	As periodic maturity	1% - 0.5%
Central Bank of Jordan – national program facing covid-19 crisis	18,727,126	-	Demand bills of exchange	Monthly payments	0%
Central Bank of Jordan – National Program stand up	319,702	-	Demand bills of exchange	Monthly payments	1%
Total	286,415,742				

31 December 2021	Amount	Maturity date	Collaterals	Payment terms	Interest rates
Central Bank of Jordan	115,000,000	2 January 2022	Treasury Bonds	One payment	2%
Central Bank of Jordan	12,658,228	3 January 2022	Treasury Bonds	One payment	2%
Central Bank of Jordan	6,250,000	5 January 2022	Treasury Bonds	One payment	2%
Central Bank of Jordan	34,188,034	16 January 2022	Treasury Bonds	One payment	2%
Central Bank of Jordan	14,662,757	17 January 2022	Treasury Bonds	One payment	2%
Central Bank of Jordan	9,259,259	23 January 2022	Treasury Bonds	One payment	2%
Central Bank of Jordan- productive projects funding	9,850,838	-	Demand bills of exchange	As periodic maturity	0.5%-1%
Central Bank of Jordan – national program facing covid-19 crisis	17,327,131	-	Demand bills of exchange	Monthly payments	0%
Central Bank of Jordan – National Program stand up	360,901	-	Demand bills of exchange	Monthly payments	1%
Total	219,557,148				

19. Cash Margins

This item consists of the following:

	2022	2021
	JD	JD
Cash margins against direct credit facilities	40,452,881	33,436,405
Cash margins against indirect credit facilities	7,986,629	7,837,956
Total	48,439,510	41,274,361

20. Sundry Provisions

This item consists of the following:

	2022			
	Beginning balance	Provided during the year	Used during the year	Ending balance
	JD	JD	JD	JD
Provision for end of service indemnity	505,488	77,479	(58,604)	524,363
Lawsuits provision	270,687	120,000	-	390,687
Other provisions	20,077	9,000	(20,077)	9,000
Total	796,252	206,479	(78,681)	924,050

	2021			
	Beginning balance	Provided during the year	Used during the year	Ending balance
	JD	JD	JD	JD
Provision for end of service indemnity	542,144	47,368	(84,024)	505,488
Lawsuits provision	160,417	120,000	(9,730)	270,687
Other provisions	-	20,077	-	20,077
Total	702,561	187,445	(93,754)	796,252

21. Income Tax

A- Income tax provision

The movement on the income tax provision is as follows:

	2022	2021
	JD	JD
Balance at the beginning of the year	8,649,454	7,431,319
Income tax paid	(10,179,076)	(9,094,563)
Accrued income tax expense	10,910,347	10,312,698
Balance –at the end of the year	9,380,725	8,649,454

B- Income tax in the consolidated statement of income represents the following:

	2022	2021
	JD	JD
Accrued Income tax expense for the year	10,910,347	10,312,698
Amortization of deferred tax assets	5,975	30,768
Total	10,916,322	10,343,466

C- Tax situation

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

The Bank has submitted its tax returns for the year 2021, noting that the income and sales tax department did not review the company date until the date of issuance of these financial statements.

United Arab Jordan Company for Investment and Financial Brokerage (a subsidiary) has reached a final settlement with the Income and Sales Tax Department in Jordan up to the year 2017, In addition the company has submitted its tax returns for the years 2018,2019, 2020, and 2021 noting that the income tax department did not review the company data for these years up until the date of issuance of these financial statements, All tax balances due were paid by the Bank.

A final tax settlement has been reached for the bank in Qatar up to the year 2021.

A final tax settlement has been reached for Cyprus branch up to the year 2021.

The Bank has booked a provision against any expected tax liabilities for the declared years which includes the above-mentioned years, in the opinion of the bank's management and its tax consultant the income tax provision booked in the consolidated financial statement is sufficient to cover any future tax liabilities that may arise.

D- Deferred Tax Assets

The details of this item are as follows:

Accounts Included	2022					2021
	Beginning of the year	Amount released	Additional amounts	End of the year	Deferred tax	Deferred tax
	JD	JD	JD	JD	JD	JD
Provision for impairment of direct credit facilities	8,687,414	-	-	8,687,414	3,301,217	3,301,217
Provision for employee end-of-service Indemnity*	64,895	(24,534)	8,810	49,171	18,686	24,661
	8,752,309	(24,534)	8,810	8,736,585	3,319,903	3,325,878

* Deferred tax assets has not been calculated on the total balance of end-of-service indemnity provision as a part of this balance relates to Arab Jordan Investment Bank – Qatar.

The movement on deferred tax assets is as follows:

	2022	2021
	JD	JD
Balance at the beginning of the year	3,325,878	3,356,646
Addition	3,348	-
Released	(9,323)	(30,768)
Balance at the end of the year	3,319,903	3,325,878

E- Reconciliation between accounting profit and taxable profit is as follows:

	2022	2021
	JD	JD
Accounting profit	30,397,944	28,506,682
Non-taxable income	(3,795,796)	(784,730)
Non- deductible expenses	3,634,342	781,950
Taxable profit	30,236,490	28,503,902
Income tax for the year	10,916,322	10,343,466
Effective income tax rate	35.91%	36.28%

According to the Income Tax Law No, (38) for the year 2018 which has come effective from 1 January 2019 income tax expense was calculated at tax rate of 35% and 3% social contribution, as of 31 December 2022 and for the year 31 December 2021.

The tax rate on the Bank's branch in Cyprus is 12.5 % and the subsidiary in Qatar is 10% and 24% for the subsidiary in Jordan, Deferred tax assets are calculated by 38% of provision for impairment, end of service provision and other provisions as of 31 December 2022, where the management thinks that the deferred taxes are due in future periods.

22. Other Liabilities

This item consists of the following:

	2022	2021
	JD	JD
Accrued interest expense	8,758,606	7,565,331
Accounts payable	29,054,088	25,196,147
Accrued unpaid expenses	2,082,823	2,297,236
Transfers and checks payable	381,927	248,681
Bank cheques issued	2,528,134	2,325,528
Safe boxes deposits	173,381	157,387
Other deposits	240,709	304,033
Creditors	264,850	241,300
Dividends payable	157,938	1,439,430
Due to income tax	1,059,030	686,943
Restricted deposits	41,013	40,498
ECL(Indirect credit facilities)	916,740	916,740
Prepaid Revenues	520,586	552,807
Others	382,612	587,134
Total	46,562,437	42,559,195

Indirect credit facilities classification based on the Bank’s internal credit rating is as follows:

	2022																	2021
	Letters of guarantee				Letters of credit				Acceptances				Unused balance				Total	Total
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
Low Risk (2-6)	80,387,956	-	-	80,387,956	10,892,568	-	-	10,892,568	38,280,249	-	-	38,280,249	185,135,495	-	-	185,135,495	314,696,268	253,900,361
Acceptable Risk (7)	-	-	-	-	-	-	-	-	-	-	-	-	-	3,151,878	-	3,151,878	3,151,878	1,666,226
High Risk (8-10)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as of 31 December 2022	80,387,956	-	-	80,387,956	10,892,568	-	-	10,892,568	38,280,249	-	-	38,280,249	185,135,495	3,151,878	-	188,287,373	317,848,146	255,566,587

- The probability of default for the low risk classification ranges between 0 -5.24% and 0-2.5% in the prior year.
- The probability of default for the acceptable risk classification ranges between 1.19% - 11.29% and 0.16% - 8.84% in the prior year.

The movement on the indirect credit facilities as of 31 December 2022 is as follows:

	2022																	2021
	Letters of guarantee				Letters of credit				Acceptances				Unused balance				Total	Total
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
Balance as of 1 January 2022	90,366,836	-	-	90,366,836	9,673,571	-	-	9,673,571	27,286,653	-	-	27,286,653	126,573,301	1,666,226	-	128,239,527	255,566,587	251,257,489
Balances resulted from acquisition	8,696,070	-	-	8,696,070	-	-	-	-	-	-	-	-	-	-	-	-	8,696,070	-
New balances	-	-	-	-	1,908,699	-	-	1,908,699	11,027,939	-	-	11,027,939	61,311,943	2,540,602	-	63,852,545	76,789,183	42,455,791
Paid balances	(18,674,950)	-	-	(18,674,950)	(689,702)	-	-	(689,702)	(34,343)	-	-	(34,343)	(18,963,865)	(1,021,173)	-	(19,985,038)	(39,384,033)	(42,179,450)
Stage 1	-	-	-	-	-	-	-	-	-	-	-	-	264,823	(264,823)	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-	-	-	-	-	(509,021)	509,021	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total impacts on the impairments losses resulted from the classification changes between stages	-	-	-	-	-	-	-	-	-	-	-	-	1,453,244	(201,605)	-	1,251,639	1,251,639	(86,993)
Changes from adjustments	-	-	-	-	-	-	-	-	-	-	-	-	15,005,070	(76,370)	-	14,928,700	14,928,700	4,119,750
Balance as of 31 December 2022	80,387,956	-	-	80,387,956	10,892,568	-	-	10,892,568	38,280,249	-	-	38,280,249	185,135,495	3,151,878	-	188,287,373	317,848,146	255,566,587

The following is the movement on the provision for impairment of indirect credit facilities:

	2022																	2021
	Letters of guarantee				Letters of credit				Acceptances				Unused balance				Total	Total
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
Balance as of 1 January 2022	227,107	-	-	227,107	64,027	-	-	64,027	275,606	-	-	275,606	230,000	120,000	-	350,000	916,740	911,740
New balances																		5,000
Paid balances																		-
Balance as of 31 December 2022	227,107	-	-	227,107	64,027	-	-	64,027	275,606	-	-	275,606	230,000	120,000	-	350,000	916,740	916,740

23. Paid-up Capital

The paid-up capital of the Bank is JD 150,000,000 divided into 150,000,000 shares at a par value of JD 1 each as of 31 December 2021 and 2022.

24. Reserves

Statutory Reserve

The amount accumulated in this account is transferred from the annual net income at 10% during the year and previous years according to the companies Law, this reserve cannot be distributed to shareholders.

The restricted reserves are as follows:

Reserve	Amount	Nature of restriction
	JD	
Statutory reserve	39,903,516	According to companies laws

25. Foreign Currency Translation Adjustments

This represents differences resulting from the translation of the net investment in associates and foreign branches outside of Jordan upon consolidation of the financial statements of the Bank and the movement for this account is the following:

	2022	2021
	JD	JD
Balance at the beginning of the year	(2,384,872)	(2,152,393)
Movement during the year	(2,289,741)	(232,479)
Loss of foreign currency translation resulted by associated company	503,008	-
Balance at the end of the year	(4,171,605)	(2,384,872)

26. Fair Value Reserve- Net

The details of fair value reserve for financial assets at fair value through other comprehensive income according to IFRS 9 are as follows:

	2022	2021
	JD	JD
Balance at the beginning of the year	(973,193)	(3,079,877)
Unrealized Gain	3,237,360	2,106,684
Realized (losses)	(130,171)	-
Balance at the end of the year	2,133,996	(973,193)

– There are no hedging derivatives,

27. Retained Earnings

The movement on retained earnings account as the following:

	2022	2021
	JD	JD
Balance at the beginning of the year	26,204,376	26,648,950
Profit for the year	18,059,241	17,090,334
Losses from Foreign Currency Translation Adjustments	(503,008)	-
Others	(41,477)	-
Accumulated changes in affiliates	130,171	-
Transferred to reserves	(2,671,550)	(2,534,908)
Distributed dividends to shareholders (Note 28)	(15,000,000)	(15,000,000)
Balance at the end of the year	26,177,753	26,204,376

- Retained earnings include an amount of JD 3,319,903 as of 31 December 2022 (JD 3,325,878 as of 31 December 2021) restricted against deferred tax assets according to the Central Bank instructions.

28. Proposed Distribution of Dividends to the General Assembly

The Board of Directors of the General Assembly of Shareholders recommended the distribution of 10% of capital as cash dividends to the shareholders equivalent to JD 15,000,000 subject to the approval of the General Assembly of Shareholder, 10% of capital as cash dividends to the shareholders equivalent to JD 15,000,000 were distributed for 2021.

29. Non - Controlling Interest

This item represents other shareholders' interest of 50% (minus two shares) as of 31 December 2022 from the net shareholders' equity of Arab Jordan Investment Bank in Qatar (subsidiary company).

30. Interest Income

This item consists of the following:

	2022	2021
	JD	JD
Direct credit facilities: Individuals (retail):		
Loans	15,257,655	10,327,657
Credit cards	1,043,807	1,008,219
Real estate loans	5,409,604	4,834,843
Large companies		
Loans	16,999,405	17,006,804
Overdraft	7,021,970	4,350,093
Small and medium companies		
Loans	4,112,997	4,464,296
Overdraft	1,239,678	1,024,537
Government and public sector	4,681,308	5,367,380
Balances at the Central Bank of Jordan	822,810	290,466
Balances and deposits at banks and financial institutions	3,194,174	1,044,697
Financial assets at amortized cost	40,101,205	36,800,972
Total	99,884,613	86,519,964

31. Interest expense

This item consists of the following:

	2022	2021
	JD	JD
Deposits from banks and financial institutions	11,293,694	7,493,570
Customers' deposits:		
Current accounts and demand deposits	1,486,345	1,217,374
Saving accounts	658,569	665,958
Time and notice deposits	30,610,157	25,712,567
Rent interest (Note 42)	109,366	104,162
Cash margins	588,588	493,510
Deposits guarantee	1,422,862	1,295,413
Total	46,169,581	36,982,554

32. Net Commissions income

This item consists of the following:

	2022	2021
	JD	JD
Commissions income:		
Direct credit facilities	2,110,465	1,775,994
Indirect credit facilities	7,322,334	6,621,953
Less: Commissions expense	(2,401,160)	(1,697,515)
Net commissions income	7,031,639	6,700,432

33. Foreign currencies income

This item consists of the following:

	2022	2021
	JD	JD
Resulting from trading	4,136,536	3,140,164
Resulting from revaluation	56,025	64,498
Total	4,192,561	3,204,662

34. (Losses) Gain from financial assets at fair value through profit or loss

The details of gains on financial assets of fair value through profit and loss in accordance with IFRS (9) are as follows:

For the year ended 31 December 2022	Realized (Losses)	Unrealized (Losses)	Dividends	Total
	JD	JD	JD	JD
Corporate equity shares	(65,356)	(298,365)	25,440	(338,281)
Total	(65,356)	(298,365)	25,440	(338,281)

For the year ended 31 December 2021	Realized Gains	Unrealized Gains	Dividends	Total
	JD	JD	JD	JD
Corporate equity shares	138,187	112,975	-	251,162
Total	138,187	112,975	-	251,162

35. Cash Dividends On Financial Assets at Fair Value Through Other Comprehensive Income

This item consists of the following:

	2022	2021
	JD	JD
Dividends return on local financial assets	446,372	227,551
Total	446,372	227,551

36. Provision For Expected Credit Losses

	Stage 1	Stage 1	Stage 2	Stage 2	Stage 3	Stage 3	Total	Total
	2022	2021	2022	2021	2022	2021	2022	2021
Bonds at amortized cost	28,360	-	2,000,000	-	80,000	80,000	2,108,360	80,000
Direct credit facilities	1,909	324	-	-	422,000	1,100,000	423,909	1,100,324
Indirect credit facilities	-	5,000	-	-	-	-	-	5,000
Total	30,269	5,324	2,000,000	-	502,000	1,180,000	2,532,269	1,185,324

37. Other Income

This item consists of the following:

	2022	2021
	JD	JD
Gain From acquisition (Note 53)	1,534,364	-
Gains from sale of property and equipment	12,374	1,525
(Losses) from sales of repossessed assets	(9,680)	(111,033)
Returns from managed portfolios	8,801	10,175
Commission of salary transfer	43,622	37,728
Returns from shares trading on behalf of customers	245,380	248,759
Recorded revenues from pervious provisions	79,077	238,317
Recovered revenues from bad debts	469,108	485,592
Revenues from credit cards sponsorship	60,185	60,185
Other revenues	611,951	701,494
Total	3,055,182	1,672,742

38. Employees Expenses

This item consists of the following:

	2022	2021
	JD	JD
Salaries, bonuses and employees benefits	13,861,273	12,482,883
Bank's contribution in social security	1,546,267	1,416,040
Bank's contribution in saving fund	464,554	455,981
Employees' life insurance	164,117	159,921
Medical expenses	791,688	667,900
Staff training	15,350	18,767
Travel expenses	129,378	73,886
Other	161,479	107,645
Total	17,134,106	15,383,023

39. Other Expenses

This item consists of the following:	2022	2021
	JD	JD
Short - term rent	1,438,248	1,298,489
Stationery and printing	368,181	275,111
Subscriptions	980,269	737,048
Legal and audit fees	398,242	537,650
Telephone, telex, postage and stamps	772,229	812,691
Insurance expenses	288,570	255,681
Maintenance and repair	812,064	682,725
General services	514,048	496,898
Swift services	165,047	123,085
Security	259,766	246,667
Donations	842,800	563,119
Board of directors remunerations	55,000	55,000
Board of directors expenses	1,111,473	988,238
Foreign currency trading fees	186,024	163,997
Registration and governmental fees	243,037	195,877
Mortgage and insurance fees	841,990	634,360
Consultations	323,001	236,904
Automated clearing (offset) expenses	95,240	92,404
Property tax fees	176,593	192,093
Marketing and advertising expenses	807,317	694,032
Computers and ATMs expenses	1,907,246	1,870,135
Other expenses	1,015,119	1,237,777
Total	13,601,504	12,389,981

40. Basic and Diluted Earnings Per Share (Bank’s shareholders)

This item consists of the following:	2022	2021
	JD	JD
Income for the year	18,059,241	17,090,334
Weighted average number of shares	150,000,000	150,000,000
Basic and diluted earnings per share (Bank shareholders)	0,12	0,114

41. Cash and cash equivalents

This item consists of the following:

	2022	2021
	JD	JD
Cash and balances at the Central Bank of Jordan maturing within 3 months	341,688,653	276,823,156
Add: balances at banks and other financialinstitutions maturing within 3 months	304,065,666	261,711,596
Less: deposits from banks and financial institutions maturing within 3 months	(430,496,145)	(485,785,163)
Total	215,258,174	52,749,589

42. Right of use assets and lease liability

This item consists of the following:

	2022		2021	
	Right of use assets	Lease liabilities	Right of use assets	Lease liabilities
	JD	JD	JD	JD
Balance at the beginning of the year	2,411,923	2,173,412	2,686,011	2,456,041
Addition during the year	1,127,320	1,127,320	559,489	559,489
Disposals	-	-	(62,562)	(76,314)
Amortization during the year	(814,374)	-	(771,015)	-
Interests	-	109,366	-	104,162
Paid during the year	-	(959,028)	-	(869,966)
Balance as at the end of the year	2,724,869	2,451,070	2,411,923	2,173,412

* Details of lease contracts liabilities as at 31 December 2022 and 2021 are as follows:

	2022	2021
Lease liabilities less than a year	742,584	895,376
Lease liabilities more than a year	1,708,486	1,278,036
Total	2,451,070	2,173,412

43. Related Parties Transactions

The following is a summary of the transactions with related parties during the year:

Statement of Financial Position Items:	Related party					Total	
	Subsidiary company	Board of directors members	Management executives	Associate company	Other*	31 December	
						2022	2021
	JD	JD	JD	JD	JD	JD	JD
Total deposits for related parties	68,674,786	137,460,235	465,596	5,603,536	3,877,921	216,082,074	204,183,067
Total Bank deposits with related parties	54,376,078	358,471	-	19,426,079	-	74,160,628	58,269,267
Loans and credit facilities granted to related parties	-	-	1,346,186	-	4,456,796	5,802,982	5,190,218
Off-Statement of Financial Position Items:							
Letter of credit and guarantee	5,025,530	-	-	-	-	5,025,530	3,132,716
Managed account	7,892,290	-	-	-	-	7,892,290	6,418,493
Statement of Income Items:							
Credit interest and commission	623,906	34	63,580	261,175	227,787	1,176,482	488,871
Debit interest and commission	2,036,681	2,400,723	4,726	271,887	195,595	4,909,612	2,461,448

* his item represents employees' deposits and facilities for other than Board of Directors and executive management.

- Revenues and expenses balances and transactions between the Bank and the subsidiaries are eliminated.
- Interest expense rates ranges from 0% - 6.75% (current accounts included).
- Interest revenue rates ranges from 2% - 7%.
- All credit facilities granted to related parties are considered performing and consequently no related provisions have been booked.

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

	2022	2021
	JD	JD
Salaries, remunerations and other benefits	1,344,456	1,486,049
Travel and transportation	26,137	9,592
Total	1,370,593	1,495,641

44. Risk Management

Risk is an integral part of the Bank's operations, the general framework of the Risk Management Department in the bank is to identify understand and evaluate risks associated with the Bank's operations, The Department also ensures that risk is maintained within approved and accepted limits and that the necessary measures are taken to reduce risk and attain a balance between risks and rewards.

The Risk Department's policies are developed in order to identify analyze control and place caps on risk, Moreover risk is also monitored through the Bank's risk database system.

The Bank periodically reviews the policies and procedures associated with the Risk Department in order to incorporate new market developments and practices best suited to the Bank's operations.

The Risk Management Department in the Bank is responsible for managing risk through close alignment of the policies and procedures authorized by the Bank's Board of Directors, Furthermore the Risk Committee which is emerged from the Board of Directors reviews the said department's activities and continually issues reports to the Board of Directors disclosing whether the risk is maintained according to the Bank's policies and approved and accepted risk levels.

The Assets and Liabilities Management Committee and Investment Committee also partake in risk management within the Bank, In addition all of the Bank's work centers are responsible for identifying the risks associated with their activities, They also set the necessary and appropriate risk controls; the most important risks are credit risk liquidity risk operation risk and market risk which also includes interest rate risk and currency risk.

The risk management framework comprises risk appetites statement, which is approved by the Board of Directors, and includes the accept-able risk limits and levels of risk tolerance, In addition, part of the risk framework is the stress testing g which is performed on the portfolio level to measure the extent of the Banks capability to withstand any shocks and high risks arising from applying the IFRS (9) standard.

Reports regarding the results of these tests to the risk management committee are submitted on a regular basis to assess their impact on capital and profits, and accordingly a periodic review is done to confirm the compatibility of the current applied with the reality.

Credit Risk

Credit risk arises from the probable default or inability of the borrower or third party to fulfil its obligations to the Bank Moreover, this risk is one of the most important risks the Bank faces during the conduct of its activities. Therefore the Bank manages credit risk continuously this risk relates to items such as loans bonds and activity investments in debt instruments in addition to credit risk related to off- statement of financial position items such as unutilized loans guarantees and documentary credits.

Measurement of Credit Risk:

1. Debt Instruments

The external rating issued by the International Rating Institutions such as (Standard and Poor) and (Moody's) or the like is used in managing exposure to credit risk relating to debt instruments.

This rating is within specific categories and as instructed by the regulatory authorities in the countries where the bank has its branches or subsidiaries.

2. Control on Risk Ceilings and Credit Risk Mitigation Policies

The Bank manages credit ceilings and controls the credit concentrations risks on the customers' levels (individual or corporate) in addition to managing and controlling the exposure to credit risk for each sector or geographical area.

The Bank determines the accepted credit risk levels through installing ceilings for the acceptable risks relating to one borrower or a group of borrowers and for each sector or geographical area.

These risks are continuously controlled and are subject to annual/ periodic reviews in addition to controlling the actual exposure against the risk ceilings daily.

Credit Risk Mitigation Methods

The Bank adopts several methods and practices to mitigate credit risk such as obtaining guarantees according to acceptable standards.

The most prevalent guarantees against loans and credit facilities are the following:

- Real estate mortgages
- Mortgages of financial instruments such as shares
- Bank guarantees
- Cash Collaterals
- Government guarantees

Moreover, the Bank adopts the following methods to improve the quality of credit and mitigate risks:

- A system of three approvals for granting a credit.
- Credit approval authority that varies from one management level to another depending on the volume of the customer's portfolio extent of exposure maturity and customer's risk degree.
- Complete segregation between credit management departments (business) credit control and analysis departments.

Second: Quantitative Disclosures

(44/A) Credit Risk:

1-A- Exposure to credit risks (after provision for impairment and interest in suspense and before collaterals and any other risk decreasing factors).

	2022	2021
	JD	JD
Statement of Financial Position items:		
Cash and balances at Central Bank of Jordan	321,401,386	257,373,420
Balances at banks and financial institutions – Net	303,959,667	261,592,947
Deposits at banks and financial Institutions – Net	5,809,910	-
Credit Facilities- Net:		
Individual	229,469,944	168,384,688
Real-estate loans	127,018,388	111,182,441
Large companies	340,072,382	452,987,965
Small and medium companies	45,351,554	36,185,123
Government & public sector	72,229,596	95,167,922
Bonds and Treasury Bills:		
Within financial assets at amortized Cost- net	769,041,525	734,689,621
Other assets	19,373,790	16,702,331
Total	2,233,728,142	2,134,266,458
Contingent liabilities:		
Letters of guarantee	80,387,956	90,366,836
Letters of credit	10,892,568	9,673,571
Acceptances	38,280,249	27,286,653
Un-utilized facilities	188,287,373	128,239,527
Total	317,848,146	255,566,587
Total	2,551,576,288	2,389,833,045

The Bank obtains cash and in-kind collaterals representing real estates and shares to mitigate credit risks to which the Bank might be exposed.

1-B- Distribution of credit exposure (Direct Facilities):

The Bank's internal credit rating	Classification category based on (47/2009) instruction	Total exposure amount	Expected credit loss (ECL)	Probability of default (PD)	Rating according to external rating institutions	Exposure at default (EAD) in JD Millions	Loss given default (LGD)
	JD	JD	JD			JD	%
2-7	Performing	820,930,865	10,711,720	3.8%	Moody's	820,930,865	29.2%
8-10	Non performing	9,519,530	3,108,695	100%	Moody's	9,519,530	19.4%

Regarding assets items within consolidated financial statements, the exposure mentioned above is based on the balance presented in the consolidated financial statements.

2- A- Distribution of fair value of collateral against total credit exposures:

Item	Gross exposure amount	Fair value of collaterals							Net exposure after collaterals	Expected credit loss (ECL)
		Cash margins	Quoted shares	Accepted banking guarantees	Housing	Vehicles and machines	Others	Gross collateral amount		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central bank	321,401,386	-	-	-	-	-	-	-	321,401,386	-
Balances at banks and financial institutions	304,065,666	-	-	-	-	-	-	-	304,065,666	105,999
Deposits at banks and financial institutions	5,822,560	-	-	-	-	-	-	-	5,822,560	12,650
Credit facilities:										
Retail	235,338,165	12,944,936	-	-	164,979,677	-	-	177,924,613	57,413,552	5,083,156
Housing loans	129,815,573	579,116	-	-	114,924,898	-	1,024,227	116,528,241	13,287,332	1,687,482
Large corporate	344,109,504	7,238,252	27,125,050	2,744,140	186,818,555	-	38,415,000	262,340,997	81,768,507	4,037,122
Small and medium entities	48,902,712	718,837	-	-	35,826,812	-	-	36,545,649	12,357,063	2,957,810
Government and public sector	72,284,441	-	-	-	-	-	43,783,334	43,783,334	28,501,107	54,845
Bonds and bills:										
Within financial assets at amortized cost	771,435,588	-	-	-	320,000	-	-	320,000	771,115,588	2,394,063
Within financial assets through other comprehensive income	-	-	-	-	-	-	-	-	-	-
Other assets	19,373,790	-	-	-	-	-	-	-	19,373,790	-
Total	2,252,549,385	21,481,141	27,125,050	2,744,140	502,869,942	-	83,222,561	637,442,834	1,615,106,551	16,333,127
Letters of guarantee	80,387,956	-	-	-	-	-	-	-	80,387,956	227,107
Letters of credit	10,892,568	-	-	-	-	-	-	-	10,892,568	64,027
Acceptances	38,280,249	-	-	-	-	-	-	-	38,280,249	275,606
Unutilized facilities	188,287,373	-	-	-	-	-	-	-	188,287,373	350,000
Grand total	2,570,397,531	21,481,141	27,125,050	2,744,140	502,869,942	-	83,222,561	637,442,834	1,932,954,697	17,249,867
Total comparative figures	2,412,656,052	15,277,130	33,787,718	-	468,350,437	-	144,180,648	661,595,933	1,751,060,119	20,515,134

2- B The fair value of collateral against total stage 3 credit exposures

Item	Gross exposure stage 3	Fair value for collaterals							Net exposure after collaterals	Expected Credit Loss (ECL)
		Cash margins	Quoted shares	Accepted banking guarantees	Housing	Vehicles and machines	Others	Gross collateral amount		
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at central bank	-	-	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Deposits at banks and financial institutions	-	-	-	-	-	-	-	-	-	-
Credit facilities:				-						
Retail	2,214,802	3,000	241,515	-	498,320	-	-	742,835	1,471,967	1,242,410
Housing loans	3,177,950	-	-	-	4,208,328	-	-	4,208,328	(1,030,378)	789,165
Large corporate	4,126,778	35,217	-	-	20,692,942	-	-	20,728,159	(16,601,381)	1,077,120
Small and medium entities	-	-	-	-	-	-	-	-	-	-
Government and public sector	-	-	-	-	-	-	-	-	-	-
Bonds and bills:			-	-						
Within financial assets at amortized cost	320,000			-	320,000	-	-	320,000	-	240,000
Within financial assets through other comprehensive income	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	9,839,530	38,217	241,515	-	25,719,590	-	-	25,999,322	(16,159,792)	3,348,695
Letters of guarantee	-	-	-	-	-	-	-	-	-	-
Letters of credit	-	-	-	-	-	-	-	-	-	-
Acceptances	-	-	-	-	-	-	-	-	-	-
Unutilized facilities	-	-	-	-	-	-	-	-	-	-
Grand total	9,839,530	38,217	241,515	-	25,719,590	-	-	25,999,322	(16,159,792)	3,348,695
Total comparative figures	12,834,255	-	550,351	-	3,744,316	-	-	4,294,667	8,539,588	7,891,893

3-A- Total reclassified exposures

Item	Stage 2		Stage 3		Total reclassified exposures	Reclassified exposures
	Total exposure amount	Reclassified exposures	Total exposure amount	Reclassified exposures		
	JD	JD	JD	JD	JD	%
Direct credit facilities	96,540,207	34,253,900	6,490,835	6,122,619	40,376,519	39,19%

3-B- ECL for reclassified facilities

Item	Reclassified exposures		ECL for reclassified exposures			
	Reclassified exposures Stage 2	Reclassified exposures Stage 3	Total reclassified exposures	Stage 2 individual	Stage 3 individual	Total
	JD	JD	JD	JD	JD	JD
Direct credit facilities	34,253,900	6,122,619	40,376,519	2,341,810	36,308	2,378,118

Rescheduled loans:

These represent loans classified previously as non-performing and reclassified as performing but taken out therefrom according to proper scheduling and classified as watch list loans they amounted to JD 1,877,484 for the current year (JD 2,191,986 for the previous year).

The balance of the rescheduled loans represents the loans which were rescheduled either still classified as watch list or transferred to performing.

Restructured loans:

Restructuring means to rearrange facilities instalments or by increasing their duration postpone some instalments or increase the grace period…etc, they are classified as a watch-list debt and the restructuration for the current year 15,371,031 JD and no restructuration in previous year.

4. Bills bonds and debentures

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

Risk rating class	Rating agency	Included in assets at amortized cost
		JD
Government guaranteed bonds	Moody's	752,735,446
Government guaranteed bonds B1	Moody's	6,434,699
Government guaranteed bonds B2	Moody's	731,425
Government guaranteed bonds Ba3	Moody's	728,394
Companies Bond A1	Moody's	708,901
Companies Bond B1	Moody's	2,882,978
Companies Bond Ba2	Moody's	699,023
Companies Bond Caa3	Moody's	273,906
Companies Bond without classification	Moody's	3,846,753
Total		769,041,525

5-A. The schedule below shows the geograohical distribution of the credit risk exposure:

	Inside the Kingdom	Other Middle East Countries	Europe	Asia	Africa	America	Total
	JD	JD	JD	JD	JD	JD	JD
Balance at Central Bank of Jordan	321,401,386	-	-	-	-	-	321,401,386
Balances at banks and financial institutions - net	10,687,637	183,375,594	49,627,624	924,367	358,471	58,985,974	303,959,667
Deposits at banks and financial institutions - net	-	-	5,809,910	-	-	-	5,809,910
Credit facilities-net:	790,648,140	18,557,296	4,936,428				814,141,864
Bonds and bills:							
Financial assets at amortized cost - net	763,016,899	-	273,905	2,136,318	731,425	2,882,978	769,041,525
Within financial assets through other comprehensive income	-	-	-	-	-	-	-
Other assets	16,547,497	2,371,286	262,857	90,512	25,874	75,764	19,373,790
Total / Current year	1,902,301,559	204,304,176	60,910,724	3,151,197	1,115,770	61,944,716	2,233,728,142
Letters of guarantee	71,596,823	8,768,199	22,934	-	-	-	80,387,956
Letters of credit	6,000,874	4,891,694	-	-	-	-	10,892,568
Acceptances	37,093,941	1,186,308	-	-	-	-	38,280,249
Un-utilized facilities	181,938,242	6,349,131	-	-	-	-	188,287,373
Grand total	2,198,931,439	225,499,508	60,933,658	3,151,197	1,115,770	61,944,716	2,551,576,288
Total comparative figures	2,070,576,816	96,125,760	118,588,351	1,423,092	706,279	102,412,747	2,389,833,045

Exposure distribution according to IFRS 9- Net:

Item	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3 Individual	Total
	JD	JD	JD	JD	JD	JD
Inside Jordan	1,807,784,497	296,021,553	79,975,958	12,182,968	2,966,463	2,198,931,439
Other middle east countries	222,828,076	-	2,671,432	-	-	225,499,508
Europe	38,939,186	-	19,363,287	-	2,631,185	60,933,658
Asia	3,151,197	-	-	-	-	3,151,197
Africa	1,115,770	-	-	-	-	1,115,770
America	61,944,716	-	-	-	-	61,944,716
Total	2,135,763,442	296,021,553	102,010,677	12,182,968	5,597,648	2,551,576,288
Total Comparative Figures	2,092,546,358	201,264,081	83,160,264	9,829,246	3,033,096	2,389,833,045

5-B. The schedule below shows the credit risk exposure according to financial instruments:

Item	Finance	Industrial	Trade	Real estate	Shares	Retail	Transportation	Hotels and Tourism	Government and public sector	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances at Central Bank of Jordan	-	-	-	-	-	-	-	-	321,401,386	321,401,386
Balances at banks and financial institutions -Net	303,959,667	-	-	-	-	-	-	-	-	303,959,667
Deposits at banks and financial institutions- Net	5,809,910	-	-	-	-	-	-	-	-	5,809,910
Credit facilities - Net	7,944,085	120,747,425	248,508,992	127,018,388	928,710	229,469,944	3,977,839	3,316,885	72,229,596	814,141,864
Bonds and bills:										
Financial assets at amortized cost - Net	3,766,755	4,415,046	229,760	-	-	-	-	-	760,629,964	769,041,525
Within financial assets through other comprehensive income	-	-	-	-	-	-	-	-	-	-
Other assets	1,111,669	2,317,020	1,746,152	774,723	25,214	394,123	50,214	23,581	12,931,094	19,373,790
Total / Current year	322,592,086	127,479,491	250,484,904	127,793,111	953,924	229,864,067	4,028,053	3,340,466	1,167,192,040	2,233,728,142
Letters of guarantee	-	-	80,387,956	-		-	-	-	-	80,387,956
Letters of credit	-	-	10,892,568	-		-	-	-	-	10,892,568
Acceptances	-	-	38,280,249	-		-	-	-	-	38,280,249
Un- utilized ceilings	-	-	188,287,373	-		-	-	-	-	188,287,373
Grand total	322,592,086	127,479,491	568,333,050	127,793,111	953,924	229,864,067	4,028,053	3,340,466	1,167,192,040	2,551,576,288
Total comparative figures	276,533,492	192,149,523	542,798,753	112,056,394	864,596	169,734,028	5,451,405	3,859,937	1,086,384,917	2,389,833,045

The distribution of the risk exposure according to the staging classification as per IFRS (9) – Net,

Item	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3 Individual	Total
	JD	JD	JD	JD	JD	JD
Finance	303,228,798	-	19,363,288	-	-	322,592,086
Industry	120,946,455	-	6,533,036	-	-	127,479,491
Trade	511,698,756	-	53,534,089	-	3,100,205	568,333,050
Real estate	11,075,695	95,277,885	17,757,588	2,019,038	1,662,905	127,793,111
Shares	953,924	-	-	-	-	953,924
Retail	17,402,064	200,743,668	719,867	10,163,930	834,538	229,864,067
Transportation	4,028,053	-	-	-	-	4,028,053
Hotels and Tourism	3,325,907	-	14,559	-	-	3,340,466
Government and public sector	1,163,103,790	-	4,088,250	-	-	1,167,192,040
Total	2,135,763,442	296,021,553	102,010,677	12,182,968	5,597,648	2,551,576,288
Total comparative figures	2,092,534,497	201,275,942	83,160,264	9,829,246	3,033,096	2,389,833,045

44/B Market risks:

Market risk is the risk of the fluctuation in the fair value or cash flows of financial instruments due to changes in market prices such as interest rates, currency rates and stock prices, The risks subject to this requirement are foreign currency, risk price risk, commodity risk and market risks arise due to open positions for interest rate, foreign currency exchange rate, investment rate and share prices, These risks are controlled according to predetermined policies and procedures and through specialized committees and work centers.

Sensitivity analysis is based on estimating the loss risk in fair value due to changes in interest rate and exchange rate, Moreover, fair value is calculated according to the current value of future cash flows that will be affected by price changes.

- Interest rate risks

Interest rate risk arises from the probable impact of changes in interest rates on the value of other financial assets, The Bank is exposed to the risk of interest rates due to a mismatch or a gap in the amounts of assets and liabilities according to the various time limits or review of interest rates in a certain period, Moreover, the Bank manages these risks through reviewing the interest rates on assets and liabilities based on the risk management strategy, The Bank will study all the factors that have an effect on the interest rates whether they are local regional or global in addition to studying the interest rate gap and their future expectations to determine the degree of risk in the short and long term so as to be able to put a suitable future plan and make the right decisions such as amending the maturity date and repricing the deposits and loans and the purchase and sale of the financial investments.

1- Interest rate risks

Sensitivity Analysis 2022

Currency	Change (increase) in interest rate (%)	Sensitivity of interest revenue profit and (loss)	Sensitivity of shareholders' equity
		JD	JD
US Dollar	1	(147,187)	-
Euro	1	283,790	-
British Pound	1	(95,495)	-
Japanese Yen	1	(693)	-
Others	1	72,739	

Currency	Change (increase) in interest rate (%)	Sensitivity of interest revenue profit and (loss)	Sensitivity of shareholders' equity
		JD	JD
US Dollar	1	147,187	-
Euro	1	(283,790)	-
British Pound	1	95,495	-
Japanese Yen	1	693	-
Others	1	(72,739)	

Sensitivity Analysis 2021

Currency	Change (increase) in interest rate (%)	Sensitivity of interest revenue profit and (loss)	Sensitivity of shareholders' equity
		JD	JD
US Dollar	1	(909,705)	-
Euro	1	(569,906)	-
British Pound	1	54,936	-
Japanese Yen	1	(3)	-
Others	1	292,526	-

Currency	Change (increase) in interest rate (%)	Sensitivity of interest revenue profit and (loss)	Sensitivity of shareholders' equity
		JD	JD
US Dollar	1	909,705	-
Euro	1	569,906	-
British Pound	1	(54,936)	-
Japanese Yen	1	3	-
Others	1	(292,526)	-

2. Foreign currencies risk

This is the risk that results from the changes in foreign exchange rates with potential impact on the Bank's assets and liabilities in foreign currencies The Bank prepares a sensitivity analysis to monitor the changes in exchange rates at (± 5%) of net profits and losses.

Sensitivity analysis 2022

Currency	Change in currency exchange rate (%)	Effect on profits and losses	Sensitivity of shareholders' equity
		JD	JD
Euro	5	1,214	-
British Pound	5	35,460	861,362
Japanese Yen	5	4	-
Other currencies	5	517,640	-

Sensitivity analysis 2021

Currency	Change in currency exchange rate (%)	Effect on profits and losses	Sensitivity of shareholders' equity
		JD	JD
Euro	5	7,745	-
British Pound	5	19,882	1,097,128
Japanese Yen	5	1,053	-
Other currencies	5	539,200	-

In case the decrease in the currency exchange rate amounts to 5% the same financial effect will result with an opposite sign.

3. Shares prices risks

Is the risk arising from changes in the prices of stocks within the portfolio of financial assets at fair value through the statement of income and comprehensive income, The Bank manages the risks of stock prices by analysing value at losses.

Sensitivity analysis 2022

Indicator	Change in equity prices (%)	Effect on profit and losses	Effect on shareholders
		JD	JD
Amman Stock Exchange	5	33,195	866,762

Sensitivity Analysis 2021

Indicator	Change in equity prices (%)	Effect on profit and losses	Effect on shareholders
		JD	JD
Amman Stock Exchange	5	80,321	694,816

If the stock exchanges indicator decreases by the same percentage, the same financial effect will arise but with an opposite sign.

4. Interest rate sensitivity gap

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

31 December 2022	Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From1 to 3 years	Over 3 years	Non - interest bearing Items	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Assets								
Cash and balances at Central Bank of Jordan	341,688,653	-	-	-	-	-	-	341,688,653
Balances at banks and financial institutions - Net	165,808,939	45,564,681	-	-	-	-	92,586,047	303,959,667
Deposits at banks and financial institutions - Net	-	-	5,809,910	-	-	-	-	5,809,910
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	33,009,788	33,009,788
Direct credit facilities- Net	20,979,076	50,378,832	82,356,065	57,116,742	155,992,336	447,318,813	-	814,141,864
Financial assets at amortized cost- Net	80,000	92,243,781	40,266,751	32,298,835	153,315,284	450,836,874	-	769,041,525
Financial assets at fair value through profit and loss	-	-	-	-	-	-	663,897	663,897
Investments in associate company	-	-	-	-	-	-	17,950,200	17,950,200
Property and equipment – Net	-	-	-	-	-	-	74,107,186	74,107,186
Intangible assets – Net	-	-	-	-	-	-	1,475,026	1,475,026
Deferred tax assets	-	-	-	-	-	-	3,319,903	3,319,903
Right of use Assets	-	-					2,724,869	2,724,869
Other assets	-	-	-	-	-	-	46,544,450	46,544,450
Total assets	528,556,668	188,187,294	128,432,726	89,415,577	309,307,620	898,155,687	272,381,366	2,414,436,938
Liabilities								
Banks and financial institution deposits	405,496,145	25,000,000	21,979,000	-	-	-	-	452,475,145
Customers' deposits	622,203,669	209,373,027	126,323,558	105,924,991	28,811,510	41,437	241,883,689	1,334,561,881
Borrowed funds from the Central Bank of Jordan	225,012,907	14,285,716	15,989,635	5,016,566	12,389,114	13,721,804	-	286,415,742
Cash Collaterals	11,262,485	12,142,669	6,560,865	9,922,073	303,258	363,760	7,884,400	48,439,510
Sundry provisions	-	-	-	-	-	-	924,050	924,050
Income tax provisions	-	-	-	-	-	-	9,380,725	9,380,725
Lease Liabilities	-	264,266	129,401	348,917	674,446	1,034,040	-	2,451,070
Other liabilities	8,758,606	-	-	-	-	-	37,803,831	46,562,437
Total Liabilities	1,272,733,812	261,065,678	170,982,459	121,212,547	42,178,328	15,161,041	297,876,695	2,181,210,560
Interest rate sensitivity gap	(744,177,144)	(72,878,384)	(42,549,733)	(31,796,970)	267,129,292	882,994,646	(25,495,329)	233,226,378
31 December 2021								
Total Assets	321,012,484	132,910,505	128,710,465	141,896,351	292,146,208	909,618,075	374,627,382	2,300,921,470
Total Liabilities	1,197,596,021	264,282,867	138,751,732	142,685,969	44,542,529	9,574,604	274,585,634	2,072,019,356
Interest rate sensitivity gap	(876,583,537)	(131,372,362)	(10,041,267)	(789,618)	247,603,679	900,043,471	100,041,748	228,902,114

5. Foreign Currency Sensitivity Gap

Item/Currency	USD	Euro	Sterling Pounds	Japanese Yen	Others	Total
	JD	JD	JD	JD	JD	JD
31 December 2022						
Assets:						
Cash and balances at Central Bank of Jordan	23,304,820	983,761	501,293	530	396,781	25,187,185
Balances and deposits at banks and financial institutions	159,475,031	83,358,636	23,234,513	256,608	32,858,650	299,183,438
Direct credit facilities	194,539,686	5,152,949	-	-	26,468,584	226,161,219
Financial securities at amortized cost	182,983,779	3,792,255	-	-	-	186,776,034
Financial assets through Comprehensive Income	35,672	-	-	-	-	35,672
Investments in associate company	-	-	17,950,200	-	-	17,950,200
Property and equipment - net	1,500,832	-	-	-	-	1,500,832
Right of use Assets	168,131	-	-	-	-	168,131
Other assets	5,533,764	289,911	58,225	-	570,553	6,452,453
Total Assets	567,541,715	93,577,512	41,744,231	257,138	60,294,568	763,415,164
Liabilities:						
Banks and financial institutions deposits	224,344,905	58,051,335	12,173,181	-	1,208,229	295,777,650
Customers' deposits	315,079,032	35,153,223	11,348,268	286,169	35,074,154	396,940,846
Cash Margins	7,411,932	146,722	196,987	-	1,904,162	9,659,803
Sundry provisions	475,192	-	-	-	-	475,192
Income Tax Provision	340,970	-	-	-	-	340,970
Lease Liabilities	113,081	-	-	-	-	113,081
Other liabilities	4,888,705	201,943	58,979	(29,108)	11,755,232	16,875,751
Retained earnings	39,718	-	130,171	-	-	169,889
Fair Value Reserve	-	-	(130,171)	-	-	(130,171)
Non - Controlling Interest	19,182,718	-	-	-	-	19,182,718
Total Liabilities	571,876,253	93,553,223	23,777,415	257,061	49,941,777	739,405,729
Net concentration on - balance sheet for the current year	(4,334,538)	24,289	17,966,816	77	10,352,791	24,009,435
Contingent liabilities off - balance sheet for the current year	140,622,558	9,942,077	61,237	445,366	21,358,730	172,429,968
31 December 2021						
Total Assets	561,397,740	114,891,340	35,085,747	22,460	43,715,191	755,112,478
Total Liabilities	593,525,916	114,736,435	12,898,823	1,394	32,931,187	754,093,755
Net concentration on - balance sheet for the current year	(32,128,176)	154,905	22,186,924	21,066	10,784,004	1,018,723
Contingent liabilities off - balance sheet for the current year	192,625,960	11,145,877	103,843	121,195	43,473,128	247,470,003

(44/C) Liquidity risk

Liquidity risk is defined as the Bank's inability to provide the necessary funding to cover its obligations at the due date, Liquidity risk is managed through the following:

- Funding requirements are managed through daily oversight of future cash flows to ensure the possibility of meeting them and the Bank maintains a presence in the market of cash that allows the bank to achieve it.
- Holding highly marketable assets that can be easily liquidated to meet any unexpected liquidity requirements.
- Monitoring the liquidity ratios according to the internal requirements and the requirements of the regulatory authorities.
- Managing concentrations in assets / liabilities and their maturities.
- Maintaining a portion of customers' deposits as a cash reserve at the Central Bank of Jordan; this reserve cannot be disposed of except for certain conditions as specified by the Central Bank of Jordan.

Liquidity is measured on the basis of normal and emergency conditions, this includes analyzing the remaining period of the contractual maturity and financial assets on the basis of the expected recoverability, also the liquidity ratio is controlled by the bank management and the CBJ is informed with all related issues half-yearly.

The following table shows the components of liquidity coverage ratio as of 31 December 2022:

	2022		2021	
	Before applying average cash flow	After applying average cash flow*	Before applying average cash flow	After applying average cash flow*
High Quality Liquid Assets	1,068,786,317	1,059,764,109	970,814,037	962,282,940
Cash Outflows	1,946,589,256	762,940,110	1,754,886,451	757,799,344
Cash Inflows	600,053,203	303,918,269	516,209,835	288,575,216
Net cashflow	1,346,536,053	459,021,841	1,238,676,616	469,224,128

* The flow rates represent the weighting weights for each of the items related to the liquidity coverage ratio according to the liquidity coverage ratio instructions No, (5/2021) issued by the Central Bank of Jordan.

The liquidity coverage ratio is 230.9% as of 31 December 2022 (205.1% as of 31 December 2021).
According to the Central Bank's instructions, the minimum liquidity coverage ratio is 100%, Accordingly, the monthly average (from January 1, 2022 to December 31, 2022) of the total currencies of the banking group amounted to 188.16% (162.83% as of 31 December 2021) .
The treasurer is in charge of controlling the liquidity of the Bank taking into consideration loans and any related commitments letters of credit and guarantees.

Sources of funds

The Bank diversifies its funding sources according to geographical areas, currencies customers, and products in order to achieve financial flexibility and reduce funding costs, It also endeavors to maintain stable and reliable funding sources, Moreover the Bank has a large customer base including individual customers companies and corporations.

1- The table below summarizes the distribution of liabilities (not deducted) on the basis of the remaining period of contractual maturity on the date of the financial statements:

31 December 2022	Less than 1 Month	1 to 3 Months	From 3 to 6 Months	From 6 Months to 1 year	From 1 to 3 Years	Over 3 Years	Without Maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Liabilities:								
Banks' and financial institution's deposits	405,599,058	25,568,653	22,741,153	-	-	-	-	453,908,864
Customers' deposits	622,313,845	209,738,396	126,940,465	113,116,922	30,304,041	59,606	241,883,689	1,344,356,964
Borrowed funds from the Central Bank of Jordan	225,012,907	14,285,716	15,989,635	5,016,566	12,389,114	13,721,804	-	286,415,742
Cash margins	11,266,058	12,152,629	6,563,025	10,132,744	303,608	402,659	7,884,400	48,705,123
Sundry provisions	-	-	-	-	-	-	924,050	924,050
Income tax provision	2,278,385	6,091,215	-	-	-	-	1,011,125	9,380,725
Lease Liabilities	-	264,266	129,401	348,917	674,446	1,034,040	-	2,451,070
Other liabilities	8,758,606	-	-	-	-	-	37,803,831	46,562,437
Total	1,275,228,859	268,100,875	172,363,679	128,615,149	43,671,209	15,218,109	289,507,095	2,192,704,975
Total assets (according to expected maturities)	1,281,292,115	96,792,296	88,165,975	58,928,577	158,875,314	458,001,295	272,381,366	2,414,436,938
31 December 2021								
Liabilities:								
Banks' and financial institution's deposits	450,751,163	35,181,153	-	46,419,349	31,088,809	-	-	563,440,474
Customers' deposits	578,099,076	221,161,135	100,655,399	89,717,637	831,367	61,621	212,459,974	1,202,986,209
Borrowed funds from the Central Bank of Jordan	157,830,245	-	34,383,633	2,904,363	15,061,244	9,377,663	-	219,557,148
Cash margins	11,318,214	8,446,081	4,089,749	9,119,662	352,763	162,949	7,947,347	41,436,765
Sundry provisions	-	-	-	-	-	-	796,252	796,252
Income tax provision	2,275,027	5,309,750	-	-	-	-	1,064,677	8,649,454
Lease Liabilities	-	238,646	389,488	267,242	672,359	605,677	-	2,173,412
Other liabilities	7,565,331	-	-	-	-	-	34,993,864	42,559,195
Total	1,207,839,056	270,336,765	139,518,269	148,428,253	48,006,542	10,207,910	257,262,114	2,081,598,909
Total assets (according to expected maturities)	1,031,902,044	89,513,101	85,701,941	74,704,346	202,258,339	442,214,317	374,627,382	2,300,921,470

2- The following table summarizes forward currency contracts based on the remaining period to the contractual maturity date on the date of the financial statements:

31 December 2022	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 Months to 1 Year	1 to 3 Years	Over 3 Years	Total	Fair Value
	JD	JD	JD	JD	JD	JD	JD	JD
Forward currency contracts	2,133,000	2,678,861	13,307,523	17,615,463	-	-	35,734,847	50,457

31 December 2021	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 Months to 1 Year	1 to 3 Years	Over 3 Years	Total	Fair Value
	JD	JD	JD	JD	JD	JD	JD	JD
Forward currency contracts	4,107,701	6,799,597	18,881,935	23,595,955	-	-	53,385,188	105,497

Off - the statement of financial position items:

2022	Up to 1 Year	More than 1-5 Years	Over 5 Years	Total
	JD	JD	JD	JD
Letters of credit and acceptances / issued	57,198,551	-	-	57,198,551
Un-utilized facilities	188,287,373	-	-	188,287,373
Letters of guarantee	74,990,484	5,374,472	23,000	80,387,956
Total	320,476,408	5,374,472	23,000	325,873,880

2021	Up to 1 Year	More than 1-5 Years	Over 5 Years	Total
	JD	JD	JD	JD
Letters of credit and acceptances / issued	48,873,993	-	-	48,873,993
Un-utilized facilities	128,239,527	-	-	128,239,527
Letters of guarantee	77,945,772	12,398,064	23,000	90,366,836
Total	255,059,292	12,398,064	23,000	267,480,356

45. Segment Analysis

A. Information about the Bank's Business Segments

The Bank is organized for administrative purposes to the following four main business segments:

1- Individual accounts:

Include following up on individual customers accounts, real estate loans, overdrafts, credit cards facilities and transfer facilities.

2- Institutions and corporate:

The loans and the credit facilities, other sector services, deposits, currant accounts related to the customers of the corporations and institutions.

3- Treasury:

Principally providing money market trading and treasury services as well as management of the Bank's funding operations through treasury bills, and bond government securities placements, and acceptances with other banks and that is through treasury and banking services.

4- Institutional financing:

This sector relates to finance structure special arrangements and share issuance.

A- The Following represents information about the bank's sector activities:

	2022					2021
	Individual bank sector activities	Corporate bank sector activities	Treasury	Others	Total	Total
	JD (In Thousands)	JD (In Thousands)	JD (In Thousands)	JD (In Thousands)	JD (In Thousands)	JD (In Thousands)
Gross revenues	22,800	29,374	48,419	13,679	114,272	98,576
Investment in associate company	-	-	710	-	710	395
Provision for Expected credit loss	(322)	(102)	(2,108)	-	(2,532)	(1,185)
Segment results	22,478	29,272	47,021	13,679	112,450	97,786
Undistributed expenses					(82,052)	(69,279)
Income before tax					30,398	28,507
Income tax expense					(10,916)	(10,344)
Net income for the period					19,482	18,163
Capital expenditures					2,918	2,005
Depreciation and amortization					4,540	4,336

	2022					2021
	Individual bank sector activities	Corporate bank sector activities	Treasury	Others	Total	Total
	JD (In Thousands)	JD (In Thousands)	JD (In Thousands)	JD (In Thousands)	JD (In Thousands)	JD (In Thousands)
Segment's assets	318,460	495,682	1,454,174	-	2,268,316	2,158,575
Investments in associate Company	-	-	17,950	-	17,950	22,169
Undistributed assets	-	-	-	128,171	128,171	120,177
Total assets	318,460	495,682	1,472,124	128,171	2,414,437	2,300,921
Segment's liabilities	933,059	449,943	738,891	-	2,121,893	2,017,841
Undistributed liabilities	-	-	-	59,318	59,318	54,178
Total Liabilities	933,059	449,943	738,891	59,318	2,181,211	2,072,019

(B) Geographical Information

This item represents the geographical distribution of the Bank's activities, Moreover, the Bank conducts its activities mainly in Jordan representing local activities, additionally, the Bank performs its international activities through its branch in Cyprus, and its subsidiary in Qatar.

The following table shows the distribution of the Bank's operating income, total assets and capital expenditure by geographical segment:

	Inside Jordan		Outside Jordan		Total	
	31 December		31 December		31 December	
	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD
Total revenues	108,068,235	91,812,574	6,913,782	7,158,531	114,982,017	98,971,105
Capital expenditure	2,690,880	1,941,219	226,907	63,740	2,917,787	2,004,959

	Inside Jordan		Outside Jordan		Total	
	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD
Total Assets	2,033,840,685	1,965,244,360	380,596,253	335,677,110	2,414,436,938	2,300,921,470

46. Capital Management:

The Bank seeks to achieve the following goals:

- Compliance with the Central Bank of Jordan requirements relating to share capital.
- Maintaining the ability to continue as a going concern.
- Maintaining a strong capital base for supporting the expansion and development of the Bank's activities.

Capital adequacy is monitored and reviewed by the Bank's management moreover the Bank provides the Central Bank of Jordan with quarterly reports on the adequacy of its capital.

According to the Central Bank of Jordan instructions the minimum requirements for the capital adequacy ratio is 12%, Moreover, banks are classified into five categories the best one having an average capital adequacy ratio equal to or more than 14%. Additionally the Bank's capital adequacy ratio is 17,80% as of 31 December 2022 (17,43% as of 31 December 2021).

The schedule below shows capital components total risk weighted assets and capital adequacy ratio according to the Central Bank of Jordan instructions in accordance with Basel III 2022 Committee regulations:

Primary capital according to bank's management requirements	2022	2021
	JD In Thousands	JD In Thousands
Paid-up capital	150,000	150,000
Retained Earnings	11,178	11,204
Other comprehensive income items:		
Cumulative change in fair value	2,134	(973)
Foreign currency translation adjustments	(4,172)	(2,385)
Share Issuance Premium	-	-
Statutory Reserve	39,904	37,232
Authorized minority rights	3,206	4,238
Total Ordinary Share Capital	202,250	199,316
Total regulatory Adjustments (deductions from capital)		
Goodwill and Intangible assets	(1,476)	(1,742)
Deferred tax assets resulting from provisions of credit facilities	(3,320)	(3,326)
Investment in Bank's Capital and financial institutions and insurance companies Outside the scope of regulatory consolidation and where the bank owns more than 10%	-	(2,745)
Net Ordinary Shareholders	197,454	191,503
Additional Capital	-	-
Net primary Capital	197,454	191,503
Secondary Capital		
General banking risk reserve	-	-
Provision required against credit facilities/ credit compensation in stage 1	7,004	7,170
Total Stable Capital	7,004	7,170
Net stable capital	7,004	7,170
Total regulatory capital	204,458	198,673
Total risk weighted assets	1,148,606	1,139,681
Capital adequacy ratio %	17,80%	17,43%
Primary capital ratio %	17,19%	16,80%

47. Accounts managed on behalf of customers

This item represents the accounts managed by the Bank on behalf of its customers but are not considered part of the bank's assets and its balances as of 31 December 2022 was JD 83,463,223 (JD 56,057,315 as of 31 December 2021), The fees and commissions on such accounts are stated in the consolidated statement of Income.

48. Assets and Liabilities maturity analysis:

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

31 December 2022	Up to 1 year	Over 1 year	Total
	JD	JD	JD
Assets:			
Cash and balances at Central Bank of Jordan	341,688,653	-	341,688,653
Balances at banks and financial institutions - net	303,959,667	-	303,959,667
Deposits at banks and financial institutions- net	5,809,910	-	5,809,910
Financial assets at fair value through other comprehensive income	663,897	-	663,897
Financial assets at fair value through Profit or Loss	33,009,788	-	33,009,788
Direct Credit facilities- Net	309,352,187	504,789,677	814,141,864
Financial assets at amortized cost	755,476,066	13,565,459	769,041,525
Investments in associate company	-	17,950,200	17,950,200
Property and equipment-Net	-	74,107,186	74,107,186
Intangible assets-Net	-	1,475,026	1,475,026
Right of use assets	-	2,724,869	2,724,869
Deferred tax assets	-	3,319,903	3,319,903
Other assets	-	46,544,450	46,544,450
Total assets	1,749,960,168	664,476,770	2,414,436,938
Liabilities:			
Banks and financial institutions' deposits	452,475,145	-	452,475,145
Customers' deposits	925,563,722	408,998,159	1,334,561,881
Borrowed money from Central Bank of Jordan	260,304,824	26,110,918	286,415,742
Cash margins	47,772,492	667,018	48,439,510
Sundry provisions	-	924,050	924,050
Income tax provision	8,369,600	1,011,125	9,380,725
Lease Liabilities	742,584	1,708,486	2,451,070
Other liabilities	8,758,606	37,803,831	46,562,437
Total liabilities	1,703,986,973	477,223,587	2,181,210,560
Net	45,973,195	187,253,183	233,226,378

31 December 2021	Up to 1 year	Over 1 year	Total
	JD	JD	JD
Assets:			
Cash and balances at Central Bank of Jordan	276,823,156	-	276,823,156
Balances at banks and financial institutions - net	261,592,947	-	261,592,947
Financial assets at fair value through other comprehensive income	19,954,887	-	19,954,887
Financial assets at fair value through Profit or Loss	1,606,418	-	1,606,418
Direct Credit facilities- Net	340,444,417	523,463,722	863,908,139
Financial assets at amortized cost	719,522,399	15,167,222	734,689,621
Investments in associate company	-	22,169,467	22,169,467
Property and equipment-Net	-	69,917,330	69,917,330
Intangible assets-Net	-	1,743,276	1,743,276
Right of use assets	-	2,411,923	2,411,923
Deferred tax assets	-	3,325,878	3,325,878
Other assets	-	42,778,428	42,778,428
Total assets	1,619,944,224	680,977,246	2,300,921,470
Liabilities:			
Banks and financial institutions' deposits	530,785,163	29,000,000	559,785,163
Customers' deposits	818,511,487	378,712,884	1,197,224,371
Borrowed money from Central Bank of Jordan	195,118,241	24,438,907	219,557,148
Cash margins	40,767,604	506,757	41,274,361
Sundry provisions	-	796,252	796,252
Income tax provision	7,584,777	1,064,677	8,649,454
Lease liabilities	895,376	1,278,036	2,173,412
Other liabilities	7,565,331	34,993,864	42,559,195
Total liabilities	1,601,227,979	470,791,377	2,072,019,356
Net	18,716,245	210,185,869	228,902,114

49. Fair Value Hierarchy

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

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

Financial Assets/Financial Liabilities	Fair Value as at		Fair Value Hierarchy	Valuation techniques and key inputs	Significant Intangible	Relationship of Intangible Inputs to fair value
	2022	2021				
	JD	JD				
Financial assets at fair value						
Financial assets at fair value through profit or loss						
Corporate shares	663,897	1,606,418	level 1	quoted rates in financial markets	Not Applicable	Not Applicable
Total	663,897	1,606,418		instruments		
Financial assets at fair value through comprehensive income						
Quoted shares	17,335,234	13,896,318	level 1	quoted rates in financial markets	Not Applicable	Not Applicable
Unquoted shares	15,674,554	6,058,569	level 2	compare to similar financial instruments	Not Applicable	Not Applicable
Total	33,009,788	19,954,887				

There were no transfers between level 1 and 2 during 2022 and 2021.

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

Except what is detailed in following table we believe that the carrying amounts of financial assets recognized in the Company's financial statements approximate their fair values, due to that the bank's management believes that the item's book value are equals to the fair value which is due to its short term maturity or to the interest rates being revaluated during the year.

	2022		2021		Fair value hierarchy
	Book value	Fair value	Book value	Fair value	
	JD	JD	JD	JD	JD
Financial assets not calculated at fair value					
Balances at central banks	321,401,386	321,567,249	257,373,420	257,373,420	level 2
Balances at banks and financial institutions	303,959,667	304,627,270	261,592,947	261,737,066	level 2
Deposits at banks and financial institutions	5,809,910	5,857,163	-	-	level 2
Loans and other bills	814,141,864	820,567,673	863,908,139	869,441,645	level 2
Financial assets at amortized costs	769,041,525	780,752,339	734,689,621	745,584,405	level 1&2
Total Financial assets not calculated at fair value	2,214,354,352	2,233,371,694	2,117,564,127	2,134,136,536	
Liabilities not calculated at fair value					
Banks and financial institution deposits	452,475,145	453,449,883	559,785,163	562,393,347	level 2
Customer deposits	1,334,561,881	1,341,748,340	1,197,224,371	1,201,898,857	level 2
Borrowed money from the central bank of Jordan	286,415,742	286,415,742	219,557,148	120,629,632	level 2
Cash margins	48,439,510	48,686,125	41,274,361	41,464,184	level 2
Total Liabilities not Calculated at Fair Value	2,121,892,278	2,130,300,090	2,017,841,043	1,926,386,020	

The fair values of the financial assets included in level 2 and 3 categories above have been determined in accordance with the generally accepted pricing.

50. Commitments and Contingent Liabilities (Off-Statement of Financial Position)

A. Contingent liabilities:

	2022	2021
	JD	JD
Letters of credit		
Export	10,144,701	8,183,559
Import (confirmed)	747,867	1,490,012
Import (unconfirmed)	16,052,788	65,025,504
Acceptance		
Export / letter of credit	38,280,249	27,286,653
Export / policies	8,773,601	13,403,781
Import (not backed)	3,182,202	14,000,446
Letters of guarantee		
Payments	33,609,434	37,732,434
Performance	26,481,835	32,081,946
Other	20,296,687	20,552,456
Forward contracts	35,734,847	53,385,188
Un-utilized facilities	188,287,373	128,239,527
Total	381,591,584	401,381,506

B. There are no contractual commitments to purchase fixed assets or constructional contracts.

C. There are no guarantees provided against contractual obligations.

D. Operating and finance lease contracts.

The minimum capital lease payment is as follows:

	2022	2021
	JD	JD
Within one year	119,176	119,776
Total	119,176	119,776

51. Lawsuits Against the Bank

The lawsuits against the Bank amounted to JD 4,578,818 as of 31 December 2022 (6,263,665 as of 31 December 2021) which represents lawsuits that clients have raised to respond to lawsuits that the Bank has raised against them in the opinion of the Bank's lawyer the Bank will not incur any significant amounts against these lawsuits except for the booked provision which amounted to JD 390,687 as of 31 December 2022 (270,687 31 December 2021), Moreover, the amounts paid by the Bank against concluded or settled lawsuits are taken to the statement of income upon payment.

52. Comparative Figures

Some amounts were reclassified from the comparative figures in order to align with the figures for the year ending 31 December 2022, with no effect on profit or equity in the period,

53. Acquisition for the Jordan Branch of the National Bank of Kuwait (NBK – Jordan)

At 17 February 2022, the bank has signed an agreement with National Bank of Kuwait to acquire their banking operation in Jordan after obtaining the approvals of the board of directors of Arab Jordan Investment Bank and the Central Bank of Jordan. Arab Jordan Investment Bank has acquired the entire assets and liabilities of National Bank of Kuwait - Jordan at 25 May 2022 andd all assets and liabilities have been transferred to Arab Jordan Investment Bank records as below:

	Book value at acquisition (25 May 2022)	Adjustments	Fair value at acquisition (25 May 2022)
	JD	JD	JD
Assets:			
Cash and balances at Central Bank of Jordan	27,546,789	-	27,546,789
Balances at banks and financial institutions- net	2,055,423	-	2,055,423
Direct credit facilities - net	8,558,882	-	8,558,882
Financial assets at amortized cost - net	75,869,863	-	75,869,863
Financial assets at fair value through other comprehensive income	458,956	-	458,956
Property and equipment – net	4,777,899	-	4,777,899
Intangible assets - net	-	-	-
Right of use assets	93,913	-	93,913
Other assets	2,208,019	-	2,208,019
Total Assets	121,569,744	-	121,569,744
Liabilities and Equity			
Liabilities:			
Banks and financial institutions' deposits	353,122	-	353,122
Customers' deposits	56,433,729	-	56,433,729
Cash margins	1,711,473	-	1,711,473
Borrowed money from the Central Bank of Jordan	674,748	-	674,748
Income tax provision	-	-	-
Lease liabilities	82,764	-	82,764
Other liabilities	691,789	-	691,789
Total Liabilities	59,947,625	-	59,947,625
Net assets acquired	61,622,119	-	61,622,119
Paid acquisition price	59,772,119	-	59,772,119
Gain from acquisition	1,850,000	-	1,850,000
Cash flow			
Net cash acquired	29,249,090	-	29,249,090
Paid acquisition price	59,772,119	-	59,772,119
Acquisition – Net paid acquisition price	30,523,029	-	30,523,029

On 25 May 2022 the NBK net income was 1,065,531 JD, the management has initially distributed the acquision price as shown in the disclosure. The acquisition resulted in gain amounted to JD 1,850,000 which were recorded in the other revenues for the period ended 30 June 2022, The Bank will prepare purchase price allocation “PPA” for the allocation of assets and liabilities for National Bank of Kuwait - Jordan within 12 months from the acquisition date in accordance with IFRS 3.

Acquisition Expenses:

	25 May 2022
	JD
Consulting Services	223,509
Rewards and Indemnity	92,127
Total	315,636

54. New International Financial Reporting Standards and its explanations and issued amendments and not implemented yet

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

IFRS 17 Insurance Contracts

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

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

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

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

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current, The amendments clarify:

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively, The Bank is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.
The amendments are not expected to have a material impact on the Bank.

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

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

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

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

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

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures, The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted, Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

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

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12
In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

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

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

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

Domestic and International Branches, Offices, Subsidiaries, and Affiliated Bank

GENERAL MANAGEMENT:

AJIB Tower

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Reuters Dealing Code: AJIB
SWIFT: AJIBJOAX
Website: www.ajib.com
E-mail: feedback@ajib.com

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Corporate Banking - AJIB Tower

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Abdoun Branch

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Bayader Wadi Al-Seer Branch

Husni Soabar Street, Building No. 14
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Madaba Street, Building No. 288
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Wadi Saqra Branch

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Tla'a Al-Ali Branch

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Tabarbour Branch

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Queen Alia International Airport Branch

Arrivals Terminal
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Dabouq Branch

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Marj Al-Hamam Branch

Airport Road - Manaseer Gas Station
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Zarka Branch
King Hussein Street, Building No. 22
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Zarka Al-Jadedah Branch
Mecca Street 36, Al-Barakah Complex
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Wasfi Al-Tal Street
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Passports 2
Transit
Gates 1
Gates 2
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