AJIB

ARAB JORDAN INVESTMENT BANK

# Annual Report

# 2023

Arab Jordan Investment Bank

# 45th Annual Report

## For the year ended 31 December 2023

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# Board of Directors

**Mr. Hani Al-Qadi**
Chairman of the Board

**Mr. Samer Al-Qadi**
Vice Chairman/Member

**Mr. Ayman Elmahdi Khalil**
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

**Esteemed shareholders of the Arab Jordan Investment Bank (AJIB),**

It is my pleasure to present the forty-fifth annual report detailing our bank's journey through 2023, encompassing our key achievements, financial statements, auditor's reports, and our business outlook for 2024.

The past year has been marked by significant achievements and an elevated level of performance for AJIB, driven by our unwavering commitment to our strategic and operational plans. This encompassed digital transformation, market expansion, business development, and adherence to global best practices. This was achieved despite facing substantial challenges from both the regional and global economic landscapes, including the ongoing effects of the Russian war on Ukraine, rising inflation rates, a global economic slowdown, stringent monetary policies, and the war in Gaza.

In 2023, AJIB continued to diversify its operations, optimize resource allocation, and bolster our financial metrics. This was part of a broader expansion strategy, which culminated in its acquisition of Standard Chartered Bank's operations in Jordan, every aspect of which was completed with great success, including the transfer of staff, retail and corporate banking services. This acquisition came as part of our broader strategy to bolster our market share locally, registering yet another milestone in a rich track record of successful acquisitions, following HSBC Bank - Jordan in 2014 and the National Bank of Kuwait - Jordan in 2022. This clearly reflects the high level of confidence placed in bank by international banking institutions, and the strength of its financial position.

The global economy in 2023 experienced a slow and uneven recovery from the impacts of the COVID-19 pandemic and the Ukraine war, with persistent efforts to mitigate inflation, which reached an estimated 6.9% according to international institutions. This situation led to continued tightening of monetary policies globally, influenced by rising debt levels across many countries, which notably affected economic activity, reducing global growth from 3.5% in 2022 to 3% in 2023.

In response, major central banks worldwide implemented measures to curb inflation by raising base interest rates to levels not seen in decades, resulting in higher borrowing costs and posing challenges for companies seeking to refinance their debts. This tightening of credit availability has dampened the flow of investments.

As the year progressed, the inflationary pressures subsided, leading to stabilized interest rates in some regions. The Central Bank of Brazil, for example, reduced interest rates, while China, experiencing near-zero inflation, relaxed its monetary policy, and short-term interest rates set by the Bank of Japan remained close to zero.

Financially, the global economy faced the prospect of a debt crisis, exacerbated by relaxed fiscal policies during the COVID-19 pandemic, increasing debt service costs in low-income countries to 13% of government revenues and crowded out essential investment.

In the United States, the Federal Reserve escalated interest rates to their highest point since 2001, marking a significant phase in an ongoing monetary tightening cycle that began in March 2022. This cycle witnessed 11 rate hikes, with seven occurring in 2022 and an additional four in 2023, amounting to 100 basis points. Towards the end of 2023, the interest rate consistently held over three consecutive adjustments, stabilizing within a range between 5.25% and 5.5%.

Despite these measures, the US economy managed a growth rate of 2.5%, showcasing the resilience of the world's largest economy against the backdrop of rising prices and borrowing costs. This resilience was buoyed by a robust labor market, growth in domestic consumer spending, and government expenditures.

As for Europe, the European Central Bank enacted six key interest rate hikes, moving from 2.5% at the end of 2022 to 4% in October 2023, where it remained through year-end, in efforts to mitigate inflation, which averaged at 5.4% during a period of receding growth rates, with the region's growth falling below 1%.

In China, the economy faced multiple crises, notably the ongoing real estate sector turmoil that began with the debt crisis at Evergrande Group, followed by similar troubles at Country Garden Company. This, alongside weakened consumer confidence, surging local government debt, and sluggish global growth, pressured the nation's exports and overall economic activity, resulting in a mere 5.2% GDP growth in 2023.

Regionally, elevated interest rates, unrest, and geopolitical tensions across several countries have adversely impacted investment and economic growth, constrained borrowing, escalated debt service costs, and increased unemployment rates. This was coupled with a global growth deceleration, diminishing foreign demand and exports, particularly for essential commodities and oil, the latter affected by production cuts sanctioned by the OPEC+ group.

Meanwhile, the war in the Gaza Strip was yet another major shock to the Middle East and North Africa region, with the International Monetary Fund recognizing its amplification of the challenges facing neighboring economies and beyond. According to the United Nations, this conflict stands as the bloodiest in the twenty-first century, affecting not only the population in Gaza but also impacting the economies of neighboring countries like Jordan, Lebanon, and Egypt. These impacts stem from escalated energy prices and volatility, increased financial and inflationary pressures, altered foreign trade patterns, higher transportation costs, and negative effects on agriculture, tourism, and consumer demand, all of which contribute to regional growth deceleration.

The war has further heightened tensions in critical maritime routes such as the Red Sea and the Bab al-Mandab Strait, vital for 15% of global trade flow and a significant portion of Jordan's commerce. These tensions threaten global supply chain continuity, risk delays in goods delivery, and could potentially reignite inflationary pressures, undermining regional economic recovery and elevating import costs. Additionally, the economic stability of the region, crucial for 35% of the world's oil exports and 14% of natural gas exports, faced negative repercussions.

Amid these conditions, regional growth dropped to 2% in 2023 from 5.5% in 2022, clouded by uncertainties around the conflict's ramifications, oil production adjustments, and continued stringent inflation combat policies.

Domestically, Jordan maintained a positive economic trajectory, marking a 2.6% growth at constant prices. This was buoyed by the Economic Modernization Vision initiated under the patronage of His Majesty King Abdullah II in June 2022 and ongoing structural reforms aimed at fostering growth. Throughout the first three quarters of the year, various sectors, notably tourism, spearheaded economic growth. However, the last quarter saw economic activities negatively impacted by the repercussions of the war on Gaza, primarily due to the elevated costs associated with transporting goods from abroad.

International bodies have continued to endorse Jordan's economic classification, recognizing its stability amidst external shocks, adherence to obligations, access to financing, and substantial international support. This support was complemented by the banking sector's liquidity and the country's commitment to structural reforms. In this context, Jordan secured a new $1.2 billion financial and monetary reform program with the International Monetary Fund, extending through 2028.

In 2023, Standard & Poor's International confirmed its credit rating for Jordan at B+/B, assigning a stable outlook. Similarly, Fitch maintained Jordan's long-term sovereign credit rating at "BB-" with a stable outlook.

Throughout 2023, the inflation rate in Jordan experienced a moderate increase of 2.08%, a reduction from the 4.23% observed in 2022. This rise was primarily attributed to a 5.76% increase in fuel and lighting costs, alongside higher transportation expenses driven by the surge in global energy prices, and the escalation in prices of other commodities, reflecting changes in local supply and demand dynamics. Despite these factors, Jordan's inflation rate remains among the lowest, both regionally and globally.

Meanwhile, the labor market witnessed a decrease in the unemployment rate by 1.5%, settling at 21.4% in 2023, down from 22.8% in 2022 and 24.1% in 2021. Despite this improvement, unemployment rates among the youth and university graduates remain elevated.

The real estate market experienced a trading volume of JOD 6.961 billion, with overall real estate sales decreasing by 5% due to a 6% reduction in apartment sales and a 4% drop in land sales compared to 2022. This downturn also impacted sales to non-Jordanians, which fell by 33%, totaling JOD 202 million.

Despite challenging developments and prevailing uncertainties in market and regional dynamics, the Amman Stock Exchange demonstrated relative stability. The general stock price index saw a 2.8% reduction, settling at 2431.2 points from 2501.6 points at the end of 2022. The market value of listed shares fell by 5.9% to approximately JOD 16.9 billion, trading volume declined by 23.5% to about JOD 1.5 billion, and the number of shares traded was 1.1 billion, executed through roughly 686,000 contracts.

In terms of foreign trade, exports decreased by 1.5%, amounting to JOD 8.939 billion in 2023, while imports saw a 6% reduction to JOD 18.259 billion. Consequently, the trade deficit narrowed by 10%, reaching JOD 9.320 billion. This reduction was primarily due to a 16.9% decrease in the import bill for crude oil and its derivatives, totaling JOD 2.956 billion, and an improvement in the total export coverage of imports by two percentage points to 49%.

With a 25.8% increase in tourist arrivals to the Kingdom, totaling 6.354 million tourists, the sector sustained its recovery trajectory, boosting tourism income by 27.4% to JOD 5.254 billion by the end of 2023. However, the last quarter saw activity dampened by the Gaza conflict, leading to a spike in cancellations. Government estimates suggest monthly financial losses around JOD 250 million. Meanwhile, remittances from overseas workers grew by 1.4%, reaching JOD 2.483 billion.

In the arena of public finance, the general budget for 2023, based on revised estimates, reported total revenues of JOD 9.458 billion, including JOD 752 million from external grants and JOD 8.706 billion from domestic sources. Public expenditures amounted to JOD 11.336 billion. Consequently, the budget deficit after accounting for grants stood at JOD 1.877 billion, or 5.2% of the GDP.

Amid global, regional, and local developments, particularly with central banks around the world tightening their monetary policies amid rising inflation rates and geopolitical tensions, the Central Bank of Jordan adjusted its approach. Observing various indicators, it raised interest rates across all monetary policy instruments four times in 2023 by a total of 100 basis points. These adjustments were pivotal in reinforcing the Kingdom's financial and monetary stability and alleviating inflationary pressures.

Following these measures, the Central Bank of Jordan's main interest rate increased from 6.5% in 2022 to 7.5% by the end of 2023. Additionally, the rediscount rate was adjusted to 8.5%, the overnight repurchase agreement rate to 8.25%, and the rate for the overnight deposit window to 7.25%.

The Central Bank of Jordan also persevered in its strategy to strike a balance between maintaining monetary stability, fostering economic growth, and minimizing the impact of higher interest rates on various economic sectors. It maintained preferential interest rates at 1% for projects in the capital, Amman, and 0.5% for projects in other governorates. This policy applies to refinancing programs across ten vital economic sectors, totaling a value of JOD 1.4 billion, with these preferential rates fixed throughout a loan period of ten years.

The initiatives and policies implemented by the Central Bank of Jordan significantly reinforced the foundations of macroeconomic stability, spurred economic growth, and fostered a conducive environment for attracting investments and stimulating demand. By the end of 2023, the foreign reserves at the Central Bank reached $18.123 billion, marking a 5% increase from 2022. This reserve level is adequate to cover the Kingdom's imports of goods and services for 7.9 months. Additionally, credit facilities experienced a growth of 2.6%, amounting to JOD 33.429 billion, and total customer deposits rose by 3.9% to JOD 43.744 billion.

Amid these developments, AJIB maintained its sustainable performance, aligning with its growth-focused strategy and enhancing the solutions and services it offers, in line with the banking industry's best practices. The bank continued to expand its market presence and explore new opportunities, mindful of the pressing geopolitical and economic challenges.

Consequently, AJIB managed to sustain positive outcomes across key performance indicators, including a steady growth in net profits despite challenging conditions. Total profits in 2023 reached a record-breaking JOD 38.802 million, up from JOD 33.537 million in 2022, whereas net profits for 2023 rose to JOD 20.186 million from JOD 19.482 million in 2022, achieving a growth rate of 3.62%.

AJIB's various financial indicators showcased a commendable performance in 2023, with customer deposits and cash margins achieving significant growth reaching JOD 1.649 billion, a substantial increase of 19.2% from 2022 level of JOD 1.383 billion. This growth rate, notably higher than the sector's average of 3.8%, underscores the considerable confidence the bank enjoys both locally and internationally. The bank's portfolio of credit facilities also saw healthy growth, rising by 4.1% to JOD 847.6 million, outpacing the banking sector's average growth of 2.6% compared to 814.1 million in 2022.

AJIB's various performance metrics underscored its commitment to maintaining a high-quality credit portfolio. By the end of 2023, the ratio of non-performing loans to total facilities was 1.75%, one of the lowest in the industry, reflecting the bank's robust risk management practices. Furthermore, the bank upheld a strong financial footing, with a capital adequacy ratio of 16.24%, surpassing both local norms and the global Basel III benchmarks. This was a slight decrease from the previous year's 17.8% but remained well above regulatory requirements. Additionally, the total return on shareholders' equity before tax stood at 12.1%, demonstrating the bank's efficient use of equity to generate profits.

Reflecting on these financial accomplishments, AJIB's Board of Directors has recommended to the General Assembly the dissemination of cash dividends totaling JOD 15 million, equating to 10% of the bank's capital. This underscores the bank's robust financial health, with the total dividends distributed over the past decade mirroring its current capital.

In closing, I extend my deepest gratitude to the Board of Directors for their relentless dedication and efforts, which have significantly contributed to the bank's current standing and achievements. I also thank our shareholders and customers for their unwavering trust and confidence, which motivate us to strive for excellence. Lastly, I commend our bank's employees for their hard work and commitment to providing top-notch services, fully aligning with the bank's strategic goals and vision.

Sincerely,

**Hani Abdulkadir Al-Qadi**
Chairman of the Board of Directors

# Our Achievements During 2023

## 1. Corporate Banking Department

The Jordanian banking sector faced significant challenges in 2023, during which interest rates were raised successively, resulting in higher costs for banks and their customers.

Thanks to advance planning and prudent policy, AJIB was able to overcome these challenges in a flexible and competent manner without affecting the performance of the Corporate Banking Department's portfolio, which continued financing operations for the corporate and the 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 some 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 lessen the effects of the coronavirus crisis.

The Corporate Banking Department studied the effects of the increase of interest rates on the local economy and applied 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 positively contributing to the national economy and increasing its market share, and in line with the policy of the Central Bank of Jordan that encourages the merger of banks in Jordan to create larger financial institutions that are stronger and more competitive, AJIB acquired the business of Standard Chartered-Jordan. The entire portfolio of companies was transferred to the department, which included several accounts of international and local companies, a strategic move that has strengthened the bank's portfolio and increased its outreach with global entities and banks.

As part of the consistent development and advancement of its operations and the quality of services provided to corporate customers, the bank is working to further improve its online banking systems in order to better meet the growing need of its customers for electronic services.

## 2. Retail Banking Department

Throughout 2023, AJIB continued to augment its development operations to improve the products and services provided to its retail clients, meeting and surpassing their unique needs. The bank launched a number of new products and services that reflect its ability to keep pace with developments in the banking services industry and worked to strengthen its position and expand its presence in the retail banking market.

AJIB also launched the electronic account opening service project (Customer Onboarding), which allows Jordanian customers, whether residing inside or outside the Kingdom, to open a bank account at any time and from anywhere, without the need to visit any bank branches. The account opening process takes place instantly and directly through the AJIB Mobile app, which makes the process easy and efficient. Through this project, customers can also benefit from banking services without the need to make personal visits to any of the branches. This enhances the ease and comfort of the customer experience and reflects the bank's commitment to providing innovative digital solutions to effectively meet customer needs.

With the aim of enhancing the culture of finance for future generations, the bank launched the Champions Account, a new savings account designated for children and adolescents under the age of 18. It aims to meet the banking needs of various family members throughout the stages of their lives and provides parents with the opportunity to save for their children's future. It is an effective way to stimulate correct money management skills and build a positive relationship with money from an early age. The bank also offers innovative options that encourage children to understand the importance of saving and sound financial planning from a young age.

During 2023, the bank completed its annual sustainability report, which highlights its serious efforts and contributions to achieve global sustainable development goals, in addition to emphasizing the outstanding achievements in the field of applying environmental, social, and governance standards. The report provides a comprehensive overview of the sustainability framework on which the bank relies, reviewing its strategy and objectives aimed at promoting sustainable development. The report also addresses the bank's future plans and the results achieved during the past period. In addition, the report highlights the bank's vision on the main issues in the field of environmental, social, and corporate governance (ESG).

During 2023, the bank continued to provide the best solutions and services that complement the lifestyles of its customers. The bank upgraded the AJIB Rewards Program, providing many benefits to credit cardholders, including awarding points on every purchase, whether these transactions are through points of sale or online, and the ability to exchange these points for a variety of rewards and offers available through the dedicated website at www.ajibrewards.com or through the AJIB Rewards app.

The bank has also developed text messaging services to enable customers to stay informed of the financial movements occurring in their accounts through short text messages (SMS) sent to their phones immediately after completing any transaction on the account, enabling easier tracking of financial activities immediately and directly and increasing financial awareness and sound decision-making. These text messages also contribute to effective communication between the bank and its customers and reflect the bank's commitment to providing advanced banking services that suit their needs.

AJIB will continue its vital and important role in meeting the financial needs of its customers and enriching their banking journey by providing innovative services and solutions, ensuring the achievement of sustainability goals.

## 3. Trade Finance Department

The Trade Finance Department is a vital pillar of the banking sector, providing financial and financing services to companies and individuals in the trade sector through bespoke products including documentary credits, bank guarantees, commercial loans, and others. The department's team occupies a key position in this context, as it receives advanced training to understand customer needs more deeply in order to ensure high-quality services and advanced banking solutions. This, in turn, contributes to enhancing communication and builds trust between customers and the bank.

Looking forward, we are expected to see a promising future in the scope of business and investments, especially after the recent acquisition of Standard Chartered Bank - Jordan. However, there are future challenges in global markets, including economic changes and rapid political and technological transformations. This requires work teams to be adaptable to these transformations and acquire the necessary skills to keep pace with them, especially with regard to information security and combating fraud in business operations, through the adoption of effective, preventive, and deterrent procedures and measures.

Achieving excellence and maintaining AJIB's position locally and internationally depends on continuing to develop and pursue the latest financial information and technologies to constantly provide improved services for commercial activities, while preparing to face future challenges efficiently and professionally.

## 4. VIP Banking Department

The bank works diligently to provide its services to customers in accordance with the best international banking practices. In this regard, the VIP Banking Department continued to build strong relationships with its corporate and retail customers, providing them with the best and most innovative services and products that meet their unique banking needs. The VIP Banking Department is ideal for customers who seek excellence and a unique experience of unparalleled banking services.

## 5. Transfers Department

As part of its pursuit of excellence in the field of remittances and in order to provide the best services to customers, AJIB has continued offering its professional services for both incoming and outgoing transfers to ensure that they are sent and received to and from beneficiaries as soon as possible and with high degrees of efficiency. Customers are able to make transfers conveniently and securely through effective, safe and easy-to-access channels through internet banking (AJIB online), the AJIB Mobile app, as well as through its wide branch network that help execute transfers at a record speeds.

## 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 department also provides complete stock services to its customers in various US, European, and British markets, within a framework of competitive commissions in the local and regional markets.

The bank's long history and its exceptional achievements in the financial and investment services sector make it the ideal partner to help its customers manage their investments by harnessing the expertise of its employees and their unique knowledge in financial services at local, regional, and international levels. AJIB maintains all licenses from the Jordanian Securities Commission, which qualifies it to provide a full range of investment services to corporate and institutional customers through a team of specialists in the International Investments Department.

During 2023, the bank released a range of products and services, including investment services, designed to provide solutions for the advancement of personal wealth and its optimal management. The bank also offered its customers the opportunity to benefit from capital growth in the short, medium, and long terms, and helping them develop their investment portfolios.

In 2024, the department will launch a trading app, AJIB Trading, which will allow customers to manage their investments as well as buy and sell stocks and trade in options and futures contracts in global markets easily and according to the most stringent safety standards, from anywhere in the world. The app will also help expand the bank's client base and raise awareness about the culture of trading to enhance personal income.

### Portfolio Management

The Portfolio Management Department's professional experience and innovative solutions help customers make calculated investment decisions, while ensuring that their financial portfolios are in line with their long-term goals through a combination of investments in international stocks, fixed income instruments, mutual funds, precious metals, and commodities.

### Investment Services

Throughout 2023, 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 customer portfolios, and in order to increase future returns, the bank continuously analyzes market trends and global economic developments to ensure better performance, regardless of whether the markets are rising or falling.

The bank also helps its customers 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 2023, AJIB continued to provide its Prestige personal banking service, which offers exclusive products and services at the highest levels of excellence through its team that has extensive experience in the field as well as unmatched levels of professionalism.

AJIB Prestige customers enjoy a diverse suite of exclusive benefits, including preferential and competitive interest rates, offered through a network of nine Prestige service centers located at the bank's headquarters, Burj AJIB, as well as branches located at Interior Ministry Circle, Shmeisani, Abdoun, Bayader Wadi Al-Seer, Tla' Al-Ali, Wadi Saqra, Dabouq, and Mecca Street.

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

The also service provides bancassurance services as part of the Prestige Life program, offered by AJIB in cooperation with the MetLife Jordan, an American insurance company. This program includes a group of specialized insurance sub-programs such as life, retirement, investment, and education insurance that cover the needs of customers and their families, all delivered by a highly qualified team.

## 8. Treasury Department

In 2023, the Treasury Department continued its significant role of managing the bank's assets and liabilities according to international best practices with an eye on the exceptional circumstances experienced by the global and national economies, including the unprecedented increase in interest rates.

The bank succeeded in reducing the negative impact of the rise in interest rates on its actual and estimated budgets through an analysis of economic indicators and expectations, and by closely following the decisions of central banks made in 2023. This helped create opportunities for the bank by making optimal use of the previous effects and turning them into positives, whether in 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 funds sources and improve the interest margin through the careful reading of market developments, interest rate trends, and Central Bank decisions closely.

The Treasury Department also maintained high levels of liquidity and ensured the stability of the bank's financial position first, as well as providing all the requirements necessary to achieve the needed growth of its credit and investment portfolios alike, within the determinants of the investment policy and the instructions of the Central Bank of Jordan.

The department also achieved significant growth in the volume of transactions during 2023 compared to previous years, which had a substantial impact on increasing the bank's revenues. The profits of foreign currency exchange and financial derivatives operations also contributed to the increase of those revenues.

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

## 9. ATM and Cards Department

AJIB continuously works to improve its services and effective solutions and adopts the latest technologies to fulfill the needs of its customers, aiming to increase satisfaction levels and attract more customers by focusing on the latest innovations and developments in the banking industry.

In 2023, credit card services were furthered with the launch of a new, fast, and secure means of payment using contactless technology, in cooperation with Apple Pay. This allows the bank's customers with iPhones to link their AJIB cards to the Apple Wallet app available on their devices, allowing them to make payments easily, quickly, and securely, both locally and internationally.

In line with the directives of the Central Bank of Jordan regarding electronic payment operations, the Contactless Limit adjustment service was added to the card services available through the bank's electronic channels, including AJIB Mobile and Internet banking (AJIB online). This service allows the customer to control the maximum value of a single contactless payment transaction on their cards without inputting the card's PIN. It also allows the customer to control the maximum value of total contactless payment transactions that are made without inputting the card's PIN in one single day.

To keep pace with the latest banking developments, an installment service was launched for credit cardholders via SMS, allowing customers to pay for their purchases in installments when making transactions at points of sale or online directly and without the need to contact the Call Center.

The bank also expanded the scope of its text messaging services, which offers customers unfettered access to accounts, by sending short text messages to their cell phones immediately after completing any transaction.

The banking product development team is working to expand the bank's electronic services, with a credit card payment service launched via the eFawateercom platform, which allows the bank's credit card customers to easily make payments on their accounts.

Also in 2023, a number of services were launched targeting direct debit cards through the AJIB Mobile app, including the direct debit card activation/deactivation service and the Show PIN service.

In terms of protecting the environment, this year, the bank improved its ATM network to support the Go Green feature.

## 10. Retail Branches and Office Network

In 2023, AJIB continued implementing its expansion strategy in order to serve the largest segment of society and to offer its customers a convenient network and the best banking services. In that light, the bank inaugurated its latest branch in Karak, bringing the number of branches and offices to 36.

The bank installed three new ATMs in strategic areas around the Kingdom, bringing the total number of ATMs to 75. Through this expansive network, customers can carry out their financial and non-financial transactions with ease and efficiency around the clock using the latest payment technologies available in the region.

As part of the bank's efforts to develop its existing branches, the Shmeisani branch, which is one of AJIB's main branches, was redesigned and renovated to ensure quality, upgrade its appearance, and mirror the bank's brand identity. Work was also done to redesign and renovate the Al-Wihdat branch to make it in line with the bank's specifications and designs, by applying the best standards to ensure quality, including the general appearance of the branches.

AJIB is currently working on preparing a new building in a strategic location in the Irbid governorate, with plans to move in at the beginning of 2024.

## 11. Information Security and Cybersecurity Department

The bank continuously strengthens and advances its information security and cybersecurity systems and technologies used in all its banking operations. The department provides continuous and permanent support for the growth of the bank's services by protecting the information of the bank and its customers and ensuring the safe use of technology with the aim of providing protection for the bank's assets, including information, people, processes, and systems, from any potential threats regardless of their origin.

In this context, the Information Security and Cybersecurity Department follows up and monitors all security policies and arrangements applied to the bank to protect the infrastructure, systems networks, and data, and analyzes event records (audit trails/logs) to ensure their compliance with the best international practices for information security and the general Cyber Security Framework issued by the Central Bank of Jordan in order to provide a safe environment and strengthen the bank's systems against any cybersecurity incidents. In order to strengthen information security and protection, the bank manages cybersecurity risks and protects information within the following principles:

- Develop information security and cybersecurity policies, plans, and strategies, and update them in line with global developments
- Periodically monitor systems, servers, and devices to identify any security vulnerabilities through specialized programs, and immediately address any potential threats
- Review and monitor guidelines from authorized agencies and institutions and their distribution in accordance with policies and the nature of work.
- Educate and train the bank's employees and customers on information security risks and how to deal with any cyberattacks.

The bank holds the PCI DSS security standards certificate to protect card operations, the SWIFT CSCF reliability certificate, and other international certificates that boost the bank's ability to protect its data and provide safe and easy financial services. In addition, the bank has an advanced system for monitoring security events, Security Operations Center (SOC), which is considered a central control unit that ensures the effectiveness of electronic security systems.

## 12. Technology Department

During 2023, AJIB continued to improve the level of banking services provided to customers, developing and modernizing its infrastructure and communications systems to ensure the quality and continuity of the services provided to its customers and the smooth flow of work even during crises.

The department, in particular, contributed to the digital transformation and innovation of banking services and new projects in the bank in order to improve service provision to customers, meet their requirements, and facilitate their efficient access to the service

In terms of protection and security systems, the bank added new levels of security levels at its headquarters, the alternative disaster recovery site, and at all branches to provide a safe environment for customers and their data, to protect banking systems, and to keep pace with the increasing growth in electronic attacks,

in accordance with the best approved local and international standards. To enhance the robustness of the technological infrastructure, the bank recently examined the alternative location and services provided through the disaster site, in order to ensure the sustainability of its services to its customers.
With regard to the governance of information technology, the bank continued to implement the COBIT 2019 information governance framework, which seeks to achieve the highest benefits from information technology with the lowest degree of risk and the least resources. This framework includes a group of operations and practices that cover the various departments at the bank by highlighting cybersecurity issues, risk management, data privacy and protection, compliance, monitoring, auditing, and strategic compatibility. Through these efforts, the bank attained the third level of maturity in all information governance operations affiliated with COBIT 2019 with the participation of the board of directors, the management team, and department employees.

Work is underway to raise the level of maturity to the fourth level through a number of operations using a methodology based on information technology management, preserving operations, and implementing the necessary procedures to achieve the bank's strategic objectives.
In order to develop information technology operations and improve their added value, information technology quality assurance tasks were strengthened to ensure the application of international standards and measures for quality assurance, which reflected positively 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.

Regarding electronic payment channels, the bank kept up with the latest solutions and innovations in the field of electronic payments. The Apple Pay service was launched, which allows safe contactless payments remotely through Apple mobile devices, with customers who have Apple devices able to link their AJIB credit and direct debit cards to Apple Wallet app available on their devices, allowing them to pay easily, quickly, and securely locally and internationally.

In line with Central Bank of Jordan directives regarding electronic payment operations, the Contactless Limit adjustment service was added to the card services available through the bank's electronic channels, such as AJIB Online and AJIB Mobile. This service allows the modification of the maximum value of a single contactless payment transaction on customer cards, which can be done without entering the card's PIN. The service also allows the adjustment of the maximum total values of contactless payment transactions made without entering the PIN of the card allowed for one day.

The bank also introduced the Digital Onboarding service for customers to open new accounts easily through the bank's app. The bank also created the AJIB As Biller service, which lets customers pay credit card bills through the eFawateercom service, as well as the Host 2 Host service for companies that allows the bank's corporate customers to make transfers through the company's system.

AJIB continued to develop internal infrastructure systems to provide high quality solutions smoothly, allowing it to continue developing services and providing them to customers in an exceptional manner. In addition, the bank periodically follows up on the latest upgrades in the systems to continue providing the highest quality services to customers.

## 13. Human Resources and Training Department

During 2023, the Human Resources and Training Department began implementing many projects and initiatives that are consistent with the bank's strategic plans, the most prominent of which is the acquisition and transfer of banking business to Standard Chartered Bank and its branches in Jordan, where the work teams were able to complete the acquisition process in mid-August of the year 2023 and within less than five months.

The Human Resources and Training Department worked to ensure that the transition process was smooth for employees as they were integrated into the new work environment. This was achieved through explanatory meetings for the integration process with the aim of enabling them to engage in their new work and get to know their counterparts, colleagues, and the methods of work in the bank. The bank also launched several initiatives to integrate employees transferred from Standard Chartered Bank, in addition to providing them with training courses to enable them to work on the new banking systems.
The department also reviewed and restructured the organizational structures for regulate the business in light of the new developments that occurred in the nature of work. This was achieved through the restructuring of some jobs and the creation of new ones, as well as carrying out a comprehensive review of the roles and responsibilities assigned to the bank's employees, and amending them so that they meet the new work requirements and take advantage of talents and competencies appropriately.

The bank continued to strengthen its recruitment policies in accordance with strategic workforce plans to identify and address gaps between the existing workforce and future human resource needs. Priority was given to new employees transferring from Standard Chartered Bank Jordan, as they were placed in jobs appropriate to their experience, in addition to internal recruitment and according to their approved career paths. The bank adopted a policy of retaining those with high capabilities and experience by providing opportunities for internal career development and promotion, enabling them to move to other internal jobs to diversify, enhance, and enrich their experiences within conditions that achieve justice and transparency and ensure equal opportunities among them.

A number of external hires were also made to fill the available vacancies at various levels, in addition to providing many job opportunities for new university graduates in addition to staff who have the appropriate abilities and experience. In addition, the department took upon itself the responsibility of creating a cultural change that was compatible with the developments that occurred in the bank's business, and to this end it exerted continuous efforts to consolidate the values adopted by the bank in every detail of its daily work. This was achieved by developing and updating human resources policies and procedures in accordance with best practices and strategies followed.

Regarding the activities of the Training Department during 2023, a group of training activities and programs were implemented to build knowledge and develop skills of employees at all functional and administrative levels and within various specializations. The total number of participants in these activities and programs exceeded 400, some of whom had more than one training program and activity. This was done through a variety of packages of training courses, seminars, workshops, and conferences, with a total of 51 such programs conducted locally and externally, as well as through audio-visual communication and self-study.

As part of the internal training programs, all branch employees and officials working in the field of customer service, sales, and banking products engaged in a number of courses in order to provide outstanding services to customers and increasing sales. A banking training program for new branch employees and combating money laundering and terrorist financing was also held in accordance with the requirements of the regulatory and legislative authorities.

To keep pace with the rapid and continuous transformation of businesses towards digitization and electronic channels and the associated risks, which have become a regulatory and legislative requirement, and to maintain knowledge and education for all employees in the field of information security, electronic training programs have been intensified through the KnowBe4 system, which is the leading global systems in electronic training in the field of information protection and security.

In this field, more than 14 programs were launched in the security and protection of information and business-related matters. These programs varied between being compulsory for new employees and specialized for specific 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. Employees were encouraged to acquire specialized professional certificates wherever required by the nature and necessities of the work (Advanced International Certificate in Regulatory Compliance - ICA, PHRi, CMA, CISM, CCM). In addition, employees participated in local training programs in credit and financial risk management, compliance, and information technology, as well attending regional and international conferences.

Looking forward to 2024, the department will continue 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.

## 14. Securities Services Department

In line with the bank's vision to develop and expand its services, the Securities Services Department was created in 2023, with a custodian service provided with a license from the Securities Commission for securities listed on the Amman Financial Market and registered in the records of the Securities Depository Center and the Central Bank of Jordan for local and foreign investors, including individuals, institutions, and international investment funds.

The Securities Services Department applies best international practices in the field of safekeeping, settling securities purchases and sales, and following up on corporate events, including collecting dividends and attending annual general meetings on behalf of investors.

The department is staffed with a highly qualified and experienced team that works diligently to protect customer portfolios and provide them with the necessary information about the Jordanian financial market through bulletins and periodic reports.

## 15. Cyprus Branch

The World Bank classifies the Cypriot economy, which adopted the euro as its official currency at the beginning of January 2008, as one of the high-income economies, while the International Monetary Fund included it in 2001 on the list of "advanced economies." Cyprus has an open economy and applies the free-market policy based on services, in addition to several light industries. On the international level, it promotes its geographical location as a link between the continent of Europe and the countries of the Middle East, in addition to the high levels of education among its English-speaking population, as well as moderate costs and efficient services in the communications and aviation sectors.

Cyprus' economic success can be attributed to several reasons, including the adoption of a market economy system, the government pursuit of sound macroeconomic policies, and entrepreneurship that enjoys dynamism, flexibility, and high levels of education among the workforce. In addition to the above, the economy benefited from close cooperation between the public and private sectors. The standard of living in Cyprus was also reflected in the country's very high Human Development Index, ranking 23rd in the Quality of Life Index.

Employment rates in Cyprus increased by about 1.8% in the first half of 2023, benefiting from the strong growth of the economy, and it is expected to remain this way with the growth of labor-intensive sectors, such as tourism and ICT. As a result, the unemployment rate is expected to decrease from 6.8% in 2022 to 6.4% in 2023, reaching 5.9% by 2025, which is the lowest rate in the last ten years.

AJIB has been active in Cyprus for more than 30 years and provides a full range of banking services in a professional and efficient manner provided by highly qualified staff.

## 16. The United Arab Jordan Company for Investment and Financial Brokerage

Throughout 2023, the United Arab Jordan Company for Investment and Financial Brokerage continued to offer its services in the field of buying and selling local shares and bonds in a comfortable atmosphere for customers in accordance with the highest standards.

The Amman Financial Market witnessed a decrease in trading volume during 2023 compared to 2022, with the total trading volume for 2023 amounting to approximately JD1.5 billion compared to JD1.903 billion in 2022. The total number of shares traded during 2023 decreased to 1.1 billion shares compared to 1.2 billion shares in 2022. The general stock price index closed at 2431.21 points, down by 70.39 points, a decrease of 2.81% from its level recorded for the year 2022, which was 2501.60 points.

## 17. Arab Jordan Investment Bank - Qatar

Economic growth in the State of Qatar returned to normal in 2023 after the boom led by the World Cup. The economy of the world's largest exporter of liquefied natural gas enjoys positive prospects supported by an increase in liquefied natural gas production amid unexpected gains from oil and gas in the period between 2022 and 2023, which led to large surpluses and a rapid reduction in government debt. Meanwhile, global growth is witnessing a sharp slowdown as the risks of financial stress in emerging market economies increase amid rising global interest rates.

Fitch, the global credit rating agency, raised the outlook for the Qatari economy from stable to positive, and also confirmed the country's sovereign credit rating at AA-, which means high creditworthiness.

Qatar's strong rankings are based mainly on the large net sovereign foreign assets of the Qatar Investment Authority, which is the sovereign wealth fund of the state and that ranks ninth globally in the list of the largest sovereign funds in terms of assets, as well as the per capita share of gross domestic product, which is considered one of the highest rates in the world in addition to the public finance structure, which has great flexibility in the face of potential financial and economic risks.

Estimates by the International Monetary Fund indicate that the budget of the State of Qatar is the most financially balanced among the Arab Gulf states, and that the country is the least exposed in the Gulf region to fluctuations in oil prices in global markets.

AJIB Qatar achieved good growth in profits in 2023 through the bank's banking activities inside and outside the country. The bank continues to maintain a strong capital base, stable financing sources, and high liquidity ratios. The bank focuses on enriching the customer experience and continuous improvement in the level of services provided to existing and new customers.

## 18. Jordan International Bank (JIB) - London

Jordan International Bank (JIB) London is an affiliate company of AJIB, which owns 25% of its capital. By the end of 2023, the bank's total operating profit before tax reached £6.4 million, compared to £4.2 million in 2022. The bank's balance sheet remained stable on an annual basis, recording £446 million by the end of 2023, compared to £430 million at the end of 2022.

## 19. Al Kawthar Leasing Company

Al Kawthar Leasing Company 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. Al-Kawthar for Financial Leasing operates under the umbrella of a Sharia oversight authority to provide the best financing solutions and products that are compatible with the provisions of Islamic Sharia.

The company has a highly qualified team that provides customers with the best options and modern financing alternatives to meet their unique needs. It works to finance all assets ranging from production lines, trucks, buses, to various types of machinery, devices, medical and laboratory equipment, and cars, in addition to financing housing projects and ready-made housing units.

# 2024 Business Objectives

## 2024 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. This will be supported by the bank's previous successes in using Blockchain, the first financial institution in Jordan and the region to use this technology.

- 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 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| Total Assets | 2537.5 | 2414.4 | 2300.9 | 2200.2 |
| Net Credit Portfolio | 847.6 | 814.1 | 863.9 | 833.0 |
| Financial Assets at Amortized Cost | 729.3 | 769.0 | 734.7 | 687.6 |
| Customer Deposits and Cash Margins | 1648.5 | 1383.0 | 1238.5 | 1215.9 |
| Total Equity | 237.6 | 233.2 | 228.9 | 224.6 |
| Total Income | 80.7 | 68.8 | 62.0 | 63.4 |
| Net Profit Before Tax | 28.5 | 30.4 | 28.5 | 17.0 |
| Net Profit After Tax | 20.2 | 19.5 | 18.2 | 11.5 |
| Net Shareholder Profit after Tax | 18.6 | 18.1 | 17.1 | 10.8 |
| Market Value | 195.0 | 190.5 | 211.5 | 178.5 |
| Share Price by End of Year (JD) | 1.30 | 1.27 | 1.41 | 1.19 |
| Earnings per Share (JD) | 0.120 | 0.120 | 0.114 | 0.072 |
| Proposed Dividend Distribution (JD) | 0.10 proposed | 0.10 | 0.10 | 0.10 |

## Strength and Durability of the Financial Position

- Steady growth in the volume of operations, with total assets reaching JD2.5 billion by the end of 2023, a growth rate of 5.1% compared to 2022, while maintaining acceptable risk levels.
- 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.

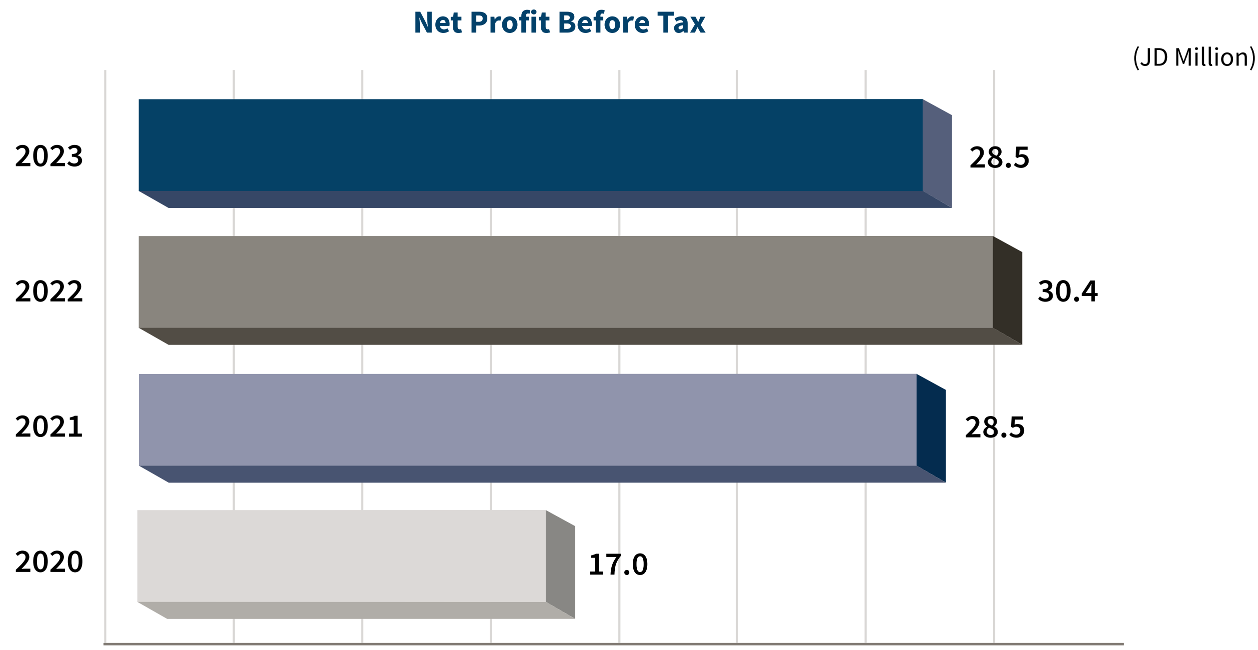
(JD Million)

| | 2023 | 2022 | Change % |
|---|---|---|---|
| Net Credit Portfolio | 847.6 | 814.1 | 4.1% |
| Securities Portfolio | 782.6 | 820.7 | (4.6%) |
| Total Assets | 2537.5 | 2414.4 | 5.1% |
| Customer Deposits and Cash Margin | 1648.5 | 1383.0 | 19.2% |
| Banks and Financial Institutions Deposits | 375.7 | 452.5 | (17.0%) |
| Total Equity | 237.6 | 233.2 | 1.9% |

| | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| | Basel III | Basel III | Basel III | Basel III |
| Capital Adequacy Ratio | 16.24% | 17.80% | 17.43% | 15.80% |

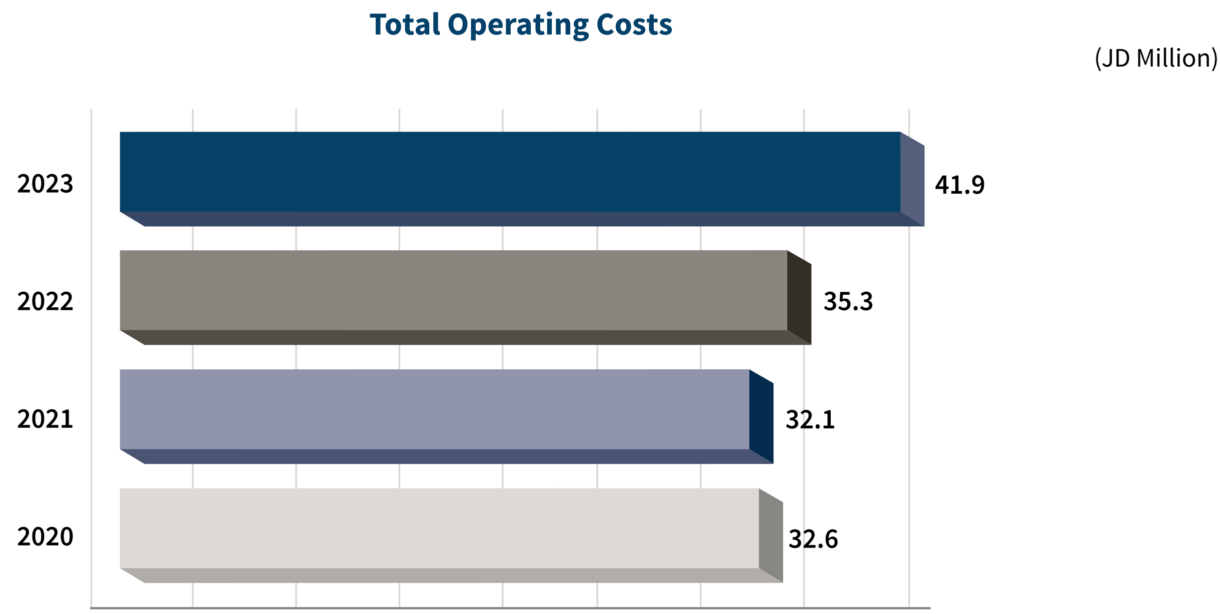
## Net Profit before Tax

In 2023, the bank achieved net profits before tax of JD28.5 million, which is in line with the economic conditions experienced in 2023 in the markets within which the Bank operates.




## Total Operating Costs

Operating costs increased during 2023 as a result of the acquisition of the business of Standard Chartered Bank in Jordan. The operational efficiency index increased during 2023 by 0.6% compared to 2022, reaching 51.9%.

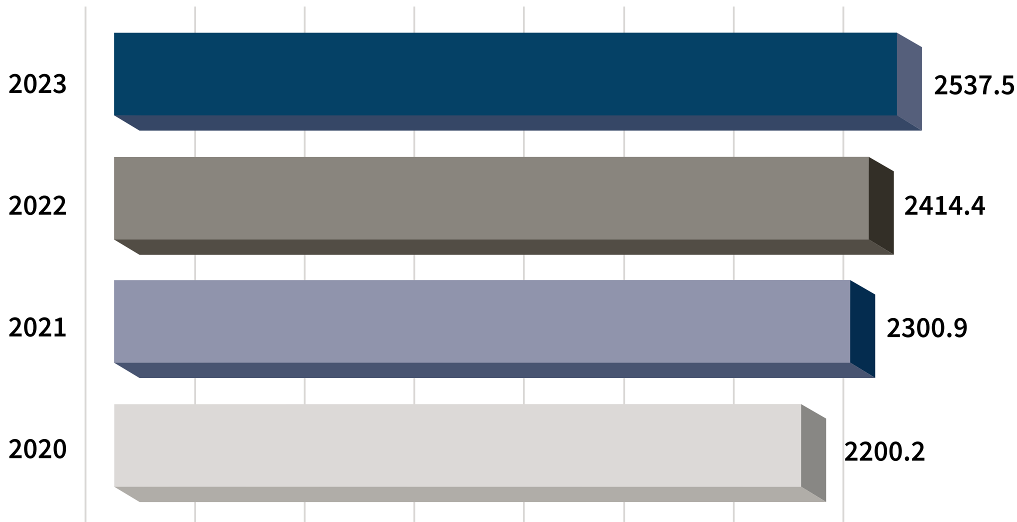


## Steady and Balanced Growth in the Financial Position

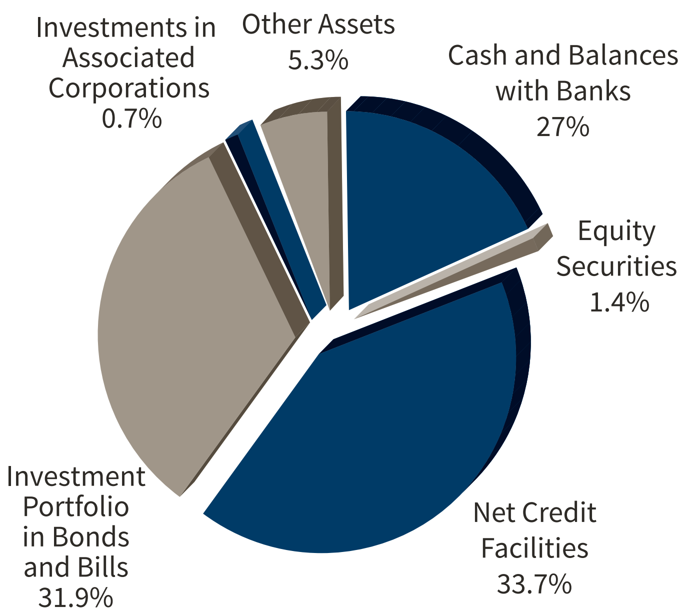
Assets saw noticeable growth of 5.1% in 2023 to reach JD2.5 billion, compared to JD2.4 billion in 2022, mainly due to the acquisition of Standard Chartered Bank Jordan. This growth came by diversifying the sources and investments of funds in a manner that achieves a rewarding return for our partners including shareholders, customers, and employees, and within calculated and acceptable risks in the banking industry, in light of the economic and political challenges in the region.

**Total Assets**

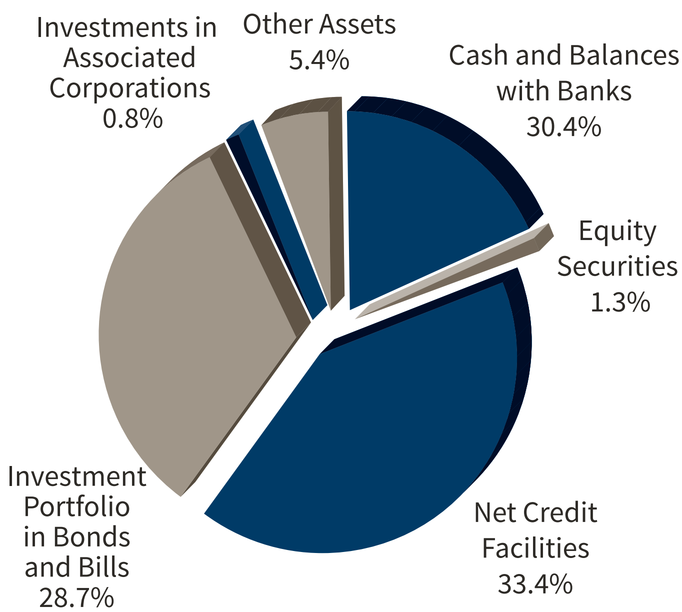
(JD Million)




## Balanced Composition of Funds Investments Demonstrates Strong and Solid Financial Position




2022

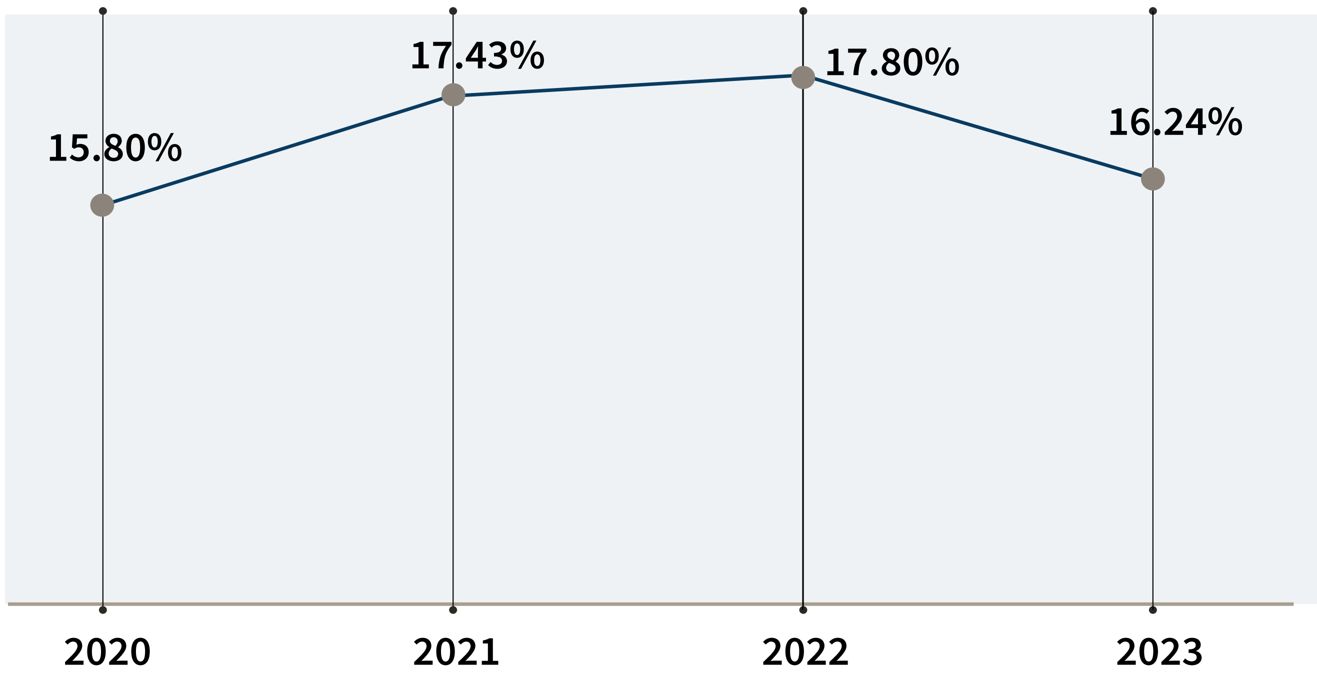



2023

## Capital Adequacy Ratio

The Bank's capital adequacy ratio index 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, in addition to the minimum 14% requirement to necessary to operate within Jordan and abroad, reaching 16.24% in 2023, according to the requirements of Basel III.

Capital Adequacy Ratio

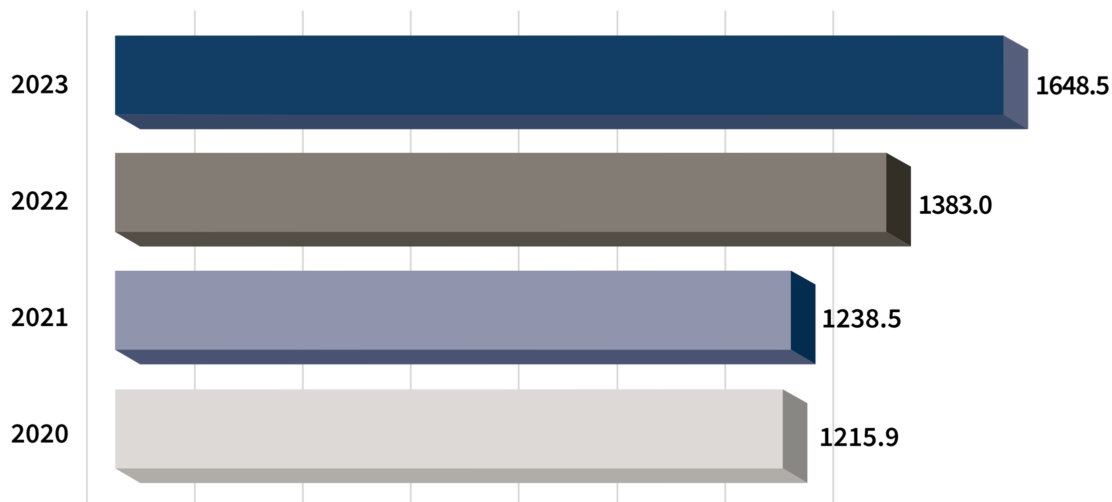



## Growth of Customer Deposits and Cash Margins

As a result of the acquisition of the business of Standard Chartered Bank Jordan, customer deposits grew noticeably. Despite this growth, the Bank maintained competitive interest rates in the market.

Capital Adequacy Ratio

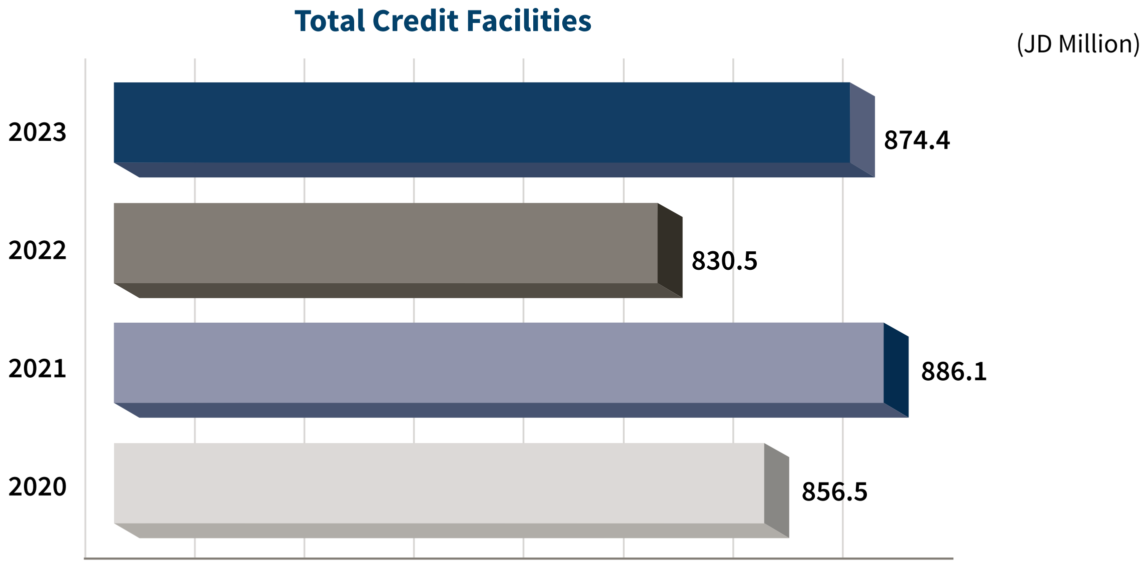
(JD Million)



## Total Credit Facilities Portfolio

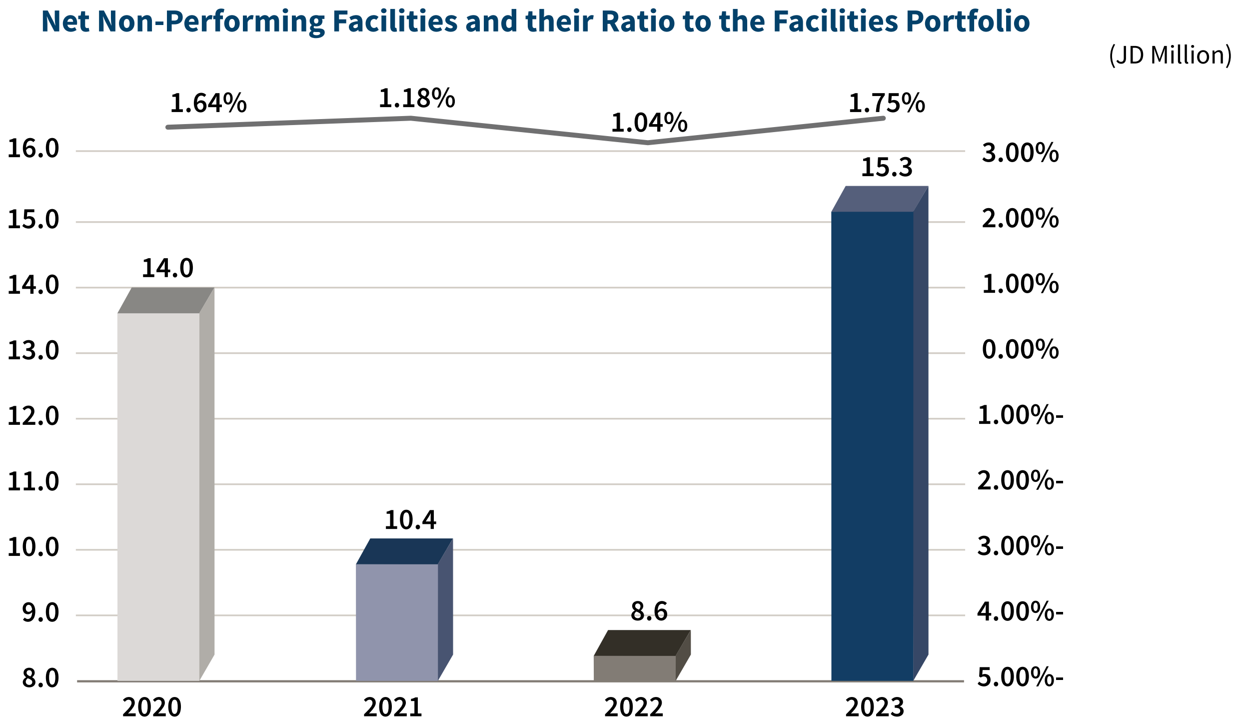
In 2023, the Bank continued to focus its efforts on improving the quality of the credit portfolio by following two strategic pillars: implementing a prudent and selective credit policy in granting facilities under difficult economic conditions, and continuing efforts to address and collect non-performing debts in a manner that improves their quality. As a result of these efforts, the balance of the total credit facilities portfolio reached JD874.4 million in 2023, compared to JD830.5 million in 2022. The non-performing debt ratio in 2023 reached 1.75% of the balance of direct credit facilities after deducting suspended interests, which is one of one of the lowest ratios in the banking sector.

The coverage ratio of allocations for non-performing debts (after excluding suspended interests) reached 49.1% in 2023.



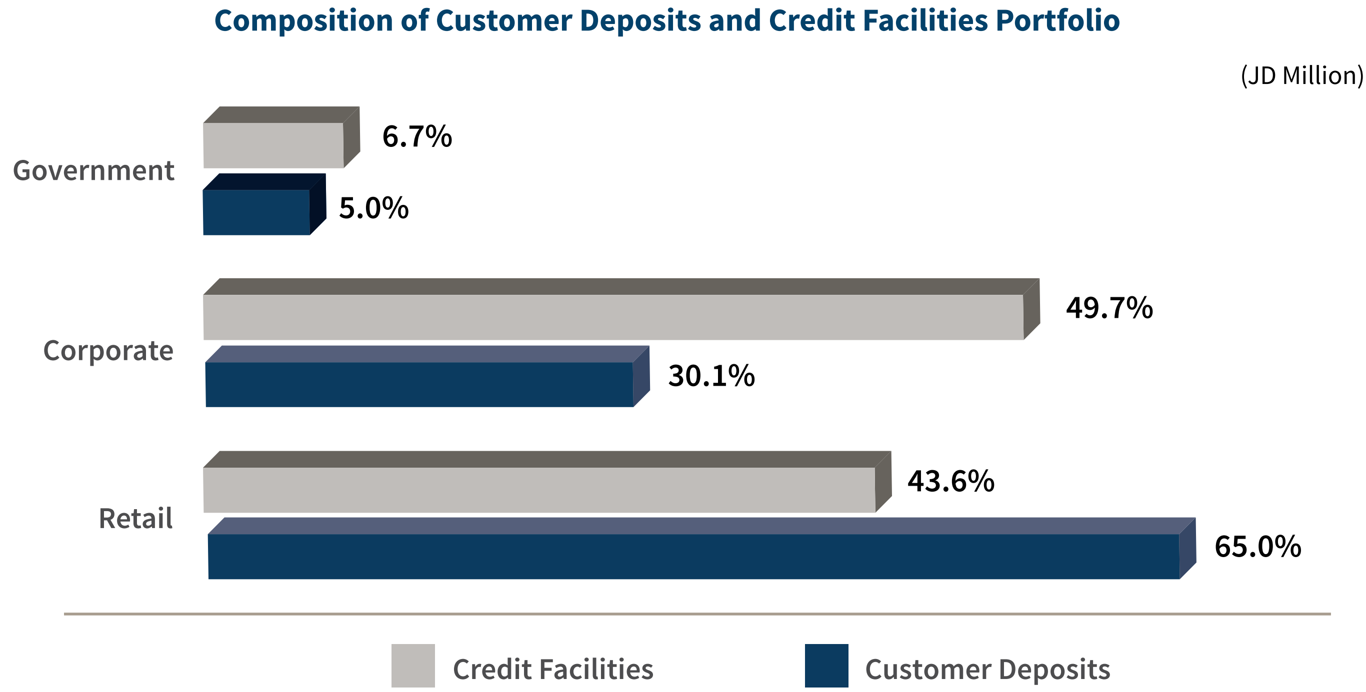

## Non-Performing Credit Facilities

The ratio of the net non-performing debts to total credit facilities in 2023 reached 1.75%, which is considered among the lowest ratios in the Jordanian banking sector.



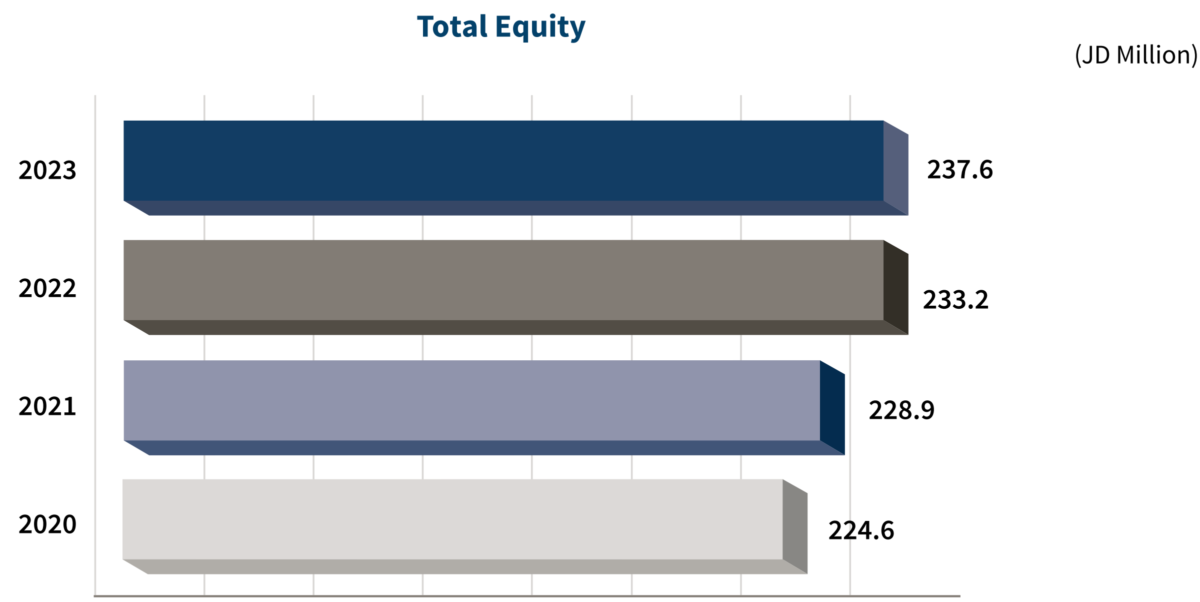
## Composition of Customer Deposits and Credit Facilities Portfolio

Retail deposits are considered stable deposits in the banking sector in general. The individual deposits sector constituted 65.0% of customer deposits as at the end of 2023, compared to 43.6% of loans and facilities for the same sector (retail sector loans are considered to carry a lower degree of risk compared to corporate loans).



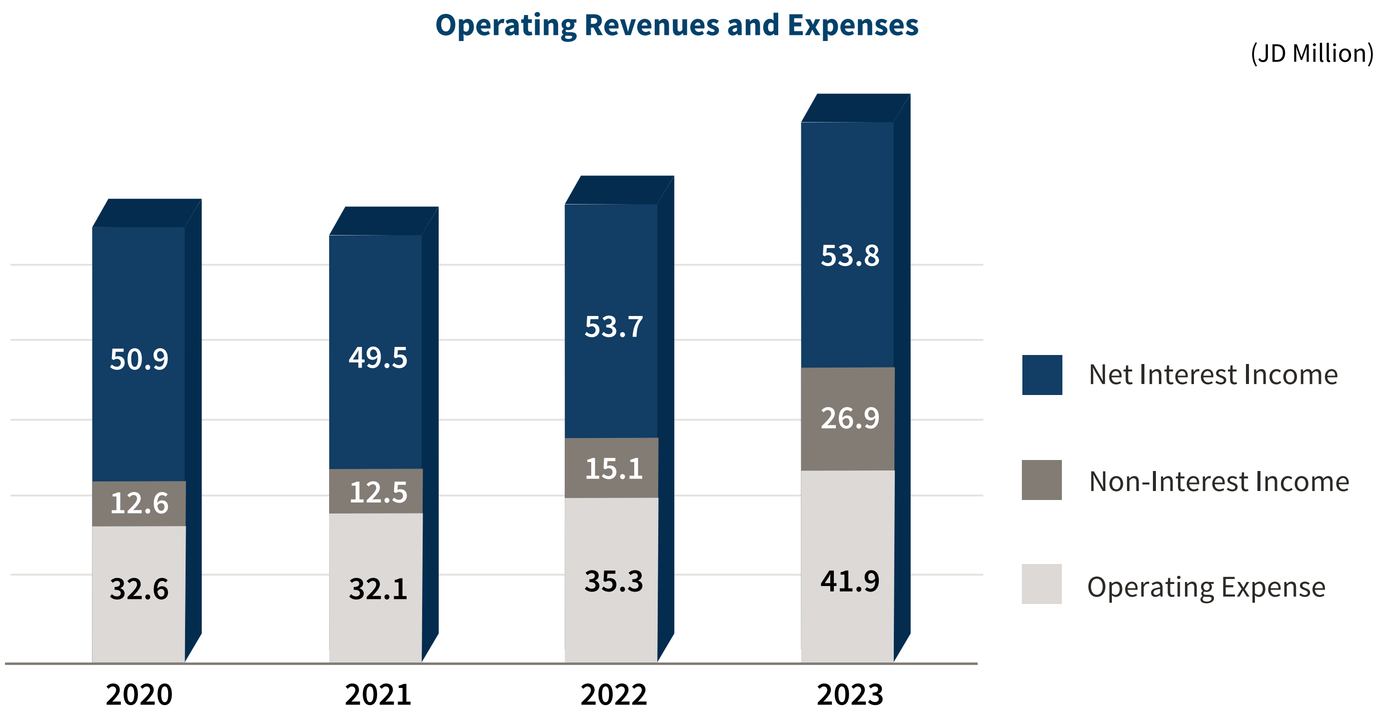

## Total Equity

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 JD237.6 million in 2023.



## Net Revenues and Operational Expenses

The Bank maintained an acceptable level compared to the banking system. The operational efficiency index during the period reached 51.9% at the end of 2023.



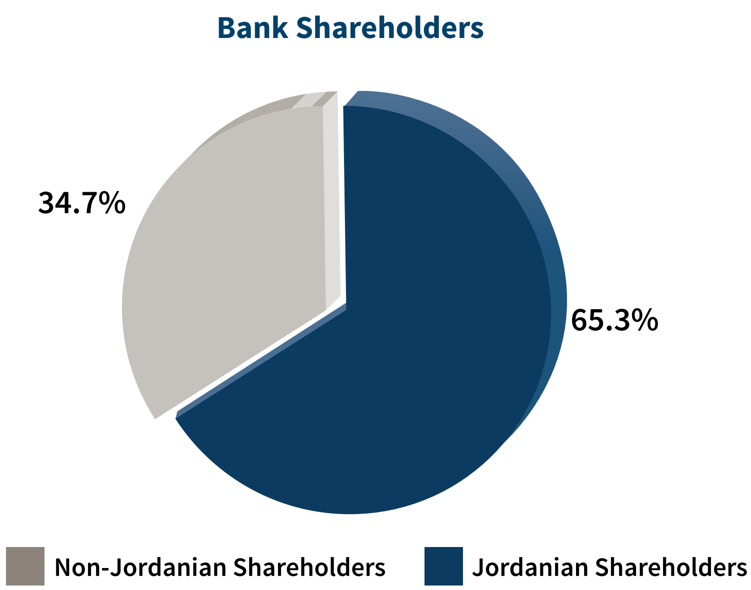

## Financial Highlights

| Statement / Year | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| Return on Average Assets (ROaA) Before Tax | 1.2% | 1.3% | 1.3% | 0.8% |
| Return on Average Assets (ROaA) After Tax | 0.8% | 0.8% | 0.8% | 0.5% |
| Return on Average Equity (ROaE) Before Tax | 12.1% | 13.2% | 12.6% | 7.7% |
| Return on Average Equity (ROaE) After Tax | 8.6% | 8.4% | 8.0% | 5.2% |
| Non-Performing Loans / Credit Facilities Portfolio | 1.75% | 1.04% | 1.18% | 1.64% |
| Net Credit Facilities / Customer Deposits | 53.6% | 61.0% | 72.2% | 70.9% |
| Net Credit Facilities / Total Assets | 33.4% | 33.7% | 37.5% | 37.9% |
| Cash and Balances with Banks / Total Assets | 30.4% | 27.0% | 23.4% | 23.8% |
| Total Equity / Total Assets | 9.4% | 9.7% | 9.9% | 10.2% |

## Number of Bank Employees

At the end of 2023, the number of AJIB employees reached 850 employees, compared to 800 employees at the end of 2022.

## 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 the consolidated statement of financial position as at 31 December 2023, the consolidated statement of income, the 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 material accounting policies information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its financial performance and its 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 Ethics Standards Board for Accountants' 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 2023. 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<br>Refer to the note 10 on the consolidated financial statements.</th></tr>
<tr><td>Key Audit matter<br><br>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.<br><br>The provision for credit facilities is recognized based on the Group's provisioning and impairment policy which complies with the requirements of IFRS 9.<br><br>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.<br><br>As at 31 December 2023, the Group's gross credit facilities amounted to JD 874,383,354 and the related expected credit losses provisions amounted to JD 23,081,208. 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<br><br>Our audit procedures included the following:<br>• 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.<br>• 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.<br>• 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.<br>• We tested a sample of exposures, assessed on an individual basis and performed procedures to evaluate the following:<br>- Appropriateness of the group's staging.<br>- Appropriateness of determining Exposure at Default, including the consideration of repayments in the cash flows and the resultant arithmetical calculations<br>- Appropriateness of the PD, EAD and LGD for different exposures at different stages.<br>- Appropriateness of the internal rating and the objectivity, competence and independence of the experts involved in this exercise.<br>- Soundness and mathematical integrity of the ECL Model.<br>- 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.<br><br>• 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.<br>• 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.<br>• 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 2023 annual report.

Other information consists of the information included in the group's 2023 Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The group's 2023 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

## Responsibilities of Management and Those Charged with Governance for the 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 group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

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

## Auditor's Responsibilities for the Audit of the consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it 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 group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

The Group maintains proper books of accounts which are in agreement with the consolidated financial statements.
The partner in charge of the audit resulting in this auditor's report was Osama Shakhatreh; license number 1079.

Amman – Jordan
30 January 2024

Ernst + Young

# Consolidated
# Financial Statements
# 31 December 2023

ARAB JORDAN INVESTMENT BANK (A PUBLIC SHAREHOLDING LIMITED COMPANY)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

| Assets | Notes | 2023 | 2022 |
|---|---|---|---|
| | | JD | JD |
| Cash and balances at Central Bank of Jordan | 5 | 451,145,248 | 341,688,653 |
| Balances at banks and financial institutions - Net | 6 | 291,847,547 | 303,959,667 |
| Deposits at banks and financial institutions - Net | 7 | 28,547,873 | 5,809,910 |
| Financial assets at fair value through profit or loss | 8 | - | 663,897 |
| Financial assets at fair value through other comprehensive income | 9 | 33,326,152 | 33,009,788 |
| Direct credit facilities - Net | 10 | 847,574,520 | 814,141,864 |
| Financial assets at amortized cost - Net | 11 | 729,273,864 | 769,041,525 |
| Investment in associate company | 12 | 20,045,724 | 17,950,200 |
| Property and equipment - Net | 13 | 77,016,663 | 74,107,186 |
| Intangible assets - Net | 14 | 13,053,896 | 1,475,026 |
| Right of use assets | 42 | 2,816,046 | 2,724,869 |
| Deferred tax assets | 21-D | 3,308,754 | 3,319,903 |
| Other assets | 15 | 39,543,317 | 46,544,450 |
| Total assets | | 2,537,499,604 | 2,414,436,938 |
| Liabilities and Equity | | | |
| Liabilities: | | | |
| Banks and financial institutions' deposits | 16 | 375,720,262 | 452,475,145 |
| Customers' deposits | 17 | 1,582,662,051 | 1,334,561,881 |
| Borrowed money from the Central Bank of Jordan | 18 | 233,201,991 | 286,415,742 |
| Cash margins | 19 | 65,844,839 | 48,439,510 |
| Sundry provisions | 20 | 1,476,794 | 924,050 |
| Income tax provision | 21-A | 7,877,274 | 9,380,725 |
| Lease liabilities | 42 | 2,520,870 | 2,451,070 |
| Other liabilities | 22 | 30,576,153 | 46,562,437 |
| Total Liabilities | | 2,299,880,234 | 2,181,210,560 |
| Equity: | | | |
| Equity attributable to Bank's shareholders | | | |
| Paid-in capital | 23 | 150,000,000 | 150,000,000 |
| Statutory reserve | 24 | 42,292,126 | 39,903,516 |
| Foreign currency translation adjustments | 25 | (3,143,891) | (4,171,605) |
| Fair value reserve - Net | 26 | 1,737,053 | 2,133,996 |
| Retained earnings | 27 | 27,359,753 | 26,177,753 |
| Total Equity attributable to the Bank's shareholders | | 218,245,041 | 214,043,660 |
| Non-controlling interest | 29 | 19,374,329 | 19,182,718 |
| Total Equity | | 237,619,370 | 233,226,378 |
| Total Liabilities and shareholders' Equity | | 2,537,499,604 | 2,414,436,938 |

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 2023

| | Notes | 2023 | 2022 |
|---|---|---|---|
| | | JD | JD |
| Interest income | 30 | 125,478,529 | 99,884,613 |
| Interest expense | 31 | (71,665,244) | (46,169,581) |
| Net interest income | | 53,813,285 | 53,715,032 |
| Net commissions income | 32 | 6,812,536 | 7,031,639 |
| Net interest and commissions income | | 60,625,821 | 60,746,671 |
| Foreign currencies income | 33 | 4,563,121 | 4,192,561 |
| Gain (Losses) from financial assets at fair value through profit or Loss | 34 | 47,621 | (338,281) |
| Cash dividends from financial assets at fair value through other comprehensive income | 35 | 815,823 | 446,372 |
| Other income | 37 | 13,666,172 | 3,055,182 |
| Gross income | | 79,718,558 | 68,102,505 |
| Employees expenses | 38 | 19,010,081 | 17,134,106 |
| Depreciation and amortization | 13,14,42 | 6,495,020 | 4,540,134 |
| Other expenses | 39 | 16,381,024 | 13,601,504 |
| Provision for expected credit losses | 36 | 9,832,275 | 2,532,269 |
| Sundry provisions | 15,20 | 489,521 | 606,479 |
| Total expenses | | 52,207,921 | 38,414,492 |
| Bank’s share in the income of associate company | 12 | 969,501 | 709,931 |
| Profit for the year before income tax | | 28,480,138 | 30,397,944 |
| Income tax expense | 21-B | (8,294,121) | (10,916,322) |
| Profit for the year | | 20,186,017 | 19,481,622 |
| Attributable to: | | | |
| Bank’s shareholders | | 18,576,406 | 18,059,241 |
| Non - controlling interest | | 1,609,611 | 1,422,381 |
| | | 20,186,017 | 19,481,622 |
| | | JD / Fils | JD / Fils |
| Basic and diluted earnings per share from profit for the year (bank’s shareholder) | 40 | 0.12 | 0.12 |

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 COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 31 DECEMBER 2023

| | Notes | 2023 | 2022 |
|---|---|---|---|
| | | JD | JD |
| Profit for the year | | 20,186,017 | 19,481,622 |
| 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 | 1,027,714 | (2,289,741) |
| 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 other comprehensive income - Net after tax | 26 | (402,160) | 3,237,360 |
| Losses from selling financial assets through other comprehensive income | 9 | (579) | - |
| Others | | - | (41,477) |
| Total other comprehensive income items for the year after tax | | 624,975 | 906,142 |
| Total comprehensive income for the year | | 20,810,992 | 20,387,764 |
| Total comprehensive income attributable to: | | | |
| Bank's shareholders | | 19,201,381 | 18,965,383 |
| Non - controlling interest | | 1,609,611 | 1,422,381 |
| | | 20,810,992 | 20,387,764 |

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

## CONSOLIDATED STATEMNET OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

| For the year ended 31 December 2023 | | Reserves | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Paid-in Capital | Statutory Reserve | Foreign Currency Translation Adjustments | Fair Value Reserve - Net | Retained Earnings** | Total Equity Attributable to the Bank's Shareholders | Non-Controlling Interest | Total Equity |
| | JD | JD | JD | JD | JD | JD | JD | JD |
| Balance at the beginning 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 |
| Total comprehensive income for the year | - | - | 1,027,714 | (402,739) | 18,576,406 | 19,201,381 | 1,609,611 | 20,810,992 |
| Transferred to statutory reserve | - | 2,388,610 | - | - | (2,388,610) | - | - | - |
| Profit distributed to shareholders* | - | - | - | - | (15,000,000) | (15,000,000) | - | (15,000,000) |
| Adjusments | - | - | - | 5,796 | (5,796) | - | - | - |
| Change in non-controlling interest | - | - | - | - | - | - | (1,418,000) | (1,418,000) |
| Balance at the end of the year | 150,000,000 | 42,292,126 | (3,143,891) | 1,737,053 | 27,359,753 | 218,245,041 | 19,374,329 | 237,619,370 |
| | | | | | | | | |
| For the year ended 31 December 2022 | | | | | | | | |
| Balance at the 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 statutory reserve | - | 2,671,550 | - | - | (2,671,550) | - | - | - |
| Accumulated changes in affiliates | - | - | - | (130,171) | 130,171 | - | - | - |
| Profit 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 |

In accordance to the instructions of the regulatory authorities

* According to the resolution of the bank's General Assembly meeting held on 21 March 2023 it was approved to distribute 10% of the Bank's capital as cash dividends to the shareholders which is equivalent to JD 15 million ( 8 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 milion).

** Retained earnings include a restricted amount of JD 3,308,754 against deferred tax benefits as of 31 December 2023, this restricted amount cannot be utilized through capitalization or distribution unless actually realized.

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 2023

| | Notes | 2023 | 2022 |
|---|---|---|---|
| | | JD | JD |
| Operating activities | | | |
| Profit for the year before income tax | | 28,480,138 | 30,397,944 |
| Adjustments for: | | | |
| Gain from the acquisition of National Bank of Kuwait Jordan branch | 53-B | (2,900,000) | (1,850,000) |
| Gain from the acquisition of Standard Chartered Bank Jordan branch | 53-A | (4,728,000) | - |
| Depreciation and amortization | 13,14,42 | 6,495,020 | 4,540,134 |
| Provision for expected credit losses | 36 | 9,832,275 | 2,532,269 |
| (Gain) losses on financial assets at fair value through profit or loss | 34 | (47,621) | 298,365 |
| Cash dividends from financial assets at fair value through other comprehensive income | 35 | (815,823) | (446,372) |
| Sundry provisions | 15,20 | 489,521 | 606,479 |
| Gain from sale of property and equipment | 37 | (284,533) | (12,374) |
| Interest from lease liabilities | 42 | 103,352 | 109,366 |
| Losses from the sale of seized assets by the bank | 37 | - | 9,680 |
| Released from provision for expected credit losses | | (3,900,436) | - |
| Effect of exchange rate fluctuations on cash and cash equivalents | 33 | (72,114) | (56,025) |
| Bank's share in the income of associate company | 12 | (969,501) | (709,931) |
| Cash profit before changes in assets and liabilities | | 31,682,278 | 35,419,535 |
| Changes in assets and liabilities: | | | |
| Deposits with banks and other financial institutions (maturing after more than 3 months) | | (22,730,214) | (5,822,560) |
| Financial assets at fair value through profit or loss | | 711,518 | 644,156 |
| Direct credit facilities - Net | | 4,368,072 | 57,901,248 |
| Other assets | | 10,385,847 | (1,956,534) |
| Banks and financial institutions deposits (maturing after more than 3 months) | | (10,635,000) | (52,021,000) |
| Customers' deposits | | 77,194,860 | 80,903,781 |
| Cash margins | | 11,725,947 | 5,453,676 |
| Other liabilities | | (19,608,599) | 3,263,884 |
| Net change in assets and liabilities | | 51,412,431 | 88,366,651 |
| Net cash flows from operating activities before tax and sundry provisions paid | | 83,094,709 | 123,786,186 |
| Sundry provisions paid | 20 | (140,938) | (78,681) |
| Income tax paid | 21-A | (9,786,423) | (10,179,076) |
| Net cash flows from operating activities | | 73,167,348 | 113,528,429 |
| Investing activities: | | | |
| Cash dividends - Associate Company | | - | 2,639,457 |
| Financial assets at amortized cost - Net | | 135,672,841 | 39,409,599 |
| Financial assets at fair value through other comprehensive income - Net | | (731,779) | (9,358,585) |
| Cash dividends from financial assets at fair value through other comprehensive income | 35 | 815,823 | 446,372 |
| Acquisition – Net cash received (paid) | 53 | 27,045,868 | (30,523,029) |
| Purchase of property and equipment | 13 | (2,854,569) | (2,431,352) |
| Proceeds from sale of property and equipment | | 1,423,576 | 60,696 |
| Purchase of intangible assets | 14 | (616,125) | (486,435) |
| Net cash flows from (used in) investing activities | | 160,755,635 | (243,277) |
| Financing activities: | | | |
| Borrowed money from the Central Bank of Jordan | | (53,213,751) | 66,183,846 |
| Change in non-controlling interest | | (1,418,000) | (1,063,500) |
| Dividends paid to shareholders | | (14,974,763) | (14,993,910) |
| Paid from lease liabilities | 42 | (929,947) | (959,028) |
| Net cash flows (used in) from financing activities | | (70,536,461) | 49,167,408 |
| Net increase in cash and cash equivalents | | 163,386,522 | 162,452,560 |
| Effect of exchange rate fluctuations on cash and cash equivalents | | 72,114 | 56,025 |
| Cash and cash equivalent - Beginning of the year | | 215,258,174 | 52,749,589 |
| Cash and cash equivalent - End of the year | 41 | 378,716,810 | 215,258,174 |

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 2023

# 1. General

The Arab Jordan Investment Bank is a public shareholding limited company with headquarters in Amman - Hashemite Kingdom of Jordan, On 2nd February 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 (37) 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 29 January 2024. It is subject to the approval of the General Assembly of Shareholders and the Central Bank of Jordan.

# 2. Material 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 adheres to the local regulations and instructions of the Central Bank of Jordan.

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 |
|---|---|---|---|---|---|
| The United Arab Jordan Company for Investment and Financial Brokerage | 100% | 2,500,000 | Amman-Jordan | 5 February 2002 | Financial Brokerage |
| Al Kawthar Leasing Company | 100% | 4,000,000 | Amman-Jordan | 8 February 2022 | Financial Leasing |
| Arab Jordan Investment 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:

| | The United Arab Jordan Company for Investment and Financial Brokerage | | Al Kawthar Leasing Company | | Arab Jordan Investment Bank- Qatar | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | JD | JD | JD | JD | JD | JD |
| Total assets | 3,135,186 | 2,687,796 | 4,117,531 | 4,026,819 | 182,602,854 | 179,933,440 |
| Total liabilities | 349,817 | 257,187 | 33,731 | 80 | 143,854,195 | 141,568,004 |
| Equity | 2,785,369 | 2,430,609 | 4,083,800 | 4,026,739 | 38,748,659 | 38,365,436 |

| | For the year ending 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | JD | JD | JD | JD | JD | JD |
| Total revenue | 296,765 | 265,855 | 259,612 | 149,434 | 11,409,088 | 7,175,655 |
| Total expenses | 206,063 | 529,913 | 202,551 | 122,695 | 8,189,864 | 4,330,893 |

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.

## 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 fair value through other comprehensive income and fair value through profit or loss, 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 expected credit losses 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.

Under the equity method, the investment in an associates initially recognised at cost, the carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associates since the acquisition date. Goodwill relating to the associates is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated income statement reflects the Group's share of the results of operations of the associates. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income (OCI). In addition, when there has been a change recognised directly in the equity of the associates, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associates.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated income statement within operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

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 expected credit losses 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 Expected Credit Losses

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.

## 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.

## 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.

## 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 the following percentages:

| | % |
|---|---|
| Software | 25 |
| Customer Relationships | 20 |

**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 tax and deferred tax.**

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.

Tax 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 tax are tax 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 annual consolidated financial statements for the year ended 31 December 2022 except for the adoption of new amendments on the standards effective as of 1 January 2023 shown below:

**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.

This standard is not applicable to the Bank.

**Definition of Accounting Estimates - Amendments to IAS 8**

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective from 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Bank's consolidated financial statements.

**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 are effective from 1 January 2023, and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Bank's consolidated financial statements.

**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 from 1 January 2023. and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Bank's consolidated financial statements.

**International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12**

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Bank's consolidated financial statements as the Bank is not in scope of the Pillar Two model rules as its revenue is less that EUR 750 million/year.

## 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 Creditlens 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 Ca | Substandard facilities. |
| 9 | Default Ca | Doubtful facilities. |
| 10 | Default Ca | 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 Committee**
  - 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 Credit Lens, 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<br>(First Recognition) | Regular financial instruments<br>– Financial instruments with less than 30 days' receivables.<br>– Customers with a risk rating of -6 and below.<br>– Bonds and financial investments with a credit rating of B1 and above according to Moody's. |
| Second Stage Stage 2<br>(Credit Quality Decline) | Regular financial instruments that have shown a significant increase in credit risk since the date of initial recognition.<br>- Financial instruments that have dues from 30-90 days.<br>- Current and under-exposed accounts if the period of non-payment is more than 30 days and less than 90 days.<br>- Customers with a risk score of +7, 7, and 7.<br>- Bonds and financial investments that carry a credit rating between B1 and Caa3.<br>- A decline in the possibility of stumbling to the customer by 2% and above.<br>- A decline in the credit rating since the initial recognition of bonds and financial investments by four degrees or more.<br>- All accounts classified under observation.<br>- The ceilings that have expired and have not been renewed or have not been postponed.<br>- All performing Credit Cards |
| Third Stage Stage 3<br>(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.

Each macroeconomic scenario used in calculating the expected credit losses is linked to changing macroeconomic factors.

Our estimates are used to calculate expected credit losses for stage 1 and stage 2 using discounted weighted scenarios that include future macroeconomic information for the next three years.

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 3 scenarios to reach a probable value when to estimate the expected credit losses as follows:
1) Main Scenario (Baseline) weighted 40%
2) Best Scenario (Optimistic S1) weighted 30%
3) Worst Case Scenario 1 (Pessimistic S3) weighted 30%

The primary scenario is (Baseline) given a 40% weightage, the most favorable scenario (Optimistic S1) gets a 30% weightage, and the first negative scenario is (Pessimistic S3) weighted at 30% too. These weighted probabilities are taken into account to compute a cumulative estimated value of potential credit loss for individuals.

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 for 2023 and 2022.

The bank altered the scenarios used for calculating expected credit losses starting from 1 January 2023. The second worst-case scenario (Pessimistic S4) was eliminated, and the pre-COVID-19 probabilities and weightings for measuring expected credit losses were reinstated.

- **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 tax and deferred tax.

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 tax are tax 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.

## D. THE USEFUL LIFE OF PROPERTIES, MACHINES, EQUIPMENT, AND INTANGIBLE ASSETS

The Bank estimates the productive life of properties, machines, equipment, and intangible assets for the purposes of calculating depreciation and amortization, taking into account the expected use of the assets. Management reviews the residual values and productive lifespans annually, and future depreciation and amortization expense is adjusted if management believes that the productive lifespans differ from previous estimates.

### E. DETERMINING the Duration of Lease Contracts

The Bank defines the duration of a lease contract as an uncancelable period, taking into consideration the periods covered by an option to extend the lease if it's certain that such an option will be exercised, or any periods associated with an option to terminate the lease, if it's certain that the bank will not exercise this option.

## 5. Cash and Balances at Central Bank of Jordan

This item consists of the following:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Cash in Vaults | 22,039,312 | 20,287,267 |
| Balances at Central Bank of Jordan: | | |
| Statutory Cash Reserve | 77,819,900 | 69,533,434 |
| Current Accounts | 351,286,036 | 251,867,952 |
| Total | 451,145,248 | 341,688,653 |

Except for the statutory cash reserve there are no restricted balances at the Central Bank of Jordan as of 31 December 2023 and 2022.

There are no certificates of deposits maturing in the period exceeding three months as of 31 December 2023 and 2022.

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

| | 2023 | | | | 2022 |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | |
| | JD | JD | JD | JD | JD |
| Low risk (2-6) | 429,105,936 | - | - | 429,105,936 | 321,401,386 |
| Acceptable risk (7) | - | - | - | - | - |
| High risk (8-10) | - | - | - | - | - |
| Total balances as of 31 December | 429,105,936 | - | - | 429,105,936 | 321,401,386 |

The probability of default for the low risk classification varies between 0% and 0% in the prior year.

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

| | 2023 | | | | 2022 |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Total balances as of 1 January | 321,401,386 | - | - | 321,401,386 | 257,373,420 |
| New balances | 125,853,165 | - | - | 125,853,165 | 81,452,327 |
| Paid balances | (18,148,615) | - | - | (18,148,615) | (17,424,361) |
| Total Balances as of 31 December | 429,105,936 | - | - | 429,105,936 | 321,401,386 |

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

| | 2023 | | | | 2022 |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Total balances as of 1 January | - | - | - | - | - |
| New balances | - | - | - | - | - |
| Paid balances | - | - | - | - | - |
| Total balances as of 31 December | - | - | - | - | - |

## 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 | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | JD | JD | JD | JD | JD | JD |
| Current and call accounts | 1,115,899 | 687,636 | 27,190,892 | 91,898,411 | 28,306,791 | 92,586,047 |
| Deposits maturing within 3 months or less | 50,000,000 | 10,000,000 | 213,641,033 | 201,479,619 | 263,641,033 | 211,479,619 |
| Total | 51,115,899 | 10,687,636 | 240,831,925 | 293,378,030 | 291,947,824 | 304,065,666 |
| Less: Expected credit losses provision | - | - | (100,277) | (105,999) | (100,277) | (105,999) |
| Total | 51,115,899 | 10,687,636 | 240,731,648 | 293,272,031 | 291,847,547 | 303,959,667 |

The balances at banks and financial institutions that bears no interest amounted to JD 28,306,791 as of 31 December 2023 (JD 92,586,047 as of 31 December 2022).

There are no restricted balances at banks and financial institutions as of 31 December 2023 and 2022.

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

| | 2023 | | | | 2022 |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Low risk (2-6) | 289,003,624 | - | - | 289,003,624 | 290,462,148 |
| Acceptable risk (7) | - | 2,944,200 | - | 2,944,200 | 13,603,518 |
| High risk (8-10) | - | - | - | - | - |
| Total | 289,003,624 | 2,944,200 | - | 291,947,824 | 304,065,666 |

- The probability of default for the low risk classification varies between 0 - 1.04% and 0 -1.42% in the prior year.
- The probability of default for the acceptable risk classification varies between 0 - 1.02% and 0 - 1.26% in the prior year.

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

| | 2023 | | | | 2022 |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Total Balances as of 1 January | 290,462,148 | 13,603,518 | - | 304,065,666 | 261,711,596 |
| New balances | 233,689,880 | 251,464 | - | 233,941,344 | 165,214,749 |
| Paid balances | (235,148,404) | (10,910,782) | - | (246,059,186) | (122,860,679) |
| Total Balances as of 31 December | 289,003,624 | 2,944,200 | - | 291,947,824 | 304,065,666 |

The movement on the expected credit losses for balances at banks and financial institutions as follows:

| | 2023 | | | | 2022 |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Total balances as of 1 January | 55,857 | 50,142 | - | 105,999 | 118,649 |
| Transferred balances resulted from the acquisition | 17,449 | - | - | 17,449 | - |
| New balances | 14,889 | - | - | 14,889 | - |
| Paid balances | (28,360) | - | - | (28,360) | (12,650) |
| Transferred account | (9,700) | - | - | (9,700) | - |
| Total balances as of 31 December | 50,135 | 50,142 | - | 100,277 | 105,999 |

## 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 | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | JD | JD | JD | JD | JD | JD |
| Deposits maturing within 3-6 months | - | - | - | 5,822,560 | - | 5,822,560 |
| Deposits maturing within 9 months | - | - | 28,570,223 | - | 28,570,223 | - |
| Total | - | - | 28,570,223 | 5,822,560 | 28,570,223 | 5,822,560 |
| Less: provision for expected credit losses | - | - | (22,350) | (12,650) | (22,350) | (12,650) |
| Total | - | - | 28,547,873 | 5,809,910 | 28,547,873 | 5,809,910 |

- There are no restricted balances at banks and financial institutions of 31 December 2023 and 2022.
- There are no restricted depoists as of 31 December 2023 and 2022.

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

| | 2023 | | | | 2022 |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Low risk (2-6) | 10,635,000 | - | - | 10,635,000 | - |
| Acceptable risk (7) | - | 17,935,223 | - | 17,935,223 | 5,822,560 |
| High risk (8-10) | - | - | - | - | - |
| Total | 10,635,000 | 17,935,223 | - | 28,570,223 | 5,822,560 |

The probability of default varies to 1.02% compare 1.26% in the prior period.

The movement on deposits at banks and financial institutions as follows:

| | 2023 | | | | 2022 |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Total balances as of 1 January | - | 5,822,560 | - | 5,822,560 | - |
| New balances | 10,635,000 | 17,935,223 | - | 28,570,223 | 5,822,560 |
| Paid balances | - | (5,822,560) | - | (5,822,560) | - |
| Total balances as of 31 December | 10,635,000 | 17,935,223 | - | 28,570,223 | 5,822,560 |

The movement on the expected credit losses for deposits at banks and financial as follows:

| | 2023 | | | | 2022 |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Total balances as of 1 January | - | 12,650 | - | 12,650 | - |
| Transferd balances | - | 9,700 | - | 9,700 | - |
| New balances | - | - | - | - | 12,650 |
| Paid balances | - | - | - | - | - |
| Total balances as of 31 December | - | 22,350 | - | 22,350 | 12,650 |

## 8. Financial Assets at Fair value Through Profit or Loss

This item consists of the following:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Quoted equity shares | - | 663,897 |

* There are no pledged financial assets as of 31 December 2023 and 31 December 2022.

## 9. Financial Assets at Fair Value Through other Comprehensive Income

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

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Quoted financial assets: | | |
| Corporate shares | 16,618,430 | 17,335,234 |
| Total quoted financial assets | 16,618,430 | 17,335,234 |
| Unquoted financial assets: | | |
| Corporate shares | 16,707,722 | 15,674,554 |
| Total unquoted financial assets | 16,707,722 | 15,674,554 |
| Total | 33,326,152 | 33,009,788 |

Losses from sale financial assets through other comprehensive income amounted to JD 579 for the year ended at 31 December 2023 ( Zero JD for the year ended at 31 December 2022).

Cash dividends on the investments above amounted to JD 815,823, for the year ended 31 December 2023 (JD 446,372 for the year ended 31 December 2022).

There are no pledged financial assets as of 31 December 2023 and 2022.

## 10. Direct Credit Facilities - Net

This item consists of the following:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Individuals (Retail) | | |
| Loans * | 239,010,482 | 228,922,366 |
| Credit cards | 8,329,045 | 6,415,799 |
| Housing loans | 134,059,208 | 129,815,573 |
| Large companies | | |
| Loans * | 307,142,405 | 267,242,333 |
| Overdraft | 72,000,279 | 76,867,171 |
| Small and medium companies | | |
| Loans * | 37,340,660 | 35,204,825 |
| Overdraft | 18,331,414 | 13,697,887 |
| Government & public sector | 58,169,861 | 72,284,441 |
| Total | 874,383,354 | 830,450,395 |
| Less: provision for expected credit losses | (23,081,208) | (13,820,415) |
| Less: Interest in suspense | (3,727,626) | (2,488,116) |
| Net credit facilities | 847,574,520 | 814,141,864 |

* Net after deducting interests and commission received in advance.

- Non-performing credit facilities amounted to 17,423,674, representing 1.99% of direct credit facilities balance as of 31 December 2023 (JD 9,519,530 representing 1.15% of the direct credit facilities balance as of 31 December 2022).

- Non-performing credit facilities net of interest in suspense amounted to JD 15,276,659 representing 1.75% of direct credit facilities balance net of interest in suspense as of 31 December 2023 (JD 8,626,343 representing 1.04% of the direct credit facilities balance as of 31 December 2022).

- Credit facilities granted to and guaranteed by the Jordanian Government amounted to JD 54,226,794, representing 6.20% of total direct credit facilities as of 31 December 2023 (JD 83,222,561 representing 10.02% of direct credit facilities balance as of 31 December 2022).

**The movement on the direct credit facilities:**

| | 2023 | | | | | | 2022 |
|---|---|---|---|---|---|---|---|
| | Individual | Small and Medium Companies | Corporate | Real Estate Loans | Government and Public Sector | Total | Total |
| | JD | JD | JD | JD | JD | JD | JD |
| Balance as of 1 January | 235,338,165 | 48,902,712 | 344,109,504 | 129,815,573 | 72,284,441 | 830,450,395 | 886,144,294 |
| Transferred balances resulted from the acquisition of SCB Jordan branch | 5,164,512 | 4,717,588 | 30,816,901 | 11,695,995 | - | 52,394,996 | - |
| Transferred balances resulted from the acquisition of NBK Jordan branch | - | - | - | - | - | - | 8,821,950 |
| New balances through the year | 49,184,813 | 14,745,659 | 72,526,976 | 13,555,757 | 1,339,200 | 151,352,405 | 203,735,097 |
| Repaid balances | (40,281,611) | (7,810,834) | (74,982,602) | (17,373,851) | (15,453,780) | (155,902,678) | (237,264,155) |
| Net transferred in stage 1 | (8,643,243) | (3,500,575) | (28,922,749) | (9,030,190) | - | (50,096,757) | (20,751,013) |
| Net transferred in stage 2 | 2,889,963 | 1,516,072 | 28,922,749 | 8,114,569 | - | 41,443,353 | 16,013,089 |
| Net transferred in stage 3 | 5,753,280 | 1,984,503 | - | 915,621 | - | 8,653,404 | 4,737,924 |
| Net effect resulted by changes on categories of stages | (158,559) | (731,623) | (866,866) | (1,405,079) | - | (3,162,127) | (3,239,819) |
| Changes from adjustments | - | (1,639,479) | 7,999,320 | (370,471) | - | 5,989,370 | (19,780,650) |
| Transferred to off balance sheet | (1,857,634) | (2,511,949) | - | (1,848,318) | - | (6,217,901) | (7,966,322) |
| Written off balances | (50,159) | - | (460,549) | (10,398) | - | (521,106) | - |
| Balance as of 31 December | 247,339,527 | 55,672,074 | 379,142,684 | 134,059,208 | 58,169,861 | 874,383,354 | 830,450,395 |

**Provision for expected credit losses of direct credit facilities:**

| | 2023 | | | | | | 2022 |
|---|---|---|---|---|---|---|---|
| | Individual | Small and Medium Companies | Corporate | Real Estate Loans | Government and Public Sector | Total | Total |
| | JD | JD | JD | JD | JD | JD | JD |
| Balance as of 1 January | 5,083,156 | 2,957,810 | 4,037,122 | 1,687,482 | 54,845 | 13,820,415 | 19,011,542 |
| Expected credit losses on balances resulted from acquisition of SCB Jordan branch | 335,449 | 615,526 | 793,789 | 1,563,265 | - | 3,308,029 | - |
| Expected credit losses on balances resulted from acquisition of NBK Jordan branch | - | - | - | - | - | - | 249,295 |
| Expected credit losses on new balances through the year | 3,903,240 | 1,495,303 | 4,110,282 | 1,496,927 | - | 11,005,752 | 1,764,315 |
| Expected credit losses on repaid balances | (849,837) | (356,775) | (1,117,150) | (721,819) | - | (3,045,581) | (2,013,176) |
| Net transferred in stage 1 | (88,364) | (9,376) | (138,485) | 17,041 | - | (219,184) | 219,277 |
| Net transferred in stage 2 | 2,149 | (143,984) | 138,485 | 42,964 | - | 39,614 | 77,107 |
| Net transferred in stage 3 | 86,215 | 153,360 | - | (60,005) | - | 179,570 | (296,384) |
| Net effect on expected credit losses resulted by changes on categories of stages | 1,404,341 | 315,851 | 115,925 | 193,688 | - | 2,029,805 | 803,335 |
| Changes on expected credit losses from adjustments | (169,158) | (253,398) | (605,052) | 4,382 | - | (1,023,226) | (189,565) |
| Transferred to off balance sheet | (508,093) | (1,194,033) | - | (790,754) | - | (2,492,880) | (5,571,448) |
| Written off balances | (50,159) | - | (460,549) | (10,398) | - | (521,106) | (233,883) |
| Balance as of 31 December | 9,148,939 | 3,580,284 | 6,874,367 | 3,422,773 | 54,845 | 23,081,208 | 13,820,415 |
| Redistribution: | | | | | | | |
| Provisions as Individual level | 1,829,887 | 3,580,284 | 6,874,367 | 1,162,748 | 54,845 | 13,502,131 | 9,164,486 |
| Provision as Aggregate level | 7,319,052 | - | - | 2,260,025 | - | 9,579,077 | 4,655,929 |
| Rate of provision coverage | 3.7% | 6.43% | 1.81% | 2.55% | 0.09% | 2.64% | 1.66% |

The provisions no longer required amounted to JD 3,045,581 for the year ended 31 December 2023 (JD 2,013,176 for the year ended 31 December 2022).

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

| | 2023 | | | | 2022 |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Low risk (2-6) | 223,110,717 | - | - | 223,110,717 | 221,131,288 |
| Acceptable risk (7) | - | 17,077,322 | - | 17,077,322 | 11,992,075 |
| High risk (8-10) | - | - | 7,151,488 | 7,151,488 | 2,214,802 |
| Total | 223,110,717 | 17,077,322 | 7,151,488 | 247,339,527 | 235,338,165 |

- The probability of low risks default ranges from 0 - 8.62% compared to 0.16% - 8.62 % from the previous year.
- The probability of acceptable risks default ranges from 1.04% - 84.12% versus 1.41% - 87.86% 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:**

| | 2023 | | | | 2022 |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Balance as of 1 January | 221,131,288 | 11,992,075 | 2,214,802 | 235,338,165 | 176,066,479 |
| Transferred balances resulted from the acquisition of SCB Jordan branch | 4,110,169 | 862,741 | 191,602 | 5,164,512 | - |
| Transferred balances resulted from the acquisition of NBK Jordan branch | - | - | - | - | 865,765 |
| New balances through the year | 44,402,672 | 4,289,702 | 492,439 | 49,184,813 | 117,252,199 |
| Repaid balances | (37,437,396) | (2,532,582) | (311,633) | (40,281,611) | (55,377,523) |
| Net transferred in stage 1 | 974,404 | (770,540) | (203,864) | - | - |
| Net transferred in stage 2 | (5,056,648) | 5,116,242 | (59,594) | - | - |
| Net transferred in stage 3 | (4,560,999) | (1,455,739) | 6,016,738 | - | - |
| Net effect resulted by changes on categories of stages | (368,074) | (64,112) | 273,627 | (158,559) | (110,879) |
| Changes from adjustments | - | - | - | - | - |
| Transferred to off balance sheet | (84,699) | (360,465) | (1,412,470) | (1,857,634) | (3,357,876) |
| Written off balances | - | - | (50,159) | (50,159) | - |
| Adjustments result from foreign exchange | - | - | - | - | - |
| Balance as of 31December | 223,110,717 | 17,077,322 | 7,151,488 | 247,339,527 | 235,338,165 |

**Movement on expected credit losses of individual facilities:**

| | 2023 | | | | 2022 |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Balance as of 1 January | 3,318,108 | 522,638 | 1,242,410 | 5,083,156 | 6,672,600 |
| Expected credit losses on balances resulted from acquisition of SCB Jordan branch | 39,678 | 187,560 | 108,211 | 335,449 | - |
| Expected credit losses on balances resulted from acquisition of NBK Jordan branch | - | - | - | - | 8,624 |
| Expected credit losses on new balances through the year | 1,803,278 | 157,072 | 1,942,890 | 3,903,240 | 840,430 |
| Expected credit losses on repaid balances | (635,898) | (141,955) | (71,984) | (849,837) | (1,410,301) |
| Net transferred in stage 1 | 89,544 | (38,932) | (50,612) | - | - |
| Net transferred in stage 2 | (90,084) | 104,504 | (14,420) | - | - |
| Net transferred in stage 3 | (87,824) | (63,423) | 151,247 | - | - |
| Net effect on expected credit losses resulted by changes on categories of stages | (77,800) | 109,333 | 1,372,808 | 1,404,341 | 300,916 |
| Changes on expected credit losses from adjustments | (42,044) | (114,158) | (12,956) | (169,158) | (4,360) |
| Transferred to off balance sheet | (40,895) | - | (467,198) | (508,093) | (1,090,870) |
| Written off balances | - | - | (50,159) | (50,159) | (233,883) |
| Adjustments result from foreign exchange | - | - | - | - | - |
| Balance as of 31 December | 4,276,063 | 722,639 | 4,150,237 | 9,148,939 | 5,083,156 |
| Rate of provision coverage | 1.92% | 4.23% | 58.03% | 3.70% | 2.16% |

**Direct credit facilities of small and medium companies distributed into credit rating categories based on Bank's internal system:**

| | 2023 | | | | 2022 |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Low risk (2-6) | 38,445,913 | - | - | 38,445,913 | 34,208,579 |
| Acceptable risk (7) | - | 10,917,506 | - | 10,917,506 | 10,567,355 |
| High risk (8-10) | - | - | 6,308,655 | 6,308,655 | 4,126,778 |
| Total | 38,445,913 | 10,917,506 | 6,308,655 | 55,672,074 | 48,902,712 |

- The probability of default for the low risk ranges from 0.05% - 5.40% compared to from 0.04% - 5.67% in the prior year.
- The probabitly of default for the acceptable risk ranges from 0.11% - 22.88% compared to 0.95% - 21.36% 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 companies:**

| | 2023 | | | | 2022 |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Balance as of 1 January | 34,208,579 | 10,567,355 | 4,126,778 | 48,902,712 | 40,528,782 |
| Transferred balances resulted from the acquisition of SCB Jordan branch | 3,450,901 | - | 1,266,687 | 4,717,588 | - |
| Transferred balances resulted from the acquisition of NBK Jordan branch | - | - | - | - | - |
| New balances through the year | 11,857,912 | 2,543,530 | 344,217 | 14,745,659 | 17,469,793 |
| Repaid balances | (5,945,848) | (1,859,507) | (5,479) | (7,810,834) | (7,348,551) |
| Net transferred in stage 1 | 569,015 | (569,015) | - | - | - |
| Net transferred in stage 2 | (3,873,931) | 3,873,931 | - | - | - |
| Net transferred in stage 3 | (195,659) | (1,788,844) | 1,984,503 | - | - |
| Net effect resulted by changes on categories of stages | (5,856) | (919,108) | 193,341 | (731,623) | (566,983) |
| Changes from adjustments | (1,619,200) | (20,279) | - | (1,639,479) | (326,591) |
| Transferred to off balance sheet | - | (910,557) | (1,601,392) | (2,511,949) | (853,738) |
| Written off balances | - | - | - | - | - |
| Adjustments result from foreign exchange | - | - | - | - | - |
| Balance as of 31 December | 38,445,913 | 10,917,506 | 6,308,655 | 55,672,074 | 48,902,712 |

Movement on expected credit losses of small and medium compaines facilities:

| | 2023 | | | | 2022 |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Balance as of 1 January | 1,321,779 | 558,911 | 1,077,120 | 2,957,810 | 3,565,587 |
| Expected credit losses on balances resulted from acquisition of SCB Jordan branch | - | - | 615,526 | 615,526 | - |
| Expected credit losses on balances resulted from acquisition of NBK Jordan branch | - | - | - | - | - |
| Expected credit losses on new balances through the year | 173,099 | 126,780 | 1,195,424 | 1,495,303 | 27,016 |
| Expected credit losses on repaid balances | (77,947) | (193,606) | (85,222) | (356,775) | (24,655) |
| Net transferred in stage 1 | - | - | - | - | - |
| Net transferred in stage 2 | (7,954) | 7,954 | - | - | - |
| Net transferred in stage 3 | (1,422) | (151,938) | 153,360 | - | - |
| Net effect on expected credit losses resulted by changes on categories of stages | - | 13,222 | 302,629 | 315,851 | 232,440 |
| Changes on expected credit losses from adjustments | (51,873) | (201,525) | - | (253,398) | 25,946 |
| Transferred to off balance sheet | - | - | (1,194,033) | (1,194,033) | (868,524) |
| Written off balances | - | - | - | - | - |
| Adjustments result from foreign exchange | - | - | - | - | - |
| Balance as of 31 December | 1,355,682 | 159,798 | 2,064,804 | 3,580,284 | 2,957,810 |
| Rate of provision coverage | 3.53% | 1.46% | 32.73% | 6.43% | 6.05% |

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

| | 2023 | | | | 2022 |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Low risk (2-6) | 285,169,145 | - | - | 285,169,145 | 290,366,221 |
| Acceptable risk (7) | - | 93,973,539 | - | 93,973,539 | 53,743,283 |
| High risk (8-10) | - | - | - | - | - |
| Total | 285,169,145 | 93,973,539 | - | 379,142,684 | 344,109,504 |

- The probability of default for the low risk ranges between 0.05% - 5.08% compared to 0 - 5.13% in the prior year.
- The probabilty of default for the acceptible risk ranges between 0.75% - 15.43% compared to 1.91% - 48.76% in the prior year.

**Movement on the direct credit facilities for corporate:**

| | 2023 | | | | 2022 |
|---|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** | **Total** |
| | **JD** | **JD** | **JD** | **JD** | **JD** |
| Balance as of 1 January | 290,366,221 | 53,743,283 | - | 344,109,504 | 459,839,512 |
| Transferred balances resulted from the acquisition of SCB Jordan branch | 15,875,781 | 14,941,120 | - | 30,816,901 | - |
| Transferred balances resulted from the acquisition of NBK Jordan branch | - | - | - | - | 3,838,014 |
| New balances through the year | 61,028,738 | 11,498,238 | - | 72,526,976 | 31,801,045 |
| Repaid balances | (60,062,038) | (14,920,564) | - | (74,982,602) | (126,088,995) |
| Net transferred in stage 1 | 282,043 | (282,043) | - | - | - |
| Net transferred in stage 2 | (29,204,792) | 29,204,792 | - | - | - |
| Net transferred in stage 3 | - | - | - | - | - |
| Net effect resulted by changes on categories of stages | (200,004) | (666,862) | - | (866,866) | (3,206,713) |
| Changes from adjustments | 7,083,196 | 916,124 | - | 7,999,320 | (18,852,732) |
| Transferred to off balance sheet | - | - | - | - | (3,220,627) |
| Written off balances | - | (460,549) | - | (460,549) | - |
| Adjustments result from foreign exchange | - | - | - | - | - |
| Balance as of 31 December | 285,169,145 | 93,973,539 | - | 379,142,684 | 344,109,504 |

**Movement on expected credit losses of corporate facilities:**

| | 2023 | | | | 2022 |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Balance as of 1 January | 875,540 | 3,161,582 | - | 4,037,122 | 6,816,431 |
| Expected credit losses on balances resulted from acquisition of SCB Jordan branch | - | 793,789 | - | 793,789 | - |
| Expected credit losses on balances resulted from acquisition of NBK Jordan branch | - | - | - | - | 131,555 |
| Expected credit losses on new balances through the year | - | 4,110,282 | - | 4,110,282 | 570,638 |
| Expected credit losses on repaid balances | (368,198) | (748,952) | - | (1,117,150) | (150,605) |
| Net transferred in stage 1 | 24,468 | (24,468) | - | - | - |
| Net transferred in stage 2 | (162,953) | 162,953 | - | - | - |
| Net transferred in stage 3 | - | - | - | - | - |
| Net effect on expected credit losses resulted by changes on categories of stages | (24,455) | 140,380 | - | 115,925 | 51,397 |
| Changes on expected credit losses from adjustments | (79,260) | (525,792) | - | (605,052) | (206,388) |
| Transferred to off balance sheet | - | - | - | - | (3,175,906) |
| Written off balances | - | (460,549) | - | (460,549) | - |
| Adjustments result from foreign exchange | - | - | - | - | - |
| Balance as of 31 December | 265,142 | 6,609,225 | - | 6,874,367 | 4,037,122 |
| Rate of provision coverage | 0.09% | 7.03% | 0.00% | 1.81% | 1.17% |

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

| | 2023 | | | | 2022 |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Low risk (2-6) | 99,694,410 | - | - | 99,694,410 | 106,102,300 |
| Acceptable risk (7) | - | 30,401,267 | - | 30,401,267 | 20,535,323 |
| High risk (8-10) | - | - | 3,963,531 | 3,963,531 | 3,177,950 |
| Total | 99,694,410 | 30,401,267 | 3,963,531 | 134,059,208 | 129,815,573 |

- The probability of default for the low risk ranges between 0.09% - 2.70% compared to 0 - 5.09% in the prior year.
- The probabilty of default for the acceptible risk ranges between 1.25% - 8.01% compared to 0.81% - 9.09 % in the prior year.
- The probability of default for the high risk is 100% compared to 100% from the prior year.

**Movement on the direct credit facilities for real estate loans:**

| | 2023 | | | | 2022 |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Balance as of 1 January | 106,102,300 | 20,535,323 | 3,177,950 | 129,815,573 | 114,486,754 |
| Transferred balances resulted from the acquisition of SCB Jordan branch | 6,069,912 | 3,315,910 | 2,310,173 | 11,695,995 | - |
| Transferred balances resulted from the acquisition of NBK Jordan branch | - | - | - | - | 4,118,171 |
| New balances through the year | 12,860,503 | 695,254 | - | 13,555,757 | 28,389,584 |
| Repaid balances | (15,973,230) | (703,920) | (696,701) | (17,373,851) | (16,688,284) |
| Net transferred in stage 1 | 3,478,087 | (3,469,070) | (9,017) | - | - |
| Net transferred in stage 2 | (12,066,769) | 12,488,509 | (421,740) | - | - |
| Net transferred in stage 3 | (441,508) | (904,870) | 1,346,378 | - | - |
| Net effect resulted by changes on categories of stages | 45,984 | (1,507,591) | 56,528 | (1,405,079) | 644,756 |
| Changes from adjustments | (370,471) | - | - | (370,471) | (601,327) |
| Transferred to off balance sheet | - | (48,278) | (1,800,040) | (1,848,318) | (534,081) |
| Written off balances | (10,398) | - | - | (10,398) | - |
| Adjustments result from foreign exchange | - | - | - | - | - |
| Balance as of 31 December | 99,694,410 | 30,401,267 | 3,963,531 | 134,059,208 | 129,815,573 |

**Movement on expected credit losses of real estate loans facilities:**

| | 2023 | | | | 2022 |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Balance as of 1 January | 481,463 | 416,854 | 789,165 | 1,687,482 | 1,902,079 |
| Expected credit losses on balances resulted from acquisition of SCB Jordan branch | - | 50,511 | 1,512,754 | 1,563,265 | - |
| Expected credit losses on balances resulted from acquisition of NBK Jordan branch | - | - | - | - | 109,116 |
| Expected credit losses on new balances through the year | 141,231 | 1,355,696 | - | 1,496,927 | 326,231 |
| Expected credit losses on repaid balances | (104,858) | (144,279) | (472,682) | (721,819) | (427,615) |
| Net transferred in stage 1 | 55,980 | (54,566) | (1,414) | - | - |
| Net transferred in stage 2 | (37,489) | 129,170 | (91,681) | - | - |
| Net transferred in stage 3 | (1,450) | (31,640) | 33,090 | - | - |
| Net effect on expected credit losses resulted by changes on categories of stages | (51,282) | (56,961) | 301,931 | 193,688 | 218,582 |
| Changes on expected credit losses from adjustments | 4,382 | - | - | 4,382 | (4,763) |
| Transferred to off balance sheet | - | (426) | (790,328) | (790,754) | (436,148) |
| Written off balances | (10,398) | - | - | (10,398) | - |
| Adjustments result from foreign exchange | - | - | - | - | - |
| Balance as of 31 December | 477,579 | 1,664,359 | 1,280,835 | 3,422,773 | 1,687,482 |
| Rate of provision coverage | 0.48% | 5.47% | 32.32% | 2.55% | 1.30% |

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

| | 2023 | | | | 2022 |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Low risk (2-6) | 55,238,888 | - | - | 55,238,888 | 68,141,345 |
| Acceptable risk (7) | - | 2,930,973 | - | 2,930,973 | 4,143,096 |
| High risk (8-10) | - | - | - | - | - |
| Total | 55,238,888 | 2,930,973 | - | 58,169,861 | 72,284,441 |

- The probability of default for the low risk ranges between zero compared to 0 - 1.23% in the prior year.
- The probabilty of default for the acceptible risk ranges between 1.37% compared to 1.37% - 1.71 % in the prior year.

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

| | 2023 | | | | 2022 |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Balance as of 1 January | 68,141,345 | 4,143,096 | - | 72,284,441 | 95,222,767 |
| New balances through the year | 1,339,200 | - | - | 1,339,200 | 8,822,476 |
| Repaid balances | (14,241,657) | (1,212,123) | - | (15,453,780) | (31,760,802) |
| 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 | 55,238,888 | 2,930,973 | - | 58,169,861 | 72,284,441 |

**Movement on expected credit losses of government and public sector loans facilities:**

| | 2023 | | | | 2022 |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Balance as of 1 January | - | 54,845 | - | 54,845 | 54,845 |
| Expected credit losses on new balances through the year | - | - | - | - | - |
| Expected credit losses on repaid balances | - | - | - | - | - |
| Net transferred in stage 1 | - | - | - | - | - |
| Net transferred in stage 2 | - | - | - | - | - |
| Net transferred in stage 3 | - | - | - | - | - |
| Net effect on expected credit losses resulted by changes on categories of stages | - | - | - | - | - |
| Changes on expected credit losses from adjustments | - | - | - | - | - |
| Transferred to off balance sheet | - | - | - | - | - |
| Written off balances | - | - | - | - | - |
| Adjustments result from foreign exchange | - | - | - | - | - |
| Balance as of 31 December | - | 54,845 | - | 54,845 | 54,845 |
| Rate of provision coverage | 0.00% | 1.87% | 0.00% | 0.09% | 0.08% |

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

| | 2023 | | | | 2022 |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Low risk (2-6) | 701,659,073 | - | - | 701,659,073 | 719,949,733 |
| Acceptable risk (7) | - | 155,300,607 | - | 155,300,607 | 100,981,132 |
| High risk (8-10) | - | - | 17,423,674 | 17,423,674 | 9,519,530 |
| **Total** | **701,659,073** | **155,300,607** | **17,423,674** | **874,383,354** | **830,450,395** |

- The probability of default for the low risk ranges 0 - 8.62% compared to 0 - 8.62% in the prior year.
- The probability of default for the acceptable risk ranges from 0.11% - 84.12% compared to 0.81% - 87.86% in the prior year.
- The probability of default for the high risk is 100% compared to 100% in the prior year.

**Movement on the collective direct credit facilities:**

| | 2023 | | | | 2022 |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Balance as of 1 January | 719,949,733 | 100,981,132 | 9,519,530 | 830,450,395 | 886,144,294 |
| Transferred balances resulted from the acquisition of SCB Jordan branch | 29,506,763 | 19,119,771 | 3,768,464 | 52,394,998 | - |
| Transferred balances resulted from the acquisition of NBK Jordan branch | - | - | - | - | 8,821,950 |
| New balances through the year | 131,489,025 | 19,026,724 | 836,656 | 151,352,405 | 203,735,097 |
| Repaid balances | (133,660,169) | (21,228,696) | (1,013,813) | (155,902,678) | (237,264,155) |
| Net transferred in stage 1 | 5,303,549 | (5,090,668) | (212,881) | - | - |
| Net transferred in stage 2 | (50,202,140) | 50,683,474 | (481,334) | - | - |
| Net transferred in stage 3 | (5,198,166) | (4,149,453) | 9,347,619 | - | - |
| Net effect resulted by changes on categories of stages | (527,950) | (3,157,673) | 523,494 | (3,162,129) | (3,239,819) |
| Changes from adjustments | 5,093,525 | 895,845 | - | 5,989,370 | (19,780,650) |
| Transferred to off balance sheet | (84,699) | (1,319,300) | (4,813,902) | (6,217,901) | (7,966,322) |
| Written off balances | (10,398) | (460,549) | (50,159) | (521,106) | - |
| Adjustments result from foreign exchange | - | - | - | - | - |
| Balance as of 31 December | 701,659,073 | 155,300,607 | 17,423,674 | 874,383,354 | 830,450,395 |

**Movement on expected credit losses of collective direct credit facilities :**

| | 2023 | | | | 2022 |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Balance as of 1 January | 5,996,890 | 4,714,830 | 3,108,695 | 13,820,415 | 19,011,542 |
| Expected credit losses on balances resulted from acquisition of SCB Jordan branch | 39,678 | 1,031,860 | 2,236,491 | 3,308,029 | - |
| Expected credit losses on balances resulted from acquisition of NBK Jordan branch | - | - | - | - | 249,295 |
| Expected credit losses on new balances through the year | 2,117,608 | 5,749,830 | 3,138,314 | 11,005,752 | 1,764,315 |
| Expected credit losses on repaid balances | (1,186,901) | (1,228,792) | (629,888) | (3,045,581) | (2,013,176) |
| Net transferred in stage 1 | 169,992 | (117,966) | (52,026) | - | - |
| Net transferred in stage 2 | (298,480) | 404,581 | (106,101) | - | - |
| Net transferred in stage 3 | (90,696) | (247,001) | 337,697 | - | - |
| Net effect on expected credit losses resulted by changes on categories of stages | (153,537) | 205,974 | 1,977,368 | 2,029,805 | 803,335 |
| Changes on expected credit losses from adjustments | (168,795) | (841,475) | (12,956) | (1,023,226) | (189,565) |
| Transferred to off balance sheet | (40,895) | (426) | (2,451,559) | (2,492,880) | (5,571,448) |
| Written off balances | (10,398) | (460,549) | (50,159) | (521,106) | (233,883) |
| Adjustments result from foreign exchange | - | - | - | - | - |
| Balance as of 31 December | 6,374,466 | 9,210,866 | 7,495,876 | 23,081,208 | 13,820,415 |
| Rate of provision coverage | 0.91% | 5.93% | 43.02% | 2.64% | 1.66% |

## Interest In Suspense:

**The following is the movement on the interest in suspense:**

| For the year ended 31 December 2023 | Individual | Real Estate Loans | Corporate | Small and Medium Companies | Government and Public Sector | Total |
|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD |
| Balance at the beginning of the year | 785,065 | 1,109,703 | - | 593,348 | - | 2,488,116 |
| Transferred balances resulted from the acquisition of SCB Jordan branch | 551,407 | 1,520,942 | - | 247,140 | - | 2,319,489 |
| Add: Interest suspended during the year | 425,637 | 501,637 | - | 1,073,159 | - | 2,000,433 |
| Less: Interest in suspense reversed to revenues | (285,121) | (286,165) | - | (20,195) | - | (591,481) |
| Less: Interest in suspense transferred to off - statement of financial position accounts | (252,597) | (1,369,013) | - | (867,321) | - | (2,488,931) |
| Balance at the end of the year | 1,224,391 | 1,477,104 | - | 1,026,131 | - | 3,727,626 |

| For the year ended 31 December 2022 | Individual | Real Estate Loans | Corporate | 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) |
| Balance at the end of the year | 785,065 | 1,109,703 | - | 593,348 | - | 2,488,116 |

**The following is the economic distribution of credit facilities - net:**

| | 2023 | | | 2022 |
|---|---|---|---|---|
| | Inside Jordan | Outside Jordan | Total | Total |
| | JD | JD | JD | JD |
| Financial | 1,492,359 | - | 1,492,359 | 7,944,085 |
| Industrial | 144,977,355 | - | 144,977,355 | 120,747,425 |
| Trading | 250,003,519 | 16,504,838 | 266,508,357 | 248,508,992 |
| Real Estate | 126,663,008 | 2,492,439 | 129,155,447 | 127,018,388 |
| Equities | 1,028,366 | - | 1,028,366 | 928,710 |
| Retail | 234,885,097 | 2,081,100 | 236,966,197 | 229,469,944 |
| Governmental and public sector | 58,115,016 | - | 58,115,016 | 72,229,596 |
| Transportation and Freight | 5,478,107 | - | 5,478,107 | 3,977,839 |
| Tourism and Hotels | 3,853,316 | - | 3,853,316 | 3,316,885 |
| Total | 826,496,143 | 21,078,377 | 847,574,520 | 814,141,864 |

**The following is the geographical distribution of credit facilities- net:**

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Inside Jordan | 826,496,143 | 790,648,140 |
| Asia | 16,498,252 | 18,557,296 |
| Europe | 4,580,125 | 4,936,428 |
| Total | 847,574,520 | 814,141,864 |

## 11. Financial Assets at Amortized Cost - Net

This item consists of the following:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Quoted financial assets | | |
| Foreign government bonds | 1,465,983 | 1,480,982 |
| Companies bonds | 5,820,641 | 9,464,460 |
| Total quoted financial assets | 7,286,624 | 10,945,442 |
| Unquoted financial assets | | |
| Governmental bonds and with their guarantee | 722,226,383 | 759,170,146 |
| Companies bonds | 320,000 | 1,320,000 |
| Total unquoted financial assets | 722,546,383 | 760,490,146 |
| Total quoted and unquoted bonds | 729,833,007 | 771,435,588 |
| Less: Provision for expected credit losses | (559,143) | (2,394,063) |
| Total | 729,273,864 | 769,041,525 |

Debt instruments analysis - Net

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Fixed rate | 729,273,864 | 769,041,525 |
| Variable rate | - | - |
| Total | 729,273,864 | 769,041,525 |

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

| Credit rating categories based on Bank's internal system: | 2023 | | | | 2022 |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Low risk (2-6) | 728,779,352 | - | - | 728,779,352 | 768,841,683 |
| Acceptable risk (7) | - | 733,655 | - | 733,655 | 2,273,905 |
| High risk (8-10) | - | - | 320,000 | 320,000 | 320,000 |
| Total | 728,779,352 | 733,655 | 320,000 | 729,833,007 | 771,435,588 |

- The probability of default for the low risk classification ranges between 0 - 2.68% compared to 0 - 3.58% in the prior year.
- The probability of default for the acceptable risk ranges from 8.13% compared to 7.30% - 7.89% in the prior year.
- The probability of default for the high risk is 100% compared to 100% in the prior year.

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

| | 2023 | | | | 2022 |
|---|---|---|---|---|---|
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** | **Total** |
| | **JD** | **JD** | **JD** | **JD** | **JD** |
| Balance as of 1 January | 768,841,683 | 2,273,905 | 320,000 | 771,435,588 | 735,157,824 |
| Transferred balances resulted from the acquisition of SCB Jordan branch | 94,595,602 | - | - | 94,595,602 | - |
| Transferred balances resulted from the acquisition of NBK Jordan branch | - | - | - | - | 78,061,094 |
| New balances during the year | 76,712,000 | - | - | 76,712,000 | 122,323,614 |
| Paid balances | (210,628,508) | (1,814,678) | - | (212,443,186) | (163,742,181) |
| Net transferred in stage 1 | - | - | - | - | - |
| Net transferred in Stage 2 | (741,425) | 741,425 | - | - | - |
| Net transferred in Stage 3 | - | - | - | - | - |
| Written off balances | - | (525,341) | - | (525,341) | (182,500) |
| Net effect resulted by changes on categories of stages | - | (7,770) | - | (7,770) | (30,246) |
| Adjustments result from foreign exchange | - | 66,114 | - | 66,114 | (152,017) |
| Total balance as of 31 December | 728,779,352 | 733,655 | 320,000 | 729,833,007 | 771,435,588 |

The movement of the expected credit losses of the financial assets at amortized cost is as follows:

| | 2023 | | | | 2022 |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Total |
| | JD | JD | JD | JD | JD |
| Total Balances as of 1 January 2023 | 154,063 | 2,000,000 | 240,000 | 2,394,063 | 468,203 |
| Expected credit losses on balances resulted from acquisition of SCB Jordan branch | 1,714,734 | - | - | 1,714,734 | - |
| New balances | 40,413 | 70,900 | 80,000 | 191,313 | 2,108,360 |
| Paid balances | (1,740,967) | (1,474,659) | - | (3,215,626) | - |
| Written off balances | - | (525,341) | - | (525,341) | (182,500) |
| Total Balances as of 31 December | 168,243 | 70,900 | 320,000 | 559,143 | 2,394,063 |

## 12. Investment in Associate Company

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

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Balance at the beginning of the year | 17,950,200 | 22,169,467 |
| The Bank's share in the associate company's profit | 969,501 | 709,931 |
| Foreign currency translation adjustments | 1,027,714 | (2,289,741) |
| Cash Dividend | - | (2,639,457) |
| Fair Value reserve | 98,309 | - |
| Balance at the end of the year | 20,045,724 | 17,950,200 |

- 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 2023 was calculated based on latest unaudited available financial statements as of 31 December 2023, 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:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Total assets | 401,123,857 | 376,052,251 |
| Total liabilities | 320,940,961 | 304,251,451 |
| Net assets | 80,182,896 | 71,800,800 |
| The Bank's share in net assets | 20,045,724 | 17,950,200 |
| Net income for the year | 3,878,004 | 2,839,724 |
| The Bank's share in net income for the year | 969,501 | 709,931 |

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 2023 as shown above according to the latest unaudited financial statements available on 31 December 2023.

# 13. Property and Equipment – Net

This item consists of the following:

| For the year-ended 31 December 2023 | Land | Buildings | Equipment Furniture and Fixtures | Vehicles | Computers | Solar Energy Plant | Others | Payments to Acquire Property and Equipments | Total |
|---|---|---|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Cost | | | | | | | | | |
| Balance at the beginning 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 |
| Additions | - | - | 309,547 | 285,000 | 623,646 | - | 557,987 | 1,078,389 | 2,854,569 |
| Disposals | (639,600) | (980,201) | (897,630) | (338,790) | (430,424) | - | (152,117) | - | (3,438,762) |
| Transfers* | - | - | 104,026 | - | 167,492 | - | 191,279 | (651,362) | (188,565) |
| Transferred balances resulted from the acquisition of SCB Jordan branch | 2,203,590 | 4,527,675 | 939,780 | 114,600 | 464,321 | - | 250,380 | - | 8,500,346 |
| Balance at the end of the Year | 26,369,504 | 45,168,239 | 13,250,775 | 1,848,700 | 4,659,419 | 4,395,227 | 10,033,339 | 2,631,239 | 108,356,442 |
| Accumulated depreciation : | | | | | | | | | |
| Balance at the beginning of the year | - | (6,646,268) | (8,489,140) | (1,330,842) | (3,199,874) | (897,221) | (5,958,323) | - | (26,521,668) |
| Depreciation for the year | - | (903,337) | (789,471) | (212,914) | (439,620) | (219,761) | (536,360) | - | (3,101,463) |
| Disposals | - | 503,728 | 876,440 | 338,789 | 429,666 | - | 151,096 | - | 2,299,719 |
| Transferred balances resulted from the acquisition of SCB Jordan branch | - | (2,588,937) | (735,971) | (114,600) | (429,704) | - | (147,155) | - | (4,016,367) |
| Balance at the end of the year | - | (9,634,814) | (9,138,142) | (1,319,567) | (3,639,532) | (1,116,982) | (6,490,742) | - | (31,339,779) |
| Net property and equipment at the end of the year | 26,369,504 | 35,533,425 | 4,112,633 | 529,133 | 1,019,887 | 3,278,245 | 3,542,597 | 2,631,239 | 77,016,663 |
| For the year-ended 31 December 2022 | | | | | | | | | |
| 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) |
| Transferred balances resulted from the acquisition of NBK Jordan branch | 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 |
| Transferred balances resulted from the acquisition of NBK Jordan branch | - | (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 |

* Transfers represents an amount of JD 188,565 which has been transferred to intangible assets - note (14) during 2023.

- Property and equipment consists of assets that has been fully depreciated amounting to 19,421,673 as of 31 December 2023 (JD 16,036,945 as of 31 December 2022).

## 14. Intangible Assets – Net

This item consists of the following:

| 2023 | Software | Customer Relationships | Total |
|---|---|---|---|
| Balance at the beginning of the year | 1,475,026 | - | 1,475,026 |
| Additions | 616,125 | - | 616,125 |
| Additions - Intangible assets resulted from the NBK Acquisitions (Note 53-B) | - | 2,900,000 | 2,900,000 |
| Additions - Intangible assets resulted from the SBC Acquisitions (Note 53-A) | - | 10,400,000 | 10,400,000 |
| Transfers* | 188,565 | - | 188,565 |
| Transfers from Standard Chartered Bank | 1,701,385 | - | 1,701,385 |
| Disposals | (12,731) | - | (12,731) |
| Amortization for the year | (851,672) | (1,736,667) | (2,588,339) |
| Transfers from Standard Chartered Bank | (1,626,135) | - | (1,626,135) |
| Balance at the end of the year | 1,490,563 | 11,563,333 | 13,053,896 |
| | | | |
| **2022** | **Software** | **Customer Relationships** | **Total** |
| Balance at the beginning of the year | 1,743,276 | - | 1,743,276 |
| Additions | 429,689 | - | 429,689 |
| Transfers* | 100,871 | - | 100,871 |
| Disposals | (5,543) | - | (5,543) |
| Amortization for the year | (850,013) | - | (850,013) |
| Payments on software purchases | 56,746 | - | 56,746 |
| Balance at the end of the year | 1,475,026 | - | 1,475,026 |

* This represents what has been transferred from payments to acquire property and equipment during the year 2022 and 2023.

* An amount of 749,306 JD was transferred from NBK, which is fully amortized software with a net book value of zero.

## 15. Other Assets

This item consists of the following:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Accrued interest and commissions revenue | 19,047,658 | 19,373,790 |
| Prepaid expenses | 2,214,887 | 2,328,872 |
| Assets seized by the Bank * | 14,900,280 | 22,535,602 |
| Stationery and printing | 314,751 | 315,269 |
| Refundable deposits | 430,078 | 467,451 |
| Cheque clearing | 1,244,384 | 290,065 |
| Others | 1,391,279 | 1,233,401 |
| Total | 39,543,317 | 46,544,450 |

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

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Balance at the beginning of the year | 25,201,594 | 23,571,040 |
| Additions | 716,170 | 1,908,235 |
| Disposals* | (10,317,400) | (277,681) |
| | 15,600,364 | 25,201,594 |
| Less: Provision for assets seized by the Bank ** | (700,084) | (2,665,992) |
| Balance at the end of the year | 14,900,280 | 22,535,602 |

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:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Balance at the beginning of the year | 2,665,992 | 1,839,000 |
| Transferred balances resulted from the acquisition of NBK Jordan branch | - | 426,992 |
| Additions during the year | 260,624 | 400,000 |
| Provision excluded during the year | (2,226,532) | - |
| Balance at the end of the year | 700,084 | 2,665,992 |

## 16. Banks and Financial Institutions' Deposits

This item consists of the following:

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | 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 | 121,940 | 8,622,077 | 8,744,017 | 93,184 | 15,244,670 | 15,337,854 |
| Time deposits due within 3 months | 129,044,223 | 226,588,022 | 355,632,245 | 168,510,219 | 246,648,072 | 415,158,291 |
| Time deposits 3-6 months | - | 4,254,000 | 4,254,000 | - | 21,979,000 | 21,979,000 |
| Time deposits 9-12 months | - | 7,090,000 | 7,090,000 | - | - | - |
| Total | 129,166,163 | 246,554,099 | 375,720,262 | 168,603,403 | 283,871,742 | 452,475,145 |

## 17. Customers' Deposits

This item consists of the following:

| 31 December 2023 | Individual | Large companies | Small and medium companies | Government and Public Sector | Total |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| Current accounts and demand deposits | 140,812,134 | 36,396,534 | 132,022,601 | 8,242,366 | 317,473,635 |
| Saving accounts | 149,222,126 | 1,624,640 | 4,759,241 | 163,987 | 155,769,994 |
| Time deposits | 738,437,538 | 132,969,486 | 167,945,232 | 70,066,166 | 1,109,418,422 |
| Total | 1,028,471,798 | 170,990,660 | 304,727,074 | 78,472,519 | 1,582,662,051 |
| 31 December 2022 | | | | | |
| 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 |

- Deposits of the government and the general public sector inside the kingdom of Jordan amounted to JD 78,472,519 equivalent to 4.96% from the total deposits as of 31 December 2023 (JD 102,493,662 equivalent to 7.68% as of 31 December 2022).
- Non-interest bearing deposits amounted to JD 307,991,880 equivalent to 19.46% of total deposits as of 31 December 2023 (JD 241,883,689 equivalent to 18.12% as of 31 December 2022).
- Restricted deposits amounted to JD 13,717,258 equivalent to 0.87% of total deposits as of 31 December 2023 of which JD 3,414 is at Cyprus branch and JD 13,713,844 at Jordan Branches (JD 6,356,232 equivalent to 0.48% as of 31 December 2022 of which JD 3,276 is at Cyprus branch and JD 6,352,956 at Jordan branches).
- Dormant deposits amounted to JD 2,212,603 as of 31 December 2023 (JD 8,951,567 as of 31 December 2022).

## 18. Borrowed Money from the Central Bank of Jordan

This item consists of the following:

| 31 December 2023 | Amount | Maturity Date | Collaterals | Payment Terms | Interest Rates | Reborrowing Rate |
|---|---|---|---|---|---|---|
| Central Bank of Jordan | 200,000,000 | 2 January 2024 | Treasury Bonds | One payment | 8.25% | 7.25% |
| Central Bank of Jordan- productive projects funding | 15,624,613 | - | Demand bills of exchange | As periodic maturity | 0.5 - 1% | 3.5 - 4.5% |
| Central Bank of Jordan - national program facing covid-19 crisis | 17,334,636 | - | Demand bills of exchange | As periodic maturity | 0% | 2% |
| Central Bank of Jordan - National Program stand up | 242,742 | - | Demand bills of exchange | Monthly Payment | 1% | 4.5% |
| **Total** | **233,201,991** | | | | | |

| 31 December 2022 | Amount | Maturity Date | Collaterals | Payment Terms | Interest Rates | Reborrowing Rate |
|---|---|---|---|---|---|---|
| Central Bank of Jordan | 16,666,667 | 2 January 2023 | Treasury Bonds | One payment | 6% | 5% |
| Central Bank of Jordan | 8,333,334 | 4 January 2023 | Treasury Bonds | One payment | 6.5% | 5.5% |
| Central Bank of Jordan | 200,000,000 | 4 January 2023 | Treasury Bonds | One payment | 7.25% | 6.25% |
| Central Bank of Jordan | 14,285,716 | 19 February 2023 | Treasury Bonds | One payment | 4.5% | 3.5% |
| Central Bank of Jordan | 15,625,000 | 16 May 2023 | Treasury Bonds | One payment | 6% | 5% |
| Central Bank of Jordan- productive projects funding | 12,458,197 | - | Demand bills of exchange | As periodic maturity | 1% - 0.5% | 3.5 - 4.5% |
| Central Bank of Jordan - national program facing covid-19 crisis | 18,727,126 | - | Bills of Exchange | Monthly payments | 0% | 2% |
| Central Bank of Jordan - National Program stand up | 319,702 | - | Bills of Exchange | Monthly payments | 1% | 4.5% |
| **Total** | **286,415,742** | | | | | |

## 19. Cash Margins

This item consists of the following:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Cash margins against direct credit facilities | 53,277,214 | 40,452,881 |
| Cash margins against indirect credit facilities | 12,567,625 | 7,986,629 |
| **Total** | **65,844,839** | **48,439,510** |

## 20. Sundry Provisions

This item consists of the following:

| | 2023 | | | | |
|---|---|---|---|---|---|
| | Beginning balance | Ttansferred balances from the acquisition of Standard Chartered Bank Jordan branch | Provided during the year | Used during the year | Ending balance |
| | JD | JD | JD | JD | JD |
| Provision for end of service indemnity | 524,363 | 464,785 | 88,897 | (136,642) | 941,403 |
| Lawsuits provision | 390,687 | - | 90,000 | (4,296) | 476,391 |
| Other provisions | 9,000 | - | 50,000 | - | 59,000 |
| **Total** | **924,050** | **464,785** | **228,897** | **(140,938)** | **1,476,794** |

| | 2022 | | | | |
|---|---|---|---|---|---|
| | Beginning balance | Ttansferred balances from the acquisition of Standard Chartered Bank Jordan branch | Provided during the year | Used during the year | Ending balance |
| | JD | 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** |

## 21. Income Tax

### A. Income tax provision

The movement on the income tax provision is as follows:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Balance at the beginning of the year | 9,380,725 | 8,649,454 |
| Income tax paid | (9,786,423) | (10,179,076) |
| Accrued income tax expense | 8,282,972 | 10,910,347 |
| **Balance at the end of the year** | **7,877,274** | **9,380,725** |

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

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Accrued Income tax expense for the year | 8,282,972 | 10,910,347 |
| Amortization of deferred tax assets | 11,149 | 5,975 |
| **Total** | **8,294,121** | **10,916,322** |

### 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, 2022 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 ( subsidiary) has reached a final settlement with the Income and Sales Tax Department in Jordan up to the year 2018. In addition, the company has submitted its tax returns for the years 2019, 2020, 2021 and 2022 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.

Al-Kawthar Company for Financial Leasing has submitted its tax returns for the year 2022 on its legal submission date and paid the declared taxes and has not yet been reviewed by the income tax department.

A final tax settlement has been reached for the bank in Qatar up to the year 2022.

A final tax settlement has been reached for Cyprus branch up to the year 2022.

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 | 2023 | | | | | | 2022 |
|---|---|---|---|---|---|---|---|
| | Beginning of the year | Transsferred balance from the acquisition of SCB Jordan branch | Amount released | Additional amounts | End of the year | Deferred tax | Deferred tax |
| | JD | 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* | 49,171 | 464,786 | (117,522) | 11,241 | 407,676 | 7,537 | 18,686 |
| Total | 8,736,585 | 464,786 | (117,522) | 11,241 | 9,095,090 | 3,308,754 | 3,319,903 |

* 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:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Balance at the beginning of the year | 3,319,903 | 3,325,878 |
| Addition | 4,272 | 3,348 |
| Released | (15,421) | (9,323) |
| **Balance at the end of the year** | **3,308,754** | **3,319,903** |

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

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Accounting profit | 28,480,138 | 30,397,944 |
| Non-taxable income | (13,916,046) | (3,795,796) |
| Non- deductible expenses | 10,222,699 | 3,634,342 |
| Taxable profit | 24,786,791 | 30,236,490 |
| **Effective income tax rate** | **29.12%** | **35.91%** |

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 2023 and for the year 31 December 2022.

The tax rate on the Bank's branch in Cyprus is 12.5 % and the subsidiary in Qatar is 10% and 28% 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 2023, where the management thinks that the deferred taxes are due in future periods.

## 22. Other Liabilities

This item consists of the following:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Accrued interest expense | 13,419,891 | 8,758,606 |
| Accounts payable | 3,182,563 | 29,054,088 |
| Accrued unpaid expenses | 3,869,882 | 2,082,823 |
| Transfers and checks payable | 394,302 | 381,927 |
| Bank cheques issued | 4,531,036 | 2,528,134 |
| Safe boxes deposits | 179,882 | 173,381 |
| Other deposits | 312,553 | 240,709 |
| Creditors | 274,417 | 264,850 |
| Dividends payable | 183,175 | 157,938 |
| Due to income tax | 1,331,693 | 1,059,030 |
| Restricted deposits | 41,013 | 41,013 |
| Expected credit losses (Indirect credit facilities) | 1,123,215 | 916,740 |
| Prepaid Revenues | 649,197 | 520,586 |
| Others | 1,083,334 | 382,612 |
| **Total** | **30,576,153** | **46,562,437** |

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

| | 2023 | | | | | | | | | | | | | | | | | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Letters of Guarantee | | | | Letters of Credit | | | | Acceptances | | | | Unused Balance | | | | | |
| | 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 | Total | Total |
| Low risk (2-6) | 105,620,468 | - | - | 105,620,468 | 10,461,118 | - | - | 10,461,118 | 45,335,756 | - | - | 45,335,756 | 154,159,397 | - | - | 154,159,397 | 315,576,739 | 314,696,268 |
| Acceptable risk (7) | - | - | - | - | - | - | - | - | - | - | - | - | - | 7,413,280 | - | 7,413,280 | 7,413,280 | 3,151,878 |
| High risk (8-10) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Balance as of 31 December 2023 | 105,620,468 | - | - | 105,620,468 | 10,461,118 | - | - | 10,461,118 | 45,335,756 | - | - | 45,335,756 | 154,159,397 | 7,413,280 | - | 161,572,677 | 322,990,019 | 317,848,146 |

- The probability of default for the low risk classification ranges between 0 - 5.0% compared to 0% - 5.21% in the prior year.
- The probability of default for the acceptable risk classification ranges between 0.85% - 10.90% compared to 1.19% - 11.29 % in the prior year.

The movement on the indirect credit facilities is as follows:

| | 2023 | | | | | | | | | | | | | | | | | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Letters of Guarantee | | | | Letters of Credit | | | | Acceptances | | | | Unused Balance | | | | | |
| | 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 | Total | Total |
| Balance as of 1 January 2023 | 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 |
| Transferred balances resulted from the acquisition of SCB Jordan branch | 54,867,679 | - | - | 54,867,679 | 753,054 | - | - | 753,054 | - | - | - | - | 25,737,756 | - | - | 25,737,756 | 81,358,489 | - |
| Transferred balances resulted from the acquisition of NBK Jordan branch | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 8,696,070 |
| New balances | 9,678,226 | - | - | 9,678,226 | 1,174,907 | - | - | 1,174,907 | 7,750,266 | - | - | 7,750,266 | 13,381,403 | 1,335,496 | - | 14,716,899 | 33,320,298 | 76,789,183 |
| Paid balances | (39,313,393) | - | - | (39,313,393) | (2,359,411) | - | - | (2,359,411) | (694,759) | - | - | (694,759) | (65,748,478) | (710,266) | - | (66,458,744) | (108,826,307) | (39,384,033) |
| Net transferred in stage 1 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Net transferred in stage 2 | - | - | - | - | - | - | - | - | - | - | - | - | (1,313,999) | 1,313,999 | - | - | - | - |
| Net transferred in stage 3 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total impacts on the balances result from the classification changes between stages | - | - | - | - | - | - | - | - | - | - | - | - | - | 293,163 | - | 293,163 | 293,163 | 1,251,639 |
| Changes from adjustment | - | - | - | - | - | - | - | - | - | - | - | - | (3,032,780) | 2,029,010 | - | (1,003,770) | (1,003,770) | 14,928,700 |
| Balance as of 31 December 2023 | 105,620,468 | - | - | 105,620,468 | 10,461,118 | - | - | 10,461,118 | 45,335,756 | - | - | 45,335,756 | 154,159,397 | 7,413,280 | - | 161,572,677 | 322,990,019 | 317,848,146 |

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

| | 2023 | | | | | | | | | | | | | | | | | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Letters of Guarantee | | | | Letters of Credit | | | | Acceptances | | | | Unused Balance | | | | 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 | | Total |
| Balance as of 1 January 2023 | 227,107 | - | - | 227,107 | 64,027 | - | - | 64,027 | 275,606 | - | - | 275,606 | 230,000 | 120,000 | - | 350,000 | 916,740 | 916,740 |
| Transsferred balance from the acquisition of SCB Jordan branch | 50,000 | - | - | 50,000 | 3,602 | - | - | 3,602 | - | - | - | - | - | 150,000 | - | 150,000 | 203,602 | - |
| New balances | - | - | - | - | 5,000 | - | - | 5,000 | - | - | - | - | - | - | - | - | 5,000 | - |
| Paid balances | (2,127) | - | - | (2,127) | - | - | - | - | - | - | - | - | - | - | - | - | (2,127) | - |
| Balance as of 31 December 2023 | 274,980 | - | - | 274,980 | 72,629 | - | - | 72,629 | 275,606 | - | - | 275,606 | 230,000 | 270,000 | - | 500,000 | 1,123,215 | 916,740 |

## 23. Paid-in Capital

The paid-in capital of the Bank is JD 150,000,000 divided into 150,000,000 shares at a par value of one Jordanian Dinar each as of 31 December 2022 and 2023.

## 24. Statutory Reserve

The amount accumulated in this account is transferred from the annual 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 | 42,292,126 | 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:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Balance at the beginning of the year | (4,171,605) | (2,384,872) |
| Movement during the year | 1,027,714 | (2,289,741) |
| Loss of foreign currency translation associate company | - | 503,008 |
| **Balance at the end of the year** | **(3,143,891)** | **(4,171,605)** |

## 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:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Balance at the beginning of the year | 2,133,996 | (973,193) |
| Unrealized (Losses) gains | (402,739) | 3,237,360 |
| Realized losses – associate company | - | (130,171) |
| Adjustments | 5,796 | - |
| **Balance at the end of the year** | **1,737,053** | **2,133,996** |

- There are no hedging derivatives.

## 27. Retained Earnings

The movement on retained earnings account as the following:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Balance at the beginning of the year | 26,177,753 | 26,204,376 |
| Profit for the year | 18,576,406 | 18,059,241 |
| Losses from Foreign Currency Translation Adjustments | - | (503,008) |
| Adjusments | (5,796) | - |
| Others | - | (41,477) |
| Accumulated changes in affiliates | - | 130,171 |
| Transferred to reserves | (2,388,610) | (2,671,550) |
| Distributed dividends to shareholders (Note 28) | (15,000,000) | (15,000,000) |
| **Balance at the end of the year** | **27,359,753** | **26,177,753** |

Retained earnings include an amount of JD 3,308,754 as of 31 December 2023 (JD 3,319,903 as of 31 December 2022) 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. (The share's portion of distributed profits is 0.10 JD)

## 29. Non - Controlling Interest

This item represents other shareholders' interest of 50% (minus two shares) as of 31 December 2023 from the net shareholders' equity of Arab Jordan Investment Bank in Qatar (subsidiary company).

## 30. Interest Income

This item consists of the following:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Direct credit facilities: | | |
| Individuals (retail): | | |
| Loans | 23,310,943 | 15,257,655 |
| Credit cards | 1,213,401 | 1,043,807 |
| Real estate loans | 7,686,161 | 5,409,604 |
| Large companies | | |
| Loans | 20,978,285 | 16,999,405 |
| Overdraft | 6,238,580 | 7,021,970 |
| Small and medium companies | | |
| Loans | 4,142,898 | 4,112,997 |
| Overdraft | 1,375,217 | 1,239,678 |
| Government and public sector | 4,393,542 | 4,681,308 |
| Balances at the Central Bank of Jordan | 3,643,615 | 822,810 |
| Balances and deposits at banks and financial institutions | 11,952,688 | 3,194,174 |
| Financial assets at amortized cost | 40,543,199 | 40,101,205 |
| **Total** | **125,478,529** | **99,884,613** |

## 31. Interest expense

This item consists of the following:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Deposits from banks and financial institutions | 14,220,424 | 8,857,124 |
| Borrowed money | 1,230,139 | 2,436,570 |
| Customers' deposits: | | |
| Current accounts and demand deposits | 1,292,135 | 1,486,345 |
| Saving accounts | 756,743 | 658,569 |
| Time and notice deposits | 52,188,665 | 30,610,157 |
| Lease interest (Note 42) | 103,352 | 109,366 |
| Cash margins | 890,786 | 588,588 |
| Deposits guarantee | 983,000 | 1,422,862 |
| **Total** | **71,665,244** | **46,169,581** |

## 32.Net Commissions Income

This item consists of the following:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Commissions income: | | |
| Direct credit facilities | 2,176,192 | 2,110,465 |
| Indirect credit facilities | 7,313,601 | 7,322,334 |
| Less: Commissions expense | (2,677,257) | (2,401,160) |
| **Net commissions income** | **6,812,536** | **7,031,639** |

## 33. Foreign Currencies Income

This item consists of the following:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Resulting from trading | 4,491,007 | 4,136,536 |
| Resulting from revaluation | 72,114 | 56,025 |
| **Total** | **4,563,121** | **4,192,561** |

## 34. Gains (Losses) 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 2023 | Realized Gains | Unrealized Losses | Cash Dividends | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Corporate equity shares | 47,621 | - | - | 47,621 |
| **Total** | **47,621** | **-** | **-** | **47,621** |

| For the year ended 31 December 2022 | Realized Losses | Unrealized Losses | Cash 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)** |

## 35. Cash Dividends from Financial Assets at Fair Value through other Comprehensive Income

This item consists of the following:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Dividends from financial assets - shares | 815,823 | 446,372 |
| **Total** | **815,823** | **446,372** |

## 36. Provision for Expected Credit Losses

| | Stage 1 | | Stage 2 | | Stage 3 | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Banks and financial institutions | 14,889 | - | - | - | - | - | 14,889 | - |
| Bonds at amortized cost | 40,413 | 28,360 | 70,900 | 2,000,000 | 80,000 | 80,000 | 191,313 | 2,108,360 |
| Direct credit facilities | 1,000,000 | 1,909 | 3,871,249 | - | 4,749,824 | 422,000 | 9,621,073 | 423,909 |
| Indirect credit facilities | 5,000 | - | - | - | - | - | 5,000 | - |
| **Total** | **1,060,302** | **30,269** | **3,942,149** | **2,000,000** | **4,829,824** | **502,000** | **9,832,275** | **2,532,269** |

## 37. Other Income

This item consists of the following:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Gains from acqusitons of SCB Jordan branch (Note 53-A) | 4,728,000 | - |
| Gains from acqusitons of NBK Jordan branch (Note 53-B) | 2,900,000 | 1,534,364 |
| Released from provision for expected credit losses | 3,900,436 | 79,077 |
| Returns from shares trading on behalf of customers | 513,654 | 245,380 |
| Recovered revenues from bad debts | 490,608 | 469,108 |
| Gains from sale of property and equipment | 284,533 | 12,374 |
| Revenues from credit cards sponsorship | 68,966 | 60,185 |
| Commission of salary transfer | 46,328 | 43,622 |
| Returns from managed portfolios | 9,145 | 8,801 |
| Losses from sales of repossessed assets | - | (9,680) |
| Other revenues | 724,502 | 611,951 |
| **Total** | **13,666,172** | **3,055,182** |

## 38.Employees Expenses

This item consists of the following:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Salaries, bonuses and employees benefits | 15,367,268 | 13,861,273 |
| Bank’s contribution in social security | 1,741,777 | 1,546,267 |
| Bank’s contribution in saving fund | 481,019 | 464,554 |
| Employees’ life insurance | 158,908 | 164,117 |
| Medical expenses | 895,465 | 791,688 |
| Staff training | 23,452 | 15,350 |
| Travel expenses | 166,176 | 129,378 |
| Other | 176,016 | 161,479 |
| **Total** | **19,010,081** | **17,134,106** |

## 39.Other Expenses

This item consists of the following:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Short - term rent | 1,697,999 | 1,438,248 |
| Stationery and printing | 394,237 | 368,181 |
| Subscriptions | 1,092,076 | 980,269 |
| Legal and audit fees | 312,298 | 398,242 |
| Telephone, telex, postage and stamps | 877,006 | 772,229 |
| Insurance expenses | 323,859 | 288,570 |
| Maintenance and repair | 789,552 | 812,064 |
| General services | 813,161 | 514,048 |
| Swift services | 150,384 | 165,047 |
| Security | 279,511 | 259,766 |
| Donations | 489,900 | 842,800 |
| Board of directors remunerations | 55,000 | 55,000 |
| Board of directors expenses | 1,113,830 | 1,111,473 |
| Foreign currency trading fees | 173,445 | 186,024 |
| Registration and governmental fees | 231,271 | 243,037 |
| Mortgage and insurance fees | 1,300,113 | 841,990 |
| Consultations | 224,000 | 323,001 |
| Automated clearing (offset) expenses | 123,207 | 95,240 |
| Property tax fees | 245,103 | 176,593 |
| Marketing and advertising expenses | 869,765 | 807,317 |
| Computers and ATMs expenses | 2,557,810 | 1,907,246 |
| Other expenses | 2,267,497 | 1,015,119 |
| **Total** | **16,381,024** | **13,601,504** |

## 40. Basic and Diluted Earnings per Share from Profit for the Year (Bank's Shareholder) JD/ Share

| This item consists of the following: | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Income for the year | 18,576,406 | 18,059,241 |
| Weighted average number of shares | 150,000,000 | 150,000,000 |
| Basic and diluted earnings per share (Bank shareholders) JD/ share | 0.12 | 0.12 |

## 41.Cash and Cash Equivalents

This item consists of the following:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Cash and balances at the Central Bank of Jordan maturing within 3 months | 451,145,248 | 341,688,653 |
| Add: balances at banks and other financial institutions maturing within 3 months | 291,947,824 | 304,065,666 |
| Less: deposits from banks and financial institutions maturing within 3 months | (364,376,262) | (430,496,145) |
| **Total** | **378,716,810** | **215,258,174** |

## 42.Right of Use Assets and Lease Liabilities

The movement of right of use assets and lease liabilities - long term was as follows:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Right of use assets | Lease liabilities | Right of use assets | Lease liabilities |
| | JD | JD | JD | JD |
| Balance at the beginning of the year | 2,724,869 | 2,451,070 | 2,411,923 | 2,173,412 |
| Addition during the year | 896,395 | 896,395 | 1,127,320 | 1,127,320 |
| Disposals | - | - | - | - |
| Amortization during the year | (805,218) | - | (814,374) | - |
| Finance costs | - | 103,352 | - | 109,366 |
| Paid during the year | - | (929,947) | - | (959,028) |
| **Balance as at the end of the year** | **2,816,046** | **2,520,870** | **2,724,869** | **2,451,070** |

* Details of lease contracts liabilities as follows:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Lease liabilities less than a year | 557,005 | 742,584 |
| Lease liabilities more than a year | 1,963,865 | 1,708,486 |
| **Total** | **2,520,870** | **2,451,070** |

## 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 | |
|---|---|---|---|---|---|---|---|
| | | | | | | 31 December | |
| | Subsidiaries Companies | Board of Directors Members | Management Executives | Associate Company | Other* | 2023 | 2022 |
| | JD | JD | JD | JD | JD | JD | JD |
| Total deposits for related parties | 63,729,660 | 144,622,603 | 468,833 | 94,410 | 3,743,727 | 212,659,233 | 216,082,074 |
| Total Bank deposits with related parties | 61,513,936 | 1,288,946 | - | 20,879,421 | - | 83,682,303 | 74,160,628 |
| Loans and credit facilities granted to related parties | - | - | 1,199,318 | - | 6,641,352 | 7,840,670 | 5,802,982 |
| Off-Statement of Financial Position Items: | | | | | | | |
| Letter of credit and guarantee | 3,405,687 | - | - | - | - | 3,405,687 | 5,025,530 |
| Managed account | 6,449,384 | - | - | - | - | 6,449,384 | 7,892,290 |
| Statement of Income Items: | | | | | | | |
| Credit interest and commission | 2,388,984 | - | 66,208 | 897,953 | 297,533 | 3,650,678 | 1,176,482 |
| Debit interest and commission | 3,543,653 | 6,767,777 | 17,204 | 448,006 | 257,381 | 11,034,021 | 4,909,612 |

* This 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:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Salaries, remunerations and other benefits | 1,401,668 | 1,344,456 |
| Travel and transportation | 46,947 | 26,137 |
| Total | 1,448,615 | 1,370,593 |

## 44. Risk Management

Risks are a fundamental part of banking operations. The bank manages risk-related challenges within a comprehensive and general framework. This framework focuses on identifying, understanding, and evaluating the risks that the bank is exposed to, ensuring that they remain within defined and acceptable limits. Necessary measures are taken to reduce risks, aiming to achieve the optimal balance between risk factors and returns.

The comprehensive risk management framework includes the risk tolerance document, which is approved by the board of directors and specifies the acceptable risk levels and the degree of bearing such risks (Risk Tolerance). Meanwhile, the risk management team conducts stress tests at the portfolio level to assess the bank's ability to withstand shocks and high risks, complying with regulatory requirements. Reports on the results of these tests and the impact evaluation on the capital and profits are submitted to the Risk Management Committee formed by the Board of Directors. Based on that, a periodic review is conducted to ensure the policy's adequacy aligns with the current situation.

The Risk Department at the bank is responsible for risk management based on strategies and policies approved by the Board of Directors, abiding by the following principles:

Regular updating of the bank's risk management policies to identify, analyze, measure these risks, set risk limits and controls, and monitor risks through the risk information system.

Reviewing the general framework and risk management systems to reflect any developments in banking that align with the best international practices before approval by the Board of Directors.

Submitting regular reports to the Risk Committee formed by the Board of Directors, who review the bank's risk management operations, and to the Board of Directors, indicating the extent to which existing risks comply with approved policies and acceptable risk levels.

In this process, the Asset and Liability Management Committee and the Investment Committee are integral parts. Moreover, all business centers are responsible for identifying risks associated with their areas of operation and implementing appropriate control measures.The most significant types of risks include credit risks, liquidity risks, operational risks, and market risks, which consist of interest rate risks and currency risks.

### 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:

Credit risks refer to the possibility of losses due to the other party's default or inability to meet its obligations to the bank. These risks are among the primary challenges faced by the bank's operations. Therefore, the management exercises caution in handling exposures to credit risks, which mainly originate from loan activities and investment in debt instruments, in addition to credit risks associated with off-balance-sheet financial instruments like unused loan commitments, credits, and guarantees.

The management of credit risks, to ensure they remain within the bank's acceptable levels, is conducted through:

- Credit Policy: This policy establishes the fundamentals of granting credit, acceptable collateral, as well as the principles and procedures for credit monitoring.
- Credit Risk Measurement: The bank uses an internal rating system, (CreditLens) from (Moody's), to assess the risk levels of corporate clients, contributing to credit decisions. For measuring credit exposure risks for debt instruments, the Bank uses external ratings issued by international rating agencies like (Standard & Poor ) and (Moody's), or their equivalents, according to the specified ratings and in line with the instructions of the regulatory authorities.
- Credit Monitoring: The Bank manages caps and oversees credit concentration risks at the client level (individual or institution) and the size of credit exposure for each sector or geographical area. The bank sets acceptable credit risk levels by establishing caps for the amount of acceptable risk with each borrower or borrower group and for each sector or geographic area.
- Credit Risk Mitigation: The Bank relies on various methods and practices to alleviate credit risks, including securing guarantees. These guarantees are accepted according to approved criteria and principles. The most prominent types of guarantees against loans and facilities include:
  - 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

- The continual training and development of credit review staff is crucial to ensure the presence of credit analysis expertise capable of properly understanding these risks.

## 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).

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Statement of Financial Position items: | | |
| Cash and balances at Central Bank of Jordan | 429,105,936 | 321,401,386 |
| Balances at banks and financial institutions - net | 291,847,547 | 303,959,667 |
| Deposits at banks and financial Institutions - net | 28,547,873 | 5,809,910 |
| Direct credit Facilities - net: | | |
| Individual | 236,966,197 | 229,469,944 |
| Real-estate loans | 129,159,331 | 127,018,388 |
| Large companies | 372,268,317 | 340,072,382 |
| Small and medium companies | 51,065,659 | 45,351,554 |
| Government & public sector | 58,115,016 | 72,229,596 |
| Bonds and Treasury Bills: | | |
| Financial assets at amortized cost - net | 729,273,864 | 769,041,525 |
| Other assets | 19,047,658 | 19,373,790 |
| Total | 2,345,397,398 | 2,233,728,142 |
| Contingent liabilities: | | |
| Letters of guarantee | 105,620,468 | 80,387,956 |
| Letters of credit | 10,461,118 | 10,892,568 |
| Acceptances | 45,335,756 | 38,280,249 |
| Un-utilized facilities | 161,572,677 | 188,287,373 |
| Grand total | 322,990,019 | 317,848,146 |
| Total | 2,668,387,417 | 2,551,576,288 |

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 redit exposure (Direct Credit Facilities):**

| The Bank's Internal Credit Rating | Classification Category based on (47/2009) Instruction | Total Exposure Amount | Expected Credit Losses (ECL) | Probability of Default (PD) | Rating According to External Rating Institutions | Exposure at Default (EAD) | Loss Given Default (LGD) |
|---|---|---|---|---|---|---|---|
| | | JD | JD | | | | |
| 2-7 | Performing | 856,959,680 | 15,585,332 | 3.9% | Moody's | 856,959,680 | 25.5% |
| 8-10 | Non Performing | 17,423,674 | 7,495,876 | 100% | Moody's | 17,423,674 | 20.7% |

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 Losses (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 | 429,105,936 | - | - | - | - | - | - | - | 429,105,936 | - |
| Balances at banks and financial institutions | 291,947,824 | - | - | - | - | - | - | - | 291,947,824 | 100,277 |
| Deposits at banks and financial institutions | 28,570,223 | - | - | - | - | - | - | - | 28,570,223 | 22,350 |
| Credit facilities: | | | | | | | | | | |
| Retail | 247,339,527 | 16,031,981 | 60,000 | - | 128,629,552 | - | - | 144,721,533 | 102,617,994 | 9,148,939 |
| Real estate loans | 134,059,208 | 79,594 | 947,998 | - | 101,168,934 | - | 477,617 | 102,674,143 | 31,385,065 | 3,422,773 |
| Corporate | | | | | | | | | | |
| Large corporate | 379,142,684 | 6,830,944 | 45,902,172 | 1,744,140 | 217,908,379 | - | 24,207,500 | 296,593,135 | 82,549,549 | 6,874,367 |
| Small and medium companies | 55,672,074 | 2,129,870 | 14,122,164 | - | 28,053,717 | - | - | 44,305,751 | 11,366,323 | 3,580,284 |
| Government and public sector | 58,169,861 | - | - | - | - | - | 29,541,677 | 29,541,677 | 28,628,184 | 54,845 |
| Bonds and bills: | | | | | | | | | | |
| Financial assets at amortized cost - net | 729,833,007 | - | - | - | 320,000 | - | - | 320,000 | 729,513,007 | 559,143 |
| Other assets | 19,047,658 | - | - | - | - | - | - | - | 19,047,658 | - |
| **Total** | **2,372,888,002** | **25,072,389** | **61,032,334** | **1,744,140** | **476,080,582** | **-** | **54,226,794** | **618,156,239** | **1,754,731,763** | **23,762,978** |
| Letters of guarantee | 105,620,468 | - | - | - | - | - | - | - | 105,620,468 | 274,980 |
| Letters of credit | 10,461,118 | - | - | - | - | - | - | - | 10,461,118 | 72,629 |
| Acceptances | 45,335,756 | - | - | - | - | - | - | - | 45,335,756 | 275,606 |
| Unutilized facilities | 161,572,677 | - | - | - | - | - | - | - | 161,572,677 | 500,000 |
| **Grand total** | **2,695,878,021** | **25,072,389** | **61,032,334** | **1,744,140** | **476,080,582** | **-** | **54,226,794** | **618,156,239** | **2,077,721,782** | **24,886,193** |
| **Total comparative figures** | **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** |

## 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 Losses (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 | 7,151,488 | - | 163,992 | - | 1,114,309 | - | - | 1,278,301 | 5,873,187 | 4,150,237 |
| Real Estate Loans | 3,963,531 | - | - | - | 5,340,440 | - | - | 5,340,440 | (1,376,909) | 1,280,835 |
| Corporate: | | | | | | | | | | |
| Large corporate | 6,308,655 | 22,443 | - | - | 22,368,198 | - | - | 22,390,641 | (16,081,986) | 2,064,804 |
| Small and medium companies | - | - | - | - | - | - | - | - | - | - |
| Government and public sector | - | - | - | - | - | - | - | - | - | - |
| Bonds and bills: | | | | | | | | | | |
| Financial assets at amortized cost - net | 320,000 | - | - | - | 320,000 | - | - | 320,000 | - | 320,000 |
| Other assets | - | - | - | - | - | - | - | - | - | - |
| **Total** | **17,743,674** | **22,443** | **163,992** | **-** | **29,142,947** | **-** | **-** | **29,329,382** | **(11,585,708)** | **7,815,876** |
| Letters of guarantee | - | - | - | - | - | - | - | - | - | - |
| Letters of credit | - | - | - | - | - | - | - | - | - | - |
| Acceptances | - | - | - | - | - | - | - | - | - | - |
| Unutilized facilities | - | - | - | - | - | - | - | - | - | - |
| **Grand total** | **17,743,674** | **22,443** | **163,992** | **-** | **29,142,947** | **-** | **-** | **29,329,382** | **(11,585,708)** | **7,815,876** |
| **Total comparative figures** | **9,839,530** | **38,217** | **241,515** | **-** | **25,719,590** | **-** | **-** | **25,999,322** | **(16,159,792)** | **3,348,695** |

### 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 | JD |
| Total exposures | 146,752,496 | 50,941,648 | 9,927,798 | 9,009,922 | 59,951,570 | 38% |

### 3-B Expected credit losses 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 |
| Total exposures | 50,941,648 | 9,009,922 | 59,951,570 | 475,481 | 337,697 | 813,178 |

**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 3,013,850 for the current year (JD 1,877,484 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 43,832,408 JD and 15,371,031 JD 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 Mortized Cost |
|---|---|---|
| | | JD |
| Government guaranteed bonds | Moody's | 715,809,048 |
| Government guaranteed bonds B1 | Moody's | 6,417,337 |
| Government guaranteed bonds Ba1 | Moody's | 709,204 |
| Companies Bond B1 | Moody's | 2,929,867 |
| Companies Bond (Governmental) Caa1 | Moody's | 641,655 |
| Companies Bond without classification | Moody's | 2,766,753 |
| **Total** | | **729,273,864** |

**5-A The schedule below shows he 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 | 429,105,936 | - | - | - | - | - | 429,105,936 |
| Balances at banks and financial institutions - net | 51,115,899 | 177,603,587 | 47,014,559 | 1,058,174 | 2,771,026 | 12,284,302 | 291,847,547 |
| Deposits at banks and financial institutions - net | - | 10,635,000 | 17,912,873 | - | - | - | 28,547,873 |
| Direct Credit facilities - net: | 826,496,143 | 16,498,252 | 4,580,125 | - | - | - | 847,574,520 |
| Bonds and bills: | | | | | | | |
| Financial assets at amortized cost | 724,993,136 | - | - | 709,204 | 641,657 | 2,929,867 | 729,273,864 |
| Other assets | 16,391,233 | 1,945,204 | 541,211 | 47,854 | 45,847 | 76,309 | 19,047,658 |
| Total current year | 2,048,102,347 | 206,682,043 | 70,048,768 | 1,815,232 | 3,458,530 | 15,290,478 | 2,345,397,398 |
| Letters of guarantee | 97,640,506 | 7,955,082 | 24,880 | - | - | - | 105,620,468 |
| Letters of credit | 7,928,835 | 2,532,283 | - | - | - | - | 10,461,118 |
| Acceptances | 44,844,207 | 491,549 | - | - | - | - | 45,335,756 |
| Un-utilized facilities | 160,762,869 | 809,808 | - | - | - | - | 161,572,677 |
| Grand total | 2,359,278,764 | 218,470,765 | 70,073,648 | 1,815,232 | 3,458,530 | 15,290,478 | 2,668,387,417 |
| Total comparative figures | 2,198,931,439 | 225,499,508 | 60,933,658 | 3,151,197 | 1,115,770 | 61,944,716 | 2,551,576,288 |

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 | 1,931,845,780 | 279,555,720 | 125,466,023 | 18,407,838 | 4,003,403 | 2,359,278,764 |
| Other middle east countries | 217,420,176 | - | 1,050,589 | - | - | 218,470,765 |
| Europe | 45,489,337 | - | 20,806,931 | - | 3,777,380 | 70,073,648 |
| Asia | 1,815,232 | - | - | - | - | 1,815,232 |
| Africa | 2,816,875 | - | 641,655 | - | - | 3,458,530 |
| America | 15,290,478 | - | - | - | - | 15,290,478 |
| **Total** | **2,214,677,878** | **279,555,720** | **147,965,198** | **18,407,838** | **7,780,783** | **2,668,387,417** |
| Total Comparative Figures | 2,135,763,442 | 296,021,553 | 102,010,677 | 12,182,968 | 5,597,648 | 2,551,576,288 |

### 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 | - | - | - | - | - | - | - | - | 429,105,936 | 429,105,936 |
| Balances at banks and financial institutions -net | 291,847,547 | - | - | - | - | - | - | - | - | 291,847,547 |
| Deposits at banks and financial institutions- net | 28,547,873 | - | - | - | - | - | - | - | - | 28,547,873 |
| Direct credit facilities - net | 1,492,359 | 144,977,355 | 266,508,357 | 129,155,447 | 1,028,366 | 236,966,197 | 5,478,107 | 3,853,316 | 58,115,016 | 847,574,520 |
| Bonds and bills: | | | | | | | | | | |
| Financial assets at amortized cost - net | 2,766,753 | 2,929,867 | - | - | - | - | - | - | 723,577,244 | 729,273,864 |
| Other assets | 397,079 | 1,642,094 | 1,590,401 | 1,705,996 | 52,416 | 1,252,449 | 302,514 | 125,874 | 11,978,835 | 19,047,658 |
| Total current year | 325,051,611 | 149,549,316 | 268,098,758 | 130,861,443 | 1,080,782 | 238,218,646 | 5,780,621 | 3,979,190 | 1,222,777,031 | 2,345,397,398 |
| Letters of guarantee | - | - | 105,620,468 | - | - | - | - | - | - | 105,620,468 |
| Letters of credit | - | - | 10,461,118 | - | - | - | - | - | - | 10,461,118 |
| Acceptances | - | - | 45,335,756 | - | - | - | - | - | - | 45,335,756 |
| Un- utilized ceilings | - | - | 161,572,677 | - | - | - | - | - | - | 161,572,677 |
| Grand total | 325,051,611 | 149,549,316 | 591,088,777 | 130,861,443 | 1,080,782 | 238,218,646 | 5,780,621 | 3,979,190 | 1,222,777,031 | 2,668,387,417 |
| Total comparative figures | 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 |

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 | 303,989,916 | - | 21,061,695 | - | - | 325,051,611 |
| Industry | 112,148,366 | - | 37,360,058 | - | 40,892 | 149,549,316 |
| Trade | 528,022,497 | - | 59,524,464 | - | 3,541,816 | 591,088,777 |
| Real estate | 24,407,073 | 76,449,315 | 24,802,357 | 3,486,472 | 1,716,226 | 130,861,443 |
| Shares | 1,080,782 | - | - | - | - | 1,080,782 |
| Retail | 16,970,547 | 203,106,405 | 738,479 | 14,921,366 | 2,481,849 | 238,218,646 |
| Transportation | 4,891,570 | - | 889,051 | - | - | 5,780,621 |
| Hotels and Tourism | 3,907,879 | - | 71,311 | - | - | 3,979,190 |
| Government and public sector | 1,219,259,248 | - | 3,517,783 | - | - | 1,222,777,031 |
| Total | 2,214,677,878 | 279,555,720 | 147,965,198 | 18,407,838 | 7,780,783 | 2,668,387,417 |
| Total comparative figures | 2,135,763,442 | 296,021,553 | 102,010,677 | 12,182,968 | 5,597,648 | 2,551,576,288 |

### 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.

**1-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.

## Sensitivity Analysis 2023

| Currency | Change Decreased in Interest Rate (%) | Sensitivity of Interest Revenue Profit and Loss | Sensitivity of Shareholders' Equity |
|---|---|---|---|
| | | JD | JD |
| US Dollar | 1 | 755,469 | - |
| Euro | 1 | 225,758 | - |
| British Pound | 1 | (3,818) | - |
| Japanese Yen | 1 | (808) | - |
| Others | 1 | 18,221 | - |

| Currency | Change Decreased in Interest Rate (%) | Sensitivity of Interest Revenue Profit and Loss | Sensitivity of Shareholders' Equity |
|---|---|---|---|
| | | JD | JD |
| US Dollar | 1 | (755,469) | - |
| Euro | 1 | (225,758) | - |
| British Pound | 1 | 3,818 | - |
| Japanese Yen | 1 | 808 | - |
| Others | 1 | (18,221) | - |

## 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) | - |

## 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 2023

| Currency | Change in Currency Exchange Rate (%) | Effect on Profits and Losses | Sensitivity of Shareholders' Equity |
|---|---|---|---|
| | | JD | JD |
| Euro | 5 | 5,765 | - |
| British Pound | 5 | 48,475 | 948,896 |
| Japanese Yen | 5 | (3,067) | - |
| Other currencies | 5 | 33,679 | - |

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 | - |

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 2023

| Indicator | Change in Equity Prices (%) | Effect on Profit and Losses | Effect on Shareholders |
|---|---|---|---|
| | | JD | JD |
| Amman Stock Exchange | 5 | - | 830,922 |

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 |

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 2023 | 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 | 451,145,248 | - | - | - | - | - | - | 451,145,248 |
| Balances at banks and financial institutions - Net | 235,588,373 | 27,952,383 | - | - | - | - | 28,306,791 | 291,847,547 |
| Deposits at banks and financial institutions - Net | - | - | - | 28,547,873 | - | - | - | 28,547,873 |
| Financial assets at fair value through other comprehensive income-Net | - | - | - | - | - | - | 33,326,152 | 33,326,152 |
| Direct credit facilities- Net | 30,362,075 | 67,411,498 | 110,774,321 | 59,869,083 | 152,055,396 | 427,102,147 | - | 847,574,520 |
| Financial assets at amortized cost- Net | 7,999,912 | 23,567,960 | 28,338,792 | 13,341,422 | 389,604,011 | 266,421,767 | - | 729,273,864 |
| Financial assets at fair value through profit or loss | - | - | - | - | - | - | - | - |
| Investments in associate company | - | - | - | - | - | - | 20,045,724 | 20,045,724 |
| Property and equipment - Net | - | - | - | - | - | - | 77,016,663 | 77,016,663 |
| Intangible assets - Net | - | - | - | - | - | - | 13,053,896 | 13,053,896 |
| Right of use Assets | - | - | - | - | - | - | 2,816,046 | 2,816,046 |
| Deferred tax assets | - | - | - | - | - | - | 3,308,754 | 3,308,754 |
| Other assets | - | - | - | - | - | - | 39,543,317 | 39,543,317 |
| Total assets | 725,095,608 | 118,931,841 | 139,113,113 | 101,758,378 | 541,659,407 | 693,523,914 | 217,417,343 | 2,537,499,604 |
| Liabilities | | | | | | | | |
| Banks and financial institution deposits | 301,275,262 | 63,101,000 | 4,254,000 | 7,090,000 | - | - | - | 375,720,262 |
| Customers' deposits | 680,173,062 | 243,962,298 | 210,493,060 | 139,342,672 | 657,642 | 41,437 | 307,991,880 | 1,582,662,051 |
| Borrowed funds from the Central Bank of Jordan | 200,694,619 | 37,498 | 168,809 | 1,951,831 | 7,358,505 | 22,990,729 | - | 233,201,991 |
| Cash margins | 24,420,211 | 11,209,241 | 7,144,104 | 9,519,711 | 366,196 | 472,033 | 12,713,343 | 65,844,839 |
| Sundry provisions | - | - | - | - | - | - | 1,476,794 | 1,476,794 |
| Income tax provision | - | - | - | - | - | - | 7,877,274 | 7,877,274 |
| Lease Liabilities | - | - | - | - | - | - | 2,520,870 | 2,520,870 |
| Other liabilities | - | - | - | - | - | - | 30,576,153 | 30,576,153 |
| Total Liabilities | 1,206,563,154 | 318,310,037 | 222,059,973 | 157,904,214 | 8,382,343 | 23,504,199 | 363,156,314 | 2,299,880,234 |
| Interest rate sensitivity gap | (481,467,546) | (199,378,196) | (82,946,860) | (56,145,836) | 533,277,064 | 670,019,715 | (145,738,971) | 237,619,370 |
| 31 December 2022 | | | | | | | | |
| 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 |
| 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 |

## 5. Concentration of Foreign Currency Risks:

| Item/Currency | USD | Euro | Sterling Pounds | Japanese Yen | Other | Total |
|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD |
| **31 December 2023** | | | | | | |
| Assets: | | | | | | |
| Cash and balances at Central Bank of Jordan | 28,791,099 | 1,123,454 | 502,690 | 377 | 627,965 | 31,045,585 |
| Balances and deposits at banks and financial institutions | 156,226,982 | 67,788,343 | 10,650,653 | 344,234 | 32,901,716 | 267,911,928 |
| Direct credit facilities | 217,817,925 | 4,706,678 | - | - | 16,862,734 | 239,387,337 |
| Financial securities at amortized cost | 202,798,830 | 1,566,640 | - | - | - | 204,365,470 |
| Financial assets through Comprehensive Income | 35,672 | - | - | - | - | 35,672 |
| Investments in associate company | - | - | 20,045,724 | - | - | 20,045,724 |
| Property and equipment - Net | 1,187,286 | - | - | - | - | 1,187,286 |
| Right of use assets | 639,724 | - | - | - | - | 639,724 |
| Other assets | 20,395,306 | 353,281 | 86,811 | - | (5,218,134) | 15,617,264 |
| Total Assets | 627,892,824 | 75,538,396 | 31,285,878 | 344,611 | 45,174,281 | 780,235,990 |
| Liabilities: | | | | | | |
| Banks and financial institutions deposits | 182,840,882 | 33,350,158 | 296,376 | - | 709,319 | 217,196,735 |
| Customers' deposits | 423,917,704 | 41,638,630 | 10,562,239 | 405,956 | 41,248,864 | 517,773,393 |
| Cash Margins | 8,593,527 | 199,894 | 256,222 | - | 2,055,819 | 11,105,462 |
| Sundry provisions | 533,727 | - | - | - | - | 533,727 |
| Income Tax Provision | 368,687 | - | - | - | - | 368,687 |
| Lease Liabilities | 593,522 | - | - | - | - | 593,522 |
| Other liabilities | 5,430,928 | 234,408 | 100,449 | - | 486,694 | 6,252,479 |
| Retained earnings | 54,080 | - | - | - | - | 54,080 |
| Non - Controlling Interest | 19,374,329 | - | - | - | - | 19,374,329 |
| Total Liabilities | 641,707,386 | 75,423,090 | 11,215,286 | 405,956 | 44,500,696 | 773,252,414 |
| Net concentration on - balance sheet for the current year | (13,814,562) | 115,306 | 20,070,592 | (61,345) | 673,585 | 6,983,576 |
| Contingent liabilities off - balance sheet for the current year | 162,221,785 | 11,958,733 | 20,423 | 139,295 | 24,802,703 | 199,142,939 |
| **31 December 2022** | | | | | | |
| Total Assets | 567,541,715 | 93,577,512 | 41,744,231 | 257,138 | 60,294,568 | 763,415,164 |
| 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 |

### (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 treasury Department at the Bank oversees this aspect, while also considering unused loans and facilities and potential obligations related to credits and guarantees.

The following table shows the components of liquidity coverage ratio as of 31 December 2023:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Before Applying Average Cash Flow | After Applying Average Cash Flow* | Before Applying Average Cash Flow | After Applying Average Cash Flow* |
| High Quality Liquid Assets | 1,132,415,681 | 1,124,106,466 | 1,068,786,317 | 1,059,764,109 |
| Cash Outflows | 1,915,170,726 | 696,467,393 | 1,946,589,256 | 762,940,110 |
| Cash Inflows | 542,273,225 | 296,477,717 | 600,053,203 | 303,918,269 |
| Net Cashflow | 1,372,897,501 | 399,989,676 | 1,346,536,053 | 459,021,841 |

* 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. (5/2022) issued by the Central Bank of Jordan.

The liquidity coverage ratio is 281.0% as of 31 December 2023 (230.9% as of 31 December 2022).

According to the Central Bank's instructions, the minimum liquidity coverage ratio is 100%. Accordingly, the monthly average (from 1 January 2023 to 31 December 2023) of the total currencies of the banking group amounted to 248.31% (188.16% as of 31 December 2022).

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 2023 | 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 | 301,319,621 | 63,267,463 | 4,938,828 | 7,421,753 | - | - | - | 376,947,665 |
| Customers' deposits | 680,945,636 | 244,069,135 | 211,431,852 | 152,152,949 | 683,483 | 57,568 | 307,991,880 | 1,597,332,503 |
| Borrowed funds from the Central Bank of Jordan | 200,694,619 | 37,498 | 168,809 | 1,951,831 | 7,358,505 | 22,990,729 | - | 233,201,991 |
| Cash margins | 24,677,525 | 11,211,746 | 7,145,464 | 9,521,747 | 368,248 | 510,932 | 12,713,343 | 66,149,005 |
| Sundry provisions | - | - | - | - | - | - | 1,476,794 | 1,476,794 |
| Income tax provision | 2,152,251 | 4,620,102 | - | - | - | - | 1,104,921 | 7,877,274 |
| Lease Liabilities | - | - | - | - | - | - | 2,520,870 | 2,520,870 |
| Other liabilities | 13,419,891 | - | - | - | - | - | 17,156,262 | 30,576,153 |
| Total | 1,223,209,543 | 323,205,944 | 223,684,953 | 171,048,280 | 8,410,236 | 23,559,229 | 342,964,070 | 2,316,082,255 |
| Total assets (according to expected maturities) | 1,435,676,200 | 96,930,521 | 110,774,321 | 59,869,083 | 188,379,129 | 428,453,007 | 217,417,343 | 2,537,499,604 |

| 31 December 2022 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 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 |

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 2023 | 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 (on Profits and Losses) |
|---|---|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD | JD | JD |
| Forward currency contracts | 4,264,500 | - | 8,433,590 | 7,151,426 | - | - | 19,849,516 | 37,091 |
| 31 December 2022 | | | | | | | | |
| Forward currency contracts | 2,133,000 | 2,678,861 | 13,307,523 | 17,615,463 | - | - | 35,734,847 | 50,457 |

Off - the statement of financial position items:

| 2023 | Up to 1 Year | More than 1-5 Years | Over 5 Years | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| Letters of credit and acceptances / issued | 56,356,797 | - | - | 56,356,797 |
| Un-utilized facilities | 161,572,677 | - | - | 161,572,677 |
| Letters of guarantee | 85,049,110 | 20,548,358 | 23,000 | 105,620,468 |
| Total | 302,978,584 | 20,548,358 | 23,000 | 323,549,942 |
| 2022 | | | | |
| 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 |

# 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:

| | Individual Bank Sector Activities | Corporate Bank Sector Activities | Treasury | Others | Total 2023 | Total 2022 |
|---|---|---|---|---|---|---|
| | JD (In Thousands) | JD (In Thousands) | JD (In Thousands) | JD (In Thousands) | JD (In Thousands) | JD (In Thousands) |
| Gross revenues | 33,562 | 37,129 | 61,302 | 19,391 | 151,384 | 114,272 |
| Bank's share in the income of associate company | - | - | 970 | - | 970 | 710 |
| Provision for expected credit losses | (4,301) | (5,325) | (206) | - | (9,832) | (2,532) |
| Segment results | 29,261 | 31,804 | 62,066 | 19,391 | 142,522 | 112,450 |
| Undistributed expenses | | | | | (114,042) | (82,052) |
| Income before tax | | | | | 28,480 | 30,398 |
| Income tax expense | | | | | (8,294) | (10,916) |
| Net income for the period | | | | | 20,186 | 19,482 |
| Capital expenditures | | | | | 3,471 | 2,918 |
| Depreciation and amortization | | | | | 6,495 | 4,540 |

| | | | | | 2023 | 2022 |
|---|---|---|---|---|---|---|
| | | | | | JD | JD |
| Segment's assets | 329,505 | 518,069 | 1,534,141 | - | 2,381,715 | 2,268,316 |
| Investments in associate company | - | - | 20,046 | - | 20,046 | 17,950 |
| Undistributed assets | - | - | - | 135,739 | 135,739 | 128,171 |
| Total assets | 329,505 | 518,069 | 1,554,187 | 135,739 | 2,537,500 | 2,414,437 |
| Segment's liabilities | 1,065,803 | 582,704 | 608,922 | - | 2,257,429 | 2,121,893 |
| Undistributed liabilities | - | - | - | 42,451 | 42,451 | 59,318 |
| **Total Liabilities** | **1,065,803** | **582,704** | **608,922** | **42,451** | **2,299,880** | **2,181,211** |

### (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 | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | JD | JD | JD | JD | JD | JD |
| Total revenues | 141,287,077 | 108,068,235 | 11,066,226 | 6,913,782 | 152,353,303 | 114,982,017 |
| Capital expenditure | 3,430,383 | 2,690,880 | 40,311 | 226,907 | 3,470,694 | 2,917,787 |

| | Inside Jordan | | Outside Jordan | | Total | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | JD | JD | JD | JD | JD | JD |
| Total Assets | 2,185,541,124 | 2,033,840,685 | 351,958,480 | 380,596,253 | 2,537,499,604 | 2,414,436,938 |

## 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 16.24% as of 31 December 2023 (17.8% as of 31 December 2022).

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 2023 Committee regulations:

| Primary capital according to bank's management requirements | 2023 JD In Thousands | 2022 JD In Thousands |
|---|---|---|
| Paid-up capital | 150,000 | 150,000 |
| Retained Earnings | 12,360 | 11,178 |
| Other comprehensive income items: | | |
| Cumulative change in fair value | 1,737 | 2,134 |
| Foreign currency translation adjustments | (3,144) | (4,172) |
| Share Issuance Premium | - | - |
| Statutory Reserve | 42,292 | 39,904 |
| Authorized minority rights | 4,461 | 3,206 |
| Total Ordinary Share Capital | 207,706 | 202,250 |
| Total regulatory Adjustments (deductions from capital) | | |
| Goodwill and Intangible assets | (13,054) | (1,476) |
| Deferred tax assets resulting from provisions of credit facilities | (3,309) | (3,320) |
| 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% | (911) | - |
| Net Ordinary Shareholders | 190,432 | 197,454 |
| Additional Capital | - | - |
| Total primary Capital | 190,432 | 197,454 |
| Secondary Capital | | |
| General banking risk reserve | - | - |
| Provision required against credit facilities/ credit compensation in stage 1 | 7,446 | 7,004 |
| Total Stable Capital | 7,446 | 7,004 |
| Net stable capital | 7,446 | 7,004 |
| Total regulatory capital | 197,878 | 204,458 |
| Total risk weighted assets | 1,218,751 | 1,148,606 |
| Capital adequacy ratio % | 16.24% | 17.80% |
| Primary capital ratio % | 15.63% | 17.19% |

## 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 2023 was JD 108,297,049 (JD 83,463,223 as of 31 December 2022), 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 2023 | Up to 1 Year | Over 1 Year | Total |
|---|---|---|---|
| | JD | JD | JD |
| Assets: | | | |
| Cash and balances at Central Bank of Jordan | 451,145,248 | - | 451,145,248 |
| Balances at banks and financial institutions - net | 291,847,547 | - | 291,847,547 |
| Deposits at banks and financial institutions - net | 28,547,873 | - | 28,547,873 |
| Financial assets at fair value through other comprehensive income | 33,326,152 | - | 33,326,152 |
| Financial assets at fair value through Profit or Loss | - | - | - |
| Direct Credit facilities - net | 366,938,449 | 480,636,071 | 847,574,520 |
| Financial assets at amortized cost | 720,147,145 | 9,126,719 | 729,273,864 |
| Investments in associate company | - | 20,045,724 | 20,045,724 |
| Property and equipment- net | - | 77,016,663 | 77,016,663 |
| Intangible assets- net | - | 13,053,896 | 13,053,896 |
| Right of use assets | - | 2,816,046 | 2,816,046 |
| Deferred tax assets | - | 3,308,754 | 3,308,754 |
| Other assets | - | 39,543,317 | 39,543,317 |
| **Total assets** | **1,891,952,414** | **645,547,190** | **2,537,499,604** |
| Liabilities: | | | |
| Banks and financial institutions' deposits | 375,720,262 | - | 375,720,262 |
| Customers' deposits | 1,201,817,760 | 380,844,291 | 1,582,662,051 |
| Borrowed money from Central Bank of Jordan | 202,852,757 | 30,349,234 | 233,201,991 |
| Cash margins | 65,006,610 | 838,229 | 65,844,839 |
| Sundry provisions | - | 1,476,794 | 1,476,794 |
| Income tax provision | 6,772,353 | 1,104,921 | 7,877,274 |
| Lease Liabilities | 557,005 | 1,963,865 | 2,520,870 |
| Other liabilities | 13,419,891 | 17,156,262 | 30,576,153 |
| Total liabilities | 1,866,146,638 | 433,733,596 | 2,299,880,234 |
| Net | 25,805,776 | 211,813,594 | 237,619,370 |

| 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** |

## 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 | Intangible Inputs to Fair Value |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | | | | |
| Financial assets at fair value | | | | | | |
| Financial assets at fair value through profit or loss | | | | | | |
| Quoted corporate equity shares | - | 663,897 | level 1 | Quoted rates in financial markets instruments | Not Applicable | Not Applicable |
| **Total** | **-** | **663,897** | | | | |
| Financial assets at fair value through comprehensive income | | | | | | |
| Quoted shares | 16,618,430 | 17,335,234 | level 1 | Quoted rates in financial markets | Not Applicable | Not Applicable |
| Unquoted shares | 16,707,722 | 15,674,554 | level 2 | Compare to similar financial instruments | Not Applicable | Not Applicable |
| **Total** | **33,326,152** | **33,009,788** | | | | |

There were no transfers between level 1 and 2 during 2023 and 2022.

## 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.

| | 2023 | | 2022 | | |
|---|---|---|---|---|---|
| | Book Value | Fair Value | Book Value | Fair Value | Fair Value Hierarchy |
| | JD | JD | JD | JD | |
| Financial assets not masured at fair value | | | | | |
| Balances at central bank | 429,105,936 | 429,239,292 | 321,401,386 | 321,567,249 | level 2 |
| Balances at banks and financial institutions - net | 291,847,547 | 293,124,696 | 303,959,667 | 304,627,270 | level 2 |
| Deposits at banks and financial institutions - net | 28,547,873 | 28,649,148 | 5,809,910 | 5,857,163 | level 2 |
| Direct credit facilities - net | 847,574,520 | 852,639,476 | 814,141,864 | 820,567,673 | level 2 |
| Financial assets at amortized costs | 729,273,864 | 740,793,648 | 769,041,525 | 780,752,339 | level 1&2 |
| Total Financial assets not masured at fair value | 2,326,349,740 | 2,344,446,260 | 2,214,354,352 | 2,233,371,694 | |
| Financial liabilities not masured at fair value | | | | | |
| Banks and financial institution deposits | 375,720,262 | 376,914,911 | 452,475,145 | 453,449,883 | level 2 |
| Customer deposits | 1,582,662,051 | 1,593,241,863 | 1,334,561,881 | 1,341,748,340 | level 2 |
| Borrowed money from the central bank of Jordan | 233,201,991 | 286,415,742 | 286,415,742 | 286,415,742 | level 2 |
| Cash margins | 65,844,839 | 66,207,577 | 48,439,510 | 48,686,125 | level 2 |
| Total Liabilities not masured at Fair Value | 2,257,429,143 | 2,322,780,093 | 2,121,892,278 | 2,130,300,090 | |

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:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Letters of credit | | |
| Export | 8,711,666 | 10,144,701 |
| Import (backed) | 1,749,452 | 747,867 |
| Import (not backed) | 21,774,474 | 16,052,788 |
| Acceptance | | |
| Export / letter of credit | 45,335,756 | 38,280,249 |
| Export / policies | 2,309,375 | 8,773,601 |
| Import (not backed) | 15,974,886 | 3,182,202 |
| Letters of guarantee | | |
| Payments | 38,815,186 | 33,609,434 |
| Performance | 46,112,796 | 26,481,835 |
| Other | 20,692,486 | 20,296,687 |
| Forward contracts | 19,849,516 | 35,734,847 |
| Un-utilized facilities | 161,572,677 | 188,287,373 |
| **Total** | **382,898,270** | **381,591,584** |

## 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:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Within one year | 94,698 | 119,176 |
| **Total** | **94,698** | **119,176** |

# 51. Lawsuits Against the Bank

Lawsuits raised against the Bank are to repeal third party claims and to settle seized assets matters applying for malfunctional and damage as well, amounted to JD 4,034,669 as of 31 December 2023 (JD 4,578,818 as of 31 December 2022). In the opinion of the management and the Bank's lawyer, the Bank will not incur any significant amount against these lawsuits except for the booked provision which amounted to JD 476,391 as of 31 December 2023 (JD 390,687 as of 31 December 2022). Moreover, the amounts paid by the Bank against concluded or settled lawsuits are taken to the consolidated income statement 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 2023, with no effect on profit or equity in the period.

# 53. Acquisition of the Banking Business of the Standard Chartered Bank Jordan Branch and National Bank of Kuwait Jordan Branch

### A- Standard Chartered Bank Jordan Branch

On 26 March 2023, the bank has signed an agreement with Standard Chartered Bank 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 assets and liabilities of Standard Chartered Bank on 10 August 2023 which have been transferred to Arab Jordan Investment Bank records as per the below:

| | Book value at acquisition (10 August 2023) | Adjustments | Fair value at acquisition (10 August 2023) |
|---|---|---|---|
| | JD | JD | JD |
| Assets | | | |
| Cash and balances at the Central Bank of Jordan | 94,272,511 | - | 94,272,511 |
| Balances at banks and financial institutions | 23,918,420 | - | 23,918,420 |
| Direct credit facilities - net | 46,767,478 | - | 46,767,478 |
| Financial assets at amortized cost - net | 92,880,868 | - | 92,880,868 |
| Financial assets through other comprehensive income | 85,631 | - | 85,631 |
| Property and equipment - net | 4,559,229 | - | 4,559,229 |
| Other assets | 3,645,337 | - | 3,645,337 |
| **Total Assets** | **266,129,474** | **-** | **266,129,474** |
| Liabilities and Equity | | | |
| Liabilities - | | | |
| Banks and financial institutions' deposits | 14,142,134 | - | 14,142,134 |
| Customers' deposits | 170,905,310 | - | 170,905,310 |
| Cash margins | 5,679,382 | - | 5,679,382 |
| Other provision | 464,785 | - | 464,785 |
| Other liabilities | 3,606,934 | - | 3,606,934 |
| **Total Liabilities** | **194,798,545** | **-** | **194,798,545** |
| Net Assets Acquired | 71,330,929 | - | 71,330,929 |
| Provisional Goodwill | 5,672,000 | - | 5,672,000 |
| Paid Acquisition Price | 77,002,929 | - | 77,002,929 |
| Analysis of cash flow at acquision | | | |
| Net cash acquired | 104,048,797 | - | 104,048,797 |
| Paid acquisition price | 77,002,929 | - | 77,002,929 |
| Acquisition - Net cash received | 27,045,868 | - | 27,045,868 |

Management has distributed the acquision price as shown in the above disclosure. The acquisition resulted in a provisional goodwill amounting to JD 5,672,000 which was recorded in intangible assets for the period ended 30 September 2023.

In the last quarter of 2023, an independent third party has prepared a Purchase Price Allocation (PPA) for the allocation of assets and liabilities of Standard Chartered Bank - Jordan Branch. Accordingly, the apparent results of determining the fair value in accordance with International Financial Reporting Standard No. (3) were approved and reflected in the Bank financial statements. The study resulted in an intangible asset related to customer relationships amounting to JOD 10,400,000. Accordingly, the Bank amortized the value of provisional goodwill and recorded JOD 4,728,000 in other revenues for the year ending on 31 December 2023. As detailed below:

| | 31 December 2023 |
|---|---|
| | JD |
| Intangable Assets ( Customer Relationships) | 10,400,000 |
| Amortize provisional goodwill | (5,672,000) |
| | **4,728,000** |

Acquisition Expenses:

| | 10 August 2023 |
|---|---|
| | JD |
| Consulting services | 809,056 |
| Rewards and indemnity | 150,000 |
| **Total expenses** | **959,056** |

**B- National Bank of Kuwait Jordan Branch**

On 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 | 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 |
| Borrowed money from the Central Bank of Jordan | 1,711,473 | - | 1,711,473 |
| Cash margins | 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 |

Management has 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 31 December 2022.

In the second quarter of 2023, an independent third party has prepared a Purchase Price Allocation (PPA) for the allocation of assets and liabilities of National Bank of Kuwait - Jordan Branch. Accordingly, the apparent results of determining the fair value in accordance with International Financial Reporting Standard No. (3) were approved and reflected in the Bank financial statements. The study resulted in an intangible asset related to customer relationships amounting to JOD 2,900,000. Accordingly, the Bank recorded JOD 2,900,000 in other revenues for the year ending on 31 December 2023.

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

**Amendments to IFRS 16: Lease Liability in a Sale and Leaseback**

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied etrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Bank's financial statements.

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

In January 2020 and October 2022, 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

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group 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's financial statements.

**Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7**

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

The amendments are not expected to have a material impact on the Bank's financial statements.

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

## GENERAL MANAGEMENT:

### AJIB Tower
200 Zahran Street
P.O. Box 8797 Amman 11121 Jordan
Tel: +962(6)5607138
Fax: +962(6)5681482
Reuters Dealing Code: AJIB
SWIFT: AJIBJOAX
Website: www.ajib.com
E-mail: feedback@ajib.com

## BRANCHES:

### Main Branch - AJIB Tower
200 Zahran Street
P.O. Box 8797 Amman 11121 Jordan
Tel: +962(6)5636060
Fax: +962(6)5928177

### Corporate Banking - AJIB Tower
200 Zahran Street
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Tel: +962(6)5607138
Fax: +962(6)5925127

### Shemsani Branch
Thaqafeh Street, Building No. 2
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Tel: +962(6)5607471

### Abdoun Branch
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Tel: +962(6)5607138

### Bayader Wadi Al-Seer Branch
Husni Soabar Street, Building No. 14
P.O. Box 8797 Amman 11121 Jordan
Tel: +962(6)5815831

### Al-Wehdat Branch
Madaba Street, Building No. 288
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Tel: +962(6)4751641

### Wadi Saqra Branch
Arar Street, Building No. 234
P.O. Box 8797 Amman 11121 Jordan
Tel: +962(6)4621942

### Tla'a Al-Ali Branch
Al-Madinah Al-Munawarah Street, Building No. 204
P.O. Box 8797 Amman 11121 Jordan
Tel: +962(6)5517546

### Al-Jubeiha Branch
Yajouz Street, Manhal Center 105
P.O. Box 8797 Amman 11121 Jordan
Tel: +962(6)5344743

### Al-Yasmeen Branch
Jabal Arafat Street, Building No. 51
P.O. Box 8797 Amman 11121 Jordan
Tel: +962(6)4209221

### Tabarbour Branch
Tariq Street, Building No. 110
P.O. Box 8797 Amman 11121 Jordan
Tel: +962(6)5058341

### Queen Alia International Airport Branch
Arrivals Terminal
P.O. Box 8797 Amman 11121 Jordan
Tel: +962(6)5003005

### Dabouq Branch
King Abdullah II Street - Al-Himma Plaza
P.O. Box 8797 Amman 11121 Jordan
Tel: +962(6)4654130

### Marj Al-Hamam Branch
Airport Road - Manaseer Gas Station
P.O. Box 8797 Amman 11121 Jordan
Tel: +962(6)5200720

### Abdali Branch
Abdali Mall Near Gate 3
P.O. Box 8797 Amman 11121 Jordan
Tel: +962(6)5696691

### Mecca Street Branch
Mecca Street, Building No. 19
P.O. Box 8797 Amman 11121 Jordan
Tel: +962(6)5800400

### Zarka Branch
King Hussein Street, Building No. 22
P.O. Box 2186 Amman 13110 Jordan
Tel: +962(5)3931351

### Zarka Al-Jadedah Branch
Mecca Street 36, Al-Barakah Complex
P.O. Box 2186 Amman 13110 Jordan
Tel: +962(5)3869097

### Irbid Branch
Baghdad Street, Near Jordan Post Office
P.O. Box 8797 Amman 11121 Jordan
Tel: +962(2)7279661

### Aqaba Branch
Al Kurneesh Street - Next to Aqaba Castle
P.O. Box 8797 Amman 11121 Jordan
Tel: +962(3)2022830

### Madaba Branch
Queen Rania Street, Building No. 33
P.O. Box 8797 Amman 11121 Jordan
Tel: +962(5)3243306

### Al-Salt Branch
Al-Salt Main Road
Salt Gate Commercial Complex
P.O. Box 8797 Amman 11121 Jordan
Tel: +962(5)3532160

### Bab Al Madineh Branch
Al Jaish Street, Bab Al Madineh Mall
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Tel: +962(5)3850329

### Al Karak Branch
Al Karak - Amman Road
Al Thania Area, Tarawneh Complex 3
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## OFFICES:

### City Mall Office
Tel: +962(6)5822489
Fax: +962(6)5824305

### TAJ Mall Office
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Fax: +962(6)5932083

### Four Seasons Hotel Office
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Fax: +962(6)5932083

### Queen Alia International Airport Offices
Departures
Passports 1
Passports 2
Transit
Gates 1
Gates 2
Crew Center
Tel: +962(6)5003005

### King Hussein Airport – Aqaba
Tel: +962(3)2022877

### Al-Huson Street Office – Irbid
Tel: +962(2)7245656

## INTERNATIONAL BRANCH:

### Cyprus Branch

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P.O.Box 54384, Limassol 3723 Cyprus
Tel: +357(25)351351
Fax: +357(25)360151

## SUBSIDIARIES AND AFFILIATED BANK

## SUBSIDIARIES:

### Arab Jordan Investment Bank (Qatar) L.L.C.

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Fax: (+974)44967348
Website: www.ajib.com

### The United Arab Jordan Company for Investment & Financial Brokerage

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Fax: +962(6)5696156
Website: www.uajib.com

### Al Kawthar Leasing Company

Mecca Street, Building No. 19
P.O. Box 8797 Amman 11121 Jordan
Tel: +962(6)5800411
Website: www.alkawtharleasing.com

## AFFILIATED BANK:

### Jordan International Bank - JIB

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Fax: +44(20)31440259
Website: www.jordanbank.co.uk

**General Management**
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