

**JORDAN ISLAMIC BANK - PUBLIC SHAREHOLDING COMPANY**

**CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2022**

**JORDAN ISLAMIC BANK – PUBLIC SHAREHOLDING COMPANY**

**AMMAN – JORDAN**

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**Independent auditor's report**  
**To the shareholders of Jordan Islamic Bank - Public Shareholding Company**  
**Amman- the Hashemite Kingdom of Jordan**

**Report on the Audit of the Consolidated Financial Statements**

**Our opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Jordan Islamic Bank (the "Bank") and its subsidiaries (together the "Group") as at 31 December 2022, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with Islamic shari'a rules and principles as determined by Shari'a's Supervisory Board of the Bank in accordance with Financial Accounting Standards as issued by the Accounting and Auditing Organization for Islamic Financial Institutions as adopted by the Central Bank of Jordan.

***What we have audited***

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of income for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of sources and uses of funds of Al Qard Al Hasan for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

**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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.



**Independent auditor's report**  
**To the shareholders of Jordan Islamic Bank - Public Shareholding Company (continued)**

**As of 31 December 2022**

**Our audit approach**

Overview

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**Key Audit Matters**

- Measurement of Expected Credit Losses
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As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We have designed the scope of the audit to perform sufficient procedures that enable us to express an opinion on the consolidated financial statements as a whole, taking into account the Groups structure, accounting processes, controls, and business segments.

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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.



**Independent auditor's report**  
**To the shareholders of Jordan Islamic Bank - Public Shareholding Company (continued)**

As of 31 December 2022

Key audit matter	How our audit addressed the key audit matter
<b>Measurement of Expected Credit Losses</b>	
<p>The Group applies the Expected Credit Loss model (ECL) on all its financial instruments measured at amortised cost, debt instruments measured at fair value through other comprehensive income and financial guarantee contracts including financing commitments in accordance with Financial Accounting Standard No. 30 as adopted by the Central Bank of Jordan instructions.</p>	<p>We performed the following audit procedures on the computation of the ECL included in the Group's consolidated financial statements for the year ended 31 December 2022:</p>
<p>The Group exercises significant judgement and makes a number of assumptions in developing its ECL models, which includes probability of default computation separately for retail and corporate portfolios, determining loss given default and exposure at default for both funded and unfunded exposures, forward looking adjustments, staging criteria and movement between stages.</p>	<ul style="list-style-type: none"><li>➤ We assessed and tested the design and operating effectiveness of the controls over the calculation of the expected credit losses model.</li><li>➤ We tested the completeness and accuracy of the data used in the calculation of ECL.</li><li>➤ For a sample of exposures, we checked the appropriateness of the Group's application of the staging criteria.</li></ul>
<p>For defaulted exposures, the Group exercises judgements to estimate the expected future cash flows related to individual exposures, including the value of collateral.</p>	<ul style="list-style-type: none"><li>➤ We involved our internal specialists to assess the following areas:</li></ul>
<p>The Group's impairment policy under FAS 30 as adopted by the Central Bank of Jordan Instructions is presented in notes (2 and 3) to the consolidated financial statements, and which is related to the differences between FAS 30 as should be implemented and what was implemented based on the Central Bank of Jordan instructions, and the significant accounting policies implemented when calculating the expected credit loss. The group also presents the credit risk management policies in note (63).</p>	<ul style="list-style-type: none"><li>● Conceptual framework used for developing the Group's impairment policy in the context of its compliance with the requirements of FAS 30 as adopted by the Central Bank of Jordan instructions.</li><li>● ECL modelling methodology and calculations used to compute the probability of default (PD), loss given default (LGD), and exposure at default (EAD) for the Group's classes of financial instruments and at each stage.</li><li>● Reasonableness of the assumptions made in developing the modelling framework including assumptions used for estimating forward looking scenarios and significant increase in credit risk.</li><li>● Recalculation of the expected credit losses for a sample of the impaired financial assets at each stage.</li></ul>
<p>Measurement of ECL is considered as a key audit matter as the Group applies significant judgments and makes a number of assumptions in the staging criteria applied to the financial instruments as well as in developing ECL models for calculating its impairment provisions including the expected value of collateral.</p>	



**Independent auditor's report**

**To the shareholders of Jordan Islamic Bank - Public Shareholding Company (*continued*)**

**As of 31 December 2022**

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- In addition, for the Stage 3 corporate portfolio, the appropriateness of provisioning assumptions were independently assessed for a sample of exposures selected on the basis of risk and the significance of individual exposures. An independent view was formed on the levels of provisions recognised, based on the detailed loan and counterparty information available in the credit file. For the Stage 3 retail portfolio, assumptions were independently assessed for each product category and an independent view was formed on the levels of provisions recognised at each category level.
  - We recalculated the provision for non-performing finances in accordance with the Central Bank of Jordan Instructions Number (47/2009).
  - We compared the expected credit loss calculated in accordance with FAS 30 as adopted by the Central Bank of Jordan Instructions with the provision for expected credit losses calculated in accordance with the instructions of the Central Bank of Jordan No. (47/2009) and ensured that the Group has recorded whichever is higher.
  - We assessed the consolidated financial statement disclosures to ensure compliance with Financial Accounting Standards as issued by the Accounting and Auditing Organization for Islamic Financial Institutions as adopted by the Central Bank of Jordan. We have also ensured completeness and accuracy of the disclosures by verifying the information to accounting records.
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**Independent auditor's report  
To the shareholders of Jordan Islamic Bank - Public Shareholding Company (continued)**

**As of 31 December 2022**

**Other information**

The management are responsible for the other information. The other information comprises all the other information included in the Group's annual report (but does not include the consolidated financial statements and our auditor's report therein), which 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 do not and 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.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

**Responsibilities of management and those charged with governance for the consolidated financial statements**

The management are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Islamic shari'a rules and principles as determined by Shari'a's Supervisory Board of the Bank in accordance with Financial Accounting Standards as issued by the Accounting and Auditing Organization for Islamic Financial Institutions as adopted by the Central Bank of Jordan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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



**Independent auditor's report  
To the shareholders of Jordan Islamic Bank - Public Shareholding Company (continued)**

**As of 31 December 2022**

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





**Independent auditor's report**  
**To the shareholders of Jordan Islamic Bank - Public Shareholding Company (continued)**

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


We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

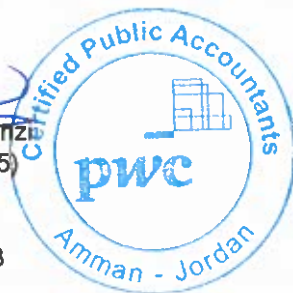
**Report on other legal and regulatory requirements**

The Bank maintains proper accounting records in accordance with Islamic shari'a rules and principles as determined by Shari'a's Supervisory Board of the Bank in accordance with Financial Accounting Standards as issued by the Accounting and Auditing Organization for Islamic Financial Institutions as adopted by the Central Bank of Jordan, and which are in agreement with the accompanying consolidated financial statements. We recommend the General assembly of the Shareholders to approve these consolidated financial statements.

For and on behalf of PricewaterhouseCoopers "Jordan"

  
Omar Jamal Katanzi  
License No. (1015)

Amman, Jordan  
14 February 2023



**Jordan Islamic Bank - Public Shareholding Company**  
**Consolidated Statement of Financial Position**  
**As at 31 December 2022**

**Statement (A)**

	Notes	31 December 2022 JD	31 December 2021 JD
<b>Assets</b>			
Cash and balances with central bank of Jordan	4	719,230,111	893,840,158
Balances at banks and financial institutions	5	43,400,535	52,703,935
Investment accounts at banks and financial institutions	6	1,417,959	-
Wakala Bil Istithmar accounts	7	35,208,483	35,300,761
Deferred sales receivables and other receivables –net	8	2,962,366,595	2,811,104,715
Ijarah Muntahia Bittamleek assets – net	9	888,242,179	802,548,602
Financing – net	10	38,447,971	36,826,085
Financial assets at fair value through income statement-self financed	11	47,359	-
Financial assets at fair value through owner's equity – self-financed	12	18,008,809	18,250,074
Financial assets at fair value through joint investment accounts holders' equity	13	33,869,916	31,015,003
Financial assets at amortized cost	14	396,361,912	268,452,049
Investments in associates	15	9,336,930	9,051,815
Investments in real estate	16	113,696,192	119,023,646
Al Qard Al Hasan – net	17	36,127,741	64,115,042
Property and equipment – net	18	85,502,051	91,709,560
Intangible assets	20	7,058,271	4,299,297
Right of use assets	21-A	10,763,279	12,283,463
Deferred tax assets	27-C	750,951	-
Other assets	22	63,338,951	52,057,938
<b>Total assets</b>		<b>5,463,176,195</b>	<b>5,302,582,143</b>
<b>Liabilities, joint investment accounts holders' equity, non-controlling interests and owner's equity</b>			
<b>Liabilities</b>			
Banks and financial institutions' accounts	23	37,104,499	56,333,430
Customers' current and on demand accounts	24	1,390,005,595	1,379,885,215
Cash margins	25	58,059,637	58,689,427
Other provisions	26	15,654,160	16,560,343
Income tax provision	27-A	31,300,247	32,652,979
Deferred tax liabilities	28	2,230,404	3,141,708
Lease obligations	21-B	10,952,521	12,276,600
Other liabilities	29	33,369,309	41,808,699
<b>Total liabilities</b>		<b>1,578,676,372</b>	<b>1,601,348,401</b>
<b>Joint investment accounts holders' equity</b>			
Unrestricted investment accounts	30-A	3,333,076,044	3,150,272,953
Investment accounts holders' reserve in subsidiaries and associates	30-B	14,942,207	14,256,895
Fair value reserve – net	31-A	711,012	2,056,113
<b>Total joint investment accounts holders' equity</b>		<b>3,348,729,263</b>	<b>3,166,585,961</b>
Non-controlling interests	30-B	38,956	38,798
<b>Total joint investment accounts holders' equity and non-controlling interest</b>		<b>3,348,768,219</b>	<b>3,166,624,759</b>
Provision against future risks	32-A	15,155,371	25,000,000
<b>Equity</b>			
<b>Owner's equity</b>			
Paid-in capital	33	200,000,000	200,000,000
Statutory reserve	34	120,471,745	110,912,379
Voluntary reserve	34	64,602,142	55,081,786
Fair value reserve	31-B	2,928,070	3,069,831
Retained earnings	35	132,574,276	140,544,987
<b>Total owner's equity – Bank's shareholders</b>		<b>520,576,233</b>	<b>509,608,983</b>
<b>Total liabilities, joint investment accounts holders' equity, non-controlling interests and owner's equity</b>		<b>5,463,176,195</b>	<b>5,302,582,143</b>
<b>Accounts managed for others:</b>			
Restricted investments	57	116,452,531	66,273,250
Al Wakala Bi Al Istithmar (Investments portfolio)	58	535,034,031	505,495,559
Al Wakala Bi Al Istithmar	59	75,632,438	78,199,218

General Manager

Chairman

The accompanying notes from (1) to (70) represent an integral part of these consolidated financial statements and should be read with them

**Jordan Islamic Bank - Public Shareholding Company**  
**Consolidated Income Statement**  
**For the year ended 31 December 2022**

**Statement (B)**

	Notes	31 December 2022 JD	31 December 2021 JD
Deferred sales revenues	36	151,432,876	147,853,437
Financing revenues	37	539,759	508,087
Gain from financial assets at fair value through joint investment accounts holders' equity	38	612,190	1,910,281
Gain from financial assets at amortized cost	39	12,959,659	9,174,786
Dividends from subsidiaries and associates	40	1,048,200	2,119,804
Revenues from Investments In real estate	41	4,396,572	3,864,507
Revenues from Ijarah Muntahia Bittamleek assets	42	51,283,561	47,412,119
Revenues from other investments	43	1,848,229	1,560,276
Expected credit losses - joint	32-D	-	(6,000,000)
<b>Revenues from joint investment accounts</b>		<b>224,121,046</b>	<b>208,403,297</b>
Net income of subsidiaries	44	1,018,706	(589,271)
Share of profit from investments in associates		848,545	773,489
<b>Total revenues from joint investment accounts</b>		<b>225,988,297</b>	<b>208,587,515</b>
Deposits insurance fees – Joint Investment accounts		(5,239,437)	(4,748,586)
Share of unrestricted investment account holders'	45	(82,123,623)	(64,474,970)
Share of investment accounts holders' from income of subsidiaries		(1,018,541)	586,864
Share of non-controlling interests from income of subsidiaries		(165)	2,407
Share of profit from investments in associates		(848,545)	(773,489)
<b>Bank's share of the joint investment accounts revenues as Mudarib and Rab AL - Mal</b>	46	<b>136,757,986</b>	<b>139,179,741</b>
Bank's self-financed revenues	47	37,395	241,305
Bank's share of restricted investments revenues as Mudarib	48	563,047	456,950
Bank's share of restricted investments revenues as Wakeel	48	8,433,497	7,528,092
Banking services revenues	49	27,707,427	23,326,630
Foreign currency gain	50	2,481,857	2,471,679
Other income	51	3,062,781	2,314,373
Deposits insurance fees – Self		(4,678,851)	(4,239,492)
<b>Gross income</b>		<b>174,365,139</b>	<b>171,279,278</b>
Employees expenses	52	(44,502,000)	(41,920,751)
Depreciation and amortization	19	(8,138,542)	(8,363,158)
Other expenses	53	(24,206,944)	(22,786,853)
Provision for expected credit loss – self	17	(929,000)	(1,153,000)
Other provisions	26 & 54	(1,050,000)	(600,000)
<b>Total expenses</b>		<b>(78,826,486)</b>	<b>(74,823,762)</b>
<b>Profit before income tax</b>		<b>95,538,653</b>	<b>96,455,516</b>
Income tax	27-B	(34,429,642)	(37,397,819)
<b>Profit after income tax</b>		<b>61,109,011</b>	<b>59,057,697</b>
		JD/Fils	JD/Fils
<b>Basic earnings per share for the year</b>	55	<b>0/306</b>	<b>0/295</b>

**General Manager**

**Chairman**

The accompanying notes from (1) to (70) represent an integral part of these consolidated financial statements and should be read with them

**Jordan Islamic Bank - Public Shareholding Company**  
**Consolidated Statement Comprehensive Income**  
**For the year ended 31 December 2022**

**Statement (C)**

	31 December 2022	31 December 2021
	JD	JD
Profit after income tax	61,109,011	59,057,697
<b>comprehensive income items, net after tax:</b>		
Change in fair value reserve of financial assets – net	(141,761)	197,007
<b>Total comprehensive income for the year</b>	<b><u>60,967,250</u></b>	<b><u>59,254,704</u></b>

The accompanying notes from (1) to (70) represent an integral part of these consolidated financial statements and should be read with them

**Jordan Islamic Bank - Public Shareholding Company**  
**Consolidated Statement of Changes in Owner's Equity**  
**For the year ended 31 December 2022**

**Statement (D)**

	Paid-in capital	Statutory reserve	Voluntary reserve	Fair value reserve*	Retained earnings**	Total
	JD	JD	JD	JD	JD	JD
<b>For the year ended 31 December 2022</b>						
<b>Balance at 1 January 2022</b>	200,000,000	110,912,379	55,081,786	3,069,831	140,544,987	509,608,983
Profit after income tax	-	-	-	-	61,109,011	61,109,011
Change in fair value reserve	-	-	-	(141,761)	-	(141,761)
<b>Total comprehensive income for the year after tax</b>	-	-	-	<b>(141,761)</b>	<b>61,109,011</b>	<b>60,967,250</b>
Transferred to (from) reserves	-	9,559,366	9,520,356	-	(19,079,722)	-
Dividends***	-	-	-	-	(50,000,000)	(50,000,000)
<b>Balance at 31 December 2022</b>	<b>200,000,000</b>	<b>120,471,745</b>	<b>64,602,142</b>	<b>2,928,070</b>	<b>132,574,276</b>	<b>520,576,233</b>

\* The fair value reserve balance of JD 2,928,070 as at 31 December 2022 is restricted from use.

\*\* An amount of JD 1,000,000 from retained earnings, which was transferred from general banking risk reserve, is restricted from use without prior approval from the Central bank of Jordan.

\*\* An amount of JD 750,951 from retained earnings balance, which represents deferred tax assets as at 31 December 2022, is restricted from use according to the Central bank of Jordan and the Securities Commission.

\*\*\* The General Assembly approved on 26 April 2022 the distribution of cash dividends to shareholders at a rate of 25% from the paid in capital of JD 200 million/ share, amounted to JD 50 million through distribution from retained earnings.

The accompanying notes from (1) to (70) represent an integral part of these consolidated financial statements and should be read with them

**Jordan Islamic Bank - Public Shareholding Company**  
**Consolidated Statement of Changes in Owner's Equity**  
**For the year ended 31 December 2022**

**Statement (D)**

	Paid-in capital	Statutory reserve	Voluntary reserve	Fair value reserve*	Retained earnings**	Total
	JD	JD	JD	JD	JD	JD
<b>For the year ended 31 December 2021</b>						
<b>Balance at 1 January 2021</b>	200,000,000	101,261,327	45,472,758	2,888,319	124,731,875	474,354,279
Profit after income tax	-	-	-	-	59,057,697	59,057,697
Change in fair value reserve	-	-	-	197,007	-	197,007
Profits realized from sale of financial assets at fair value through owner's equity	-	-	-	(15,495)	15,495	-
<b>Total comprehensive income for the year after tax</b>	-	-	-	<b>181,512</b>	<b>59,073,192</b>	<b>59,254,704</b>
Transferred to (from) reserves	-	9,651,052	9,609,028	-	(19,260,080)	-
Dividends***	-	-	-	-	(24,000,000)	(24,000,000)
<b>Balance at 31 December 2021</b>	<b>200,000,000</b>	<b>110,912,379</b>	<b>55,081,786</b>	<b>3,069,831</b>	<b>140,544,987</b>	<b>509,608,983</b>

\* The fair value reserve balance of JD 3,069,831 as at 31 December 2021 is restricted from use.

\*\* An amount of JD 1,000,000 from retained earnings, which was transferred from general banking risk reserve, is restricted from use without prior approval from the Central bank of Jordan.

\*\*\* The General Assembly approved on 22 April 2022 the distribution of cash dividends to shareholders at a rate of 12% from the paid in capital of JD 200 million/ share, amounted to JD 24 million through distribution from retained earnings.

The accompanying notes from (1) to (70) represent an integral part of these consolidated financial statements and should be read with them

**Jordan Islamic Bank - Public Shareholding Company**  
**Consolidated Statement of Cash Flows**  
**For the year ended 31 December 2022**

**Statement (E)**

	Notes	31 December 2022 JD	31 December 2021 JD
<b><u>Cash flows from Operating Activities</u></b>			
Profit before tax		95,538,653	96,455,516
<b>Adjustments to non-cash items:</b>			
Depreciation and amortization	19	8,138,542	8,363,158
Cost of lease obligation	21-B	628,719	681,858
Employees' end of services provision	54	850,000	500,000
Employees' vacation provision	54	200,000	100,000
Provision for expected credit loss- joint		-	6,355,116
Provision for expected credit loss- self		929,000	1,153,000
Gain on sale of property and equipment		(545,652)	(5,231)
Gain on sale of investments in real estate		(3,257,586)	(2,866,461)
Profits from the sale of a subsidiary		-	(1,071,604)
Effect of exchange rate fluctuations on cash and cash equivalents		(1,594,020)	(1,713,919)
<b>Profit before change in assets and liabilities</b>		<b>100,887,656</b>	<b>107,951,433</b>
<b>Change in assets and liabilities</b>			
Increase in investment accounts at banks and financial institutions maturing after 3 months		(1,418,000)	-
Increase in deferred sales receivables and other receivables		(161,231,052)	(229,097,030)
Increase in financing		(1,606,277)	(2,963,852)
Increase in Ijarah Muntahia Bittamleek Assets		(85,731,335)	(96,803,079)
Decrease in Al Qard Al Hasan		26,959,263	12,343,387
Increase in other assets		(4,736,600)	(3,157,677)
Increase in customers' current and on demand accounts		10,120,380	114,638,353
(Decrease) Increase in cash margins		(629,790)	7,266,360
(Decrease) Increase in other liabilities		(7,906,324)	3,608,781
<b>Net change in assets and liabilities</b>		<b>(226,179,735)</b>	<b>(194,164,757)</b>
<b>Net cash flows used in operating activities before income tax and other payments</b>			
		<b>(125,292,079)</b>	<b>(86,213,324)</b>
Income tax paid	27-A	(36,533,325)	(30,887,285)
<b>Net cash flows used in operating activities</b>		<b>(161,825,404)</b>	<b>(117,100,609)</b>
<b><u>Cash flows from Investing Activities</u></b>			
Purchase of financial assets at fair value through income statement– self		(47,359)	-
Sale of financial assets at fair value through owner's equity - self		12,618	61,347
sale of financial assets at fair value through joint investment accounts holders' equity		275,000	3,948,626
Purchase of financial assets at fair value through joint investment account holders' equity		(3,321,439)	(1,991,850)
Purchase of financial assets at amortized cost - net		(183,571,853)	(141,708,666)
Maturity of financial assets at amortized cost - net		55,505,609	69,569,677
Sale of real estate investments		6,588,695	5,822,025
Purchase of real estate investments		-	(910,990)
Own of repossessed assets		(12,719,324)	(18,279,381)
Sale of repossessed assets		5,041,477	961,446
Sale of property and equipment		4,569,218	5,253
Purchase of property and equipment		(3,217,813)	(2,599,902)
Purchase of intangible assets		(3,918,473)	(2,462,842)
<b>Net cash flows used in investing activities</b>		<b>(134,803,644)</b>	<b>(87,585,257)</b>
<b><u>Cash flows from Financing Activities</u></b>			
Increase in unrestricted investment accounts holders' equity		182,816,698	306,887,579
Distributed dividends		(50,000,000)	(24,000,000)
Payment of lease liabilities	21-B	(2,131,754)	(2,130,952)
<b>Net cash flow from financing activities</b>		<b>130,684,944</b>	<b>280,756,627</b>
<b>Net increase (decrease) in cash and cash equivalents</b>			
		<b>(165,944,104)</b>	<b>76,070,761</b>
Effect of exchange rate on cash and cash equivalents		1,594,020	1,713,919
Cash and cash equivalents at the beginning of the year	56	890,471,603	812,686,923
<b>Cash and cash equivalents at the end of the year</b>	56	<b>726,121,519</b>	<b>890,471,603</b>

The accompanying notes from (1) to (70) represent an integral part of these consolidated financial statements and should be read with them

**Jordan Islamic Bank - Public Shareholding Company**  
**Consolidated Statement of Sources and Uses of Al Qard Al Hasan Fund**  
**For the year ended 31 December 2022**

**Statement (F)**

	31 December 2022	31 December 2021
	<u>JD</u>	<u>JD</u>
Balance at the beginning of the year	68,865,578	81,208,965
<b>Sources of the Fund:</b>		
Central bank of Jordan account / Al Qard Al Hasan Fund	24,706,391	53,439,029
Sources the Bank is authorized to use	58,068,443	48,910,517
Sources outside the Bank	2,522,980	2,129,520
<b>Total sources of the Fund for the year</b>	<b><u>85,297,814</u></b>	<b><u>104,479,066</u></b>
<b>Uses of the Fund:</b>		
Education	480,753	462,770
Medical treatment	368,855	403,230
Marriage	364,390	584,010
Overdraft accounts	12,279,058	11,517,567
Social advances for the Bank's employees	2,839,180	2,721,323
Central bank of Jordan's program for facing Corona pandemic & med-term crisis agreement	100,000	7,581,201
<b>Total uses for the year</b>	<b><u>16,432,236</u></b>	<b><u>23,270,101</u></b>
<b>Settled for the year</b>	<b><u>(43,391,499)</u></b>	<b><u>(35,613,488)</u></b>
<b>Balance at the end of year</b>	<b><u>41,906,315</u></b>	<b><u>68,865,578</u></b>
Less: Provision for expected credit loss – self	(5,778,574)	(4,750,536)
<b>Balance at the end of year – net</b>	<b><u>36,127,741</u></b>	<b><u>64,115,042</u></b>

The accompanying notes from (1) to (70) represent an integral part of these consolidated financial statements and should be read with them



**(1) General Information**

Jordan Islamic Bank (“the Bank”) was established as a Jordanian public shareholding company on 28 November 1978 pursuant to the provisions of the companies law No. (12) of 1964. Head office is located in Amman with a capital of 200 million dinar.

The Bank offers banking, financial, and investment services in compliance with the rules and principles of the Islamic Shari’a through its head office, 89 branches and 22 banking offices in the Kingdom as well as its subsidiaries. The Bank’s transactions are governed by the applicable Bank’s Law.

Jordan Islamic Bank shares are listed on the Amman Stock Exchange – Jordan.

The consolidated financial statements were authorized for issue by the Bank’s Board of Directors in their meeting No. (1) held on 14 February 2023 and it is subject to the approval of the General Assembly and the Central bank of Jordan.

The Bank’s Shari’a Supervisory Board reviewed the consolidated financial statements on its meeting No. (1/2023) held on 30 January 2023 and issued their annual report thereon.

According to the Bank’s articles of association and in compliance with the principles and rules of the Islamic Shari’a and the general Banks’ Laws, the Shari’a Supervisory Board is constituted of three members according to the shareholder’s General Assembly decision. The opinion of Shari’a Supervisory Board shall be binding to the Bank, and it is responsible for monitoring the Bank’s activities and operations in terms of compliance with Shari’a principles and is responsible for furnishing a Shari’a opinion on the format of contracts necessary to undertake the Bank’s activities and issue an annual report for the shareholder’s General Assembly.

**(2-1) Basis of preparation of the financial statements:**

The accompanying consolidated financial statements of the Bank and its subsidiaries financed from the Bank’s funds and the joint investment funds (“the group”) have been prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and it was approved by Central Bank of Jordan. In the absence of Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions relating to financial statements items, the International Financial Reporting Standards and related interpretations are applied in conformity with the Shari’a standards, pending the promulgation of Islamic Standards therefor.

The main differences between the Islamic accounting standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions as they should be applied, and the instructions of the Central Bank of Jordan can be summarized as follows:

- The provision for expected credit losses for direct facilities is recorded in accordance with the standard Impairment and Credit Losses and Onerous Commitments (FAS 30) issued by the Accounting and Auditing Organization for Islamic Financial Institutions and Central Bank of

**Jordan Islamic Bank - Public Shareholding Company**  
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Jordan instructions No. 47 of 2009, and the most severe results are taken for the stage 2 and stage 3.

- A provision was calculated against the infringing repossessed real estate at the rate of 5% of the total book values of those real estate, and according to the Central Bank of Jordan Circular No. (10/3/16234) dated October 10, 2022, the calculation of the impairment provision for the infringing repossessed real estate was stopped and the balance of the existing provision will be released for any Of the repossessed real estate that is got rid of.

- No expected credit losses provision is calculated on exposures or guarantees of the Jordanian government.

- Profits are suspended on non-performing credit financing.

The methodology for applying the standard of impairment of assets, expected credit losses, and liabilities with high risks (FAS 30) ; inputs, mechanisms and assumptions used in calculating expected credit losses and details of the Central Bank of Jordan instructions No. 47 of 2009 are disclosed within the credit risk policy ( note 63).

The consolidated financial statements have been prepared according to the historical cost basis, except for financial assets through the income statement, financial assets at fair value through equity, financial assets at fair value through equity of joint investment account holders, and investments in real estate, which appear at fair value on the date of the consolidated financial statements.

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

A distinction should be made between owner's equity (self) and joint investment accounts holders' (joint).

**(2-2) Basis of consolidation of the financial statements:**

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries financed from the Bank's funds and the joint investment funds and subject to the Bank's control. Control exists when the Bank has power to govern the financial and operational policies of subsidiaries in order to obtain benefit from their activities. All intra-company transactions, balances, revenues, and expenses are eliminated.

The financial statements of subsidiaries are prepared for the same reporting period as the Bank, using consistent accounting policies.

The results of subsidiaries operations are consolidated in the consolidated income statement from the acquisition date, being the date the Bank obtains control over subsidiaries. The results of operations for disposed subsidiaries shall be consolidated within the consolidated income statement until the date of disposal, which is the same date on which the Bank's loses control over subsidiaries.

**Jordan Islamic Bank - Public Shareholding Company**  
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The non-controlling interests represent the portion not owned by the Bank or by the unrestricted investment accounts of the subsidiaries owner's equity.

Investments in subsidiaries are accounted for at cost when the Bank issues separate financial statements.

The Bank has the following subsidiaries as at 31 December 2022:

<u>Company name</u>	<u>Paid-in capital</u>	<u>Bank's ownership percentage</u>	<u>Funding source</u>	<u>Nature of business</u>	<u>Country of incorporation</u>	<u>Acquisition date</u>
	JD					
Al Omariah Schools Company Ltd.	16,000,000	99.8%	Joint	Education	Amman	1987
Al Samaha Financing and Investment Company Ltd.	12,000,000	100%	Joint	Financing	Amman	1998
Future Applied Computer Technology Company Ltd.	5,000,000	100%	Self	Services	Amman	1998
Sanabel Al-Khair for Financial Investments Company Ltd.	5,000,000	100%	Self	Brokerage	Amman	2005

**(2-3) Changes in accounting policies**

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Bank's consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following standards:

**FAS 37 Financial Reporting by Waqf Institutions**

This standard provides comprehensive accounting and financial reporting requirements for Waqf and similar institutions including general presentation and disclosures, specific presentation requirements (e.g. in case of Ghallah) and the key accounting treatments in respect of certain aspects specific to Waqf institutions. The principles set forth in this standard are consistent with Shari'ah principles and rules. This enables better comprehension of information included in the general-purpose financial statements and enhances the confidence of the stakeholders of the Waqf institutions.

The application of this standard on the consolidated financial statements did not have any impact.

**FAS 38 "Wa'ad, Khiyar and Tahawwut"**

This standard prescribes the accounting and reporting principles and requirements for Wa'ad (promise), Khiyar (option), and Tahawwut (hedging) arrangements for Islamic financial institutions. Many products e.g. Murabaha and Ijarah offered by institutions combine the application of Wa'ad or Khiyar in one form or another. Ancillary Wa'ad or Khiyar, in line with this standard, is such Wa'ad or Khiyar associated with a Shari'ah compliant arrangement by relation to its structure which does not give rise to any asset or liability unless it has turned into an onerous contract or commitment. Product Wa'ad or Khiyar, on the other hand, is a stand-alone Shari'ah compliant arrangement which is used either as a normal product or, at times, for the purpose of Tahawwut. It may take the form of a single transaction or a series or combination thereof and may convert into a future transaction or series of transactions, in line with Shari'ah principles and rules. Such transactions give rise to an asset or a liability for the parties, subject to the conditions specified in this standard.

The application of this standard on the consolidated financial statements did not have any impact.

Standards issued and not yet effective are disclosed in Note (70) and do not have a material impact on the consolidated financial statements.

There are no new standards that are binding and the group has not applied them as of 31 December 2022.

## **(2-4) Significant Accounting Policies**

### **1. Segment Information:**

Business segment represents a group of assets and operations of the Bank that are engaged together in providing products or services that are subject to risks and rewards different from those related to other business sectors and are measured in accordance with the reports used by the General Manager and operating decision maker of the Bank.

Geographical segments are associated to products and services in a specific economic environment subject to risks and rewards different from those sectors operating in other economic environments.

### **2. Basis of distributing joint investments profit between owner's equity, unrestricted investment accounts holders', restricted investments accounts holders' and Al-Wakala Bi Al Istithmar accounts holders' (Investment portfolio):**

#### **Unrestricted investment accounts:**

The Bank share as Mudarib was 50% for Jordanian dinar and 60% for foreign currency from total joint investment profit. (2021: 50% for Jordanian dinar, 60% for foreign currency), the remaining balance was distributed between each according to its percentage of contribution, taking into consideration that the priority for funds investment relates to the unrestricted investment accounts holders'.

The bank waived a portion of its share as Mudarib to become 38% instead of 50% (2021: 43.4% instead of 50%) to improve the overall share of profits distributed to all the Unrestricted investment account holders with an amount of JD 16,980,000 (2021: 7,000,000 JD) and some of the Unrestricted investment account holders with an amount of 8,641,880 JD (2021: 6,062,412 JD). The bank waived a portion of its share as Mudarib in foreign currencies to become 45.4% instead of 60% (2021: 60%) to improve the overall share of profits distributed to all the Unrestricted investment account holders with an amount of JD 1,060,000 and some of the Unrestricted investment account holders with an amount of JD 336,157.

The Unrestricted investment accounts share in the investment profits, which are distributed to all investors each by its percentage of participation and conditions of the account agreement signed between the Bank and the investor.

**Unrestricted investment accounts participate in the profit as follows:**

- 40% of the annual average balance of saving accounts.
- 70% of the annual average balance of notice accounts.
- 90% of the minimum balance of term deposit accounts.

The Bank bears all administrative expenses except for the insurance expense of Ijarah Muntahia Bittamleek assets which are allocated to the joint investment accounts profit.

**Al wakala Bi Al Istishmar accounts (investment portfolio):**

The Bank's fees as an agent (wakeel) were deducted at a rate of 2% of the Al Wakala Bi Al Istithmar account's Capital (Investment Portfolio) as of 31 December 2022. If the annual net profit exceeds 3% after deducting the dividend tax, the excess shall be divided equally between the mawkeel and the wakeel as an incentive for the wakeel. The bank (wakeel) waived part of its share as a wakeel and its share in the increase in net profit by 3% after deducting income tax from the distributed profits determined according to the prospectus with an amount of JD 1,619,644 (2021: JD1,276,220).

The Bank's fees as an agent (wakeel) were deducted at a rate of 2% of the Al Wakala Bi Al Istithmar account's Capital (Investment Portfolio) as of 30 June 2022. The Bank waived (as an agent – Wakeel) a portion of its share of the increase in net profit over 3% after deducting the income tax on the agreed distributed dividends under the prospectus of an amount of JD 1,447,517 (2021: JD 1,175,041).

Profit was distributed to Al Wakala Bi Al Istithmar (Investment Portfolio) accounts holders' after deducting the Bank's fees as an agent (wakeel).

**Restricted investment accounts are managed through Mudaraba and Wakala contracts:**

Bank's share as Mudarib was deducted at a rate ranging between 7% - 25% (2021: 7% - 25%) from restricted investment accounts' profits in Jordanian Dinar and 45% from restricted investment accounts profits on foreign currencies. general profit rate distributed to restricted investment accounts in Jordanian Dinars was 2% and foreign currencies restricted investments accounts was between 0.5% - 1% as at 31 December 2022 (2021: 0.5% and 1% respectively).

Bank's fee as Wakeel was deducted at a rate ranging between 0.7% - 1.25% on restricted investment accounts/ Wakala contracts for the period ended 31 December 2022 (2021: 0.7%-1.25%)

Profit was distributed after deducting the Bank's share as Mudarib/Wakeel on the restricted investment accounts/ Al Wakala Bi Al Istithmar accounts.

### **3. Shari'a non-compliant revenues, gains, expenses and losses:**

The Bank recognize these amounts in a separate account within the other liabilities and shall be distributed to charitable activities as determined by the Shari'a Supervisory Board.

### **4. Zakah:**

The responsibility of Zakah payment rests on the shareholders and investments accounts holders upon the fulfilment of Zakah required conditions.

### **5. Deferred sales receivables:**

#### **5.1 Murabaha Contracts:**

Murabaha: is selling a commodity for the same purchase price plus an agreed predetermined profit margin computed based on a percentage of the price or fixed amount, and it represent one of Boy'ou Amanah types that depends on disclosing the purchase price or cost.

Murabaha to the purchase orderer: is the transaction whereby the Bank sells a commodity to its customer (purchase orderer) with a markup on its purchase price (or cost) after identifying that increment (Murabaha profit). It is also called Banking Murabaha.

The Bank applies the commitment to the promise principle in Murabaha to the purchase orderers contracts in accordance with the standards issued by Accounting and Auditing Organization for Islamic Financial Institutions.

Deferred sales profit (by which the buyer will pay a lump sum price that matures at a future date or instalments paid at various subsequent dates) is recognized through the proportional allocation of this profit to the future financial periods until the maturity date of the contract, regardless of whether the payment is settled or not.

Deferred sales receivables are recognized when the transaction takes place at its face value and are measured at the end of the financial period based on the net realizable expected cash value, which is the amounts owed by customers at the end of the financial period less expected credit loss.

#### **5.2 Istisna'a contracts:**

**Istisna'a:** is a sale contract between Al-Mustasni' (the buyer) and Al-Sani' (the seller) whereby Al-Sani' based on the order of Al-Mustasni' undertakes to have manufactured or otherwise acquire a prescribed commodity (Al- Masnoo') upon delivery in return for an agreed upon price and method of settlement, whether at the time of contracting, by instalments or deferred to specific future time. It is a condition that Al- Sani' provides the material and/or labor of Al - Masnoo'.

**Parallel Istisna'a:** is conducting two separate contracts, one with the customer in which the Bank represents Al-Sani' and the other with Al-Sani' (contractor) in which the Bank represents Al- Mustasni'. Profit is achieved through the price difference in the two contracts, in most cases one contract is immediately effective (with Al-Sani') and the second is deferred (with the customer).

Istisna'a costs include direct and indirect costs of the Istisna'a activities that can be allocated on an objective basis for certain contracts. General and administrative expenses, marketing expenses, and research and development costs shall not be included in Istisna'a costs.

Istisna'a costs incurred during the financial period, as well as pre-contract costs shall be recognized in Istisna'a in progress account in (Istisna'a) or in Istisna'a cost account (in Parallel Istisna'a).

In cases where Al-Mustasni' (the buyer) fails to settle the agreed upon price in full and agree to make repayment through instalments during the execution of the contract or after the completion of the contract, deferred profit shall be recognized and offset against Istisna'a receivables balance in the Bank's statement of financial position. This treatment shall be applied whether the percentage of completion method or completed contract method is used in recognising Istisna'a revenues. Deferred profit recognized shall be allocated over the future financial periods whereby each financial period shall carry its portion of profit irrespective of whether cash is received or not.

Istisna'a contracts are presented in the total amounts paid by the Bank since contract inception, while parallel Istisna'a contracts are presented in the net contractual value. impairment provision is calculated as expected credit loss with forward looking characteristics in relation to obligors and financial environment.

Any additional costs paid by the Bank in Parallel Istisna'a as a result of breaching the contractual obligations are recognized as losses in the consolidated income statement and shall not be recognized in the calculation of the Istisna'a costs account.

In case the bank retains Al- Masnoo', the asset is measured at the lower of expected realizable cash value or cost. Any difference between these values shall be recognized in consolidated income statement for period in which it was occurred.

### **5.3 Assets available for deferred sale:**

This item represents assets acquired by the Bank for the purpose of selling these assets on a deferred basis (instalments). This type of selling assets is also called instalment-bargain sale to distinguish it from Murabaha to the purchase orderer.

At contract inception, the assets available for deferred sale shall be recognized and measured at cost (purchase price and any direct expenses related to acquisition of the assets).



Assets available for deferred sales shall be revaluated at fair value at the end of the financial period, the change in the value, if any shall be measured as the difference between the book value and the fair value. Unrealized profits (losses) shall be recognized in the fair value reserve account.

Profits of the deferred sales shall be recognized on an accrual basis and proportionally allocated over the period of the contract. Profits related to future financial periods shall be recognized in the deferred sales profit account.

Deferred sales receivables shall be recognized at contract inception and measured at their face value (contracted value).

#### **6. Musharaka financing:**

It is the provision of funds by the Bank and customer equally or differently in order to set up a new project or participate in an existing one, whereby each of them would own a share in the capital either on a fixed or diminishing basis and would be titled to its share of the gains. Losses are divided proportionate to the partner's share in capital, whereby it would be inappropriate to stipulate otherwise, Musharaka is divided into fixed or diminishing Musharaka Muntahia Bittamleek.

The Bank's share in Musharaka capital is recorded upon delivery to the managing partner or when it is deposited in Musharaka account, as it is measured at the cash paid value or at fair value if in-kind. If a difference results from the evaluation of the in-kind item between fair value and book value, it is recognized as a profit or a loss.

The capital in the diminishing Musharaka is measured at the end of the financial year at the historical value less the historical value of the share sold at the agreed upon fair value, and the difference between both values is recorded as a profit or loss in the consolidated statement of income.

The Bank's share of the gains or (losses) of Musharaka financing which arises or expires during the financial year is recorded after settlement. In the event that Musharaka continues for more than a financial year, the Bank's share of the profits is recorded upon their realization by accounting for them, in whole or any part thereof, between the Bank and the partner in the financial year in which the profits occur to the extent of the distributed profits. Moreover, losses for a financial year are recorded in that year to the extent of the losses by which the Bank's share in the Musharaka capital is reduced.

An additional provision of expected credit losses for deferred sale receivable and other receivables in case there is an indication of a significant increase in credit risk.

In the event that losses occur due to the partner's wrongdoing or default, the partner shall bear the losses and they will be recorded as a liability against them.

At the end of the financial year, the financing assets are recorded at cost or at cash value expected to be realized, whichever is lower, and the difference is recorded as an expected credit losses provision.

Deferred sales receivables and funding financed from unrestricted investment accounts are written off in the event that the measures taken to collect them are not feasible and is recorded on expected credit losses provision account, and the proceeds from the receivables / finances that were previously written off are added to the investment profit account. Deferred sales receivables and finances that are self-funded are written off in the event that the measures taken to collect them are not feasible and is recorded on expected credit losses provision account - self, and the proceeds from the receivables / finances that were previously written off are added to the revenues account. Any surplus in the gross provision - if any - is transferred to the consolidated income statement.

#### **7. Financial assets at fair value through income statement:**

Financial assets at fair value through income statement are those purchased with the intent to resell in the near future to generate gains because of fluctuations in market prices short run or trading profit margins.

They are initially recognized at the fair value of consideration given (transaction costs are recorded in the consolidated income statement at the point of purchase) and subsequently re-measured at fair value. All realized and unrealized gains or losses are transferred to the consolidated income statement including any gains or losses resulting from the translation of such assets held in foreign currencies to the functional currency. Profits realized and dividends received are recorded in the consolidated income statement.

#### **8. Financial assets at fair value through owner's equity– self financed:**

These assets represent investments in equity instruments funded by the Bank's self-funds in order to hold them in the long term (strategic investments).

These assets are initially recognized at fair value plus acquisition expenses, and subsequently measured at fair value. The change in fair value is presented in the fair value reserve within the owner's equity.

Gains and losses resulting from the sale of these assets is recognized within the retained earnings in accordance with FAS 33 and the Central bank of Jordan regulations.

Any impairment loss in the value of these assets shall be recognized within the consolidated income statement.

Impairment losses previously recognized in the consolidated income statement can be retrieved if it is objectively evidenced that the increase in the fair value occurred in the period subsequent to the recording of impairment losses through the fair value reserve within the shareholders' equity.

Gains derived from these financial assets are recognized within the consolidated income statement at the date of distribution.

Gains and losses resulting from foreign currency translation differences for these assets are recognized within the fair value reserve.

Financial assets which fair value cannot be determined reliably are stated at cost, and tested for impairment at the end of each financial period and any impairment is recognized in the consolidated income statement and cannot be retrieved in subsequent periods.

#### **9. Financial assets at fair value through joint investment account holders' equity:**

These assets represent investments in equity instruments and funded by joint investments accounts in order to hold them in the long term.

These assets are initially recognized at fair value plus acquisition expenses, and subsequently measured at fair value. The change in fair value is presented in the fair value reserve within joint investment account holders' equity.

Gains and losses resulting from the sale of these assets and impairment losses is recognized within the consolidated income statement including amounts previously recognized in joint investments accounts holders' equity in accordance with the Central bank of Jordan regulations.

The impairment losses previously recognized in the consolidated income statement can be retrieved if it is objectively evidenced that the increase in the fair value occurred in the period subsequent to the recording of impairment losses through the fair value reserve within the joint investment accounts.

Gains derived from these financial assets is recognized within the consolidated income statement at the date of distribution.

Gains and losses resulting from foreign currency translation differences for these assets are recognized within the fair value reserve.

Financial assets which fair value cannot be determined reliably are stated at cost, and tested for impairment at the end of each financial period and any impairment is recognized in the consolidated income statement and cannot be retrieved in subsequent periods.

#### **10. Financial assets at amortized cost:**

This item represents financial assets invested based on contractual cash flows and is not held for trading or recognized as financial assets at fair value through income statement. Cash flows constituting of variable or constant return on the outstanding principal amount and profit.

These instruments are initially measured at cost plus acquisition expenses.

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These assets are measured using the effective profit method at the end of the financial period. All gains and losses arising from the amortization process are recognized in the consolidated income statement.

Financial assets at amortized cost book value are reduced by the expected credit loss and are recognized within the consolidated income statement (in case the investment is self-financed) and within investment risk fund revenues (in case the investment is jointly financed).

**11. Investments in associates:**

An associate is an entity in which the Bank has significant influence over its financial and operating policies and is not controlled by the Bank, where the Bank hold a rate between 20% to 50% of the voting rights.

The Bank's investment in associates is accounted for using the equity method of accounting.

In the event of preparing the Bank's separate financial statements, the investment in associates is presented at fair value.

**12. Ijarah and Ijarah Muntahia Bittamleek**

Ijarah is the transfer of ownership of the right to benefit of using an asset for a consideration and is divided into:

**Operating Ijarah:** is an Ijarah contract that does not end up with the transfer of ownership of leased assets to the lessee.

**Ijarah Muntahia Bittamleek:** is Ijarah contract that end up with the transfer of ownership of the leased assets to the lessee and might take more than one form in accordance with the Financial Accounting Standard issued by the Accounting and Auditing Organization for Islamic Financial Institutions.

Assets acquired for Ijarah shall be recognized upon acquisition at historical cost including all expenditures necessary to bring the asset to its intended use. Leased assets are depreciated according to the depreciation policy used by the Bank.

When the recoverable amount from assets acquired for Ijarah is lower than its carrying amount, assets are written down to its recoverable amount, and an impairment is recognized in the consolidated income statement.

Ijarah revenues shall be allocated proportionately to the financial periods of the Ijarah contract.

Maintenance expenses incurred in relation to the leased assets are recognized when incurred.

### **13. Investments in real estate**

It is the acquisition of real estate or land or part of it for the purpose of obtaining periodic income or keeping it for the purpose of anticipating an increase in its future value or for both.

Investments in real estate are recorded at cost and include expenditures whose origin can be directly determined, and subsequent measurements of these investments are done at fair value. Unrealized profits resulting from the change in the fair value of investment in real estate are directly recognized in owner's equity under the category of fair value reserve for investments, taking into account the separation between owner's equity and what is related to investment account holders, and unrealized losses resulting from the re-evaluation of the fair value of investments in real estate must be adjusted to the extent that the balance of that reserve permits, and in the event that unrealized losses exceed the reserve balance, what exceeds the reserve balance shall be recorded in the income statement Under the item unrealized losses from the valuation of investments in real estate, taking into account the ownership of the funds invested in the real estate.

In the event that there are unrealized losses that were proven in a previous financial period and evaluation profits (unrealized) occurred in a subsequent financial period, then these profits are recorded in the income statement to the extent that equals the unrealized losses that were recorded in the previous financial periods in the income statement and any surplus in this profit is added to the fair value reserve for investments in real estate.

Periodic income from investments in real estate is recognized in the income statement according to accrual, taking into account the ownership of the funds invested in real estate.

Maintenance costs for investments in real estate are recorded in the income statement upon incurring them, taking into account the ownership of the money invested in real estate.

### **14. Repossessed assets by the Bank against debts**

They are the assets that are repossessed by the Bank against debts with no intentions to own them by the Bank. The Bank has no intention of holding the repossessed assets in order to earn periodic profits or for the purpose of anticipating an increase in their future value. Repossessed items appear in the balance sheet items in order assets items.

The assets owned by the Bank in settlement of debts owed are recorded at the value at which they were transferred to the Bank or at the fair value, whichever is less, and they are re-evaluated on the date of the financial statements at fair value, and any decline in their value is deducted from the consolidated income statement, considering the ownership of the funds invested in these assets. The increase in its value is not recorded as revenue, but the subsequent increase is recorded to the extent that it does not exceed the value of the decline that was previously proven, considering the ownership of the funds invested in these assets.

## **15. Assets transfer**

Any transfers of tangible and financial assets that take place between the assets financed from the joint investment accounts, bank shareholders, the restricted investment accounts, the basis for the transfer and the accounting policies adopted for this purpose must be disclosed with a list of their financial impact and the balances of any of the assets that were subject to the transfer process at the beginning. The financial period and the changes that occurred during the financial period and the balance at the end of the period.

All transfers made with related parties must be disclosed, along with a list of the nature of the relationship, the type of transactions that took place and the total value of transactions at the beginning and end of the financial period, along with a list of the financial implications of that.

The principles followed by the bank in evaluating assets must be disclosed when making transfers.

Differences resulting from transfers made in foreign currencies must be disclosed, along with a list of the financial implications thereof.

The nature and terms of the assets transferred should be disclosed whether they are divisible and any related provisions.

## **16. Deposit insurance corporations law**

On 1 April 2019, an amendment was issued for the Deposit Insurance Corporations law to include Islamic banks to the Jordan Depository insurance company's laws and regulations, the amendment specified that the contribution fees related to the bank's self-deposits (Credit accounts and its equivalent and the Bank's share of the unrestricted investment accounts) shall be borne by the Bank- self and contribution fees related to the unrestricted investment accounts are borne by the investors.

## **17. Islamic Financial Accounting Standard 30 (Impairment and Credit Losses and Onerous Commitments)**

According to the instructions of the Central bank of Jordan No. (6/2020) dated July 5, 2020 regarding the impairment and credit losses and onerous commitments (FAS 30), the requirements of FAS 30 measuring the expected credit loss (loss of credit impairment / provisions) should be presented, for credit exposures that fall within the scope of (FAS 30), in terms the mechanism of listing debt instruments / credit exposures as well as the methodology for calculating the expected credit loss.

The methodology for applying the standard of impairment of assets, expected credit losses, and onerous commitments FAS 30: inputs, mechanisms and assumptions used in calculating expected credit losses and details of the Central Bank of Jordan instructions No. 47 of 2009 are disclosed within the credit risk policy in Note No. (63).

#### **18. Provision for future expected investment risks**

The Bank suspended deducting 10% from the joint investment accounts net profit according to law amending banking law no 28 for the year 2000 starting from 1 May 2019 and the Fund's balance was transferred to other required provisions.

The investment risk fund surplus was held as a provision for future expected investment risks in accordance with the Central bank of Jordan circulation no. (10/1/9173) dated 27 June 2019.

When an additional provision is needed the additional provision will be charged against the assets financed by the joint investment accounts on the joint investment profit and on the consolidated income statement if the assets were self-financed by the Bank, it shall be by the financial assets from joint investment accounts, and on income statements if the asset was Bank-self shares.

#### **19. Fair value of financial assets**

Closing prices (purchasing assets/ selling liabilities) on the date of consolidated financial statements in active markets represents the fair value of quoted financial instruments. In the absence of quoted prices or when there is no active market, fair value is normally based on comparison with the current market value of a highly similar financial instruments. When the fair value of an investment cannot be reliably measured, it is stated at cost after the writing down any impairment.

#### **20. Fair value of non-financial assets measured at fair value**

Market prices represent the fair value for non-financial assets at the date of consolidated financial statements (when active markets of such assets are available). In cases where market prices are not available, they are assessed by taking average value of three assessments of experienced and certified parties.

#### **21. Depreciation**

##### **A- Depreciation of assets available for investment**

Assets available for investment shall be depreciated in accordance with the Bank's adopted policy for the investment in these assets. These assets shall be depreciated over its useful life using straight-line basis.

## **B- Property and Equipment**

Property and equipment are measured at cost less accumulated depreciation and any impairment. Depreciation is calculated (except for lands) using the straight-line method over their estimated useful lives when property and equipment are ready for use.

<u>Item</u>	<u>Depreciation rate</u>
Buildings	2%
Equipment, furniture, and fixtures	5%-20%
Vehicles	15%
Computers	35%

The useful lives of property and equipment are reviewed annually. If expected useful lives vary from the estimated ones; the change in estimate is adjusted prospectively.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount, and the impairment is recorded in the consolidated income statement.

## **22. Intangible assets**

Intangible assets are classified based on the assessment of their useful lives to definite and indefinite. Intangible assets with definite lives are amortized over the useful economic life, and amortization is recognized in the consolidated income statement, while intangible assets with indefinite useful lives are assessed for impairment at the date of consolidated financial statements and any impairment in their value is recorded in the consolidated income statement.

Intangible assets arising from the Bank's operations are not capitalized and are recorded in the consolidated income statement for the same year.

Any indications of impairment of intangible assets are reviewed at the date of consolidated financial statements; in addition, the useful lives of these assets are reviewed annually. If expected useful lives vary from the estimated ones; the change in estimate is adjusted prospectively.

<u>Item</u>	<u>Amortization rate</u>
Software	50%



### **23. Provisions**

Provisions are recognized when the Bank has a present obligation (legal or constructive) at the date of the consolidated financial statements arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

### **24. End of service indemnity provision**

End of service indemnity provision shall be calculated pursuant to the provisions of the labor law and the management estimation.

### **25. Employees' vacation provision**

Employees' vacation provision shall be calculated pursuant to the Bank's bylaws and shall be calculated in accordance with the accrual basis.

### **26. Income tax:**

Tax expense comprises current taxes and deferred taxes.

Current tax is calculated based on taxable profits, which may differ from accounting profits published in the consolidated financial statements. Accounting profits may include non-taxable profits or non-deductible expenses which may be exempted in the subsequent financial years.

The Bank has booked provision for income tax in accordance with Income Tax Law No. (34) of 2014 and its amendments, and International Accounting Standard No. (12) which provides for the recognition of deferred taxes resulting from time differences in the fair value reserve. As a result, the Bank may have deferred tax liabilities.

Deferred tax is the amounts expected to be paid or received as a result of temporary timing differences at the consolidated financial statements date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on laws that have been enacted or substantially enacted at the reporting date.

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

### **27. Costs of issuing or purchasing the Bank's shares**

Any costs resulting from issuing or purchasing the Bank's stocks shall be charged to the retained earnings (on a net basis after the tax effect of these costs, if any). If the issuance or purchasing is not completed, these costs shall be recorded as expenses in the consolidated income statement.

## **28. Accounts managed for customer:**

This item represents the accounts managed by the Bank on behalf of its customers and shall not be recognized as part of the Bank's assets. Charges and commissions of managing these accounts shall be recognized in the consolidated income statement.

## **29. Offsetting**

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

## **30. Revenues and expenses recognition**

Revenues and expenses are recognized based on accrual basis except for revenue on non-performing deferred sales and non-performing facilities which transferred to the revenue in suspense account and not recognized within the consolidated income statement.

The commissions shall be recognized as revenues when service is rendered, and the dividends of companies' stocks shall be recognized upon realization (approved by the General Assembly of Shareholders).

## **31. Timing of financial assets recognition**

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

## **32. Foreign Currencies**

Transactions in foreign currencies during the year shall be recorded at the prevailing exchange rate at the date of the transaction (Al Taqabud).

Monetary assets and liabilities in foreign currencies are translated to the functional currencies at the rates of exchange prevailing at the consolidated statement of financial position date as published by the Central bank of Jordan.

Non-monetary assets and liabilities in foreign currencies carried at fair value are translated at the date on which the fair value was determined.

Any gains or losses are recognized within the consolidated income statement.

Translation gains or losses on non-monetary items carried at fair value (such as shares) are recognized within the fair value reserve.

## **33. Cash and cash equivalents**

Cash and cash equivalents consist of cash and balances with central bank of Jordans and balances at banks and financial institutions with a maturity of three months, net of due to banks and financial institutions that matures within three months and restricted balances.

### **34. lease contracts**

#### **A. Right of use asset**

The Group recognizes the right of use assets on the lease commencement date at which the leased asset is available for use. The right of use assets is measured at cost, after subtracting accumulated depreciation. The cost of the right of use assets represents the fair value of the total rents payable over the lease term. The Group depreciates the right of use assets at the start date of the lease until the end of the useful life of the right to use these assets, which coincides with the end of the lease term using a systematic basis that reflects the pattern of use of the benefits from the right of use asset.

#### **B. lease obligation contracts**

The Group recognizes lease liabilities at the lease commencement date at which the leased asset is available for use. The fair value of the total rents payable is measured over the term of the lease, after the commencement date of the lease. These liabilities are amortized by amortizing the deferred lease cost and reduced to reflect the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or change in the lease term or a change in the substance of fixed lease payments.

### **(3) Use of estimates**

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 shareholders' equity and unrestricted account holders' 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 as a result of changes in conditions and circumstances of those estimates in the future.

We believe that our estimates in consolidated financial statements are reasonable and detailed as follows:

#### **Expected credit loss provision of deferred sales receivables and financing**

In determining expected credit loss provision of financial assets, judgment from the bank management is required 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 assets has increased significantly since initial recognition and incorporation of forward looking information in the measurement of ECL.

### **Income tax provision**

The fiscal year is charged with its income tax expense in accordance with the accounting regulations, laws and standards. Deferred tax assets and liabilities and the necessary tax provision are calculated and recorded.

### **Fair value levels**

The standard requires determination and disclosure of the level in the fair value hierarchy into which the fair value measurements are categorized in their entirety, segregating fair value measurements in accordance with the levels defined in IFRSs.

The difference between level (2) and level (3) of the fair value measurements, i.e., assessing whether the inputs are observable and whether the unobservable inputs are significant. This may require judgement and careful analysis of the inputs used to measure fair value, including consideration of factors specific to the asset or liability.

### **Useful lives of tangible and intangible assets**

Management estimates the useful lives of tangible and intangible assets upon initial recognition. Moreover, Management periodically re-assesses the useful lives of tangible and intangible assets to calculate annual depreciation and amortization based on the general status of such assets and the estimates of the productive activities expected in the future. The impairment loss (if any) is charged to the statement of income.

The factors that affect the estimation of the useful lives of property, equipment and intangible assets include management's estimates for the period expected to use these assets by the Bank, technological development and obsolescence. In the event that the useful lives of property, equipment and intangible assets differ from management's estimates, due to an event that resulted in a change in the useful life, the effect of that event will affect the income statement materially.

### **Provision for impairment on financial assets**

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

Management periodically reviews the financial assets carried at cost in order to assess any ECL. Expected credit losses is allocated in accordance to the financing party.

### **Lawsuits provision**

A provision is set for the lawsuits raised against the Group. This provision is based to an adequate legal study prepared by the Bank's legal advisor. Moreover, the study highlights potential risks that the Bank may encounter in the future. Such legal assessments are reviewed periodically.

**Important estimates related to determining the duration of the lease contract for contracts that include the option to renew the contract.**

The Group determines the duration of the lease contract as the non-cancellable period, taking into account the periods covered by the option to extend the lease if this option is certain to be exercised, or any periods related to the option to terminate the lease, if it is certain that the Group does not exercise this option.

Under some lease contracts, the Group has the right to lease the assets for additional periods, The Bank makes some estimates when assessing whether it is certain to exercise the renewal option.

This means that the Group takes into account all relevant factors that constitute an economic incentive to exercise the option of renewal. Subsequently, the Group reassesses the term of the lease in the event of a significant event or change in the conditions under its control, which may affect its ability to exercise (or not exercise) the renewal option (for example, a change in the business strategy).

The Group has included the renewal period as part of the lease duration due to the importance of these assets in its operating operations. The contract term that is not subject to termination for some of these assets is considered to be relatively short and in the event that these contracts are canceled, the operational process will be negatively affected in the absence of alternatives to these assets .

**(4) Cash and balances with central bank of Jordan**

This item consists of the following:

	31 December 2022	31 December 2021
	JD	JD
<b>Cash in vaults</b>	<b>192,748,958</b>	<b>182,360,983</b>
<b>Balances at the Central bank of Jordan:</b>		
Current accounts	348,612,184	538,000,438
Statutory cash reserve	177,868,969	173,478,737
<b>Total balances at the Central bank of Jordan</b>	<b>526,481,153</b>	<b>711,479,175</b>
<b>Total</b>	<b>719,230,111</b>	<b>893,840,158</b>

In compliance with Islamic Shari'a rules and the Bank's Articles of Association and bylaws, the Bank does not earn any interest on balances and current accounts held with the Central bank of Jordan.

Amounts of JD 35,218,347 and JD 49,014,174 were deducted as at 31 December 2022 and as at 31 December 2021 respectively, which represent cash balances for accounts managed on behalf of others.

There are no balances maturing within more than three months as at 31 December 2022 and 31 December 2021.

There were no restricted balances except for the statutory cash reserve as at 31 December 2022 and 31 December 2021.

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The movement on balances in the Central bank of Jordan Note (4):  
**As of 31 December 2022**

Item	Stage 1
	Individual
	JD
Beginning balance	711,479,175
New balances and accounts during the year	645,765,829
Balances and accounts paid	<u>(830,763,851)</u>
<b>Ending balance</b>	<b><u>526,481,153</u></b>

**As of 31 December 2021**

Item	Stage 1
	Individual
	JD
Beginning balance	649,361,044
New balances and accounts during the year	746,243,744
Balances and accounts paid	<u>(684,125,613)</u>
<b>Ending balance</b>	<b><u>711,479,175</u></b>

**(5) Balances at banks and financial institutions**

This item consists of the following:

	Local banks and financial institutions		Foreign banks and financial institutions		Total	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	JD	JD	JD	JD	JD	JD
Current and on demand accounts	1,540	2,057,640	34,422,867	42,257,178	34,424,407	44,314,818
Less: provision for expected credit loss	-	(1,138)	(589,873)	(248,728)	(589,873)	(249,866)
Net Current and on demand accounts	<u>1,540</u>	<u>2,056,502</u>	<u>33,832,994</u>	<u>42,008,450</u>	<u>33,834,534</u>	<u>44,064,952</u>
Unrestricted accounts maturing within 3 months or less	-	-	9,571,500	8,650,057	9,571,500	8,650,057
Less: provision for expected credit loss	-	-	(5,499)	(11,074)	(5,499)	(11,074)
Net unrestricted accounts maturing within 3 months or less	-	-	<u>9,566,001</u>	<u>8,638,983</u>	<u>9,566,001</u>	<u>8,638,983</u>
<b>Total</b>	<b><u>1,540</u></b>	<b><u>2,056,502</u></b>	<b><u>43,398,995</u></b>	<b><u>50,647,433</u></b>	<b><u>43,400,535</u></b>	<b><u>52,703,935</u></b>

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In compliance with Islamic Shari'a rules and the Bank's Articles of Association bylaws, the Bank does not earn any interest on current and on demand accounts at local and foreign banks and financial institutions.

There were no restricted balances at the local and foreign banks and financial institutions as at 31 December 2022 and 31 December 2021.

**(6) Investment accounts at bank and financial institutions**

This item consists of the following:

	<u>Foreign banks and financial institutions</u>	
	<u>31 December 2022</u>	<u>31 December 2021</u>
	JD	JD
Within (3-6) months	1,418,000	-
Less: expected credit loss provision	(41)	-
<b>Total</b>	<b><u>1,417,959</u></b>	<b><u>-</u></b>

**(7) Wakala Bil Istithmar accounts**

This item consists of the following:

	<u>Foreign banks and financial institutions</u>	
	<u>31 December 2022</u>	<u>31 December 2021</u>
	JD	JD
Within (3-6) months	17,725,000	17,725,000
Maturing within more than one year	17,725,000	17,725,000
Less: expected credit loss provision	(241,517)	(149,239)
<b>Total</b>	<b><u>35,208,483</u></b>	<b><u>35,300,761</u></b>

There were no restricted balances at the foreign banks and financial institutions as at 31 December 2022 and 31 December 2021.

**A. Movement on balances and accounts with banks and financial institutions (notes 5,6 and 7):**

<b>As of 31 December 2022:</b>	<u>Stage 1</u>	<u>Stage 2</u>	<u>Stage 3</u>	<u>Total</u>
	Individual	Individual	Individual	
	JD	JD	JD	JD
Beginning balance	87,585,121	829,754	-	88,414,875
New balances and accounts during the year	37,167,683	-	170,555	37,338,238
Balances and accounts paid	(44,889,206)	-	-	(44,889,206)
Transferred (from) to stage 3	-	(829,754)	829,754	-
<b>Ending balance</b>	<b><u>79,863,598</u></b>	<b><u>-</u></b>	<b><u>1,000,309</u></b>	<b><u>80,863,907</u></b>



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<b>As of 31 December 2021:</b>	<u>Stage 1</u> Individual JD	<u>Stage 2</u> Individual JD	<u>Stage 3</u> Individual JD	Total JD
Beginning balance	85,711,472	439,470	-	86,150,942
New balances and accounts during the year	25,696,482	390,284	-	26,086,766
Balances and accounts paid	(23,822,833)	-	-	(23,822,833)
<b>Ending balance</b>	<b>87,585,121</b>	<b>829,754</b>	<b>-</b>	<b>88,414,875</b>

**B. Movement on expected credit loss:**

<b>As of 31 December 2022:</b>	<u>Stage 1</u> Individual JD	<u>Stage 2</u> Individual JD	<u>Stage 3</u> Individual JD	Total JD
Beginning balance	349,304	60,875	-	410,179
Expected credit loss on new balances and accounts during the year	129,663	-	85,278	214,941
Expected credit loss recovered from balances and accounts paid	(142,192)	-	-	(142,192)
Transferred (from) to stage 3	-	(60,875)	60,875	-
Impact on ending balance provision due to change in staging classification	-	-	354,002	354,002
<b>Ending balance</b>	<b>336,775</b>	<b>-</b>	<b>500,155</b>	<b>836,930</b>

<b>As of 31 December 2021:</b>	<u>Stage 1</u> Individual JD	<u>Stage 2</u> Individual JD	<u>Stage 3</u> Individual JD	Total JD
Beginning balance	294,494	3,896	-	298,390
Expected credit loss on new balances and accounts during the year	83,914	56,979	-	140,893
Expected credit loss recovered from balances and accounts paid	(17,073)	-	-	(17,073)
Adjustments due to changes	(12,031)	-	-	(12,031)
<b>Ending balance</b>	<b>349,304</b>	<b>60,875</b>	<b>-</b>	<b>410,179</b>

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**(8) Deferred sales receivables and other receivables – Net**

This item consists of the following:

	Joint		Self		Total	
	31 December	31 December	31 December	31 December	31 December	31 December
	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD
<b>Individuals (Retail):</b>						
Murabaha to the purchase orderer	891,732,063	779,363,469	-	-	891,732,063	779,363,469
Deferred sales	14,421,236	12,516,576	-	-	14,421,236	12,516,576
Ijarah Mawsoofa Bil Thimma	10,587,044	8,188,586	-	-	10,587,044	8,188,586
Ijarah Muntahia Bittamleek receivables	7,079,170	6,725,008	-	-	7,079,170	6,725,008
Istisna'a	203,143	240,519	-	-	203,143	240,519
Customers' receivables	6,802,081	6,409,723	4,167,097	4,820,467	10,969,178	11,230,190
<b>Real estate financing</b>	<b>582,005,690</b>	<b>534,061,224</b>	<b>-</b>	<b>-</b>	<b>582,005,690</b>	<b>534,061,224</b>
<b>Corporate:</b>						
International Murabaha	25,863,779	25,170,318	-	-	25,863,779	25,170,318
Murabaha to the purchase orderer	563,644,181	463,400,681	-	-	563,644,181	463,400,681
Ijarah Mawsoofa Bil Thimma	62,395	-	-	-	62,395	-
Ijarah Muntahia Bittamleek receivables	161,834	264,358	-	-	161,834	264,358
Istisna'a	20,753,667	25,190,872	-	-	20,753,667	25,190,872
<b>Small and Medium Enterprises (SME's):</b>						
Murabaha to the purchase orderer	178,837,849	169,998,180	-	-	178,837,849	169,998,180
Deferred sales	13,956	16,815	-	-	13,956	16,815
Ijarah Mawsoofa bil Thimma	336,640	249,375	-	-	336,640	249,375
Ijarah Muntahia Bittamleek receivables	529,378	352,291	-	-	529,378	352,291
Istisna'a	185,500	745,923	-	-	185,500	745,923
Customers' receivables	-	-	2,673,868	2,035,449	2,673,868	2,035,449
<b>Government and public sector</b>	<b>1,098,979,661</b>	<b>1,225,822,220</b>	<b>3,401</b>	<b>33,337</b>	<b>1,098,983,062</b>	<b>1,225,855,557</b>
<b>Total</b>	<b>3,402,199,267</b>	<b>3,258,716,138</b>	<b>6,844,366</b>	<b>6,889,253</b>	<b>3,409,043,633</b>	<b>3,265,605,391</b>
Less: deferred revenues	(288,856,957)	(308,728,178)	-	-	(288,856,957)	(308,728,178)
Less: suspended revenues	(9,385,170)	(10,261,762)	-	-	(9,385,170)	(10,261,762)
Less: deferred mutual insurance	(25,481,658)	(20,961,641)	-	-	(25,481,658)	(20,961,641)
Less: expected credit loss	(122,209,253)	(113,934,095)	(744,000)	(615,000)	(122,953,253)	(114,549,095)
<b>Net deferred sales and other receivables</b>	<b><u>2,956,266,229</u></b>	<b><u>2,804,830,462</u></b>	<b><u>6,100,366</u></b>	<b><u>6,274,253</u></b>	<b><u>2,962,366,595</u></b>	<b><u>2,811,104,715</u></b>

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Movements on expected credit losses for deferred sales receivables, other receivables and financing – Joint (note 8 and 10):

	Retail	Real estate financing	Large corporates	Small and Medium Enterprises	Total
<b>As at 31 December 2022</b>	JD	JD	JD	JD	JD
Balance at beginning of the year	36,317,834	24,535,693	37,566,585	15,820,512	<b>114,240,624</b>
Transfer to (from) during the year	(6,700,033)	(2,764,655)	17,703,220	1,593,232	<b>9,831,764</b>
Used during the year (write-offs)	(671,336)	(26,968)	-	(866,812)	<b>(1,565,116)</b>
<b>Balance at the end of the year</b>	<b><u>28,946,465</u></b>	<b><u>21,744,070</u></b>	<b><u>55,269,805</u></b>	<b><u>16,546,932</u></b>	<b><u>122,507,272</u></b>

	Retail	Real estate financing	Large corporates	Small and Medium Enterprises	Total
<b>As at 31 December 2022</b>	JD	JD	JD	JD	JD
Expected credit loss of non-performing receivables on individual customer basis	17,450,115	18,557,390	24,597,808	15,262,409	<b>75,867,722</b>
Expected credit loss of watch list receivables based on individual customer basis	2,264,571	2,397,896	29,386,426	459,283	<b>34,508,176</b>
Expected credit loss of acceptable risk receivables on individual customer basis	294,125	458,411	1,285,571	410,455	<b>2,448,562</b>
Expected credit loss of acceptable risk receivables on portfolio basis	8,937,654	330,373	-	414,785	<b>9,682,812</b>
<b>Balance at the end of the year</b>	<b><u>28,946,465</u></b>	<b><u>21,744,070</u></b>	<b><u>55,269,805</u></b>	<b><u>16,546,932</u></b>	<b><u>122,507,272</u></b>

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	Retail	Real estate financing	Large corporates	Small and Medium Enterprises	Total
	JD	JD	JD	JD	JD
<b>As at 31 December 2021</b>					
Balance at beginning of the year	34,838,196	31,842,049	29,669,215	14,531,350	<b>110,880,810</b>
Transfer to (from) during the year	4,371,364	(7,207,479)	9,291,185	2,474,384	<b>8,929,454</b>
Used during the year (write-offs)	(2,891,726)	(98,877)	(1,393,815)	(1,185,222)	<b>(5,569,640)</b>
<b>Balance at the end of the year</b>	<b>36,317,834</b>	<b>24,535,693</b>	<b>37,566,585</b>	<b>15,820,512</b>	<b>114,240,624</b>

	Retail	Real estate financing	Large corporates	Small and Medium Enterprises	Total
	JD	JD	JD	JD	JD
<b>As at 31 December 2021</b>					
Expected credit loss of non-performing receivables on individual customer basis	18,922,849	16,007,266	24,154,171	13,670,391	<b>72,754,677</b>
Expected credit loss of watch list receivables based on individual customer basis	4,512,704	7,964,029	11,599,769	1,368,657	<b>25,445,159</b>
Expected credit loss of acceptable risk receivables on individual customer basis	340,427	423,451	1,812,645	430,763	<b>3,007,286</b>
Expected credit loss of acceptable risk receivables on portfolio basis	12,541,854	140,947	-	350,701	<b>13,033,502</b>
<b>Balance at the end of the year</b>	<b>36,317,834</b>	<b>24,535,693</b>	<b>37,566,585</b>	<b>15,820,512</b>	<b>114,240,624</b>

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Movement on expected credit loss for deferred sales receivables, other receivables and financing – self (note 8 and 10).

	Retail	Real estate financing	Large corporates	Small and Medium Enterprises	Government and public sector	Total
	JD	JD	JD	JD		JD
<b>As at 31 December 2022</b>						
Balance at beginning of the year	623,986	-	-	-	-	<b>623,986</b>
Transfer to (from) during the year	121,901	-	-	-	-	<b>121,901</b>
<b>Balance at the end of the year</b>	<b>745,887</b>	-	-	-	-	<b>745,887</b>

	Retail	Real estate financing	Large corporates	Small and Medium Enterprises	Government and public sector	Total
	JD	JD	JD	JD		JD
<b>As at 31 December 2022</b>						
Expected credit loss of non-performing receivables on individual customer basis	380,884	-	-	-	-	<b>380,884</b>
Expected credit loss of watch list receivables based on individual customer basis	217,241	-	-	-	-	<b>217,241</b>
Expected credit loss of watch list receivables on portfolio basis	147,762	-	-	-	-	<b>147,762</b>
<b>Balance at the end of the year</b>	<b>745,887</b>	-	-	-	-	<b>745,887</b>

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	Retail	Real estate financing	Large corporates	Small and Medium Enterprises	Total
	JD	JD	JD	JD	JD
<b>As at 31 December 2021</b>					
Balance at beginning of the year	465,605	-	-	-	465,605
Transfer to (from) during the year	158,381	-	-	-	158,381
<b>Balance at the end of the year</b>	<b>623,986</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>623,986</b>

	Retail	Real estate financing	Large corporates	Small and Medium Enterprises	Total
	JD	JD	JD	JD	JD
<b>As at 31 December 2021</b>					
Expected credit loss of non-performing receivables on individual customer basis	258,175	-	-	-	258,175
Expected credit loss of watch list receivables based on individual customer basis	174,245	-	-	-	174,245
Expected credit loss of watch list receivables on portfolio basis	191,566	-	-	-	191,566
<b>Balance at the end of the year</b>	<b>623,986</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>623,986</b>

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Movements on the suspended revenues (note 8) were as follows:

	Joint				
	For the year ended 31 December 2022				
	Retail	Real estate financing	Large corporates	Small and Medium Enterprises	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	5,298,051	1,309,327	2,710,773	943,611	<b>10,261,762</b>
Add: suspended revenues during the year	1,539,050	380,351	787,462	274,113	<b>2,980,976</b>
Less: revenue in suspense reversed to income	(2,271,705)	(415,210)	(460,743)	(456,724)	<b>(3,604,382)</b>
Less: suspended revenues written off	(129,635)	(87,667)	-	(35,884)	<b>(253,186)</b>
<b>Balance at the end of the year</b>	<b>4,435,761</b>	<b>1,186,801</b>	<b>3,037,492</b>	<b>725,116</b>	<b>9,385,170</b>

	Joint				
	For the year ended 31 December 2021				
	Retail	Real estate financing	Large corporates	Small and Medium Enterprises	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	5,831,156	1,666,950	3,007,008	886,640	11,391,754
Add: suspended revenues during the year	3,575,997	1,022,269	1,844,069	543,738	6,986,073
Less: revenue in suspense reversed to income	(3,907,851)	(1,379,892)	(1,610,562)	(441,663)	(7,339,968)
Less: suspended revenues written off	(201,251)	-	(529,742)	(45,104)	(776,097)
<b>Balance at the end of the year</b>	<b>5,298,051</b>	<b>1,309,327</b>	<b>2,710,773</b>	<b>943,611</b>	<b>10,261,762</b>

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**(9) Ijarah Muntahia Bittamleek assets – Net**

This item consists of the following:

	Joint	
	31 December 2022	31 December 2021
	JD	JD
Cost	1,079,970,555	991,920,575
Accumulated Depreciation	(191,653,376)	(189,334,731)
Impairment Provision	(75,000)	(37,242)
<b>Ijarah Muntahia Bittamleek assets - net</b>	<b><u>888,242,179</u></b>	<b><u>802,548,602</u></b>

The accrued Ijarah instalments amounted to JD 7,770,382 as at 31 December 2022 (2021: JD 7,341,657) were included in deferred sales receivables and other receivables (Note 8).

**(10) Financing - Net**

This item consists of the following:

	Joint		Self		Total	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	JD	JD	JD	JD	JD	JD
<b>Individuals (Retail):</b>						
Diminishing Musharaka	38,549,429	36,891,228	198,448	250,372	<b>38,747,877</b>	<b>37,141,600</b>
<b>Total</b>	<b>38,549,429</b>	<b>36,891,228</b>	<b>198,448</b>	<b>250,372</b>	<b>38,747,877</b>	<b>37,141,600</b>
Less: provision for expected credit loss	(298,019)	(306,529)	(1,887)	(8,986)	<b>(299,906)</b>	<b>(315,515)</b>
<b>Net Financing</b>	<b><u>38,251,410</u></b>	<b><u>36,584,699</u></b>	<b><u>196,561</u></b>	<b><u>241,386</u></b>	<b><u>38,447,971</u></b>	<b><u>36,826,085</u></b>

Non-performing deferred sales receivables, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan amounted to JD 100,734,560 as at 31 December 2022, representing 2,89% of deferred sales receivable, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan balance compared to JD 94,225,452 as at 31 December 2021, representing 2,79% of the utilized balance.



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Non-performing deferred sales receivables, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan after deducting suspended revenues amounted to JD 93,325,578 as at 31 December 2022, representing 2.68% of deferred sales, Ijarah Muntahia Bittamleek receivables, other receivables, financing and Al Qard Al Hasan balance, compared to JD 86,386,757 as at 31 December 2021, representing 2.57% of the utilized balance.

Deferred sales, other receivables, and financing granted to and guaranteed by the Government of Jordan amounted to JD 1,101,978,146 as at 31 December 2022, representing 731.85% of deferred sales, other receivables and financing balance, compared to JD 1,228,850,641 as at 31 December 2021, representing 36.45% of the utilized balance.

**A. Cumulative movement on direct facilities (sales receivables, other receivables, financing and Al-Qard Al-Hasan):**

As of 31 December 2022	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective	JD	JD
	JD	JD	JD	JD		
Balance at the beginning of the year	1,517,201,239	928,239,973	410,039,568	47,562,501	128,617,707	3,031,660,988
New facilities during the year	581,953,003	391,113,514	139,930,373	7,570,137	4,756,678	1,125,323,705
Settled facilities	(506,062,271)	(271,665,662)	(169,448,626)	(16,553,064)	(25,131,470)	(988,861,093)
Transferred (from) to stage 1	121,983,457	15,857,801	(120,360,886)	(13,220,753)	(4,259,619)	-
Transferred (from) to stage 2	(84,439,576)	(23,483,363)	111,150,895	27,538,238	(30,766,194)	-
Transferred (from) to stage 3	(6,202,111)	(5,862,611)	(22,055,866)	(10,242,552)	44,363,140	-
Written off facilities	-	-	-	-	2,149,560	2,149,560
<b>Balance at the end of the year</b>	<b>1,624,433,741</b>	<b>1,034,199,652</b>	<b>349,255,458</b>	<b>42,654,507</b>	<b>115,430,682</b>	<b>3,165,974,040</b>

As of 31 December 2021	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective	JD	JD
	JD	JD	JD	JD		
Balance at the beginning of the year	1,354,587,429	870,506,572	396,893,617	41,733,267	152,154,438	2,815,875,323
New facilities during the year	564,289,936	403,639,869	177,511,651	6,193,693	1,866,784	1,153,501,933
Settled facilities	(393,787,868)	(329,169,801)	(160,923,037)	(20,714,983)	(27,550,939)	(932,146,628)
Transferred (from) to stage 1	102,739,841	22,898,318	(97,837,749)	(16,184,767)	(11,615,643)	-
Transferred (from) to stage 2	(107,109,792)	(32,526,196)	133,483,935	43,558,329	(37,406,276)	-
Transferred (from) to stage 3	(3,518,307)	(7,108,789)	(39,088,849)	(7,023,038)	56,738,983	-
Written off facilities	-	-	-	-	(5,569,640)	(5,569,640)
<b>Balance at the end of the year</b>	<b>1,517,201,239</b>	<b>928,239,973</b>	<b>410,039,568</b>	<b>47,562,501</b>	<b>128,617,707</b>	<b>3,031,660,988</b>

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**Distribution of large corporate facilities according to the bank internal credit rating:**

	As of 31 December 2022				As of 31 December 2021
	Stage 1	Stage 2	Stage 3	Total	Total
	Individual	Individual			
	JD	JD	JD	JD	JD
Internal Rating from 1 to -6	340,654,247	141,580,943	-	482,235,190	314,738,544
Internal Rating from 7+ to -7	-	76,134,989	-	76,134,989	117,786,435
Internal Rating from 8 to 10	-	-	32,193,008	32,193,008	46,176,381
External Credit Rating	-	-	-	-	25,170,317
<b>Total</b>	<b>340,654,247</b>	<b>217,715,932</b>	<b>32,193,008</b>	<b>590,563,187</b>	<b>503,871,677</b>

**Cumulative movement on large corporate facilities:**

As of 31 December 2022	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
	JD	JD	JD	JD
Balance at the beginning of the year	215,614,496	242,080,800	46,176,381	503,871,677
New facilities during the year	381,405,049	90,206,994	2,033,628	473,645,671
Settled facilities	(273,409,554)	(108,060,213)	(5,484,394)	(386,954,161)
Transferred (from) to stage 1	59,162,447	(59,162,447)	-	-
Transferred (from) to stage 2	(41,084,495)	59,082,042	(17,997,547)	-
Transferred (from) to stage 3	(1,033,696)	(6,431,244)	7,464,940	-
Written off facilities	-	-	-	-
<b>Balance at the end of the year</b>	<b>340,654,247</b>	<b>217,715,932</b>	<b>32,193,008</b>	<b>590,563,187</b>

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As of 31 December 2021	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
	JD	JD		
Balance at the beginning of the year	271,054,232	244,829,207	38,208,039	554,091,478
New facilities during the year	189,619,056	123,885,746	236	313,505,038
Settled facilities	(243,668,484)	(112,854,930)	(5,807,610)	(362,331,024)
Transferred (from) to stage 1	65,410,368	(64,539,715)	(870,653)	-
Transferred (from) to stage 2	(66,800,676)	78,298,722	(11,498,046)	-
Transferred (from) to stage 3	-	(27,538,230)	27,538,230	-
Written off facilities	-	-	(1,393,815)	(1,393,815)
<b>Balance at the end of the year</b>	<b>215,614,496</b>	<b>242,080,800</b>	<b>46,176,381</b>	<b>503,871,677</b>

**Cumulative movement on the expected credit loss for large corporates' facilities:**

	Stage 1	Stage 2	Stage 3	Total	As of 31 December 2021
	Individual	Individual			Total
	JD	JD			JD
Balance at the beginning of the year	1,812,814	11,606,135	24,158,329	37,577,278	29,972,150
Impairment loss on new exposures	835,917	13,131,737	1,238,610	15,206,264	1,767,622
Recovered from impairment loss on settled exposures	(574,546)	(592,557)	(1,301,538)	(2,468,641)	(1,318,337)
Transferred (from) to stage 1	981,182	(981,182)	-	-	-
Transferred (from) to stage 2	(442,810)	10,478,066	(10,035,256)	-	-
Transferred (from) to stage 3	(3,166)	(25,295)	28,461	-	-
Impact on impairment loss due to change in staging classification	(779,316)	(10,007,277)	1,776,910	(9,009,683)	10,883,215
Impact on provision due to adjustment	(524,445)	5,807,025	8,745,704	14,028,284	(2,333,557)
Impairment loss on written off exposures	-	-	-	-	(1,393,815)
<b>Balance at the end of the year</b>	<b>1,305,630</b>	<b>29,416,652</b>	<b>24,611,220</b>	<b>55,333,502</b>	<b>37,577,278</b>

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**Distribution of SME's facilities according to the bank internal credit rating:**

	As of 31 December 2022						As of 31 December
	Stage 1		Stage 2		Stage 3	Total	2021
	Individual	Collective	Individual	Collective			Total
	JD	JD	JD	JD	JD	JD	JD
Internal Rating from 1 to -6	84,757,114	-	46,872,064	-	-	131,629,178	116,112,403
Internal Rating from +7 to -7	-	-	7,371,966	-	-	7,371,966	20,942,246
Internal Rating from 8 to 10	-	-	-	-	18,137,633	18,137,633	20,828,002
Collective portfolio	-	22,310,964	-	1,859,984	3,783,382	27,954,330	33,448,385
<b>Total</b>	<b>84,757,114</b>	<b>22,310,964</b>	<b>54,244,030</b>	<b>1,859,984</b>	<b>21,921,015</b>	<b>185,093,107</b>	<b>191,331,036</b>

**Cumulative movement on SME's facilities:**

	As of 31 December 2022					
	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	82,443,272	24,333,267	54,611,377	3,191,592	26,751,528	191,331,036
New facilities during the year	86,904,013	5,807,664	35,631,280	353,039	1,229,177	129,925,173
Settled facilities	(77,386,582)	(7,243,157)	(41,471,070)	(2,304,998)	(6,880,374)	(135,286,181)
Transferred (from) to stage 1	11,607,161	687,388	(11,390,958)	(325,965)	(577,626)	-
Transferred (from) to stage 2	(17,038,482)	(934,339)	23,363,272	1,801,703	(7,192,154)	-
Transferred (from) to stage 3	(1,772,268)	(339,859)	(6,499,871)	(855,387)	9,467,385	-
Written off facilities	-	-	-	-	(876,921)	(876,921)
<b>Balance at the end of the year</b>	<b>84,757,114</b>	<b>22,310,964</b>	<b>54,244,030</b>	<b>1,859,984</b>	<b>21,921,015</b>	<b>185,093,107</b>

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	As of 31 December 2021					
	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	66,957,094	31,953,030	53,151,645	3,918,871	30,309,723	186,290,363
New facilities during the year	70,537,319	5,331,402	33,098,073	199,612	118,487	109,284,893
Settled facilities	(54,529,417)	(11,371,679)	(29,734,112)	(3,307,946)	(4,115,844)	(103,058,998)
Transferred (from) to stage 1	17,570,352	1,625,240	(15,809,423)	(983,081)	(2,403,088)	-
Transferred (from) to stage 2	(15,918,422)	(2,617,917)	20,480,185	4,106,943	(6,050,789)	-
Transferred (from) to stage 3	(2,173,654)	(586,809)	(6,574,991)	(742,807)	10,078,261	-
Written off facilities	-	-	-	-	(1,185,222)	(1,185,222)
<b>Balance at the end of the year</b>	<b>82,443,272</b>	<b>24,333,267</b>	<b>54,611,377</b>	<b>3,191,592</b>	<b>26,751,528</b>	<b>191,331,036</b>

**Cumulative movement on the expected credit loss for SME's facilities:**

							As of 31
	Stage 1		Stage 2		Stage 3	Total	December 2021
	Individual	Collective	Individual	Collective			Total
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	431,407	354,674	1,276,647	97,266	14,500,360	16,660,354	15,318,417
Impairment loss on new exposures	304,078	40,112	179,287	20,840	834,429	1,378,746	674,254
Recovered from impairment loss on settled exposures	(80,268)	(10,163)	(54,599)	(15,167)	(583,622)	(743,819)	(68,094)
Transferred (from) to stage 1	259,102	57,554	(190,396)	(14,959)	(111,301)	-	-
Transferred (from) to stage 2	(91,807)	(841)	2,386,124	203,446	(2,496,922)	-	-
Transferred (from) to stage 3	(7,070)	(505)	(37,947)	(40,108)	85,630	-	-
Impact on impairment loss due to change in staging classification	(207,792)	(56,350)	(2,308,137)	(142,790)	2,831,432	116,363	906,636
Impact on provision due to adjustment	(196,688)	36,554	(878,541)	(5,632)	1,950,115	905,808	1,014,363
Impairment loss on written off exposures	-	-	-	-	(876,921)	(876,921)	(1,185,222)
<b>Balance at the end of the year</b>	<b>410,962</b>	<b>421,035</b>	<b>372,438</b>	<b>102,896</b>	<b>16,133,200</b>	<b>17,440,531</b>	<b>16,660,354</b>

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**Distribution of individuals facilities according to the bank internal credit rating:**

	As of 31 December 2022						As of 31 December 2021
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Internal Rating from 1 to -6	82,782,344	-	20,507,835	-	-	103,290,179	90,202,815
Internal Rating from +7 to -7	-	-	5,378,419	-	-	5,378,419	7,398,703
Internal Rating from 8 to 10	-	-	-	-	14,785,802	14,785,802	11,785,424
Collective portfolio	-	659,602,960	-	26,989,678	29,299,850	715,892,488	633,249,595
<b>Total</b>	<b>82,782,344</b>	<b>659,602,960</b>	<b>25,886,254</b>	<b>26,989,678</b>	<b>44,085,652</b>	<b>839,346,888</b>	<b>742,636,537</b>

**Cumulative movement on individuals facilities:**

	As of 31 December 2022					
	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	64,371,885	575,434,571	33,229,633	28,703,468	40,896,980	742,636,537
New facilities during the year	75,930,866	282,907,716	10,221,674	5,370,843	1,164,826	375,595,925
Settled facilities	(56,891,585)	(190,001,493)	(12,668,395)	(9,731,402)	(8,501,170)	(277,794,045)
Transferred (from) to stage 1	11,015,941	9,144,426	(9,631,347)	(7,650,334)	(2,878,686)	-
Transferred (from) to stage 2	(8,840,195)	(14,183,410)	11,106,326	16,720,186	(4,802,907)	-
Transferred (from) to stage 3	(2,804,568)	(3,698,850)	(6,371,637)	(6,423,083)	19,298,138	-
Written off facilities	-	-	-	-	(1,091,529)	(1,091,529)
<b>Balance at the end of the year</b>	<b>82,782,344</b>	<b>659,602,960</b>	<b>25,886,254</b>	<b>26,989,678</b>	<b>44,085,652</b>	<b>839,346,888</b>

**Jordan Islamic Bank - Public Shareholding Company**  
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	As of 31 December 2021					
	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	39,599,566	542,418,573	25,960,897	26,582,620	58,797,748	693,359,404
New facilities during the year	58,262,568	268,795,301	13,660,467	4,200,912	1,545,311	346,464,559
Settled facilities	(31,422,422)	(226,153,612)	(11,912,628)	(13,306,281)	(11,500,757)	(294,295,700)
Transferred (from) to stage 1	6,830,469	15,469,288	(4,898,107)	(10,929,440)	(6,472,210)	-
Transferred (from) to stage 2	(7,695,981)	(20,437,370)	13,736,338	26,940,787	(12,543,774)	-
Transferred (from) to stage 3	(1,202,315)	(4,657,609)	(3,317,334)	(4,785,130)	13,962,388	-
Written off facilities	-	-	-	-	(2,891,726)	(2,891,726)
<b>Balance at the end of the year</b>	<b>64,371,885</b>	<b>575,434,571</b>	<b>33,229,633</b>	<b>28,703,468</b>	<b>40,896,980</b>	<b>742,636,537</b>

**Cumulative movement on the expected credit loss for individuals' facilities:**

							As of 31
	Stage 1		Stage 2		Stage 3	Total	December 2021
	Individual	Collective	Individual	Collective			Total
	JD	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	378,914	15,394,314	326,749	4,631,194	20,101,663	40,832,834	37,916,138
Impairment loss on new exposures	201,212	414,493	43,739	516,640	693,828	1,869,912	2,275,918
Recovered from impairment loss on settled exposures	(23,520)	(135,880)	(3,988)	(155,819)	(679,102)	(998,309)	(1,572,159)
Transferred (from) to stage 1	493,874	1,073,942	(80,650)	(491,331)	(995,835)	-	-
Transferred (from) to stage 2	(54,410)	(33,022)	661,820	763,301	(1,337,689)	-	-
Transferred (from) to stage 3	(10,482)	(10,957)	(86,775)	(550,491)	658,705	-	-
Impact on impairment loss due to change in staging classification	(477,538)	(1,066,802)	(589,471)	263,735	4,889,065	3,018,989	(342,594)
Impact on provision due to adjustment	(211,349)	(2,895,552)	(93,762)	(2,394,025)	(3,837,114)	(9,431,802)	5,447,257
Impairment loss on written off exposures	-	-	-	-	(779,359)	(779,359)	(2,891,726)
<b>Balance at the end of the year</b>	<b>296,701</b>	<b>12,740,536</b>	<b>177,662</b>	<b>2,583,204</b>	<b>18,714,162</b>	<b>34,512,265</b>	<b>40,832,834</b>

**Jordan Islamic Bank - Public Shareholding Company**  
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**Distribution of real estate facilities according to the bank internal credit rating:**

	As of 31 December 2022					As of 31 December	
	Stage 1		Stage 2		Stage 3	2021	
	Individual	Collective	Individual	Collective	Total	Total	
	JD	JD	JD	JD	JD	JD	
Internal Rating from 1 to -6	105,500,967	-	45,413,702	-	-	150,914,669	<b>113,955,221</b>
Internal Rating from +7 to -7	-	-	5,995,540	-	-	5,995,540	<b>25,338,260</b>
Internal Rating from 8 to 10	-	-	-	-	8,394,245	8,394,245	<b>6,437,605</b>
Collective portfolio	-	352,285,728	-	13,804,845	8,836,762	374,927,335	<b>352,494,789</b>
<b>Total</b>	<b>105,500,967</b>	<b>352,285,728</b>	<b>51,409,242</b>	<b>13,804,845</b>	<b>17,231,007</b>	<b>540,231,789</b>	<b>498,225,875</b>



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**Cumulative movement on real estate facilities:**

	As of 31 December 2022					
	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	59,175,723	328,472,135	80,117,758	15,667,441	14,792,818	498,225,875
New facilities during the year	37,713,075	102,398,134	3,870,425	1,846,255	329,047	146,156,936
Settled facilities	(13,517,756)	(74,421,012)	(7,248,948)	(4,516,664)	(4,265,532)	(103,969,912)
Transferred (from) to stage 1	40,197,908	6,025,987	(40,176,134)	(5,244,454)	(803,307)	-
Transferred (from) to stage 2	(17,476,404)	(8,365,614)	17,599,255	9,016,349	(773,586)	-
Transferred (from) to stage 3	(591,579)	(1,823,902)	(2,753,114)	(2,964,082)	8,132,677	-
Written off facilities	-	-	-	-	(181,110)	(181,110)
<b>Balance at the end of the year</b>	<b>105,500,967</b>	<b>352,258,728</b>	<b>51,409,242</b>	<b>13,804,845</b>	<b>17,231,007</b>	<b>540,231,789</b>

	As of 31 December 2021					
	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	53,820,190	296,134,969	72,951,868	11,231,776	24,838,928	458,977,731
New facilities during the year	18,946,635	129,513,166	6,867,365	1,793,169	202,750	157,323,085
Settled facilities	(9,682,703)	(91,644,510)	(6,421,367)	(4,100,756)	(6,126,728)	(117,976,064)
Transferred (from) to stage 1	12,928,652	5,803,790	(12,590,504)	(4,272,246)	(1,869,692)	-
Transferred (from) to stage 2	(16,694,713)	(9,470,909)	20,968,690	12,510,599	(7,313,667)	-
Transferred (from) to stage 3	(142,338)	(1,864,371)	(1,658,294)	(1,495,101)	5,160,104	-
Written off facilities	-	-	-	-	(98,887)	(98,887)
<b>Balance at the end of the year</b>	<b>59,175,723</b>	<b>328,472,135</b>	<b>80,117,758</b>	<b>15,667,441</b>	<b>14,792,818</b>	<b>498,225,875</b>

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**Cumulative movement on the expected credit loss for real estate facilities:**

	Stage 1		Stage 2		Stage 3	Total	As of 31	
	Individual	Collective	Individual	Collective			Total	December 2021
								Total
	JD	JD	JD	JD	JD	JD	JD	
Balance at the beginning of the year	423,451	141,173	7,329,562	634,467	16,016,027	24,544,680	31,845,654	
Impairment loss on new exposures	164,671	111,109	1,078,749	104,978	312,013	1,771,520	610,777	
Recovered from impairment loss on settled exposures	(4,842)	(2,756)	(393)	(6,410)	(525,218)	(539,619)	(385,378)	
Transferred (from) to stage 1	903,966	479,910	(902,877)	(137,528)	(343,471)	-	-	
Transferred (from) to stage 2	(124,882)	(8,940)	167,309	159,715	(193,202)	-	-	
Transferred (from) to stage 3	(3,753)	(1,572)	(27,529)	(142,891)	175,745	-	-	
Impact on impairment loss due to change in staging classification	(706,583)	(474,768)	(101,162)	308,272	2,156,146	1,181,905	(464,262)	
Impact on provision due to adjustment	(193,349)	87,314	(6,055,648)	(10,718)	986,318	(5,186,083)	(6,963,234)	
Impairment loss on written off exposures	-	-	-	-	(26,968)	(26,968)	(98,877)	
<b>Balance at the end of the year</b>	<b>458,679</b>	<b>331,470</b>	<b>1,488,011</b>	<b>909,885</b>	<b>18,557,390</b>	<b>21,745,435</b>	<b>24,544,680</b>	

**Distribution of government and public sector facilities according to the bank internal credit rating:**

	As of 31 December 2022				As of 31 December 2021
	Stage 1	Stage 2	Stage 3	Total	Total
	Individual	Individual			
	JD	JD	JD	JD	JD
Internal Rating from 1 to -6	1,010,739,069	-	-	1,010,739,069	1,095,595,863
<b>Total</b>	<b>1,010,739,069</b>	<b>-</b>	<b>-</b>	<b>1,010,739,069</b>	<b>1,095,595,863</b>

**Jordan Islamic Bank - Public Shareholding Company**  
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**Cumulative movement on government and public sector facilities:**

	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
	JD	JD	JD	JD
As at 31 December 2022				
Balance at the beginning of the year	1,095,595,863	-	-	1,095,595,863
New facilities during the year	-	-	-	-
Settled facilities	(84,856,794)	-	-	(84,856,794)
<b>Balance at the end of the year</b>	<b><u>1,010,739,069</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,010,739,069</u></b>
	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
	JD	JD	JD	JD
As at 31 December 2021				
Balance at the beginning of the year	923,156,347	-	-	923,156,347
New facilities during the year	226,924,358	-	-	226,924,358
Settled facilities	(54,484,842)	-	-	(54,484,842)
<b>Balance at the end of the year</b>	<b><u>1,095,595,863</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,095,595,863</u></b>

**Jordan Islamic Bank - Public Shareholding Company**  
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**B. Cumulative movement on the expected credit loss for direct facilities (sales receivables, other receivables, financing and Al-Qard Al-Hasan):**

As of 31 December 2022	Large corporates	SMEs	Individuals	Real estate financing	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	37,577,278	16,660,354	40,832,834	24,544,680	119,615,146
Expected credit loss on the new facilities during the year	15,206,264	1,378,746	1,869,913	1,771,520	20,226,443
Expected credit loss recovered from settled facilities	(2,468,642)	(743,819)	(998,309)	(539,618)	(4,750,388)
Transferred (from) to stage 1	535,206	216,432	1,458,945	1,244,730	3,455,313
Transferred (from) to stage 2	9,471,589	2,306,160	215,874	(883,802)	11,109,821
Transferred (from) to stage 3	(10,006,794)	(2,522,593)	(1,674,819)	(360,928)	(14,565,134)
Impact on ending balance provision due to change in staging classification	(9,009,683)	116,363	3,018,989	1,181,904	(4,692,427)
Adjustments	14,028,284	905,809	(9,431,803)	(5,186,083)	316,207
Written off facilities	-	(876,921)	(779,359)	(26,968)	(1,683,248)
<b>Balance at the end of the year</b>	<b>55,333,502</b>	<b>17,440,531</b>	<b>34,512,265</b>	<b>21,745,435</b>	<b>129,031,733</b>
<b>Reallocated:</b>					
Individual level provision	55,333,502	15,077,956	10,190,840	8,247,520	88,849,818
Collective level provision	-	2,362,575	24,321,425	13,497,915	40,181,915

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As of 31 December 2021	Large			Real estate	
	corporates	SMEs	Individuals	financing	Total
	JD	JD	JD	JD	JD
Balance at the beginning of the year	29,972,150	15,318,417	37,916,138	31,845,654	115,052,359
Expected credit loss on the new facilities during the year	1,767,622	674,254	2,275,918	610,777	5,328,571
Expected credit loss recovered from settled facilities	(1,318,337)	(68,094)	(1,572,159)	(385,378)	(3,343,968)
Transferred (from) to stage 1	671,872	858,186	1,823,044	415,012	3,768,114
Transferred (from) to stage 2	5,134,553	1,625,708	3,528,859	1,997,272	12,286,392
Transferred (from) to stage 3	(5,806,425)	(2,483,894)	(5,351,903)	(2,412,284)	(16,054,506)
Impact on ending balance provision due to change in staging classification	10,883,215	906,636	(342,594)	(464,262)	10,982,995
Adjustments	(2,333,557)	1,014,363	5,447,257	(6,963,234)	(2,835,171)
Written off facilities	(1,393,815)	(1,185,222)	(2,891,726)	(98,877)	(5,569,640)
<b>Balance at the end of the year</b>	<b><u>37,577,278</u></b>	<b><u>16,660,354</u></b>	<b><u>40,832,834</u></b>	<b><u>24,544,680</u></b>	<b><u>119,615,146</u></b>
<b>Reallocated:</b>					
Individual level provision	37,577,278	13,501,758	9,425,776	11,262,431	71,767,243
Collective level provision	-	3,158,596	31,407,058	13,282,249	47,847,903

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**Cumulative movement on the expected credit loss for direct facilities (sales receivables, other receivables, financing and Al-Qard Al-Hasan):**

	Stage 1		Stage 2		Stage 3	Total	As of 31
	Individual	Collective	Individual	Collective			December 2021
	JD	JD	JD	JD			Total
Balance at the beginning of the year	3,046,586	15,890,161	20,539,093	5,362,927	74,776,379	119,615,146	115,052,359
Impairment loss on new exposures	1,505,878	565,714	14,433,512	642,458	3,078,880	20,226,442	5,328,571
Recovered from impairment loss on settled exposures	(683,176)	(148,799)	(651,537)	(177,396)	(3,089,480)	(4,750,388)	(3,343,968)
Transferred (from) to stage 1	2,638,124	1,611,406	(2,155,105)	(643,818)	(1,450,607)	-	-
Transferred (from) to stage 2	(713,909)	(42,803)	13,693,319	1,126,462	(14,063,069)	-	-
Transferred (from) to stage 3	(24,471)	(13,034)	(177,546)	(733,490)	948,541	-	-
Impact on impairment loss due to change in staging classification	(2,171,229)	(1,597,920)	(13,006,047)	429,217	11,653,553	(4,692,426)	10,982,995
Impact on provision due to adjustment	(1,125,831)	(2,771,684)	(1,220,926)	(2,410,375)	7,845,023	316,207	(2,835,171)
Impairment loss on written off exposures	-	-	-	-	(1,683,248)	(1,683,248)	(5,569,640)
<b>Balance at the end of the year</b>	<b>2,471,972</b>	<b>13,493,041</b>	<b>31,454,763</b>	<b>3,595,985</b>	<b>78,015,972</b>	<b>129,031,733</b>	<b>119,615,146</b>

**(11) Financial assets at fair value through income statement – self financed**

This item consists of the following:

	31 December 2022	31 December 2021
	JD	JD
<b>Quoted financial assets</b>		
Companies shares	47,359	-
<b>Total financial assets at fair value through income statement – self</b>	<b>47,359</b>	<b>-</b>

**(12) Financial assets at fair value through owner's equity – self financed**

This item consists of the following:

	31 December 2022	31 December 2021
	JD	JD
<b>Quoted financial assets</b>		
Companies shares	4,673,901	4,890,407
<b>Total financial assets – quoted</b>	<b>4,673,901</b>	<b>4,890,407</b>
<b>Unquoted financial assets</b>		
Companies shares	2,419,486	2,420,902
Al Wakala Bi Al Istithmar (investment portfolio)	10,915,422	10,938,765
<b>Total financial assets - unquoted</b>	<b>13,334,908</b>	<b>13,359,667</b>
<b>Total financial assets at fair value through owner's equity – self</b>	<b>18,008,809</b>	<b>18,250,074</b>

**(13) Financial assets at fair value through joint investment accounts holders' equity**

This item consists of the following:

	31 December 2022	31 December 2021
	JD	JD
<b>Quoted financial assets:</b>		
Companies shares	19,179,595	19,357,721
<b>Total quoted financial assets</b>	<b>19,179,595</b>	<b>19,357,721</b>
<b>Unquoted financial assets:</b>		
Companies shares	13,399,274	10,085,204
Al Wakala Bi Al Istithmar (investment portfolio)	1,291,047	1,572,078
<b>Total unquoted financial assets</b>	<b>14,690,321</b>	<b>11,657,282</b>
<b>Total financial assets at fair value through the investment accounts holders' equity - joint</b>	<b>33,869,916</b>	<b>31,015,003</b>

**(14) Financial assets at amortized cost**

This item consists of the following:

	31 December 2022	31 December 2021
	JD	JD
<b>Quoted financial assets</b>		
Islamic Sukuk	12,762,000	12,762,000
Provision for expected credit losses	(105,654)	(108,105)
<b>Net quoted financial assets</b>	<b>12,656,346</b>	<b>12,653,895</b>
<b>Unquoted financial assets</b>		
Islamic Sukuk	376,430,472	249,294,595
Islamic banks portfolio	9,314,458	8,384,091
<b>Total unquoted financial assets</b>	<b>385,744,930</b>	<b>257,678,686</b>
Provision for expected credit loss	(2,039,364)	(1,880,532)
<b>Net unquoted financial assets</b>	<b>383,705,566</b>	<b>255,798,154</b>
<b>Total Financial Assets at amortized cost</b>	<b>396,361,912</b>	<b>268,452,049</b>

Islamic Sukuk rate of return ranges between 3.55% - 5.47% payable on a semi-annual basis, with a maturity of less than 4 years.

Islamic Sukuk long term in US Dollars rate of return ranges between 6.87% - 9.37% payable on a semi-annual basis, with a maturity of less than 3 years.

Short term Islamic Sukuk in US Dollars rate of return ranges between 4.88% - 5.70%, with a maturity of 3 to 6 months.



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**1. Cumulative movement on financial assets at amortized cost:**

As of 31 December 2022	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
	JD	JD		
Balance at the beginning of the year	268,622,313	-	1,818,373	270,440,686
New investments during the year	180,555,181	3,016,672	-	183,571,853
Matured investments	(55,505,609)	-	-	(55,505,609)
<b>Balance at the end of the year</b>	<b>393,671,885</b>	<b>3,016,672</b>	<b>1,818,373</b>	<b>398,506,930</b>

As of 31 December 2021	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
	JD	JD		
Balance at the beginning of the year	189,393,324	7,090,000	1,818,373	198,301,697
New investments during the year	116,425,956	-	-	116,425,956
Matured investments	(44,286,967)	-	-	(44,286,967)
Transferred (from) to stage 1	7,090,000	(7,090,000)	-	-
<b>Balance at the end of the year</b>	<b>268,622,313</b>	<b>-</b>	<b>1,818,373</b>	<b>270,440,686</b>

**2. Cumulative movement on the expected credit loss:**

As of 31 December 2022	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
	JD	JD		
Balance at the beginning of the year	170,264	-	1,818,373	1,988,637
Expected credit loss on new investments during the year	36,782	184,090	-	220,872
Expected credit loss recovered from matured investments	(7,905)	-	-	(7,905)
Adjustments	(56,586)	-	-	(56,586)
<b>Balance at the end of the year</b>	<b>142,555</b>	<b>184,090</b>	<b>1,818,373</b>	<b>2,145,018</b>

As of 31 December 2022	Stage 1	Stage 2	Stage 3	Total
	Individual	Individual		
	JD	JD		
Balance at the beginning of the year	106,635	503,490	1,818,373	2,428,498
Expected credit loss on new investments during the year	62,159	-	-	62,159
Expected credit loss recovered from matured investments	(18,104)	-	-	(18,104)
Transferred (from) to stage 1	503,490	(503,490)	-	-
Impact on ending balance provision due to change in staging classification	(413,389)	-	-	(413,389)
Adjustments	(70,527)	-	-	(70,527)
<b>Balance at the end of the year</b>	<b>170,264</b>	<b>-</b>	<b>1,818,373</b>	<b>1,988,637</b>

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**(15) Investments in associates**

This item consists of the following:

Company Name	Country of incorporation	Percentage of ownership	Nature of activity	Acquisition date	Joint			
					Cost		Value under equity method	
					31 December 2022	31 December 2021	31 December 2022	31 December 2021
		%			JD	JD	JD	JD
Jordan Center for International Trading Co.	Jordan	28.4	Commercial	1983	1,070,507	1,070,507	1,554,240	1,513,996
Islamic Insurance Co.	Jordan	33.3	Insurance	1995	4,625,908	4,625,908	7,782,690	7,537,819
<b>Total associates</b>					<b>5,696,415</b>	<b>5,696,415</b>	<b>9,336,930</b>	<b>9,051,815</b>

Investments in associates are measured using equity method. Fair value of these investments as at 31 December 2022 amounted to JD 8,153,270 compared to JD 8,390,150 as at 31 December 2021.

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**(16) Investments in real estate**

This item consists of the following:

	Joint	
	31 December 2022	31 December 2021
	JD	JD
Investments in real estate *	113,696,192	119,023,646
<b>Total</b>	<b>113,696,192</b>	<b>119,023,646</b>

\* Investments in real estate are presented at fair value, with a cost of JD 109,407,879 as at 31 December 2022 compared to JD 112,738,989 as at 31 December 2021.

- Movements on investments in real estate were as follow:

	31 December 2022		
	Lands JD	Buildings JD	Total JD
Balance at the beginning of the year	70,771,125	48,252,521	119,023,646
Additions	-	-	-
Disposals*	(5,230,892)	(300,081)	(5,530,973)
Revaluation difference	1,685,376	(1,481,857)	203,519
<b>Net Investments in real estate at the end of the year</b>	<b>67,225,609</b>	<b>46,470,583</b>	<b>113,696,192</b>

	31 December 2021		
	Lands JD	Buildings JD	Total JD
Balance at the beginning of the year	78,390,123	29,218,140	107,608,263
Additions	-	20,751,442	20,751,442
Disposals	(4,766,945)	(176,099)	(4,943,044)
Revaluation difference	(2,852,053)	(1,540,962)	(4,393,015)
<b>Net Investments in real estate at the end of the year</b>	<b>70,771,125</b>	<b>48,252,521</b>	<b>119,023,646</b>

- The fair value of real estate investments is based on the average of the valuations made by independent appraisers who have the professional qualifications and experience to evaluate the location and type of properties subject to appraisal as on 31 December 2022 and 31 December 2021. The fair value was determined based on recent market transactions as well as independent appraisers' information and professional judgments.

\* On December 22, 2022, one of the lands was transferred from investments in real estate (joint investment accounts) to the bank's self-assets, due to the bank's desire to use it for the purpose of establishing an electricity generation plant to serve its branches, where the approval of the Real Estate Investment Committee was obtained to sell the property based on the average real estate estimates of three accredited real estate valuers amounted to 240,373 JD (Note No. 18), and the book value of the property at the date of the transfer amounted to 134,020 JD, and as a result of this transfer, a profit for joint investment account holders amounted to

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106,354 JD. There was no fundamental change in the value of these assets at the beginning and end of the financial period. These assets are indivisible and did not result in any differences in foreign currency, and the prior approval of the Central Bank of Jordan was taken according to the instructions.

**(17) Al Qard Al Hasan - Net**

This item consists of the following:

	<u>31 December 2022</u>	<u>31 December 2021</u>
	JD	JD
Al Qard Al Hasan	41,906,315	68,865,578
Less: provision for expected credit loss - self*	(5,778,574)	(4,750,536)
<b>Al Qard Al Hasan - Net</b>	<b><u>36,127,741</u></b>	<b><u>64,115,042</u></b>

\* Movements on expected credit loss - self were as follows:

	<u>Beginning balance</u>	<u>Appropriated during the year</u>	<u>Transferred to (from) during the year</u>	<u>Ending balance</u>
	JD	JD	JD	JD
<b>31 December 2022</b>				
Expected credit loss-Self	4,750,536	929,000	99,038	5,778,574
<b>Total</b>	<b><u>4,750,536</u></b>	<b><u>929,000</u></b>	<b><u>99,038</u></b>	<b><u>5,778,574</u></b>
	<u>Beginning balance</u>	<u>Appropriated during the year</u>	<u>Transferred to (from) during the year</u>	<u>Ending balance</u>
	JD	JD	JD	JD
<b>31 December 2021</b>				
Expected credit loss-Self	3,705,944	1,153,000	(108,408)	4,750,536
<b>Total</b>	<b><u>3,705,944</u></b>	<b><u>1,153,000</u></b>	<b><u>(108,408)</u></b>	<b><u>4,750,536</u></b>

- The movement on Al Qard Al Hasan and provision for expected credit losses according to the stages is disclosed within the movement on direct facilities.

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**(18) Property and equipment - Net**

This item consists of the following:

	31 December 2022					
	Land	Buildings	Equipment, Furniture and Fixtures	Vehicles	Computers	Total
	JD	JD	JD	JD	JD	JD
<b>Cost</b>						
<b>Beginning balance</b>	37,693,374	51,211,967	59,082,127	1,563,448	18,695,129	168,246,045
Additions	240,373	1,545,282	1,391,066	21,007	963,700	4,161,428
Disposals	(4,023,473)	(335,789)	(483,928)	(128,910)	(1,800)	(4,973,900)
<b>Ending balance</b>	<b>33,910,274</b>	<b>52,421,460</b>	<b>59,989,265</b>	<b>1,455,545</b>	<b>19,657,029</b>	<b>167,433,573</b>
Accumulated Depreciation	-	(10,273,159)	(51,941,275)	(1,224,522)	(16,920,441)	(80,359,397)
Depreciation of the year	-	(1,065,987)	(2,810,449)	(57,422)	(1,433,731)	(5,367,589)
Disposals	-	-	235,683	17,947	-	253,630
<b>Ending balance</b>	<b>-</b>	<b>(11,339,146)</b>	<b>(54,516,041)</b>	<b>(1,263,997)</b>	<b>(18,354,172)</b>	<b>(85,473,356)</b>
<b>Net book value of property and equipment</b>	<b>33,910,274</b>	<b>41,082,314</b>	<b>5,473,224</b>	<b>191,548</b>	<b>1,302,857</b>	<b>81,960,217</b>
Payments on purchase of property and equipment	-	-	429,844	-	881,210	1,311,054
Projects in progress	-	2,230,780	-	-	-	2,230,780
<b>Net property and equipment at the end of the year</b>	<b>33,910,274</b>	<b>43,313,094</b>	<b>5,903,068</b>	<b>191,548</b>	<b>2,184,067</b>	<b>85,502,051</b>

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	31 December 2021					
	Land	Buildings	Equipment, Furniture and Fixtures	Vehicles	Computers	Total
	JD	JD	JD	JD	JD	JD
<b>Cost</b>						
<b>Beginning balance</b>	37,693,374	51,392,816	57,021,342	1,742,888	17,901,595	165,752,015
Additions	-	-	2,397,878	5,737	854,797	3,258,412
Disposals	-	(180,849)	(337,093)	(185,177)	(61,263)	(764,382)
<b>Ending balance</b>	<b>37,693,374</b>	<b>51,211,967</b>	<b>59,082,127</b>	<b>1,563,448</b>	<b>18,695,129</b>	<b>168,246,045</b>
<b>Accumulated Depreciation</b>	-	(9,241,175)	(49,103,453)	(1,133,208)	(15,511,694)	(74,989,530)
Depreciation of the year	-	(1,031,984)	(2,863,882)	(91,314)	(1,457,845)	(5,445,025)
Disposals	-	-	26,060	-	49,098	75,158
<b>Ending balance</b>	-	(10,273,159)	(51,941,275)	(1,224,522)	(16,920,441)	(80,359,397)
<b>Net book value of property and equipment</b>	<b>37,693,374</b>	<b>40,938,808</b>	<b>7,140,852</b>	<b>338,926</b>	<b>1,774,688</b>	<b>87,886,648</b>
Payments on purchase of property and equipment	-	-	232,279	-	508,049	740,328
Projects in progress	-	3,082,584	-	-	-	3,082,584
<b>Net property and equipment at the end of the year</b>	<b>37,693,374</b>	<b>44,021,392</b>	<b>7,373,131</b>	<b>338,926</b>	<b>2,282,737</b>	<b>91,709,560</b>

Fully depreciated property and equipment amounted to JD 82,452,724 as at 31 December 2022 compared to JD 74,681,315 as at 31 December 2021.

**(19) Depreciation and amortization**

This item consists of the following:

	31 December 2022	31 December 2021
	JD	JD
Property and equipment depreciation (note 18)	5,367,589	5,445,025
Intangible assets amortization (note 20)	1,159,499	1,317,367
Depreciation of right of use assets (note 21 A)	1,611,454	1,600,766
<b>Total</b>	<b>8,138,542</b>	<b>8,363,158</b>

**(20) Intangible assets**

This item consists of the following:

	31 December 2022	31 December 2021
	Computer systems and software	Computer systems and software
	JD	JD
Balance at the beginning of the year	1,533,226	1,087,362
Additions	150,447	1,763,231
Amortization	<u>(1,159,499)</u>	<u>(1,317,367)</u>
<b>Total</b>	524,174	1,533,226
Payments on softwares purchases	<u>6,534,097</u>	<u>2,766,071</u>
<b>Balance at the end of the year</b>	<b><u>7,058,271</u></b>	<b><u>4,299,297</u></b>

**(21) Right of use assets / Lease Obligations**

This item consists of the following:

A- Right of use Assets

	31 December 2022	31 December 2021
	JD	JD
Balance at the beginning of the year	12,283,463	12,656,099
Additions	229,149	1,307,812
Payments in advance	(68,078)	-
Depreciation for the year	(1,611,454)	(1,600,766)
Associates depreciation – joint	<u>(69,801)</u>	<u>(79,682)</u>
<b>Balance at the end of the year</b>	<b><u>10,763,279</u></b>	<b><u>12,283,463</u></b>

B- Lease Obligations

	31 December 2022	31 December 2021
	JD	JD
Balance at the beginning of the year	12,276,600	12,396,749
Additions	229,149	1,307,812
Lease Obligation finance cost	646,604	702,991
Payments during the year	<u>(2,199,832)</u>	<u>(2,130,952)</u>
<b>Balance at the end of the year</b>	<b><u>10,952,521</u></b>	<b><u>12,276,600</u></b>

**(22) Other assets**

This item consists of the following:

	31 December 2022	31 December 2021
	JD	JD
Accrued revenues	2,692,593	351,224
Prepaid expenses	367,939	250,696
Temporary debit accounts	7,965,934	7,992,949
Stationery and publications	627,479	493,727
Stamps	69,322	83,498
Credit card accounts	8,352,247	5,892,086
Settlement guarantee fund deposits	25,000	25,000
Refundable deposits	351,980	370,315
Repossessed assets by the Bank against debts*- net	42,820,248	36,275,835
Others	66,209	322,608
<b>Total</b>	<b><u>63,338,951</u></b>	<b><u>52,057,938</u></b>

\* The following is a summary of the movement in the assets owned by the bank in settlement of repossessed assets by the Bank against debts:

	31 December 2022	31 December 2021
	JD	JD
<b>Beginning balance for the year</b>	37,378,971	39,765,682
Additions	12,719,324	18,279,381
Disposals *	(5,041,477)	(20,666,092)
<b>Ending balance for the year</b>	<b><u>45,056,818</u></b>	<b><u>37,378,971</u></b>
Provision for acquired assets **	(612,731)	(12,363)
Impairment provision for repossessed assets	(1,623,839)	(1,090,773)
<b>Total</b>	<b><u>42,820,248</u></b>	<b><u>36,275,835</u></b>

\* A total of JD 19,704,646 was transferred during 2021 from repossessed assets to investments in real estate after performing a feasibility study in line with the bank's owned real estate investment policies (note 16).

\*\* A provision was calculated against the infringement repossessed real estate at the rate of 5% of the total book values of those real estate during the year 2022, and according to the Central Bank of Jordan Circular No. (10/3/16234) dated 10 October 2022, the calculation of the impairment provision for the infringement repossessed real estate was stopped and the balance was released existing allowance against any of the infringing repossessed real estate that is disposed of.



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**(23) Banks and financial institutions accounts**

This item consists of the following:

	31 December 2022			31 December 2021		
	Inside the Kingdom	Outside the Kingdom	Total	Inside the Kingdom	Outside the Kingdom	Total
	JD	JD	JD	JD	JD	JD
Current and on demand accounts	26,417,187	10,687,312	37,104,499	53,439,029	2,894,401	56,333,430
<b>Total</b>	<b>26,417,187</b>	<b>10,687,312</b>	<b>37,104,499</b>	<b>53,439,029</b>	<b>2,894,401</b>	<b>56,333,430</b>

**(24) Customers' current and on demand accounts**

This item consists of the following:

	31 December 2022				
	Retail	Large corporates	Small and Medium Enterprises	Government and public sector	Total
	JD	JD	JD	JD	JD
Current accounts	820,449,773	19,207,829	257,806,231	28,203,834	1,125,667,667
On demand accounts	262,423,818	919,321	994,789	-	264,337,928
<b>Total</b>	<b>1,082,873,591</b>	<b>20,127,150</b>	<b>258,801,020</b>	<b>28,203,834</b>	<b>1,390,005,595</b>

	31 December 2021				
	Retail	Large corporates	Small and Medium Enterprises	Government and public sector	Total
	JD	JD	JD	JD	JD
Current accounts	811,626,581	30,365,058	239,735,467	36,079,404	1,117,806,510
On demand accounts	261,104,491	21,052	953,162	-	262,078,705
<b>Total</b>	<b>1,072,731,072</b>	<b>30,386,110</b>	<b>240,688,629</b>	<b>36,079,404</b>	<b>1,379,885,215</b>

Government and public sector deposits inside the Kingdom amounted to JD 28,203,834 representing 2.03% of the total customers' current and on demand accounts as at 31 December 2022 compared to JD 36,079,404 representing 2.61% as at 31 December 2021.

Dormant accounts amounted to JD 14,229,016 as of 31 December 2022 compared to JD 24,353,617 as of 31 December 2021.

The restricted accounts amounted to JD 7,153,085 representing 0.51% of the total customers' current and on demand accounts as of 31 December 2022 compared to JD 18,600,099 representing 1.35% as of 31 December 2021 of the total customers' current and on demand accounts.

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**(25) Cash margins**

The item consists of the following:

	31 December 2022	31 December 2021
	JD	JD
Cash margins against sales receivables, finances and other receivables	25,723,205	26,597,568
Cash margins against indirect facilities	26,334,732	25,470,367
Other margins	6,001,700	6,621,492
<b>Total</b>	<b><u>58,059,637</u></b>	<b><u>58,689,427</u></b>

**(26) Other provisions**

This item consists of the following:

	31 December 2022				
	Beginning Balance	Appropriated during the year	Transferred during the year	Utilized during the year	Ending Balance
	JD	JD	JD	JD	JD
End of service indemnity provision	4,350,000	850,000	-	-	5,200,000
Legal case held against bank provision	75,000	-	-	-	75,000
Employees' vacation provision	3,600,000	200,000	-	-	3,800,000
Contingencies provision (Note 67-D) – Joint	2,132,047	-	(1,395,237)	-	736,810
contingencies provision (Note 67-D) - Self	6,403,296	-	(560,946)	-	5,842,350
<b>Total</b>	<b><u>16,560,343</u></b>	<b><u>1,050,000</u></b>	<b><u>(1,956,183)</u></b>	<b><u>-</u></b>	<b><u>15,654,160</u></b>

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	31 December 2021				
	Beginning	Appropriated	Transferred	Utilized	Ending
	Balance	during the	during the	during	Balance
	JD	JD	JD	JD	JD
End of service indemnity provision	3,850,000	500,000	-	-	4,350,000
Legal cases held against bank provision	75,000	-	-	-	75,000
Employees' vacation provision	3,500,000	100,000	-	-	3,600,000
Contingencies provision (Note 67-D) - Joint	1,284,360	-	847,687	-	2,132,047
Contingencies provision (Note 67-D) – Self	6,627,116	-	(223,820)	-	6,403,296
<b>Total</b>	<b>15,336,476</b>	<b>600,000</b>	<b>623,867</b>	<b>-</b>	<b>16,560,343</b>

**(27) Income tax provision**

**A. Bank's income tax provision**

Movements on the Bank's income tax provision were as follows:

	31 December 2022	31 December 2021
	JD	JD
Beginning balance for the year	32,652,979	26,142,445
Income tax paid	(28,749,724)	(22,509,023)
Income tax expense	35,180,593	37,397,819
Income tax paid in advance for the years 2022 and 2021	(7,783,601)	(8,378,262)
<b>Ending balance for the year</b>	<b>31,300,247</b>	<b>32,652,979</b>

**B. Income tax expense shown in the consolidated income statement represents the following:**

	31 December 2022	31 December 2021
	JD	JD
Income tax for the profit of the year	35,180,593	37,397,819
Less: deferred tax assets	(750,951)	-
<b>Total</b>	<b>34,429,642</b>	<b>37,397,819</b>

Income tax was calculated in accordance with Income Tax Law No. (38) of 2018 and its amendments, to become 35% income tax in addition to 3% national contribution, a total of 38% for the Bank.

The Bank reached a final settlement up to end of 2020 and the Bank submitted the income tax declarations for the years 2021, but the Income and Sales Tax Department has not reviewed the records up to the date these of financial statements.

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There are no pending cases concerning the bank with the Income Tax Court, and in the opinion of the bank's administration and its tax consultant, the tax allocations taken are sufficient as of 31 December 2022.

**C. Deferred tax assets**

	As of 31 December 2022				As of 31 December 2021
	Beginning balance	Released amounts	Added amounts	Ending balance	Deferred tax
	JD	JD	JD	JD	JD
Suspended revenue unaccepted by tax	-	-	1,976,188	1,976,188	750,951
<b>Total</b>	-	-	<b>1,976,188</b>	<b>1,976,188</b>	<b>750,951</b>

**Subsidiaries:**

**Al Samaha Financing and Investment Company Ltd:**

The Company reached a final income tax settlement up to end of 2018 and the Company submitted the income tax declarations for the years 2019, 2020 and 2021, but the Income and Sales Tax Department has not reviewed the records up to the date these of financial statements.

**Sanabel Al-Khair for financial investment Company Ltd:**

The Company reached a final settlement with the income tax department up to end of the year 2020 and the Company submitted the income tax declarations for the year 2021 but the Income and Sales Tax Department has not reviewed the records up to the date these of financial statements.

**Omaryeh School Company Ltd:**

The Company reached a final income tax settlement up to end of 2018 and the Company submitted the income tax declarations for the years 2019, 2020 and 2021, but the Income and Sales Tax Department has not reviewed the records up to the date these of financial statements.

**Future Applied Computer Technology Company Ltd:**

The Company reached a final settlement with the income tax department up to end of the year 2020 and the Company submitted the income tax declarations for the year 2021 but the Income and Sales Tax Department has not reviewed the records up to the date these of financial statements.

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**(28) Deferred tax liabilities**

This item consists of the following:

	31 December 2022				31 December 2021	
	Beginning	released	Added	Ending	Deferred Tax	Deferred Tax
	Balance	amount	amounts	Balance		
JD	JD	JD	JD	JD	JD	
<b>A. Deferred tax liabilities –Joint*</b>						
Financial assets reserve at fair value through the joint investment accounts holders' equity	(2,968,345)	(409,935)	236,760	(3,141,520)	(1,193,778)	(1,127,971)
Investments in real estate reserve	6,284,657	(3,257,586)	1,261,242	4,288,313	1,629,559	2,388,170
<b>Total</b>	<b>3,316,312</b>	<b>(3,667,521)</b>	<b>1,498,002</b>	<b>1,146,793</b>	<b>435,781</b>	<b>1,260,199</b>
<b>B. Deferred tax liabilities – self-financed **</b>						
Financial assets reserve at fair value through owner's equity- self	4,951,340	(228,647)	-	4,722,693	1,794,623	1,881,509
<b>Total self-deferred tax liabilities</b>	<b>4,951,340</b>	<b>(228,647)</b>	<b>-</b>	<b>4,722,693</b>	<b>1,794,623</b>	<b>1,881,509</b>
<b>Total</b>	<b>8,267,652</b>	<b>(3,896,168)</b>	<b>1,498,002</b>	<b>5,869,486</b>	<b>2,230,404</b>	<b>3,141,708</b>

\* Deferred tax liabilities - joint includes an amount of JD 435,781 as at 31 December 2022 compared to JD 1,260,199 as at 31 December 2021 resulting from the profits of evaluating financial and non-financial assets within the fair value reserve of the unrestricted investment accounts holders'.

\*\* Deferred tax liabilities - self financed includes an amount of JD 1,794,623 as at 31 December 2022 compared to JD 1,881,509 as at 31 December 2021 resulting from the profits of evaluating financial assets within the fair value reserve of owner's equity.

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Movements on deferred tax liabilities were as follows:

**A. Joint**

	31 December 2022	31 December 2021
	JD	JD
Beginning Balance	1,260,199	3,215,793
Released	(824,418)	(1,955,594)
<b>Ending Balance</b>	<b>435,781</b>	<b>1,260,199</b>

**B. Self**

	31 December 2022	31 December 2021
	JD	JD
Beginning Balance	1,881,509	1,770,260
Additions	(86,886)	111,249
<b>Ending Balance</b>	<b>1,794,623</b>	<b>1,881,509</b>

**C. Reconciliation between tax profit and accounting profit:**

	31 December 2022	31 December 2021
	JD	JD
Accounting profit	95,538,653	96,455,516
Non-taxable profit	(6,530,218)	(3,024,264)
Nondeductible expenses	1,679,328	5,074,916
Taxable profit	90,687,763	98,506,168
<b>Attributable to:</b>		
Bank	90,370,652	98,160,922
Subsidiaries	317,111	345,246
Statutory income tax rate - Bank	٪38	38%
Statutory income tax rate - Subsidiaries	٪28	28%
Effective income tax rate	٪37.97	38.77%

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**(29) Other liabilities**

This item consists of the following:

	31 December 2022	31 December 2021
	JD	JD
Accepted cheques	632,593	1,430,695
Revenues received in advance	1,489,248	882,351
Al Qard Al Hasan Fund	2,522,980	2,129,520
Temporary deposits	1,342,299	902,882
Miscellaneous credit balances	1,576,988	3,475,044
Cheques against notes payables	5,704,024	5,681,826
Banker's cheques	6,823,072	10,210,199
Accounts payable	1,270,121	1,312,576
Collection bills	3,569,151	3,690,473
Cards limits	6,147,168	8,852,484
Others	2,291,665	3,240,649
<b>Total</b>	<b>33,369,309</b>	<b>41,808,699</b>

**(30) Unrestricted investment accounts**

A. This item consists of the following:

	31 December 2022					
	Retail	Large corporates	Small and Medium Enterprises	Government and public sector	Banks	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	634,656,330	580,959	8,099,703	278	24,204,359	667,541,629
Notice accounts	8,818,494	-	4,163,348	641,666	8,045,265	21,668,773
Term accounts	2,107,740,965	60,016,758	191,594,253	172,390,043	30,000,000	2,561,742,019
<b>Total</b>	<b>2,751,215,789</b>	<b>60,597,717</b>	<b>203,857,304</b>	<b>173,031,987</b>	<b>62,249,624</b>	<b>3,250,952,421</b>
Depositors' share from Investment returns	66,190,642	2,167,236	6,338,253	6,670,997	756,495	82,123,623
<b>Total unrestricted investment accounts</b>	<b>2,817,406,431</b>	<b>62,764,953</b>	<b>210,195,557</b>	<b>179,702,984</b>	<b>63,006,119</b>	<b>3,333,076,044</b>
	31 December 2021					
	Retail	Large corporates	Small and Medium Enterprises	Government and public sector	Banks	Total
	JD	JD	JD	JD	JD	JD
Saving accounts	642,525,495	233,677	9,929,165	42	24,406,966	677,095,345
Notice accounts	8,795,688	-	4,306,707	628,220	10,000,922	23,731,537
Term accounts	2,075,327,318	29,770,111	133,997,850	129,770,072	16,105,750	2,384,971,101
<b>Total</b>	<b>2,726,648,501</b>	<b>30,003,788</b>	<b>148,233,722</b>	<b>130,398,334</b>	<b>50,513,638</b>	<b>3,085,797,983</b>
Depositors' share from Investment returns	57,043,597	627,702	3,122,403	2,728,034	953,234	64,474,970
<b>Total unrestricted investment accounts</b>	<b>2,783,692,098</b>	<b>30,631,490</b>	<b>151,356,125</b>	<b>133,126,368</b>	<b>51,466,872</b>	<b>3,150,272,953</b>

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Unrestricted investment accounts share of profits is calculated as follows:

- 40% of the annual average balance of saving accounts.
- 70% of the annual average balance of notice accounts.
- 90% of the minimum balance of term accounts.

Profit distributed percentage for Jordanian Dinars on unrestricted investment account was (3.34% - 5.55%) as at 31 December 2022 compared to (2.92% - 5.0%) as at 31 December 2021, Profit distributed percentage of foreign currencies on unrestricted investment account was (2.00% - 3.33%) as at 31 December 2022 compared to 1.29% as at 31 December 2021.

Unrestricted investment accounts (Government of Jordan and Public Sector) inside the Kingdom amounted to JD 179,702,984 representing 5.39% of the total unrestricted investment accounts as at 31 December 2022 compared to JD 133,126,368, representing 4.23% as of 31 December 2021.

Dormant accounts amounted to JD 42,388,562 as at 31 December 2022 compared to JD 46,717,359 as at 31 December 2021.

The withdrawal restricted investment accounts were amounted to JD 4,536,979 representing 0.14% of the total unrestricted investment accounts as at 31 December 2022 compared to JD 5,494,442 representing 0.17% as at 31 December 2021.

The balance of the mutual insurance fund included in the unrestricted investment accounts amounted to 54,352,361 JD as of 31 December 2022 (2021: 50,448,766 JD) (Note 32-b).

**B. Investment accounts holders' reserve and non- controlling interest – in subsidiaries and associates**

This item consists of the following:

	Joint	
	31 December 2022	31 December 2021
	JD	JD
Investment accounts holders' reserve – Subsidiaries	11,301,692	10,901,495
Investment accounts holders' reserve – Associates	3,640,515	3,355,400
<b>Total</b>	<b>14,942,207</b>	<b>14,256,895</b>
<b>Non-Controlling Interests – Investment account holders</b>	<b>38,956</b>	<b>38,798</b>



**(31) Fair value reserve**

This item consists of the following:

**A. Joint**

	Joint	
	31 December 2022	31 December 2021
	JD	JD
Financial assets reserve at fair value through joint investment accounts holders' equity	(1,947,742)	(1,840,374)
Investments in real estate reserve	2,658,754	3,896,487
<b>Total</b>	<b>711,012</b>	<b>2,056,113</b>

**B. Self**

	Self	
	31 December 2022	31 December 2021
	JD	JD
Financial assets reserve at fair value through owner's equity - self	2,928,070	3,069,831
<b>Total</b>	<b>2,928,070</b>	<b>3,069,831</b>

**C. Movements on the fair value reserve for the unrestricted investment accounts holders' equity were as following:**

	31 December 2022		
	Financial assets at fair value	Investments in real estate	Total
	JD	JD	JD
Beginning Balance	(2,968,345)	6,284,657	3,316,312
Unrealized profit (loss)	(173,175)	1,261,242	1,088,067
Deferred tax assets (liabilities)	1,193,778	(1,629,559)	(435,781)
Profits transferred to the consolidated income statement	-	(3,257,586)	(3,257,586)
<b>Ending Balance</b>	<b>(1,947,742)</b>	<b>2,658,754</b>	<b>711,012</b>

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	31 December 2021		
	Financial assets at fair value	Investments in real estate	Total
	JD	JD	JD
Beginning Balance	(4,066,732)	12,529,346	8,462,614
Unrealized profit (loss)	2,200,120	(3,378,227)	(1,178,107)
Deferred tax assets (liabilities)	1,127,971	(2,388,170)	(1,260,199)
Profits transferred to the consolidated income statement	(1,101,733)	(2,866,462)	(3,968,195)
<b>Ending Balance</b>	<b>(1,840,374)</b>	<b>3,896,487</b>	<b>2,056,113</b>

\* The fair value reserve beginning balance includes the prior year deferred tax liabilities of JD 1,260,199 (Note 28-A).

**D. Movements on the fair value reserve / owner's equity (shareholder's Equity) were as follows:**

	Financial assets at fair value	
	31 December 2022	31 December 2021
	JD	JD
Beginning Balance*	4,951,340	4,658,579
Unrealized (losses) profits	(228,647)	308,256
Deferred tax liabilities	(1,794,623)	(1,881,509)
Gains transferred to retained earnings	-	(15,495)
<b>Ending Balance</b>	<b>2,928,070</b>	<b>3,069,831</b>

\* The fair value reserve beginning balance includes the prior year deferred tax liabilities of JD 1,881,509 (Note 28-B).

**(32) Provision for expected future risks:**

**A. Movements on the provision for expected future risks were as follows:**

	31 December 2022	31 December 2021
	JD	JD
	Beginning balance for the year	25,000,000
Transfer to expected credit losses provision – Joint	(9,844,629)	(980,009)
<b>Ending Balance</b>	<b>15,155,371</b>	<b>25,000,000</b>

**B. Mutual Insurance Fund**

Movements on the mutual insurance fund were as follows:

	31 December 2022	31 December 2021
	JD	JD
<b>Beginning balance</b>	50,448,766	48,820,782
Add: profits for the years 2021 and 2020	1,155,864	1,265,186
Add: insurance premiums collected during the year	10,508,047	7,669,033
Add: amounts recovered from prior years losses	213,330	100,837
Less: insurance premiums paid during the year	(6,357,548)	(5,473,255)
Less: advance tax payments for the year 2021	-	(443,768)
Less: tax payment for the year 2021	(1,104,317)	-
Less: fund's committee members remunerations	(16,000)	(16,000)
Less: consulting fees during the year	(1,740)	(36,153)
Less: Insurance paid for the dissolution of contracts before 2018	-	(958)
Less: losses written off during the year	(494,041)	(436,938)
Less: transferred to expected credit losses provision	-	(1,000,000)
<b>Ending balance</b>	<b>54,352,361</b>	<b>50,448,766</b>

The mutual insurance fund was established based on Article (54) - paragraph (D/3) of the Banks Law No. (28) for the year 2000.

Prior approval of the Central bank of Jordan must be obtained in case of any changes to the mutual insurance fund policies.

In case of discontinuing the mutual insurance fund for any reason, the Board of Directors shall determine the way of spending the fund's sources for charity.

The Central bank of Jordan approved considering the Mutual Insurance Fund as mitigating risk exposure according to its letter No. (10/1/12160) dated 9 October 2014.

Compensation payment for the subscriber is made from the Fund as determined by the Bank from the subscriber's outstanding debt insured in Murabaha or in any other form of deferred sales or as determined by the Bank from the debt and/or the remaining amount from the Ijarah asset in the following cases:

- Death of subscriber.
- The subscriber's physical disability, fully or partially.
- The subscriber's insolvency due to lack of income sources for at least one year, without having an asset or possessing the leased estate to settle his debt and has no opportunity to obtain income source in the upcoming year that enable the debtor to settle his debt or to continue in the finance lease.

As of the beginning of 2018, the group has applied the accrual basis instead of cash basis with regards to insurance premiums received from subscribers, additionally, it was approved to increase the ceiling of coverage to become JD 150 thousand instead of JD 100 thousand.

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Mutual insurance fund covers financing granted by Bank (financing granted from joint investment account and Al Wakala Bi Al Istithmar accounts (investments portfolio)).

The balance of the mutual insurance fund is included within the unrestricted investment accounts (note 30-A).

**C. Provision for expected credit losses - Deferred sales receivables and other receivables – joint (Note 8)**

	31 December 2022	31 December 2021
	JD	JD
Provision for expected credit loss - Bank	120,329,949	112,060,904
Expected credit loss provision for Al Samaha Funding and Investment Company Ltd.	824,865	830,190
Expected credit loss provision for Al Omariah Schools Company Ltd.	1,054,439	1,043,001
<b>Total</b>	<b><u>122,209,253</u></b>	<b><u>113,934,095</u></b>

**D. Movement on the provision for expected credit losses and the Impairment provisions - joint:**

	31 December 2022	31 December 2021
	JD	JD
Balance at the beginning of the year	119,661,999	115,927,918
Provision during the year through the consolidated income statement	-	6,000,000
Transferred from mutual insurance fund (Note 32- B)	-	1,000,000
Transferred from provision of expected future risk (Note 32-A)	9,844,629	980,009
Provision from subsidiaries	6,113	657,403
Written-off debts	(1,565,014)	(4,903,331)
<b>Balance at the end of the year</b>	<b><u>127,947,727</u></b>	<b><u>119,661,999</u></b>

**(33) Paid-In Capital:**

The authorized and paid-in capital amounted to JD 200 million as of 31 December 2022 (2021: JD 200 million) consisting of 200 million shares (2021: 200 million shares).

**(34) Reserves**

**Statutory reserve:**

The accumulated amounts in this account represent the transferred 10% of annual profits before taxes during the current and previous years, in accordance with Banks Law. This reserve is not available for distribution to shareholders.

**Voluntary reserve:**

The accumulated amounts in this account represent the transferred 20% of annual profits before taxes during the current and previous years and is used for purposes determined by the Board of Directors. General Assembly is entitled to distribute the reserve fully or partially as dividends.

Restricted reserves are as follows:

<u>Description</u>	<u>JD</u>	<u>Nature of Restriction</u>
Statutory reserve	120,471,745	Banks Law

**(35) Retained earnings**

The item consists of the following:

	<u>31 December 2022</u>	<u>31 December 2021</u>
	JD	JD
<b>Balance at the beginning of the year</b>	<b>140,544,987</b>	<b>124,731,875</b>
Profit after income tax	61,109,011	59,057,697
Realized profit from sale of financial assets at fair value through owner' equity - self	-	15,495
Transferred to statutory reserve	(9,559,366)	(9,651,052)
Transferred to voluntary reserve	(9,520,356)	(9,609,028)
Dividends distributed to shareholders	(50,000,000)	(24,000,000)
<b>Balance at the end of the year</b>	<b><u>132,574,276</u></b>	<b><u>140,544,987</u></b>

**Proposed Dividends**

The proposed cash dividends to be distributed to shareholders for the current year amounted to 25% of the paid-in capital as which is JD 50 million, and this percentage is subject to the approval of the Central bank of Jordan and the General Assembly of Shareholders (2021: 25%).

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**(36) Deferred sales revenues**

This item consists of the following:

	Joint		Self-financed		Total	
	31 December	31 December	31 December	31 December	31 December	31 December
	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD
<b>Individuals (Retail):</b>						
Murabaha to the purchase orderer	48,364,791	47,226,649	-	-	48,364,791	47,226,649
Deferred sales	937,012	936,804	-	-	937,012	936,804
Ijarah Mawsoofa Bil Thimma	567,651	496,535	-	-	567,651	496,535
Istisna'a	15,770	17,117	-	-	15,770	17,117
<b>Real Estate Financing</b>	<b>28,946,945</b>	<b>27,841,441</b>	<b>-</b>	<b>2,000</b>	<b>28,946,945</b>	<b>27,843,441</b>
<b>Corporate:</b>						
International Murabaha	404,443	326,471	-	-	404,443	326,471
Murabaha to the purchase orderer	20,162,262	19,655,249	-	-	20,162,262	19,655,249
Deferred sales	-	78	-	-	-	78
Ijarah Mawsoofa Bil Thimma	3,630	-	-	-	3,630	-
Istisna'a	1,318,042	1,637,650	-	-	1,318,042	1,637,650
<b>Small and Medium Enterprises:</b>						
Murabaha to the purchase orderer	8,639,528	7,484,000	-	-	8,639,528	7,484,000
Deferred sales	491	1,232	-	-	491	1,232
Ijarah Mawsoofa Bil Thimma	26,180	50,607	-	-	26,180	50,607
Istisna'a	30,430	38,240	-	-	30,430	38,240
<b>Government and public sector</b>	<b>42,015,701</b>	<b>42,141,364</b>	<b>-</b>	<b>-</b>	<b>42,015,701</b>	<b>42,141,364</b>
<b>Total</b>	<b>151,432,876</b>	<b>147,853,437</b>	<b>-</b>	<b>2,000</b>	<b>151,432,876</b>	<b>147,855,437</b>

**(37) Financing revenues**

This item consists of the following:

	Joint		Self-financed		Total	
	31 December	31 December	31 December	31 December	31 December	31 December
	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD
<b>Individuals (Retail):</b>						
Diminishing Musharaka	539,759	508,087	6,003	3,943	545,762	512,030
<b>Total</b>	<b>539,759</b>	<b>508,087</b>	<b>6,003</b>	<b>3,943</b>	<b>545,762</b>	<b>512,030</b>

**(38) Gain from financial assets at fair value through the joint investment accounts**

This item consists of the following:

	Joint	
	31 December 2022	31 December 2021
	JD	JD
Dividends income	612,190	808,548
Gain on sale of financial assets at fair value	-	1,101,733
<b>Total</b>	<b>612,190</b>	<b>1,910,281</b>

**(39) Gain from financial assets at amortized cost**

The item consists of the following:

	Joint	
	31 December 2022	31 December 2021
	JD	JD
Islamic Sukuk	12,705,285	9,056,080
Islamic banks portfolio revenues	254,374	118,706
<b>Total</b>	<b>12,959,659</b>	<b>9,174,786</b>

**(40) Dividends from subsidiaries and associates**

This item consists of the following:

<b>Joint</b>	Ownership percentage	Distribution percentage	Distributed dividends	
			31 December 2022	31 December 2021
			%	%
<b>Dividends distributed from Subsidiaries</b>				
Al Samaha Financing and Investment Company Ltd.	100	5.0	600,000	600,000
<b>Dividends distributed to Associates</b>				
Jordanian Center for International Trading Co.	28.4	5.0	48,200	48,200
Islamic Insurance Co.	33.3	8.0	400,000	400,000
Profit from sale of subsidiary company *	-	-	-	1,071,604
<b>Total</b>			<b>1,048,200</b>	<b>2,119,804</b>

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\* On 6 January 2021, the investment in subsidiary (Future Applied Computer Technology Company Ltd.) was transferred from the joint-investment sources to the self-investment sources due to the connection of this company's business to the Bank's. The transfer was carried out at the book value that represents the refundable value at the date of the transfer. The transfer resulted in a joint investment profit of JD 1,071,604, and no currency differences resulted from this transfer. An approval was obtained from the Sharia Supervisory Board of the Bank and the Central bank of Jordan for this transfer.

**(41) Revenues from investments in real estate**

This item consists of the following:

	Joint	
	31 December 2022	31 December 2021
	JD	JD
Total rent income from investments in real estate	1,594,928	1,334,793
Less: operating expenses		
Generating rent income	(455,942)	(336,747)
Net rent income from investing in real estate	1,138,986	998,046
Net sale Income from investing in real estate	3,257,586	2,866,461
<b>Revenues from investments in real estate</b>	<b><u>4,396,572</u></b>	<b><u>3,864,507</u></b>

**(42) Revenues from Ijarah Muntahia Bittamleek assets**

This item consists of the following:

	Joint	
	31 December 2022	31 December 2021
	JD	JD
Ijarah Muntahia Bittamleek	51,283,561	47,412,119
<b>Total</b>	<b><u>51,283,561</u></b>	<b><u>47,412,119</u></b>



**(43) Revenues from other investments**

The item consists of the following:

	31 December 2022	31 December 2021
	JD	JD
Revenue from investment deposits at Islamic financial institutions	1,443,092	1,464,005
Other revenues	405,137	96,271
<b>Total</b>	<b><u>1,848,229</u></b>	<b><u>1,560,276</u></b>

**(44) Net income of subsidiaries**

This item consists of the following:

	31 December 2022	31 December 2021
	JD	JD
<b>Revenues</b>		
School instalments and transportation	9,593,418	7,817,685
Al Wakala Bi Al Istithmar (Investment portfolio)	51,796	88,285
Finance revenues	1,973,427	1,749,725
Other revenues	92,041	108,579
<b>Total Revenues</b>	<b><u>11,710,682</u></b>	<b><u>9,764,274</u></b>
<b>Expenses</b>		
Administrative expenses	(8,222,614)	(7,633,173)
Depreciation	(878,558)	(965,971)
Provision for expected credit loss	(11,438)	(355,116)
Other expenses	(1,579,366)	(1,399,285)
<b>Total expenses</b>	<b><u>(10,691,976)</u></b>	<b><u>(10,353,545)</u></b>
<b>Net income</b>	<b><u>1,018,706</u></b>	<b><u>(589,271)</u></b>

**(45) Share of unrestricted investment accounts holders':**

This item consists of the following:

	31 December 2022	31 December 2021
	JD	JD
<b>Banks and financial institutions</b>	756,495	953,234
<b>Customers:</b>		
Saving accounts	7,117,197	6,033,541
Notice accounts	309,633	274,452
Term accounts	73,940,298	57,213,743
<b>Total</b>	<b><u>82,123,623</u></b>	<b><u>64,474,970</u></b>

**(46) Bank's share of the joint investment accounts revenues as Mudarib and Rab Mal**

The item consists of the following:

	31 December 2022	31 December 2021
	JD	JD
Bank's share as Mudarib	85,784,808	91,808,642
Bank's share as Rab Mal	50,973,178	47,371,099
<b>Total</b>	<b><u>136,757,986</u></b>	<b><u>139,179,741</u></b>

**(47) Bank's self- financed revenues**

This item consists of the following:

	31 December 2022	31 December 2021
	JD	JD
Deferred sales revenues (Note 36)	-	2,000
Financing revenues (Note 37)	6,003	3,943
Gain from financial assets through consolidated income statement	7,349	-
Dividend from financial assets at the fair value through owner's equity	24,043	235,362
<b>Total</b>	<b><u>37,395</u></b>	<b><u>241,305</u></b>

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**(48) Bank's share of restricted investment revenues as Mudarib and Wakeel:**

This item consists of the following:

	Wakeel	Mudarib	Wakeel	Mudarib
	31 December 2022		31 December 2021	
	JD	JD	JD	JD
Restricted investment revenues	-	4,064,315	-	2,421,932
Less: Share of restricted investment accounts holders'	-	(3,501,268)	-	(1,964,982)
<b>Net (Note 57)</b>	<b>-</b>	<b>563,047</b>	<b>-</b>	<b>456,950</b>
Al Wakala Bi Al Istithmar profits	1,231,344	-	1,759,214	-
Less: share of Al Wakala Bi Al Istithmar accounts holders'	(598,306)	-	(1,332,162)	-
<b>Net</b>	<b>633,038</b>	<b>-</b>	<b>427,052</b>	<b>-</b>
Al Wakala Bi Al Istithmar profits (Investment portfolio)	29,417,797	-	26,395,690	-
Less: share of Al Wakala Bi Al Istithmar accounts holders' (Investment portfolio)	(21,617,338)	-	(19,294,650)	-
<b>Net (Note 58)</b>	<b>7,800,459</b>	<b>-</b>	<b>7,101,040</b>	<b>-</b>
<b>Total</b>	<b>8,433,497</b>	<b>563,047</b>	<b>7,528,092</b>	<b>456,950</b>

**(49) Banking services revenues**

This item consists of the following:

	31 December 2022	31 December 2021
	JD	JD
Letters of credit commissions	878,749	536,808
Guarantees commissions	2,618,285	2,491,323
Collection bills commission	667,087	527,200
Transfers commission	1,465,466	1,227,182
Salary transfers commission	5,110,234	4,940,734
Returned cheques commission	979,221	1,101,079
Account management commission	1,063,594	956,657
Cheques books commission	280,616	255,482
Foreign currencies cash deposits commission	113,050	142,142
Brokerage commission	253,424	304,853
Cheques collection commission	131,296	136,298
Credit cards commission	11,780,266	8,460,121
Other commissions	2,366,139	2,246,751
<b>Total</b>	<b>27,707,427</b>	<b>23,326,630</b>

**(50) Foreign currency gain**

This item consists of the following:

	31 December 2022	31 December 2021
	JD	JD
Resulting from trading	887,837	757,760
Resulting from valuation	1,594,020	1,713,919
<b>Total</b>	<b><u>2,481,857</u></b>	<b><u>2,471,679</u></b>

**(51) Other incomes**

The item consists of the following:

	31 December 2022	31 December 2021
	JD	JD
Rents	63,521	85,234
Bonded revenues	901,020	722,623
Postage and telephone	295,257	335,725
Safe box leasing	280,496	275,013
Others	1,522,487	895,778
<b>Total</b>	<b><u>3,062,781</u></b>	<b><u>2,314,373</u></b>

**(52) Employees expenses**

This item consists of the following:

	31 December 2022	31 December 2021
	JD	JD
Salaries, benefits and allowances	35,299,661	33,059,808
Bank's contribution in Social Security	4,200,546	4,073,356
Medical expenses	3,502,817	3,266,988
Training expenses	164,016	70,304
Per diem	142,704	136,601
Meals	80,871	80,058
End of service benefits	848,757	984,982
Takaful insurance	262,628	248,654
<b>Total</b>	<b><u>44,502,000</u></b>	<b><u>41,920,751</u></b>

**(53) Other expenses**

This item consists of the following:

	31 December 2022	31 December 2021
	JD	JD
Postage and telephone	1,912,532	1,735,504
Printings and stationery	1,119,875	1,083,588
System maintenance and licenses	2,439,249	3,060,939
Credit Cards	5,197,019	4,209,499
Paid rent	88,622	97,973
Water, electricity and heating	1,325,252	1,403,177
Repair, maintenance and cleaning	2,386,068	2,252,706
Insurance premiums	1,114,881	885,877
Travel and transportation	1,518,570	1,284,946
Legal and consulting fees	497,022	427,119
Professional fees	129,470	126,570
Subscriptions and memberships	1,032,808	914,631
Donations	1,302,229	560,169
Licenses, governmental fees and taxes	914,551	879,564
Hospitality	145,101	124,217
Advertising and promotion	637,096	618,258
Saving accounts rewards	189,680	165,000
Board committees remunerations	130,000	113,000
Master card and visa accounts rewards	198,316	278,958
Board members remunerations	55,000	55,000
Overdraft accounts coverage	118,085	237,836
Cheques collection	322,913	320,485
Lease obligation cost	628,719	681,858
Others	803,886	1,269,979
<b>Total</b>	<b><u>24,206,944</u></b>	<b><u>22,786,853</u></b>

**(54) Other provisions**

The item consists of the following:

	31 December 2022	31 December 2021
	JD	JD
End of service indemnity provision	850,000	500,000
Employees' vacation provision	200,000	100,000
<b>Total</b>	<b><u>1,050,000</u></b>	<b><u>600,000</u></b>

**(55) Basic earnings per share (EPS)**

The item consists of the following:

	31 December 2022	31 December 2021
	<u>                    </u>	<u>                    </u>
Profit for the year after income tax (JD)	61,109,011	59,057,697
Weighted average number of shares (share)	200,000,000	200,000,000
	<u>                    </u>	<u>                    </u>
<b>Basic earnings per share (Fils/JD)</b>	<b><u>0/306</u></b>	<b><u>0/295</u></b>

- The bank has not issued any new shares or convertible financial instruments that may lead to a reduced share.

**(56) Cash and cash equivalents**

This item consists of the following:

	31 December 2022	31 December 2021
	<u>                    </u>	<u>                    </u>
	JD	JD
Cash and balances with Central bank of Jordan maturing within 3 months *	719,230,111	893,840,158
Add: Balances at banks and financial institutions maturing within 3 months	43,995,907	52,964,875
Less: Balances at banks and financial institutions maturing within 3 months	(37,104,499)	(56,333,430)
	<u>                    </u>	<u>                    </u>
<b>Total</b>	<b><u>726,121,519</u></b>	<b><u>890,471,603</u></b>

- It includes statutory cash reserve (Note 4)

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**(57) Restricted investments**

This item consists of the following:

	Real estate investment		International Murabaha		Deferred sales receivables		Ijarah Muntahia Bittamleek		Cash balances		Total	
	31											
	31 December 2022	December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Beginning balance	268,971	311,641	14,301,577	19,992,791	21,393,642	15,422,596	32,769,228	18,665,979	2,111,244	599,069	70,844,662	54,992,076
Deposits	-	-	62,904,158	53,548,456	20,984,580	10,957,567	18,980,330	15,775,580	13,684,257	9,615,424	116,553,325	89,897,027
Withdrawals	(356,440)	(234,049)	(45,721,925)	(59,282,871)	(2,184,805)	(5,481,175)	(3,756,529)	(2,908,079)	(13,364,116)	(8,103,249)	(65,383,815)	(76,009,423)
Investment profits	329,729	205,785	547,067	231,575	1,017,266	594,370	2,170,253	1,390,202	-	-	4,064,315	2,421,932
Bank's fees as Mudarib	(23,081)	(14,406)	(147,280)	(188,374)	(157,740)	(99,716)	(234,946)	(154,454)	-	-	(563,047)	(456,950)
<b>Ending balance</b>	<b>219,179</b>	<b>268,971</b>	<b>31,883,597</b>	<b>14,301,577</b>	<b>41,052,943</b>	<b>21,393,642</b>	<b>49,928,336</b>	<b>32,769,228</b>	<b>2,431,385</b>	<b>2,111,244</b>	<b>125,515,440</b>	<b>70,844,662</b>
Less: suspended deferred profits	-	-	-	-	(5,980,261)	(2,586,524)	-	-	-	-	(5,980,261)	(2,586,524)
Less: Deferred Mutual Insurance fund	-	-	-	-	(3,082,648)	(1,984,888)	-	-	-	-	(3,082,648)	(1,984,888)
<b>Ending balance, Net</b>	<b>219,179</b>	<b>268,971</b>	<b>31,883,597</b>	<b>14,301,577</b>	<b>31,990,034</b>	<b>16,822,230</b>	<b>49,928,336</b>	<b>32,769,228</b>	<b>2,431,385</b>	<b>2,111,244</b>	<b>116,452,531</b>	<b>66,273,250</b>

**(58) AI Wakala Bi AI Istithmar (Investments Portfolio)**

This item consists of the following:

	Financial assets through comprehensive income statements		Financial assets at amortized cost		Investment in real estate		Deferred Sale receivables		Ijarah Muntahia Bittamleek*		Cash balances		Total	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Beginning balance	39,439,129	25,129,436	-	-	38,326,462	34,733,373	331,129,909	294,277,995	105,958,365	96,077,452	42,629,534	46,713,840	557,483,399	496,932,096
Number of investment units at beginning of the year													1,055,810	993,166
Value of investment units at beginning of the year													527,905,000	496,583,000
Deposits	-	16,481,739	35,000,000	-	287,671	3,298,296	48,370,046	94,671,413	52,546,710	30,059,309	122,188,500	121,003,000	258,392,927	265,513,757
Withdrawals	(5,866,679)	(3,265,667)	-	-	(4,512,177)	(42,000)	(70,451,505)	(70,636,547)	(36,221,351)	(25,225,584)	(134,836,659)	(125,087,306)	(251,888,371)	(224,257,104)
Investment profits	1,813,807	1,496,062	221,059	-	1,471,837	460,729	18,269,436	17,533,582	7,641,658	6,905,317	-	-	29,417,797	26,395,690
Bank's Fees as Wakeel	(480,658)	(402,441)	-	-	(390,037)	(123,936)	(4,904,725)	(4,716,534)	(2,025,039)	(1,858,129)	-	-	(7,800,459)	(7,101,040)
<b>Total</b>	<b>34,905,599</b>	<b>39,439,129</b>	<b>35,221,059</b>	<b>-</b>	<b>35,183,756</b>	<b>38,326,462</b>	<b>322,413,161</b>	<b>331,129,909</b>	<b>127,900,343</b>	<b>105,958,365</b>	<b>29,981,375</b>	<b>42,629,534</b>	<b>585,605,293</b>	<b>557,483,399</b>
Less: deferred profits	-	-	-	-	-	-	(36,024,461)	(37,742,250)	-	-	-	-	(36,024,461)	(37,742,250)
Less: Deferred mutual insurance	-	-	-	-	-	-	(2,802,337)	(2,500,870)	-	-	-	-	(2,802,337)	(2,500,870)
Less: expected credit loss provision	-	-	-	-	-	-	(11,352,107)	(11,352,363)	-	-	-	-	(11,352,107)	(11,352,363)
Impairment provision for repossessed assets	-	-	-	-	(392,357)	(392,357)	-	-	-	-	-	-	(392,357)	(392,357)
<b>Ending Balance, Net</b>	<b>34,905,599</b>	<b>39,439,129</b>	<b>35,221,059</b>	<b>-</b>	<b>34,791,399</b>	<b>37,934,105</b>	<b>272,234,256</b>	<b>279,534,426</b>	<b>127,900,343</b>	<b>105,958,365</b>	<b>29,981,375</b>	<b>42,629,534</b>	<b>535,034,031</b>	<b>505,495,559</b>
Number of investment units at end of year													1,055,810	993,166
Value of investment units at end of year													527,905,000	496,583,000
Investment risk reverse	-	-	-	-	-	-	3,565,937	2,567,252	-	-	-	-	3,565,937	2,567,252
Fair value reserve	300,219	1,826,418	-	-	1,908,899	2,081,632	-	-	-	-	-	-	2,209,118	3,908,050
Liabilities deferred tax	184,005	1,119,418	-	-	1,169,971	1,275,839	-	-	-	-	-	-	1,353,976	2,395,257
Other liability	-	-	-	-	-	42,000	-	-	-	-	-	-	-	42,000
<b>Ending Balance</b>	<b>484,224</b>	<b>2,945,836</b>	<b>-</b>	<b>-</b>	<b>3,078,870</b>	<b>3,399,471</b>	<b>3,565,937</b>	<b>2,567,252</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>535,034,031</b>	<b>505,495,559</b>



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\* On 26 June 2022, assets and receivables of Ijarah Muntahia Bittamleek were transferred between Al Wakala Bi Al Istishmar accounts (from Al Wakala Bi Al Istithmar to Al Wakala Bi Al Istithmar (investment portfolios)) amounted to 1,267,369 JD (Note 59) due to the availability of liquidity in this portfolio and the desire of the Al Wakala Bi Al Istithmar holders to liquidate part of their investment. These assets were transferred at book value, which is equivalent to the recoverable value, and no impairment provisions were recorded on them at the date of transfer.

**(59) Al Wakala Bi Al Istithmar**

This item consists of the following:

	31 December 2022	31 December 2021
	JD	JD
Al Wakala Bi Al Istithmar accounts – Baraka Group *	64,935,555	64,972,393
Al Wakala Bi Al Istithmar accounts – Central bank of Jordan	9,410,274	11,940,216
Al Wakala Bi Al Istithmar accounts – Islamic Insurance Company	1,286,609	1,286,609
<b>Total</b>	<b>75,632,438</b>	<b>78,199,218</b>

Wakala investments accounts represent cash amounts deposited at the Bank that are managed and invested in accordance with Islamic Shari'a compliant investment modes agreed upon with the Muwakkil in exchange of a lump sum or percentage of the invested funds mentioned in Wakala contract. Any losses incurred shall be borne by Muwakkil unless arising from the Bank's (Wakeel) negligence or misconduct.

The Bank's fee is 0.7% - 1.25% annually.

On 26 June 2022, assets and receivables of Ijarah Muntahia Bittamleek were transferred between Al Wakala Bi Al Istishmar accounts (from Al Wakala Bi Al Istithmar to Al Wakala Bi Al Istithmar (investment portfolios)) amounted to 1,267,369 JD (Note 58) due to the availability of liquidity in this portfolio and the desire of the Al Wakala Bi Al Istithmar holders to liquidate part of their investment. These assets were transferred at book value, which is equivalent to the recoverable value, and no impairment provisions were recorded on them at the date of transfer.

These assets are divisible and no foreign currency differences resulted.

**(60) Related parties transactions**

**A. The consolidated financial statements include the financial statements of the Bank and the following subsidiaries:**

Company Name	Ownership	Paid - in Capital	
		31 December 2022	31 December 2021
		JD	JD
Al Omariah Schools Company Ltd.	99.8%	16,000,000	16,000,000
Al Samaha Financing and Investment Company Ltd.	100%	12,000,000	12,000,000
Future Applied Computer Technology Company Ltd.	100%	5,000,000	5,000,000
Sanabel Al-Khair for Financial Investments Company Ltd.	100%	5,000,000	5,000,000

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The Bank entered transactions with the parent Company, subsidiaries, associates, major shareholders, board members and senior executive management within the Bank's ordinary course of business using normal Murabaha rates and commercial commissions. All deferred sales receivables, financing and Ijarah Muntahia Bittamleek granted to related parties are considered performing and within the first stage.

**B. Below is a summary of transactions with related parties:**

	Related parties				Total	
	Parent Company	Associates	Subsidiaries	Board members and Senior Executive management	31 December	31 December
					2022	2021
					JD	JD
<b>Consolidated statement of financial position items:</b>						
Deferred sales receivables	-	1,406,026	2,002,870	9,171,579	12,580,475	10,088,028
Financing of employees housing/ Musharaka	-	-	-	825,476	825,476	1,010,134
Deposits	112,410	7,432,540	3,716,148	2,021,517	13,282,615	16,124,532
<b>Off consolidated statement of financial position items:</b>						
Guarantees and Letters of credit	-	299,538	536,500	3,260,496	4,096,534	3,090,532
<b>Consolidated income statement items:</b>						
Paid expenses	-	4,959,721	1,434,170	3,112,210	9,506,101	8,873,321
Received revenues	24	85,479	107,739	504,106	697,348	405,681
Paid Profits	-	198,255	17,144	5,994	221,393	192,701

Murabaha rate on granted financing ranged between 3.0% - 4.75% annually as at 31 December 2022 (2021: 3.0% - 4.75%).

Musharaka profit rate of financing granted to the employees ranged between 2% - 4.8% annually as at 31 December 2022 (2021: 2% - 4.8%).

Guarantees commission rate ranged between 1% - 4% annually as at 31 December 2022 (2021: 1% - 4%). Letters of credit commission rate ranged between 1.4% - 3.8% quarterly as at 31 December 2022 (2021: 1.4% - 3.8% quarterly).

Individuals and corporate deposits profit's percentages equals to the related parties profit percentages.

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**C. Summary of the Bank's senior executive management benefits (salaries, remuneration and other benefits) were as follows:**

	31 December 2022	31 December 2021
	JD	JD
Salaries, remunerations and transportation	2,502,369	2,231,094
End of service benefits	47,101	-
<b>Total</b>	<b><u>2,549,470</u></b>	<b><u>2,231,094</u></b>

**(61) Fair value of financial instruments**

The Bank uses the following order of valuation methods and alternatives to determine and present the fair value of the financial instruments:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the inputs are significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the inputs are significant to the fair value measurement is unobservable.

The table below illustrate the analysis of the financial instruments measured at fair value according to the aforementioned order:

31 December 2022	First Level	Second Level	Third Level	Total
	JD	JD	JD	JD
Financial assets at fair value through joint investment accounts holders' equity	19,179,595	14,690,321	-	33,869,916
Financial assets at fair value through owner's equity – self financed	4,673,901	13,334,908	-	18,008,809
<u>31 December 2021</u>				
Financial assets at fair value through joint investment accounts holders' equity	19,357,721	11,657,282	-	31,015,003
Financial assets at fair value through owner's equity – self financed	4,890,407	13,359,667	-	18,250,074

**(62) Fair value of financial assets and liabilities not measured at fair value in the consolidated financial statements**

As shown in note (12 & 13), there are no financial assets not listed in the financial markets that are shown at cost, in order for the Bank to be able to estimate their fair value.

**(63) Risk Management**

Banks are exposed to several risks because of the operations they provide to their customers and as a result, the need arose for banks to effectively and efficiently manage the risks that they may be exposed to by using the best available methods to manage risks in line with the nature and size of the risks they may be exposed to.

The Bank undertakes the risk management function through a comprehensive risk management framework approved by the Bank's Board of Directors and senior management to identify, measure, follow up and monitor the relevant risk categories and prepare reports on them, and maintain where needed sufficient capital to meet these risks. These measures take into account the appropriate steps to adhere to the provisions and principles of Islamic law, and this had a great impact in mitigating the effects of the Coronavirus pandemic and the resulting impact on some sectors and increasing the likelihood of default for impacted customers through the necessary precautions to deal with the pandemic and taking adequate allocations for expected credit losses and to maintain sufficient capital to deal with these risks that the Bank may be exposed to.

The risks that the Bank may be exposed to are managed according to the general provisions for managing the risks approved by the Board of Directors according to the following principles:

1. Manage risk through a central, non-executive, independent of business and business support departments, which is the risk management department.
2. Use the three defense lines model to manage risks in our bank, so that it is the first line of defense from the business and support departments, which is the body responsible for the risks to which our bank may be exposed (Risk Owners) and the application of approved controls, and the second line of defense from the Risk Management Department Which defines the controls necessary for risk management in cooperation with the Compliance Control Department and the Internal Control Department, the third line of defense from the Internal Audit Department and the Internal Sharia Audit Department that ensures the application of the controls and their effectiveness.
3. Identify risks that our bank might be exposed to and determine the material risks based on the materiality test that is carried out by the Risk Management Department.
4. Determining the acceptable level of risk for all material risks that our bank may be exposed to, and it is prohibited to exceed it under any circumstances except with the approval of the Board of Directors.

5. Using highly efficient measurement methods to measure all material risks and determine the capital required.
6. Monitor all risks that our bank may be exposed to on an ongoing basis and prepare the risk profile in accordance with the type of risk and the degree of its materiality.
7. Use of enterprise risk management systems (ERMs) which assist in dealing with risk management.
8. Applying the requirements of the Basel Committee on Banking Supervision Standards and best professional practices in risk management.
9. Disseminating the culture of risk management for all the different administrative levels in our bank.

The main objective of our bank's risk management is to provide a safe business environment that works to achieve our bank's strategic objectives, by achieving a set of goals as follows:

**1. Capital:**

Maintaining a safe level of capital through adhering to the minimum levels of capital adequacy in accordance with the instructions of the Central bank of Jordan.

Maintaining high- and high-quality capital capable of absorbing losses at any time and in accordance with the requirements of Basel 3 and the relevant Central bank of Jordan instructions.

Leverage ratio remains within safe levels by adhering to the minimum level in accordance with the instructions of the Central bank of Jordan.

**2. Quality of Assets:**

The percentage of non-performing accounts remains within the limits set by the Board of Directors.

Maintain sufficient provisions to meet expected credit losses.

The absence of a concentration that exceeds the limits approved at the level of the customer / investment / economic sector / period.

**3. Liquidity:**

Having sufficient levels of liquidity to meet the needs of customers in normal and stress conditions.

Commitment to the minimum levels of the legal liquidity ratio for total currencies, the Jordanian dinar, the liquidity coverage ratio, and the net stable funding ratio.

**4. Internal Control and Control Systems:**

Meet the requirements mentioned in the Central bank of Jordan instructions related to the internal control and control systems.

Reviewing the operations carried out in our bank and ensuring that the necessary controls are specified in a manner commensurate with the approved risk appetite and the nature and size of risks that our bank may be exposed to.

5. An effective risk management reporting system:

Having an effective system for risk data and preparing reports on risk management and submitting them to the senior executive management and the Board of Directors.

Commitment to what is mentioned in the instructions of the Central bank of Jordan regarding dealing with domestic systemically important banks (D-SIB's) regarding data and preparing reports on risk management issued by the Basel Committee for Banking Supervision.

6. Bank security and safety:

Laying down the necessary precautionary measures in coordination with the Bank's occupational safety and health committee to maintain health and safety of the Bank employees and customers.

Setting a special approved guidance to use in the event of the spread of diseases and epidemics.

Availability of occupational safety and health manual and disaster and emergency response plans.

Readiness of a Bank's alternative site (the disaster recovery site) in addition to other alternative sites.

The Risk Management Department reports directly to the Risk Management Committee of the Board of Directors and indirectly to the CEO / General Manager of the Bank, and defines the responsibilities of the Risk Management Department according to the following:

1. Supervising the stages of the risk management process in our bank.
2. Identify the risks that our bank might be exposed to and evaluating them to determine the material risks.
3. Preparing and updating material risk policies that include approved risk appetite and risk management strategies.
4. Define risk management strategies according to the type of risk, its size and the acceptable level for each of them, taking into account the levels of capital, liquidity and human resources available in terms of the efficiency and adequacy of staff to manage the risks to which our bank may be exposed.
5. Use and develop high-efficiency measurement methods to measure all material risks and determine the required capital.
6. Analyzing the operations carried out in our bank and ensuring that the necessary controls are determined in proportion to the approved risk appetite and the type and size of risks.
7. Monitor the risks that our bank may be exposed to on an ongoing basis, and prepare the risk structure according to the type of risk and the degree of its materiality.
8. Supervising Enterprise Risk Management Solutions (ERM).

**Acceptable risk limits:**

Our bank determines the acceptable level of risk and is approved by the Board of Directors, and the actual level is monitored and compared with the acceptable level of risk periodically, and it is considered one of the most important elements of governance in the risk management process, in line with the business model adopted by our bank.

**1- Credit Risk:**

- **Managing credit risk system:**

The main activity of our bank is the granting of funds and providing banking services to various customers. As a result, our bank is exposed to credit risk, which is defined as the inability or willingness of the customer to fulfill his contractual obligations to the bank. Credit risks are the main risks to which our bank is exposed to, which requires the availability of resources to manage these risks effectively.

Credit risk management based on several principles, most notably:

1. The segregation of duties between business, credit, and entities granting facilities in the core banking system.
2. Clearly define the criteria for granting credit to all customers in the credit policy, according to the nature of the customer.
3. Preparing the due diligence study for all credit applications, regardless of the nature of the customer, the amount of financing, the size and type of credit risk mitigations.
4. Determine the profit rate on facilities based on risk degree to which our bank is exposed to.
5. Determine the matrix of authorities granted to all related parties to the credit approval process according to the nature of the customer.
6. Determine the role of all entities related to the credit approval process according to the nature of the customer, in a manner that enhances corporate governance for managing credit risk.
7. Implement the requirements of the Basel Committee on Banking Supervision Standards and Best Professional Practices in Credit Risk Management in line with the instructions of the Central bank of Jordan in particular.

- **Credit study, Control and Follow-up:**

The credit application is prepared by the business departments, and the credit department makes due diligence in studying credit applications, and then the credit application is presented to the credit authority body, in order to achieve the principle of segregation of duties.

The evaluation of customers of large, small and medium entities and high net worth individuals through the internal credit rating system (Moody's), at the level of the Obligor Risk Rating (ORR), and at the level of Facility Risk Rating (FRR).

The customer level credit rating (ORR) represents the creditworthiness of the customer and reflects the probability of default (PD).

The credit rating at the level of Facility Risk Rating (FRR) represents the quality of the credit risk mitigations provided by the customer, which reflects the loss given default ratio (LGD).

Financing applications for retail customers who are granted consumer financing are evaluated according to the Retail Credit Scoring system.

Granting of funds (automated system, branch committee, management committees) is determined according to the authorization matrix approved by the Board of Directors and senior management on the basis of the amount, completion of grant conditions, and the degree of risk of the funding request.

### **Methodology of applying the Islamic Accounting Standard (30) - impairment and credit losses and onerous commitments (FAS 30)**

#### **1- Internal credit rating system:**

The Bank has an internal rating system to improve the quality of the credit process, as the classification process relies on “operational” qualitative and “financial” quantitative criteria to assess the creditworthiness of customers.

The credit rating system aims to:

- Improving the quality of the credit decision by relying on the internal credit rating.
- Calculate the customer probability of default.
- Pricing credit facilities in a manner consistent with the size of the risks to which our bank is exposed.
- Measuring the credit risks to which our bank exposed to in a standard way at the customer level and at the level of the credit portfolio.
- Improving the quality of the credit portfolio by setting the limits on the credit portfolio according to the internal credit classification.
- Monitor the credit portfolio through the internal credit rating.

Internal credit rating system mechanism:

- The classification process is carried out by analyzing basic inputs such as financial statements and customers' descriptive data according to an approved classification and evaluation methodology to determine the creditworthiness of the customer.
- The credit department confirms the customer's credit rating with the customer's current circumstances and approves the credit rating.
- A second review of the compatibility of the credit rating with the credit risk of the customer is carried out by the risk management department for applications of high credit risk.
- Ensure that customers' information is updated when a new credit request is received, or at least annually.



## **2- Scope of application / expected credit loss:**

The expected credit loss measurement model was applied to the Bank according to the requirements of the standard as follows:

1. Direct and indirect credit facilities.
2. Sukuk recorded at amortized cost.
3. Islamic finance products that bear the characteristics of debt (principal and return).
4. Credit exposures to banks and financial institutions.
5. Ijara receivables.

## **3- Governance of Application of Islamic Accounting Standard (30):**

### **A. Board of Directors**

The Bank's board of directors and committees roles represented in the following:

Approve the methodology of applying the standard and related policies.

Approve the business model through which the objectives and principles of acquisition and classification of financial instruments are determined.

Ensuring the existence and implementation of effective control systems through which the roles of the related parties are defined.

Ensure the availability of infrastructure to ensure the application of the standard that includes (human resources / internal credit rating systems / automated systems to calculate expected credit losses, etc.), so that it is able to reach the results that ensure adequate hedging against expected credit losses.

### **B. Executive Management**

The role of the executive management is as follows:

Preparing the methodology for applying the standard according to the requirements of the regulatory authorities.

Preparing the business model in accordance with the bank's strategic plan.

Ensure compliance with the approved methodology for applying the standard.

Supervising the systems used to implement the standard.

Calculating the necessary provisions to meet the expected credit losses according to the instructions of the Central bank of Jordan.

Monitor the size of the expected credit losses and ensure the adequacy of its provisions.

Preparing the required reports for the relevant authorities.

Communicate with the company providing the system with any updates that may occur to the calculation forms and tools or any other inquiries in particular.

**4- Definition and mechanism for calculating and monitoring probability of default (PD), exposure at default (EAD), and loss given default (LGD):**

**A. Default Definition:**

The concept of default has been defined for the purposes of applying the standard as follows:

1. The presence of past dues on the customer for a period of 90 days or more, or the presence of clear indicators of their near default or bankruptcy.
2. Delay in the payment of profits and / or principle of the sukuk by the issuer of the sukuk for a period of 90 days or more.
3. Default of the banks whom our bank maintains their balances.

**B. The mechanism for calculating expected credit losses (ECL) on financial instruments:**

The external classification of international rating agencies was adopted to calculate the probability of default for the financial instrument, and the loss on default was calculated based on the best professional practices in this field, so that the geographical distribution, the economic sector and the capital structure of the issuer of this instrument are taken.

**C. Calculating Probability of Default:**

Probability of default (PD): The percentage of the debtor's probability of default or delay in fulfilling the payment of installments or obligations on the specified dates within the next 12 months.

**Individual basis:**

**1. Countries:**

The probability of default for countries issued by the international rating company S&P has been approved according to the approved credit scores and to the exposure currency (local currency / foreign currency). The probability of default is updated annually, taking into account the existence of a minimum probability of default of 0.03% based on the guidelines of the Basel Committee on Banking Supervision.

**2. Banks and financial institutions:**

The probability of default for banks and financial institutions issued by the international rating company S&P has been approved according to the approved credit scores. The probability of default is updated annually, taking into account the existence of a minimum probability of default of 0.03% based on the guidelines of the Basel Committee on Banking Supervision.

**3. Large, medium and small companies and high net worth individuals:**

The probability of default through the economic cycle (TTC PD) is extracted from the internal credit rating system.

The probability of default through the economic cycle (TTC PD) is converted to probability of default to a specific point in time (PIT PD) through a statistical model known as the Vasicek Model, which considers the following:

- Forecasts of macroeconomic indicators.
- Current and historical macroeconomic indicators.
- Credit assets correlation in each credit score (in accordance with the guidelines of the Basel Committee on Banking Supervision in particular).

**Collective Basis:**

Collective basis portfolio:

For the purposes of calculating the credit loss for customers in the collective portfolio, the portfolio has been divided into four sub-portfolios according to their risk shared characteristics, as follows:

- The commercial portfolio of unrated customers.
- Real-Estate financing portfolio.
- Vehicles financing portfolio.
- Personal financing portfolio.

Calculating the probability of default (PIT PD) using the system by analyzing historical data.

**D. Calculating Exposure at Default:**

**- Direct credit facilities**

The credit exposure value has been calculated at default, equal to the balance of the credit facilities as at the date of the financial statements and in accordance with the contractual terms.

**- Indirect Credit Facilities:**

The credit exposure value was calculated at default, equal to the full indirect credit facilities without applying any credit conversion factor (CCF).

**E. Calculating Loss Given Default:**

Loss given default represents a part of the exposure that our Bank may lose when a customer defaults, after collecting recoveries when the customer defaults.

**The Bank's customers are divided according to the segments as follows:**

**1. Individual basis:**

1-1 The Jordanian government: using a percentage of loss given default of (0%) for the issued sukuk and the finances granted to the Jordanian government or guaranteed by it (FAS 30).

1-2 Countries: The percentage of loss given default was used based on the geographical area of the countries.

1-3 Banks and financial institutions:

- Using loss given defaults in accordance with the decisions of Basel and the policy adopted by the Bank.
- If the exposure to banks and financial institutions is located in a geographical area, the percentage of loss, assuming default, is different, then the higher percentage is taken.

1-4 Companies: Using the loss-to-default ratio based on the division of the product type in the credit portfolio.

## **2. Collective basis**

Using the rate of loss given default for dealers at the collective basis level based on the division of the credit portfolio.

- The adoption of hair cut ratios for credit risk mitigants at the individual basis and the collective base levels.

### **E. The main economic indicators that were used in calculating the expected credit loss (ECL):**

Macroeconomic factors are included in calculating the expected credit loss, as the Risk Management Department determines the weights of the macroeconomic scenarios in line with changes in the economic conditions in Jordan and amends them whenever necessary, provided that they are presented to the Risk Management Committee emanating from the Board of Directors and the Board of Directors for adoption.

### **The mechanism for calculating the impairment provision according to the instructions of the Central Bank of Jordan regarding the classification of credit facilities No. (47/2009) (Dated December 10, 2009):**

First: Credit facilities of low risk and no provisions are calculated on them, and they have the following characteristics:

- Funds granted to and guaranteed by the Government of the Kingdom of Jordan
- Financing secured by 100% cash insurance.
- Financing guaranteed by 100% an acceptable bank guarantee.

Second: Credit facilities acceptable risks and no provisions are calculated on them. They have the following characteristics:

- Strong financial positions and sufficient cash flows.
- Documented by contracts and covered by duly accepted guarantees.
- Good sources of reimbursement.
- Active account movement and regular payment of the principal amount and returns.
- Efficient client management.

Third: Credit facilities under monitoring (requiring special care) and impairment provisions are calculated on them at a rate ranging from (1.5% for sales - 15% for personal finances, Al Qard Al Hasan and visa cards), and any of the following applies to them:

- Existence of dues for a period of more than (60) days and less than (90) days for the original credit facilities.
- Exceeding the granted ceiling balance by (10%) or more, for a period of more than (60) days and less than (90) days.
- Credit facilities that were previously classified as non-performing credit facilities and were removed from the framework of non-performing credit facilities according to an original rescheduling, or due full payment.
- Acceptable risk credit facilities that have been restructured twice within a year.
- Credit facilities that have expired for a period of more than (60) days and less than (90) days and have not been renewed.

- The absence of at least an annual credit study on the client based on certified financial statements (for companies that are required to prepare such data in accordance with the provisions of the Companies Law) and a financial statement for the rest of the clients on an annual basis in accordance with the provisions of the law.

Fourth: Non-performing credit facilities, to which any of the following applies:

It has passed since its due date, or one of its installments has become due, or the payment of the principal amount and/or profits has not been regular for the following periods:

- Credit facilities substandard from (90) days to (179) days.
- Doubtful credit facilities from (180) days to (359) days.
- loss credit facilities from (360) days or more.
- The granted credit limit exceeded by (10% or more) for a period of (90) days or more.
- Credit facilities that have expired for a period of (90) days or more and have not been renewed.
- Credit facilities granted to any client declared bankrupt or to any company declared to be in liquidation.
- Credit facilities that have been structured for three times within a year.
- Current and on demand accounts that are exposed for a period of (90) days or more.

**- The mechanism for calculating the provision for non-performing credit facilities:**

1 -Credit facilities not covered by acceptable in-kind guarantees:

An impairment provision is gradually prepared that covers the entire principal of non-performing credit facilities within one year from the date of stopping payments, as follows:

- (%/25) when the definition of substandard credit facilities applies.
- (%/50) when the definition of doubtful credit facilities applies.
- (100%) when applying the definition of loss credit facilities.

2- Credit facilities covered by acceptable in-kind guarantees:

An impairment provision covering the entire principal of non-performing credit facilities is prepared as follows:

A- If the value of the accepted guarantee is equal to or more than the original credit facilities, an impairment provision shall be prepared that covers the entire facility over a period of (5) years at a rate of 20% annually from the original credit facilities.

B- If the value of the accepted guarantee is less than the principal of the credit facilities, an impairment provision is prepared as follows:

(%/100) of the part not covered by an acceptable guarantee in the first year, or (20%) of the original facilities, whichever is greater.

The remaining amount of the required impairment allowance shall be prepared equally over the following four years.

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The following are excluded from non-performing credit facilities when preparing impairment provision:

- The part of non-operating credit facilities covered by cash collateral.
- The part guaranteed by the Jordanian Loan Guarantee Company for the first year from the customer's cessation of payment, and the bank must prepare an impairment provision that covers these credit facilities starting from the second year, so that this provision is distributed equally over the years from the second to the fifth.

**- It is not permissible to disclose current and on demand accounts except in the narrowest limits and for short periods. If they continue to exist, an impairment provision is prepared as follows:**

Days past due	30-59 days	60-89 days	90 or more days
Impairment provision	3%	15%	100%

**- An impairment provision is prepared against the due credit facilities within the items (credit cards, personal finances, and personal loans and advances) as follows:**

Days past due	60-89 days	90-119 days	120-179 days	180-269 days	270 or more days
Impairment provision	15%	25%	50%	75%	100%

**- Ijarah Muntahia Bittamleek receivables classification**

- Performing receivables from 30 to 89 days.
- Watch list debts from 60 to 99 days.
- Non- performing receivables from 90 days and forward.

**- impairment provision for Muntahia Bittamleek receivables**

- Performing receivables 25%.
- Watch list receivables 50%.
- Non- performing receivables 100%.

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**1. Credit risk exposure (net of impairment provision and expected credit loss, deferred and suspended revenues, and before collaterals and other risk mitigation factors)**

	Joint		Self-financed	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	JD	JD	JD	JD
<b>Items within the consolidated statement of financial position:</b>				
Balances with central bank of Jordan	-	-	526,481,153	711,479,175
Balances with banks and financial institutions	9,566,001	8,638,983	33,834,534	44,064,952
Investment accounts at banks and financial institutions	1,417,959	-	-	-
Al-Wakala bi Al Istithmar accounts	35,208,483	35,300,761	-	-
Financial assets at amortized costs	396,361,912	268,452,049	-	-
<b>Deferred sales receivables and other receivables:</b>				
Individuals	788,987,625	680,515,237	15,803,435	21,244,381
Real estate	480,081,946	436,899,196	-	-
<b>Companies:</b>				
Corporate	526,316,902	448,414,065	8,912,783	17,880,334
Small and Medium Enterprises (SMEs)	153,139,172	146,434,522	14,513,404	28,236,159
<b>Government and public sector</b>	<b>1,007,740,584</b>	<b>1,092,567,442</b>	<b>2,998,485</b>	<b>3,028,421</b>
<b>Financing</b>				
Musharaka:				
Individuals	-	-	44,085	44,085
Real estates	38,251,410	36,584,699	152,476	197,301
<b>Off consolidated statement of financial position items:</b>				
Guarantees	-	-	130,733,765	123,492,546
Letters of credit	15,438,750	13,966,128	60,342,950	22,566,827
Acceptances	-	-	13,118,348	11,289,931
Unutilized limits-direct	121,088,843	166,468,420	-	-
Unutilized limits-indirect	-	-	77,600,727	69,375,603
<b>Total</b>	<b>3,573,599,587</b>	<b>3,334,241,502</b>	<b>884,536,145</b>	<b>1,052,899,715</b>

**Collaterals and other credit risk mitigation techniques against Credit Exposures:**

The quantity and quality of the required collaterals depends on the credit risk assessment of the counterparty. It is also possible to adjust or reduce the risk exposure related to the debtor, concerned party or any other obligor using the credit risk mitigation techniques applicable in the Islamic banks. These include (asset mortgage, third party guarantee, earnest sales, good faith deposit, cash margins and shares mortgage).

**Credit risk mitigations against credit exposure in the aforementioned table were as follows:**

- Cash margins
- Bank guarantees
- Real estate collaterals
- Vehicles and machinery mortgages
- Jordan Loan Guarantee Corporation



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**2- Credit exposures of deferred sales receivables and other receivables and financing are distributed according to the risk degree as illustrated in following table:**

	Joint							Self – financed						
	Companies							Companies						
	Individuals	Real estate financing	Corporate	SMEs	Government and public sector	Banks and other financial institutions	Total	Individuals	Real estate financing	Corporate	SMEs	Government and public sector	Banks and other financial institutions	Total
JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>2022-</b>														
Low risk	4,051,647	-	25,863,779	5,699,874	1,098,979,661	-	1,134,594,961	-	-	-	-	2,998,485	526,481,153	529,479,638
Acceptable risk	880,172,238	545,827,650	469,352,876	142,031,317	-	46,439,500	2,083,823,581	18,703,253	154,363	8,914,937	13,606,669	-	34,424,407	75,803,629
Due: *														
Up to 30 days	395,986	209,927	1,200,625	675,414	-	-	2,481,952	170	-	-	-	-	-	170
From 31 to 60 Days	814,521	912,177	4,338,234	1,381,578	-	-	7,446,510	5,624	-	-	-	-	-	5,624
Watch list	22,676,886	48,405,596	86,707,665	12,182,405	-	-	169,972,552	1,462,713	-	47,892	1,123,359	-	-	2,633,964
Non performing:														
Sub standard	3,095,021	1,273,661	-	413,526	-	-	4,782,208	230,395	-	8,478	69,560	-	-	308,433
Doubtful	3,134,614	1,697,165	3,634,712	1,748,882	-	-	10,215,373	100,847	-	-	29,899	-	-	130,746
Loss	17,694,331	23,351,047	24,926,824	17,827,319	-	-	83,799,521	915,590	-	5,173	577,516	-	-	1,498,279
<b>Total</b>	<b>930,824,737</b>	<b>620,555,119</b>	<b>610,485,856</b>	<b>179,903,323</b>	<b>1,098,979,661</b>	<b>46,439,500</b>	<b>3,487,188,196</b>	<b>21,412,798</b>	<b>154,363</b>	<b>8,976,480</b>	<b>15,407,003</b>	<b>2,998,485</b>	<b>560,905,560</b>	<b>609,854,689</b>
Less: deferred revenues	92,087,580	70,176,540	25,861,657	9,492,103	91,239,077	-	288,856,957	-	-	-	-	-	-	-
Less:suspended revenues	4,435,761	1,186,801	3,037,492	725,116	-	-	9,385,170	-	-	-	-	-	-	-
Deferrd mutual insurance	16,367,306	9,114,352	-	-	-	-	25,481,658	-	-	-	-	-	-	-
Less:Expected credit loss provision	28,946,465	21,744,070	55,269,805	16,546,932	-	247,057	122,754,329	5,565,800	1,365	63,697	893,599	-	589,873	7,114,334
<b>Net</b>	<b>788,987,625</b>	<b>518,333,356</b>	<b>526,316,902</b>	<b>153,139,172</b>	<b>1,007,740,584</b>	<b>46,192,443</b>	<b>3,040,710,082</b>	<b>15,846,998</b>	<b>152,998</b>	<b>8,912,783</b>	<b>14,513,404</b>	<b>2,998,485</b>	<b>560,315,687</b>	<b>602,740,355</b>

\* The whole receivable balance is considered payable if one instalment falls due.

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	Joint Companies							Self – financed Companies						
	Individuals	Real estate financing	Corporate	SMEs	Government and public sector	Banks and other financial institutions	Total	Individuals	Real estate financing	Corporate	SMEs	Government and public sector	Banks and other financial institutions	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
<b>2021-</b>														
Low risk	4,607,265	-	25,170,318	4,407,422	1,225,822,220	-	1,260,007,225	-	-	-	-	3,028,421	711,479,175	714,507,596
Acceptable risk	761,349,223	478,772,114	397,743,533	135,255,136	-	44,100,057	1,817,220,063	22,771,029	158,702	17,886,869	27,402,206	-	44,314,818	112,533,624
Due: *														
Up to 30 days	268,304	163,714	702,631	568,546	-	-	1,703,195	929	-	213	315	-	-	1,457
From 31 to 60 Days	966,354	871,834	4,398,847	1,523,396	-	-	7,760,431	7,293	-	1,325	2,375	-	-	10,993
Watch list	22,324,117	68,258,633	65,698,838	14,105,937	-	-	170,387,525	1,806,876	-	-	818,258	-	-	2,625,134
Non performing:														
Sub standard	2,726,608	861,939	-	271,118	-	-	3,859,665	126,883	-	-	58,079	-	-	184,962
Doubtful	2,275,661	1,437,598	-	1,005,007	-	-	4,718,266	211,741	21,480	236	23,083	-	-	256,540
Loss	20,161,007	21,622,168	25,413,540	16,317,964	-	-	83,514,679	886,938	26,105	3,922	774,375	-	-	1,691,340
<b>Total</b>	<b>813,443,881</b>	<b>570,952,452</b>	<b>514,026,229</b>	<b>171,362,584</b>	<b>1,225,822,220</b>	<b>44,100,057</b>	<b>3,339,707,423</b>	<b>25,803,467</b>	<b>206,287</b>	<b>17,891,027</b>	<b>29,076,001</b>	<b>3,028,421</b>	<b>755,793,993</b>	<b>831,799,196</b>
Less: deferred revenues	78,154,490	63,820,165	25,334,806	8,163,939	133,254,778	-	308,728,178	-	-	-	-	-	-	-
Less:suspended revenues	5,298,051	1,309,327	2,710,773	943,611	-	-	10,261,762	-	-	-	-	-	-	-
Deferrd mutual insurance	13,158,269	7,803,372	-	-	-	-	20,961,641	-	-	-	-	-	-	-
Less:Expected credit loss provision	36,317,834	24,535,693	37,566,585	15,820,512	-	160,313	114,400,937	4,515,000	8,987	10,693	839,842	-	249,866	5,624,388
<b>Net</b>	<b>680,515,237</b>	<b>473,483,895</b>	<b>448,414,065</b>	<b>146,434,522</b>	<b>1,092,567,442</b>	<b>43,939,744</b>	<b>2,885,354,905</b>	<b>21,288,467</b>	<b>197,300</b>	<b>17,880,334</b>	<b>28,236,159</b>	<b>3,028,421</b>	<b>755,544,127</b>	<b>826,174,808</b>

\* The whole receivable balance is considered payable if one instalment falls due

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The below table illustrate the distribution of the fair value of the collaterals against deferred sales receivables, other receivables and financing:

31 December 2022-	Joint Companies						Self – financed Companies					
	Individuals	Real estate financing	Government and public sector		Total	Individuals	Real estate financing	Government and public sector		Total		
			Corporate	SMEs				Corporate	SMEs			
JD	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD		
Collaterals against:												
Low risk	4,051,647	-	25,863,779	5,699,874	1,098,979,661	1,134,594,961	-	-	-	-	2,998,485	2,998,485
Acceptable risk	438,046,974	259,912,296	180,959,892	94,656,239	-	973,575,401	5,725,998	154,363	2,512,731	3,529,613	-	11,922,705
Watch list	22,726,329	19,769,456	59,738,798	12,745,214	-	114,979,797	1,143,416	-	134,272	1,097,644	-	2,375,332
<b>Non performing:</b>												
Substandard	2,591,981	467,166	-	63,014	-	3,122,161	142,856	-	-	41,623	-	184,479
Doubtful	2,571,762	502,428	2,377,618	816,807	-	6,268,615	64,177	-	-	14,759	-	78,936
Loss	14,917,975	14,252,236	4,690,481	9,457,146	-	43,317,838	336,214	-	6,563	136,303	-	479,079
<b>Total</b>	<b>484,906,668</b>	<b>294,903,582</b>	<b>273,630,568</b>	<b>123,438,294</b>	<b>1,098,979,661</b>	<b>2,275,858,773</b>	<b>7,412,661</b>	<b>154,363</b>	<b>2,653,566</b>	<b>4,819,941</b>	<b>2,998,485</b>	<b>18,039,016</b>
<b>Of which :</b>												
Cash margins	4,051,647	-	-	5,699,874	-	9,751,521	-	-	-	-	-	-
Acceptable bank guarantees	-	-	25,863,779	-	-	25,863,779	-	-	-	-	-	-
Real estate	121,433,006	284,886,018	229,524,045	94,047,427	-	729,890,496	3,068,347	154,363	2,049,032	2,038,259	-	7,310,001
Traded shares	-	-	-	-	-	-	2,729,740	-	-	2,435,797	-	5,165,537
Vehicles and machinery	359,422,015	10,017,564	18,242,744	23,690,993	-	411,373,316	1,614,574	-	604,534	345,886	-	2,564,994

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31 December 2021-	Joint Companies						Self – financed Companies					
	Individuals	Real estate financing	Corporate	SMEs	Government and public sector	Total	Individuals	Real estate financing	Corporate	SMEs	Government and public sector	Total
Collaterals against:												
Low risk	4,607,265	-	25,170,318	4,407,422	1,225,822,220	1,260,007,225	-	-	-	-	3,028,421	3,028,421
Acceptable risk	381,825,941	235,997,534	188,046,743	90,856,023	-	896,726,241	7,351,956	158,702	4,653,225	6,864,609	-	19,028,492
Watch list	22,005,564	31,898,963	45,425,021	12,024,957	-	111,354,505	1,637,042	-	-	807,069	-	2,444,111
<b>Non performing:</b>												
Substandard	2,122,685	310,321	-	270,161	-	2,703,167	32,831	-	-	4,033	-	36,864
Doubtful	1,752,452	380,245	-	998,351	-	3,131,048	116,063	21,480	-	18,493	-	156,036
Loss	18,491,828	9,012,512	6,185,603	12,600,433	-	46,290,376	260,260	26,105	2,130	195,575	-	484,070
<b>Total</b>	<b>430,805,735</b>	<b>277,599,575</b>	<b>264,827,685</b>	<b>121,157,347</b>	<b>1,225,822,220</b>	<b>2,320,212,562</b>	<b>9,398,152</b>	<b>206,287</b>	<b>4,655,355</b>	<b>7,889,779</b>	<b>3,028,421</b>	<b>25,177,994</b>
<b>Of which :</b>												
Cash margins	4,607,265	-	-	4,407,422	-	9,014,687	-	-	-	-	-	-
Acceptable bank guarantees	-	-	25,170,318	-	-	25,170,318	-	-	-	-	-	-
Real estate	118,704,615	268,900,179	219,211,224	96,124,483	-	702,940,501	3,986,657	206,287	3,473,710	5,191,247	-	12,857,901
Traded shares	-	-	-	55,992	-	55,992	3,462,268	-	-	1,743,310	-	5,205,578
Vehicles and machinery	307,493,855	8,699,396	20,446,143	20,569,450	-	357,208,844	1,949,227	-	1,181,645	955,221	-	4,086,093

**Scheduled deferred sales receivables and other receivables and financing:**

These represent receivables/finances which have been classified as non performing and were set aside in terms of the non performing receivables/finances in accordance with a legal scheduling agreement and re-classified as watch list or performing receivables/finances with total amount of JD 16,305,836 as at 31 December 2022 against JD 35,218,205 as at 31 December 2021.

**Restructured deferred sales receivables and other receivables and financing:**

Restructuring means rearranging receivables/finances in terms of amending the instalments or extending the term of receivables/finances, deferring some instalments or extending the grace period, etc. and reclassifying these receivables/finances as watch list with total of JD 29,253,342 as at 31 December 2022 against JD 25,538,409 at 31 December 2021.

**Sukuk:**

The following table illustrate Sukuk rating presented within the financial assets at fair value through the joint investment accounts holders' equity and financial assets at amortized cost according to external rating agencies:

**31 December 2022**

Rating	Financial assets at amortized cost JD
BB-	619,417
B+	382,034,687
B	13,707,808
<b>Total</b>	<b><u>396,361,912</u></b>

**31 December 2021**

Rating	Financial assets at amortized cost JD
AAA	6,524,738
B+	254,927,412
B	6,999,899
<b>Total</b>	<b><u>268,452,049</u></b>

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**3- Concentration of credit exposure ( items within the consolidated statement of financial position) according to geographical area were as follows:**

	Inside the	Other	Europe	Asia*	America	Other	Total
	Kingdom	Middle East				Countries	
	JD	JD				JD	
Balances with central bank of Jordan	526,481,153	-	-	-	-	-	526,481,153
Balances at banks and financial institutions	1,540	14,156,187	8,794,608	286,535	19,927,329	234,336	43,400,535
Investment accounts at bank and financial institutions	-	1,417,959	-	-	-	-	1,417,959
Al-Wakala Bi Al Istithmar accounts	-	35,208,483	-	-	-	-	35,208,483
<b>Deferred sales and other receivables and financing:</b>							
Individuals	804,834,623	-	-	-	-	-	804,834,623
Real estate financing	518,486,354	-	-	-	-	-	518,486,354
<b>Companies:</b>							
Large corporates	509,375,450	10,733,394	15,120,841	-	-	-	535,229,685
Small and Medium Enterprises (SMEs)	167,652,576	-	-	-	-	-	167,652,576
Government and public sector	1,010,739,069	-	-	-	-	-	1,010,739,069
<b>Sukuk:</b>							
Within financial assets at amortized cost	366,649,458	15,385,230	7,032,637	3,452,000	-	3,842,587	396,361,912
<b>Total as at 31 December 2022</b>	<b>3,904,220,223</b>	<b>76,901,253</b>	<b>30,948,086</b>	<b>3,738,535</b>	<b>19,927,329</b>	<b>4,076,923</b>	<b>4,039,812,349</b>
<b>Total as at 31 December 2021</b>	<b>3,829,886,202</b>	<b>96,033,426</b>	<b>27,379,962</b>	<b>434,143</b>	<b>25,820,143</b>	<b>427,886</b>	<b>3,979,981,762</b>

\* Except for Middle East Countries

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**4- Concentration of credit exposure ( items within the consolidated statement of financial position) according to economic sector were as follows:**

	Financial	Industrial	Commercial	Real estate	Agriculture	Individuals	Government and public sector	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central bank of Jordan	-	-	-	-	-	-	526,481,153	526,481,153
Balances at banks and financial institutions	43,400,535	-	-	-	-	-	-	43,400,535
Investment accounts at banks and financial institutions	1,417,959	-	-	-	-	-	-	1,417,959
Al-Wakala Bi Al Istithmar accounts	35,208,483	-	-	-	-	-	-	35,208,483
Deferred sales and other receivables and financing	-	231,299,515	400,933,000	518,486,354	43,681,775	830,750,434	1,010,739,069	3,035,890,147
<b>Sukuk:</b>								
Within financial assets at amortized cost	-	-	396,361,912	-	-	-	-	396,361,912
<b>Total as at 31 December 2022</b>	<b>80,026,977</b>	<b>231,299,515</b>	<b>797,294,912</b>	<b>518,486,354</b>	<b>43,681,775</b>	<b>830,750,434</b>	<b>1,537,220,222</b>	<b>4,038,760,189</b>
<b>Total as at 31 December 2021</b>	<b>88,004,696</b>	<b>171,395,178</b>	<b>647,560,547</b>	<b>473,681,195</b>	<b>41,889,662</b>	<b>750,375,446</b>	<b>1,807,075,038</b>	<b>3,979,981,762</b>

## 2. Liquidity Risks

Liquidity risk is defined as the Bank's inability to provide the required liquidity to cover its obligations at their respective due dates. Bank manage such risks throughout the following:

1. Maintaining reasonable liquidity to cover outgoing cash flows.
2. Diversifying sources of financing.
3. Establishing the Assets and Liabilities committee .
4. Distribution of financing among various sectors and geographical areas to mitigate concentration risk.
5. Liquidity management is based on natural and emergency circumstances including using and analyzing assets and various financial ratios maturities ( maturity gaps).
6. Monitoring liquidity by periodically following up on the indicators of the emergency financing plan.
7. Preparing scenarios for internal stress-testing situations related to liquidity risks.

**Our bank is obligated to measure liquidity risks in accordance with the instructions of Central Bank of Jordan and as follows:**

**Liquidity Coverage Ratio (LCR)**

The monthly average of the liquidity coverage ratio (LCR) according to the instructions of the Central bank of Jordan from 1 January 2022 to 31 December 2022 (217%) (the minimum for this ratio according to the instructions of the Central bank of Jordan is 100%).

**Items for calculating the LCR as of 31 December 2022**

Statement	Before adjustments and deductions	After adjustments and deductions
	JD	JD
Assets level one	865,066,945	865,066,945
Assets level two *	23,330,012	11,665,006
Total high quality liquid assets	888,396,957	876,731,951
Cash outflows	2,822,868,956	548,732,134
Cash inflows	251,130,816	115,462,547

\* The maximum level for assets level two is JD 355,358,783 (40% of the total high-quality liquid assets).

**Calculating the LCR as of 31 December 2022.**

Statement	After Adjustments and deductoins
	JD
Total high quality liquid assets after adjustments	876,731,951
Net cash outflows	433,269,586
Liquidation coverage	%202.4

**Legal Liquidity Ratio (LLR):**

The daily average of the legal liquidity ratio (LLR) in total currencies and in the Jordanian dinar, from 1 January 2022 to 31 December 2022 (130% and 120%), respectively. (The minimum for this percentage according to the instructions of the Central bank of Jordan is 100% and 70%, respectively).



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**First:** The below table summarize the maturity profile of the Bank's liabilities (not discounted) based on contractual undiscounted repayment obligations at the date of the consolidated financial statements:

	Less than 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	More than 3 years	Without maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
<b>31 December 2022</b>								
<b>Liabilities:</b>								
Due to banks and financial institutions	10,687,311	-	-	-	26,417,188	-	-	37,104,499
Customers' current accounts	515,823,330	199,164,562	157,464,395	115,764,227	120,536,724	281,252,357	-	1,390,005,595
Cash margins	12,780,186	6,459,755	6,261,358	6,577,426	7,794,274	18,186,638	-	58,059,637
Other provisions	-	-	-	-	-	-	15,654,160	15,654,160
Income tax provision	-	-	31,300,247	-	-	-	-	31,300,247
Deferred tax liabilities	-	-	-	325,912	939,501	-	964,991	2,230,404
Expected credit loss provision	-	-	-	-	-	-	15,155,371	15,155,371
Other liabilities	6,635,756	3,798,594	1,859,319	21,626,869	14,964,849	6,511,669	4,577,993	59,975,049
Unrestricted investment accounts holders' equity	396,606,566	156,485,114	161,412,971	334,467,295	685,231,229	1,598,872,869	38,956	3,333,115,000
<b>Total</b>	<b>942,533,149</b>	<b>365,908,025</b>	<b>358,298,290</b>	<b>478,761,729</b>	<b>855,883,765</b>	<b>1,904,823,533</b>	<b>36,391,471</b>	<b>4,942,599,962</b>
<b>Total assets (according to expected maturity date)</b>	<b>999,334,828</b>	<b>231,651,951</b>	<b>304,110,616</b>	<b>663,378,415</b>	<b>1,525,806,536</b>	<b>1,555,903,678</b>	<b>182,990,171</b>	<b>5,463,176,195</b>
	Less than 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	More than 3 years	Without maturity	Total
	JD	JD	JD	JD	JD	JD	JD	JD
<b>31 December 2021</b>								
<b>Liabilities:</b>								
Due to banks and financial institutions	2,894,401	-	-	-	53,439,029	-	-	56,333,430
Customers' current accounts	511,923,402	197,281,545	155,884,988	114,488,432	120,092,054	280,214,794	-	1,379,885,215
Cash margins	12,710,772	6,471,262	6,306,434	6,673,556	7,958,221	18,569,182	-	58,689,427
Other provisions	-	-	-	-	-	-	16,560,343	16,560,343
Income tax provision	-	-	32,652,979	-	-	-	-	32,652,979
Deferred tax liabilities	-	-	-	477,634	1,281,604	-	1,382,470	3,141,708
Expected credit loss provision	-	-	-	-	-	-	25,000,000	25,000,000
Other liabilities	8,953,276	9,550,239	1,252,422	22,932,063	14,822,185	7,835,748	5,052,374	70,398,307
Unrestricted investment accounts holders' equity	377,530,681	151,227,948	155,434,984	313,656,515	645,726,847	1,506,695,978	38,798	3,150,311,751
<b>Total</b>	<b>914,012,532</b>	<b>364,530,994</b>	<b>351,531,807</b>	<b>458,228,200</b>	<b>843,319,940</b>	<b>1,813,315,702</b>	<b>48,033,985</b>	<b>4,792,973,160</b>
<b>Total assets (according to expected maturity date)</b>	<b>1,171,371,374</b>	<b>221,525,679</b>	<b>272,216,202</b>	<b>434,012,814</b>	<b>1,396,206,118</b>	<b>1,622,222,014</b>	<b>185,027,942</b>	<b>5,302,582,143</b>

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**Second:** Off consolidated financial position items:

	31 December 2022			
	Up to one year	From one to five years	More than five years	Total
	JD			JD
Letters of credit and acceptances	88,900,048	-	-	88,900,048
Guarantees	123,841,354	6,874,760	17,651	130,733,765
Unutilized limits-direct	121,088,843	-	-	121,088,843
Unutilized limits-indirect	77,600,727	-	-	77,600,727
Capital liabilities	9,743,101	-	-	9,743,101
<b>Total</b>	<b>421,174,073</b>	<b>6,874,760</b>	<b>17,651</b>	<b>428,066,484</b>

	31 December 2021			
	Up to one year	From one to five years	More than five years	Total
	JD			JD
Letters of credit and acceptances	47,822,886	-	-	47,822,886
Guarantees	117,280,767	6,210,304	1,475	123,492,546
Unutilized limits-direct	166,468,420	-	-	166,468,420
Unutilized limits-indirect	69,375,603	-	-	69,375,603
Capital liabilities	3,190,815	-	-	3,190,815
<b>Total</b>	<b>404,138,491</b>	<b>6,210,304</b>	<b>1,475</b>	<b>410,350,270</b>

**3. Market Risks:**

Market risk is the risk of loss resulting from fluctuations in the market price, which relates to equity instruments in the trading book, exchange rates, market rate of return, commodity and inventory prices, the Bank seeks to mitigate these risks throughout the following:

- 1) Diversifying and distributing investments among various sectors and geographical areas.
- 2) Analyzing rate of returns trends and expected exchange rates and investments.
- 3) Establishing limits to investments on the level of the country, currency, market, instrument and counter party.
- 4) Adapting the currency positions in accordance with Central bank of Jordan regulations.
- 5) Studying and analyzing the risks related to new investments and clearing them through detailed reports before accepting them.
- 6) Complying with the policies, procedures and instructions of the relevant regulatory authorities.
- 7) Calculating value at risk (VaR) to measure the risks of changes in stock prices and foreign currencies.

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**A. Rate of return risks**

Rate of return risk results from the decline in the rate of return on investments compared to the local market increase in the rate of return "interest" and the Bank's inability to increase the rate of return on granted facilities with fixed rate of return (Murabaha).

The Bank manages these risks through out the following:

- 1) Managing the rate of return gaps and cost of assets and liabilities according to various maturity dates.
- 2) Studying the investments return trends.

31 December 2022				
	Change (increase) in rate of return (1%) JD	Sensitivity (profits and losses) JD	Owner's equity sensitivity JD	Investment accounts holders' equity sensitivity JD
Jordanian Dinars	10,093,310	-	6,158,907	3,934,403

31 December 2022				
	Change (decrease) in rate of return (1%) JD	Sensitivity (profits and losses) JD	Owner's equity sensitivity JD	Investment accounts holders' equity sensitivity JD
Jordanian Dinars	(10,093,310)	-	(6,158,907)	(3,934,403)

31 December 2021				
	Change (increase) in rate of return (1%) JD	Sensitivity (profits and losses) JD	Owner's equity sensitivity JD	Investment accounts holders' equity sensitivity JD
Jordanian Dinars	9,690,170	-	6,471,469	3,218,701

31 December 2021				
	Change (decrease) in rate of return (1%) JD	Sensitivity (profits and losses) JD	Owner's equity sensitivity JD	Investment accounts holders' equity sensitivity JD
Jordanian Dinars	(9,690,170)	-	(6,471,469)	(3,218,701)

**B. Foreign currency risks**

Foreign currency risk is the risk arising from the change in the foreign currency prices that the Bank maintains. Foreign currencies are managed on the basis of spot trading and foreign currencies positions are monitored on a daily basis against the approved limit for each currency, since the Bank's policy in managing foreign currencies, is to clear customer's current positions and cover required positions according to customer's needs.

Bank's investment policy stipulate that the maximum limit of the foreign currencies positions shall not exceed 15% of the total owner's equity (at a maximum limit of 5% of the owner's equity for each currency except for US Dollars) in order to cover the customers' needs in terms of letters of credit, transfers and bills under collection and not for speculation or trading purposes.

31 December 2022				
Currency	Net Position	Change in the exchange rate (5%)	Impact on profits and losses	Impact on owner's equity
USD	48,040,572	-	-	-
Euro	104,246	5,212	3,232	1,979
GBP	50,750	2,538	1,573	-
JPY	4,750	238	147	-
Other Currencies	2,243,375	112,169	69,545	-

31 December 2021				
Currency	Net Position	Change in the exchange rate (5%)	Impact on profits and losses	Impact on owner's equity
USD	60,732,229	-	-	-
Euro	29,404	1,470	912	2,110
GBP	44,877	2,244	1,391	-
JPY	6,143	307	190	-
Other Currencies	671,693	33,585	20,822	-

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**Concentration of foreign currency risks:**

<b>31 December 2022</b>	<b>USD</b>	<b>Euro</b>	<b>GBP</b>	<b>JPY</b>	<b>Others</b>	<b>Total</b>
<b>Assets:</b>						
Cash and balances at vault and central bank of Jordan	53,540,184	8,352,883	1,968,150	-	2,281,286	66,142,503
Cash at banks and financial institutions	32,377,615	8,209,240	768,892	55,921	2,582,979	43,994,647
Investment accounts at banks and financial institutions	1,418,000	-	-	-	-	1,418,000
Al-Wakala Bi Al Istithmar accounts	35,450,000	-	-	-	-	35,450,000
Deferred sales receivables and other receivables	206,800,651	9,285,113	3,028,781	-	3,693,697	222,808,242
Financial assets at fair value through the owner's equity – self financed	821,758	39,584	-	-	-	861,342
Financial assets at fair value through joint investment accounts holders' equity	1,643,300	-	-	-	-	1,643,300
Financial assets at amortized cost	31,759,792	-	-	-	-	31,759,792
Other assets	30,670	-	-	-	-	30,670
<b>Total Assets</b>	<b>363,841,970</b>	<b>25,886,820</b>	<b>5,765,823</b>	<b>55,921</b>	<b>8,557,962</b>	<b>404,108,496</b>
<b>Liabilities:</b>						
Due to banks and financial institutions	4,961,822	49,576	-	-	24,513	5,035,911
Cash margins	4,126,723	214,853	-	-	-	4,341,576
Current accounts	64,337,208	10,035,774	579,468	45	1,110,491	76,062,986
Unrestricted investment accounts	241,940,242	15,340,853	5,135,605	51,126	5,175,473	267,643,299
Other liabilities	435,403	141,518	-	-	4,110	581,031
<b>Total liabilities</b>	<b>315,801,398</b>	<b>25,782,574</b>	<b>5,715,073</b>	<b>51,171</b>	<b>6,314,587</b>	<b>353,664,803</b>
Net concentration in the consolidated financial position statement - 2022	48,040,572	104,246	50,750	4,750	2,243,375	50,443,693
Contingent Liabilities – off consolidated statement of financial position item – 2022	83,756,492	3,880,450	1,742,346	-	2,663,588	92,042,876
<b>31 december 2021</b>						
<b>Total Assets</b>	<b>359,761,480</b>	<b>23,631,517</b>	<b>4,230,055</b>	<b>64,931</b>	<b>7,666,457</b>	<b>395,354,440</b>
<b>Total Liabilities</b>	<b>299,029,251</b>	<b>23,602,113</b>	<b>4,185,178</b>	<b>58,788</b>	<b>6,994,764</b>	<b>333,870,094</b>
Net concentration in the consolidated financial position statement – 2021	60,732,229	29,404	44,877	6,143	671,693	61,484,346
Contingent Liabilities – off consolidated statement of financial position item – 2021	42,639,311	2,257,480	-	-	2,737,225	47,634,016

### C. Equity price risks

Equity price risks result from a change in the fair value of investments in equity. The Bank seeks to manage these risks through diversifying investments in various geographical areas and economic sectors.

	Change in index (5%) JD	Impact on losses and profits JD	Impact on owner's equity JD	Impact on investment account holders' equity JD
<b>31 December 2022</b>				
Amman Stock Exchange Index	218,497	-	-	218,497
<b>31 December 2021</b>				
Amman Stock Exchange Index	406,915	-	-	406,915

### D. Commodity risks

Commodity risks arise from the fluctuations in the value of marketable assets. These risks are related to the current and future fluctuations and market values of specific assets. The Bank is exposed to fluctuations of fully paid commodity prices after the commencement of Salam contracts and to the fluctuations in the remaining value of the leased assets at the end of the lease term.

### 4. Non-compliance risks

Non-compliance risks represents legal penalties and/or decided by the supervisory authorities, Financial losses, reputational risks and/or financial crime risks and/or fraud, corruption and bribery risks and/or the risks of legal non-compliance, to which the bank may be exposed as a result of non-compliance with laws, regulations, instructions and orders. And the rules of conduct, standards and sound banking practices, decisions and fatwas issued by the Sharia Supervisory Board.

In order to protect the bank from these risks, the Compliance Monitoring Department ensures that the bank and its internal policies comply with all laws, regulations, instructions, orders, codes of conduct, standards and sound banking practices issued by local and international regulatory authorities, by setting and developing a compliance monitoring policy and guide, preparing and developing the general policy to combat money laundering and preparing procedures and work guides regarding internal and external laws, regulations, and instructions, preparing a charter of professional conduct, and holding the necessary training courses.

### 5. Operational Risks

Operational risks are the risks of loss arising from inadequacy or failure in internal operations, personnel or systems, or from external events. This includes legal risk and Islamic Shari'a non-compliance risk and excludes strategic and reputational risks. The Bank seeks to limit these risks throughout the following:

Reviewing the bank's operations and preparing documented policies and procedures that all necessary controls are included to reduce the probability and/or the impact of operational events.

Building a database of all errors, losses and operational events that occur with the Bank in order to evaluate and analyze them, identify weaknesses and work to raise the efficiency of the applied control procedures to reduce their recurrence in the future.

Automatically applying the Risk and Control Self-Assessment (RCSA) methodology using the operational risk management system (GRC) with the aim of improving the control environment and assisting senior management and internal audit in identifying high-risk areas and weaknesses in internal control systems.

Prepare and monitor the Key Risk Indicators (KRI's) automatically using the operational risk management system (GRC) for the Bank's main operations and develop corrective action plans in case they exceed the acceptable risk limits.

Preparing, updating and examining a Business Continuity Plan (BCP) and a Disaster Recovery Plan (IT DR) to reduce the exposures and interruptions faced by the bank, and a recovery plan to reduce the effects and losses resulting from crises and/or disasters - God forbid.

Legal department reviews all contracts and related documents used by the Bank.

The Shariah Supervisory Board of our Bank reviews and approves the contracts, agreements and operations forms related to all of our Bank's transactions, with the aim of ensuring that the mentioned contracts, agreements and operations are free of legal prohibitions.

The Information Technology department, in coordination and cooperation with the Information Cyber Security department, set the necessary policies and procedures to maintain the security and confidentiality of information in the Bank, and the authority to access programs and systems in the Bank.

The Occupational Safety and Health Committee sets the necessary instructions and conditions to ensure a safe work environment, in addition to educating employees of the need to follow occupational safety and health conditions on an ongoing basis.

## **6. Reputational Risks**

Reputational risks is being viewed by the Bank as negative impression on the Bank's reputation which might lead to potential losses in the sources of funding and loss of customers to competitive banks. The Bank seeks to limits these risks throughout a set of policies and procedures to enhance the customers' confidence and providing a good banking services and maintaining banking confidentiality and avoid undertaking illegal acts or financing unfavorable sectors and provides suitable information security controls.

## **7. Strategic risks**

It is the risk arising from the current and future impact on income or capital resulting from negative business decisions, improper implementation of decisions, or failure to respond to economic changes.

## **8. Information Technology risk**

The increased use of information technology has led to improvement in the effectiveness and efficiency of the operations and services provided by our bank, but it has also brought with it new risks related to information technology.

Under the supervision of the Information Technology Governance Committee and the Board Risk Committee, Our bank manages these risks to avoid exposure to them or mitigate their impact, through continuous monitoring and evaluation of the risks associated with information technology and its impact on banking operations and services in terms of the added value of technical solutions compared to their cost, In terms of quality and quality of projects with a technical basis and evaluation of their results on the bank's business and improving the level of performance compared to security and technical events that may result from its operation.

There are a number of outputs for the information technology risk management process according to the instructions for governing information and accompanying technology issued by the Central bank of Jordan and according to the instructions of COBIT 2019, the most important of which is the detailed risk register for each technical process or banking service, risk scenarios, risk indicators and risk assessment of outsourcing parties.

## **9. Stress testing**

### **Application methodology:**

Our bank stress testing methodology includes identifying all types of risks our bank may face under stressful conditions, and assessing the Bank's ability to withstand these risks according to stress scenarios.

### **Role and Integrity of stress tests with risk management governance, risk culture and capital planning:**

The role of the Board of Directors and senior management is to establish test objectives, identify the scenarios required for each type of risk, and assess the results and needed actions based on the results, especially the ones which have an integral role in the decision-making (capital planning).

### **Scenario selection mechanism, including key assumptions related to macroeconomic variables:**

The Bank carries out sensitivity scenarios analysis determined based on the Central bank of Jordan instructions in addition to other scenarios based on the assumption and proposal of the Bank to measure the degree of tolerance.

### **The mechanism of using the tests results in decision making at the appropriate administrative level, including the strategic decisions of the Board of Directors and the senior executive management:**

The Risk Management Department prepares a summary of the results of the stress tests and raises them to the concerned parties, indicating the final impact of the tests within specific grades (low / medium / high) and whom is authorized party to make related decisions.

### **Governance application of stress tests:**

The Bank identifies parties related to stress testing (Board of Directors / Risk Management Committee, Assets and Liabilities Committee, Risk Management Department, Business and other supervisory departments) and their respective responsibility for achieving complementarity and judgment in carrying out the required tests.



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**A. Expected credit losses distribution according to classification degree:**

<b>As at 31 December 2022</b>	Classification according to (47/2009)	Total Exposure	Expected credit losses (ECL)	Propability of default (PD)	External Credit rating	Exposure at default (EAD)	Loss given default (LGD)
<b>Performing Exposures</b>							
Internal Rating from 1 to -6	Acceptable risk	1,118,705,779	7,363,052	%3.9		1,118,705,779	%18
Internal Rating from 1 to -6	Watch list	74,441,809	1,798,064	%5.0		74,441,809	%17
Internal Rating from +7 to -7	Acceptable risk	47,134,239	2,376,879	%12.8		47,134,239	%15
Internal Rating from +7 to -7	Watch list	59,881,656	23,832,076	%12.3		59,881,656	%28
Internal Rating from 8 to 10	Acceptable risk	2,187,494	1,046,647	%100		2,187,494	%48
Internal Rating from 8 to 10	Watch list	16,837,021	7,473,075	%100		16,837,021	%34
External credit rating	Low risk	1,906,049,571	-	%1.3	B+	1,906,049,571	%0
External credit rating	Acceptable risk	142,066,927	1,255,655	%5.6	A to CCC+	142,066,927	%47
Collective Portfolio	Acceptable risk	1,101,956,486	4,215,537	%1.1		1,101,956,486	%41
Collective Portfolio	Watch list	22,921,233	3,242,115	%50.6		22,921,233	%39
<b>Total Performing Exposures</b>						<b>4,492,182,215</b>	
<b>Non-Performing Exposures</b>							
Internal Rating from 8 to 10	Substandard	2,573,409	1,481,659	%100		2,573,409	%53
Internal Rating from 8 to 10	Doubtful	4,641,687	2,879,088	%100		4,641,687	%49
Internal Rating from 8 to 10	Loss	51,958,964	33,862,450	%100		51,958,964	%44
External credit rating	Loss	1,818,373	1,818,373	%100	D	1,818,373	%100
Collective Portfolio	Substandard	5,048,786	2,566,350	%100		5,048,786	%72
Collective Portfolio	Doubtful	4,158,869	2,234,605	%100		4,158,869	%72
Collective Portfolio	Loss	27,767,110	13,657,925	%100		27,767,110	%71
<b>Total Non-Performing Exposures</b>						<b>97,967,198</b>	
<b>Total Exposures</b>						<b>4,590,149,413</b>	

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<b>As at 31 December 2021</b>	Classification according to (47/2009)	Total Exposure	Expected credit losses (ECL)	Propability of default (PD)	External Crdit rating	Exposure at default (EAD)	Loss given default (LGD)
<b>Performing Exposures</b>							
Internal Rating from 1 to -6	Low risk	1,095,595,863	-	5.8%		1,095,595,863	0%
Internal Rating from 1 to -6	Acceptable risk	864,397,625	7,596,266	6.6%		864,397,625	17%
Internal Rating from 1 to -6	Watch list	30,628,866	294,173	7.4%		30,628,866	13%
Internal Rating from +7 to -7	Acceptable risk	402,856,608	3,843,897	9.7%		402,856,608	17%
Internal Rating from +7 to -7	Watch list	88,105,918	15,260,188	11.0%		88,105,918	20%
Internal Rating from 8 to 10	Acceptable risk	3,062,622	2,755,004	100.0%		3,062,622	46%
Internal Rating from 8 to 10	Watch list	33,491,555	17,660,360	100.0%		33,491,555	44%
External credit rating	Low risk	711,704,175	-	0.7%	-BB	711,704,175	0%
External credit rating	Acceptable risk	156,485,406	660,228	5.6%	-AA to -B	156,485,406	46%
Collective Portfolio	Acceptable risk	1,004,526,254	4,088,201	1.6%		1,004,526,254	40%
Collective Portfolio	Watch list	26,033,998	3,167,852	55.4%		26,033,998	36%
<b>Total Performing Exposures</b>						<b>4,416,888,890</b>	
<b>Non-Performing Exposures</b>							
Internal Rating from 8 to 10	Substandard	1,433,009	606,419	100%		1,433,009	48%
Internal Rating from 8 to 10	Doubtful	1,400,399	389,019	100%		1,400,399	42%
Internal Rating from 8 to 10	Loss	52,307,050	32,215,025	100%		52,307,050	39%
External credit rating	Loss	1,818,373	1,818,373	100%	D	1,818,373	100%
Collective Portfolio	Substandard	3,378,390	1,788,549	100%		3,378,390	76%
Collective Portfolio	Doubtful	3,882,010	2,149,150	100%		3,882,010	75%
Collective Portfolio	Loss	28,047,058	12,126,804	100%		28,047,058	69%
<b>Total Non-Performing Exposures</b>						<b>92,266,289</b>	
<b>Total Exposures</b>						<b>4,509,155,179</b>	

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**B. Distribution of exposure according to economic sector:**

**1. Financial instruments total exposure distribution:**

As at 31 December 2022	Financial	Industrial	Commercial	Real estate	Agriculture	Shares	Individuals	Government and public sector	Others	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central bank of Jordan	-	-	-	-	-	-	-	526,481,153	-	526,481,153
Balances at banks and financial institutions	34,424,407	-	-	-	-	-	-	-	-	34,424,407
Investments and Al-Wakala Bi Al Istithmar accounts	46,439,500	-	-	-	-	-	-	-	-	46,439,500
Credit facilities	26,082,518	242,637,257	284,338,094	540,231,789	37,313,009	-	839,346,888	1,010,739,069	185,285,416	3,165,974,040
<b>Financial assets</b>	<b>31,857,472</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>366,649,458</b>	<b>-</b>	<b>398,506,930</b>
Within financial assets at fair value through income statement	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through comprehensive income	-	-	-	-	-	-	-	-	-	-
Within financial assets at amortized cost	31,857,472	-	-	-	-	-	-	366,649,458	-	398,506,930
Encumbered financial assets (Debt instruments)	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>138,803,897</b>	<b>242,637,257</b>	<b>284,338,094</b>	<b>540,231,789</b>	<b>37,313,009</b>	<b>-</b>	<b>839,346,888</b>	<b>1,903,869,680</b>	<b>185,285,416</b>	<b>4,171,826,030</b>
Guarantees	7,530,080	12,305,726	16,775,808	-	1,353,179	-	28,652,248	-	64,116,724	130,733,765
Letter of credits	2,862,587	42,048,932	4,470,215	-	1,029,327	-	4,943,613	-	20,427,026	75,781,700
Acceptances	-	-	1,641,724	-	814,683	-	330,860	-	10,331,081	13,118,348
Unutilized limits	5,500	41,512,832	44,188,280	-	4,647,675	-	53,597,646	-	54,737,637	198,689,570
<b>Grand total</b>	<b>149,202,064</b>	<b>338,504,747</b>	<b>351,414,121</b>	<b>540,231,789</b>	<b>45,157,873</b>	<b>-</b>	<b>926,871,255</b>	<b>1,903,869,680</b>	<b>334,897,884</b>	<b>4,590,149,413</b>

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As at 31 December 2021	Financial	Industrial	Commercial	Real estate	Agriculture	Shares	Individuals	Government and public sector	Others	Total
	JD	JD	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central bank of Jordan	-	-	-	-	-	-	-	711,479,175	-	711,479,175
Balances at banks and financial institutions	44,314,818	-	-	-	-	-	-	-	-	44,314,818
Investments and Al-Wakala Bi Al Istithmar accounts	44,100,057	-	-	-	-	-	-	-	-	44,100,057
Credit facilities	25,285,021	130,291,772	284,858,110	498,225,876	39,464,854	-	742,636,537	1,095,595,863	215,302,955	3,031,660,988
<b>Financial assets</b>	<b>40,965,686</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>229,475,000</b>	<b>-</b>	<b>270,440,686</b>
Within financial assets at fair value through income statement	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through comprehensive income	-	-	-	-	-	-	-	-	-	-
Within financial assets at amortized cost	40,965,686	-	-	-	-	-	-	229,475,000	-	270,440,686
Encumbered financial assets (Debt instruments)	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>154,665,582</b>	<b>130,291,772</b>	<b>284,858,110</b>	<b>498,225,876</b>	<b>39,464,854</b>	<b>-</b>	<b>742,636,537</b>	<b>2,036,550,038</b>	<b>215,302,955</b>	<b>4,101,995,724</b>
Guarantees	5,048,839	8,905,262	16,757,340	-	861,658	-	25,052,035	-	66,867,412	123,492,546
Letter of credits	2,345,018	12,567,491	6,679,135	-	-	-	2,486,284	-	12,455,029	36,532,957
Acceptances	-	-	11,289,931	-	-	-	-	-	-	11,289,931
Unutilized limits	-	36,573,213	44,289,884	-	4,031,073	-	45,169,337	-	105,780,514	235,844,021
<b>Grand total</b>	<b>162,059,439</b>	<b>188,337,738</b>	<b>363,874,400</b>	<b>498,225,876</b>	<b>44,357,585</b>	<b>-</b>	<b>815,344,193</b>	<b>2,036,550,038</b>	<b>400,405,910</b>	<b>4,509,155,179</b>

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**2. Distribution of exposures according to the stages of classification in accordance with FAS 30:**

**As at 31 December 2022**

	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD		
Financial	142,545,682	752,149	3,021,672	1,973	2,880,588	149,202,064
Industrial	231,381,764	2,849,379	92,217,789	214,731	11,841,084	338,504,747
Commercial	182,601,755	6,683,729	131,989,665	1,199,552	28,939,420	351,414,121
Real estate	105,500,967	352,285,727	51,409,242	13,804,845	17,231,008	540,231,789
Agriculture	24,232,921	1,109,522	19,473,221	160,515	181,694	45,157,873
Shares	-	-	-	-	-	-
Individuals	132,204,713	687,302,858	34,469,337	27,519,084	45,375,263	926,871,255
Government and public sector	1,903,869,680	-	-	-	-	1,903,869,680
Others	204,482,615	24,211,005	86,731,582	1,146,598	18,326,084	334,897,884
<b>Total</b>	<b>2,926,820,097</b>	<b>1,075,194,369</b>	<b>419,312,508</b>	<b>44,047,298</b>	<b>124,775,141</b>	<b>4,590,149,413</b>

**As at 31 December 2021**

	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD		
Financial	157,261,591	678,000	2,301,475	-	1,818,373	162,059,439
Industrial	86,996,089	1,861,028	96,282,061	290,988	2,907,572	188,337,738
Commercial	166,157,328	4,399,230	150,767,244	1,702,353	40,848,245	363,874,400
Real estate	59,175,724	328,472,135	80,117,758	15,667,441	14,792,818	498,225,876
Agriculture	6,229,284	53,038	30,413,045	-	7,662,218	44,357,585
Shares	-	-	-	-	-	-
Individuals	99,560,710	602,815,607	41,458,141	29,509,596	42,000,139	815,344,193
Government and public sector	2,036,550,038	-	-	-	-	2,036,550,038
Others	169,784,362	34,085,856	166,719,610	1,778,652	28,037,430	400,405,910
<b>Total</b>	<b>2,781,715,126</b>	<b>972,364,894</b>	<b>568,059,334</b>	<b>48,949,030</b>	<b>138,066,795</b>	<b>4,509,155,179</b>

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**C. Distribution of exposure according to geographical sectors:**

**1. Geographic sector total exposure distribution:**

<b>As at 31 December 2022</b>	Inside the Kingdom	Other Middle East Countries	Europe	Asia	Africa	America	Other countries	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central bank of Jordan	526,481,153	-	-	-	-	-	-	526,481,153
Balances at banks and financial institutions	1,540	7,469,974	6,737,114	286,563	-	19,929,216	-	34,424,407
Investment and Al Wakala Bi Al Istithmar accounts	-	46,439,500	-	-	-	-	-	46,439,500
Credit facilities	3,140,110,261	20,932,545	4,931,234	-	-	-	-	3,165,974,040
Financial assets	366,649,458	26,402,530	-	3,636,569	1,818,373	-	-	398,506,930
Within financial assets at fair value through income statement	-	-	-	-	-	-	-	-
Within financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-
Within financial assets at amortized cost	366,649,458	26,402,530	-	3,636,569	1,818,373	-	-	398,506,930
Encumbered financial assets (Debt instruments)	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
<b>Total for the year</b>	<b>4,033,242,412</b>	<b>101,244,549</b>	<b>11,668,348</b>	<b>3,923,132</b>	<b>1,818,373</b>	<b>19,929,216</b>	<b>-</b>	<b>4,171,826,030</b>
Guarantees	128,422,304	2,282,471	-	28,990	-	-	-	130,733,765
Letter of credits	75,781,700	-	-	-	-	-	-	75,781,700
Acceptances	13,118,348	-	-	-	-	-	-	13,118,348
Unutilized limits	198,689,570	-	-	-	-	-	-	198,689,570
<b>Grand total</b>	<b>4,449,254,334</b>	<b>103,527,020</b>	<b>11,668,348</b>	<b>3,952,122</b>	<b>1,818,373</b>	<b>19,929,216</b>	<b>-</b>	<b>4,590,149,413</b>

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**As at 31 December 2021**

	Inside the Kingdom	Other Middle East Countries	Europe	Asia	Africa	America	Other countries	Total
	JD	JD	JD	JD	JD	JD	JD	JD
Balances with central bank of Jordan	711,479,175	-	-	-	-	-	-	711,479,175
Balances at banks and financial institutions	2,057,640	13,226,036	2,764,338	434,359	-	25,832,445	-	44,314,818
Investment and Al Wakala Bi Al Istithmar accounts	-	44,100,057	-	-	-	-	-	44,100,057
Credit facilities	3,006,490,670	20,185,164	4,985,154	-	-	-	-	3,031,660,988
Financial assets	229,475,000	37,449,897	-	1,697,416	1,818,373	-	-	270,440,686
Within financial assets at fair value through income statement	-	-	-	-	-	-	-	-
Within financial assets at fair value through comprehensive income	-	-	-	-	-	-	-	-
Within financial assets at amortized cost	229,475,000	37,449,897	-	1,697,416	1,818,373	-	-	270,440,686
Encumbered financial assets (Debt instruments)	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
<b>Total for the year</b>	<b>3,949,502,485</b>	<b>114,961,154</b>	<b>7,749,492</b>	<b>2,131,775</b>	<b>1,818,373</b>	<b>25,832,445</b>	<b>-</b>	<b>4,101,995,724</b>
Guarantees	122,268,477	1,175,854	-	48,215	-	-	-	123,492,546
Letter of credits acceptances	36,532,955	-	-	-	-	-	-	36,532,955
Unutilized limits	11,289,931	-	-	-	-	-	-	11,289,931
	235,844,023	-	-	-	-	-	-	235,844,023
<b>Grand total</b>	<b>4,355,437,871</b>	<b>116,137,008</b>	<b>7,749,492</b>	<b>2,179,990</b>	<b>1,818,373</b>	<b>25,832,445</b>	<b>-</b>	<b>4,509,155,179</b>

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**2. Distribution of exposures according to the stages of classification in accordance with FAS 30:**

**As at 31 December 2022**

	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD		
Inside the Kingdom	2,791,817,093	1,075,194,369	416,295,836	44,047,298	121,899,738	4,449,254,334
Other Middle East Countries	102,469,990	-	-	-	1,057,030	103,527,020
Europe	11,668,348	-	-	-	-	11,668,348
Asia	935,450	-	3,016,672	-	-	3,952,122
Africa	-	-	-	-	1,818,373	1,818,373
America	19,929,216	-	-	-	-	19,929,216
<b>Total</b>	<b>2,926,820,097</b>	<b>1,075,194,369</b>	<b>419,312,508</b>	<b>44,047,298</b>	<b>124,775,141</b>	<b>4,590,149,413</b>

**As at 31 December 2021**

	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD		
Inside the Kingdom	2,630,645,946	972,364,894	567,229,579	48,949,030	136,248,422	4,355,437,871
Other Middle East Countries	115,307,253	-	829,755	-	-	116,137,008
Europe	7,749,492	-	-	-	-	7,749,492
Asia	2,179,990	-	-	-	-	2,179,990
Africa	-	-	-	-	1,818,373	1,818,373
America	25,832,445	-	-	-	-	25,832,445
<b>Total</b>	<b>2,781,715,126</b>	<b>972,364,894</b>	<b>568,059,334</b>	<b>48,949,030</b>	<b>138,066,795</b>	<b>4,509,155,179</b>



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**D. Distribution of collaterals fair value against credits exposure**

This disclosure is prepared in two stages, the first one for total credit exposure while the second one for exposures under stage 3 according to FAS 30.

As of 31 December 2022	Guarantees Fair Value							Total Guarantees	Exposure at default	ECL
	Total exposure	Cash Margins	Traded shares	Accepted LC's	Real estate	Vehicles	Others			
	JD	JD	JD	JD	JD	JD	JD			
Balances with central bank of Jordan	526,481,153	-	-	-	-	-	-	-	526,481,153	-
Balances at banks and financial institutions	34,424,407	-	-	-	-	-	-	-	34,424,407	589,873
Investment and Al Wakala Bi Al Istithmar accounts	46,439,500	-	-	-	-	-	-	-	46,439,500	247,057
Credit facilities:	3,165,974,040	10,241,266	5,165,535	25,863,779	736,710,752	413,938,310	-	1,191,919,642	1,974,054,398	129,031,733
Individual	839,346,888	4,541,392	2,729,739	-	124,011,608	361,036,589	-	492,319,328	347,027,560	34,512,265
Real estate loans	540,231,789	-	-	-	285,040,381	10,017,564	-	295,057,945	245,173,844	21,745,435
Corporate	775,656,294	5,699,874	2,435,796	25,863,779	327,658,763	42,884,157	-	404,542,369	371,113,925	72,774,033
Large Corporate	590,563,187	-	-	25,863,779	231,573,077	18,847,278	-	276,284,134	314,279,053	55,333,502
SME's	185,093,107	5,699,874	2,435,796	-	96,085,686	24,036,879	-	128,258,235	56,834,872	17,440,531
Government and public sector	1,010,739,069	-	-	-	-	-	-	-	1,010,739,069	-
Sukuk:	398,506,930	-	-	-	-	-	-	-	398,506,930	2,145,018
Within financial assets at fair value through income statement	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through comprehensive income	-	-	-	-	-	-	-	-	-	-
Within financial assets at amortized cost	398,506,930	-	-	-	-	-	-	-	398,506,930	2,145,018
Financial instrument	-	-	-	-	-	-	-	-	-	-
Encumbered financial assets (Debt instruments)	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4,171,826,030</b>	<b>10,241,266</b>	<b>5,165,535</b>	<b>25,863,779</b>	<b>736,710,752</b>	<b>413,938,310</b>	<b>-</b>	<b>1,191,919,642</b>	<b>2,979,906,388</b>	<b>132,013,681</b>
Guarantees	130,733,765	19,207,057	-	-	80,440,318	10,263,115	-	109,910,490	20,823,275	5,243,703
Letters of credit	75,781,700	2,567,455	-	-	12,172,071	265,211	-	15,004,737	60,776,963	232,814
Other Liabilities	211,807,918	8,430,353	-	-	100,388,972	7,893,758	-	116,713,083	95,094,835	1,102,641
<b>Grand total</b>	<b>4,590,149,413</b>	<b>40,446,131</b>	<b>5,165,535</b>	<b>25,863,779</b>	<b>929,712,113</b>	<b>432,360,394</b>	<b>-</b>	<b>1,433,547,952</b>	<b>3,156,601,461</b>	<b>138,592,839</b>

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As of 31 December 2021	Guarantees Fair Value								Exposure at default	ECL
	Total exposure	Cash Margins	Traded shares	Accepted LC's	Real estate	Vehicles	Others	Total Guarantees		
	JD	JD	JD	JD	JD	JD	JD	JD		
Balances with central bank of Jordan	711,479,175	-	-	-	-	-	-	-	711,479,175	-
Balances at banks and financial institutions	44,314,818	-	-	-	-	-	-	-	44,314,818	249,866
Investment and Al Wakala Bi Al Istithmar accounts	44,100,057	-	-	-	-	-	-	-	44,100,057	160,313
Credit facilities:	3,031,660,988	9,014,687	5,261,571	25,170,318	715,798,402	361,294,937	-	1,116,539,915	1,915,121,073	95,485,348
Individual	742,636,537	4,607,265	3,462,268	-	122,691,272	309,443,082	-	440,203,887	302,432,650	20,774,274
Real estate loans	498,225,875	-	-	-	269,106,466	8,699,396	-	277,805,862	220,420,013	8,253,698
Corporate	695,202,713	4,407,422	1,799,302	25,170,318	324,000,664	43,152,459	-	398,530,166	296,672,547	66,457,376
Large Corporate	503,871,677	-	-	25,170,318	222,684,934	21,627,788	-	269,483,040	234,388,637	53,656,912
SME's	191,331,036	4,407,422	1,799,302	-	101,315,730	21,524,671	-	129,047,126	62,283,910	12,800,464
Government and public sector	1,095,595,863	-	-	-	-	-	-	-	1,095,595,863	-
Sukuk:	270,440,686	-	-	-	-	-	-	-	270,440,686	1,988,637
Within financial assets at fair value through income statement	-	-	-	-	-	-	-	-	-	-
Within financial assets at fair value through comprehensive income	-	-	-	-	-	-	-	-	-	-
Within financial assets at amortized cost	270,440,686	-	-	-	-	-	-	-	270,440,686	1,988,637
Financial instrument	-	-	-	-	-	-	-	-	-	-
Encumbered financial assets (Debt instruments)	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4,101,995,724</b>	<b>9,014,687</b>	<b>5,261,571</b>	<b>25,170,318</b>	<b>715,798,402</b>	<b>361,294,937</b>	<b>-</b>	<b>1,116,539,915</b>	<b>2,985,455,809</b>	<b>97,884,164</b>
Guarantees	123,492,546	19,161,793	-	-	72,912,571	9,313,414	-	101,387,778	22,104,768	5,426,621
Letters of credit	36,532,955	1,340,766	-	-	6,869,234	218,680	-	8,428,680	28,104,275	100,631
Other Liabilities	247,133,954	7,251,351	-	-	96,317,643	6,882,117	-	110,451,111	136,682,843	3,008,092
<b>Grand total</b>	<b>4,509,155,179</b>	<b>36,768,597</b>	<b>5,261,571</b>	<b>25,170,318</b>	<b>891,897,850</b>	<b>377,709,148</b>	<b>-</b>	<b>1,336,807,484</b>	<b>3,172,347,695</b>	<b>106,419,508</b>

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**E. Reclassified exposures:**

**1. Total reclassified exposures:**

	Stage 2		Stage 3		Total reclassified exposures	Percentage
	Total exposure	Reclassified exposures	Total exposure	Reclassified exposures		
	JD	JD	JD	JD		
<b>As at 31 December 2022</b>						
Balances with central bank of Jordan	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	1,000,309	829,754	829,754	٪83
Investment and Al Wakala Bi Al Istithmar accounts	-	-	-	-	-	-
Credit facilities	391,909,965	138,689,133	115,430,682	44,363,140	183,052,273	٪36
Financial assets	3,016,672	-	1,818,373	-	-	-
Within financial assets at fair value through income statement	-	-	-	-	-	-
Within financial assets at fair value through comprehensive income	-	-	-	-	-	-
Within financial assets at amortized cost	3,016,672	-	1,818,373	-	-	-
Encumbered financial assets (Debt instruments)	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
<b>Total</b>	<b>394,926,637</b>	<b>138,689,133</b>	<b>118,249,364</b>	<b>45,192,894</b>	<b>183,882,027</b>	<b>٪36</b>
Guarantees	26,738,671	3,241,181	6,109,035	287,612	3,528,793	٪11
Letter of credits	3,780,877	-	-	-	-	٪0
Other liabilities	37,913,621	16,927,288	416,742	185,432	17,112,720	٪45
<b>Grand total</b>	<b>463,359,806</b>	<b>158,857,602</b>	<b>124,775,141</b>	<b>45,665,938</b>	<b>204,523,540</b>	<b>٪35</b>

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As at 31 December 2021	Stage 2		Stage 3		Total	Percentage
	Total	Reclassified	Total	Reclassified	reclassified	
	exposure	exposures	exposure	exposures	exposures	
	JD	JD	JD	JD	JD	
Balances with central bank of Jordan	-	-	-	-	-	-
Balances at banks and financial institutions	829,754	-	-	-	-	-
Investment and Al Wakala Bi Al Istithmar accounts	-	-	-	-	-	-
Credit facilities	457,602,070	120,332,613	128,361,911	52,077,120	172,409,733	29%
Financial assets	-	-	1,818,373	-	-	-
Within financial assets at fair value through income statement	-	-	-	-	-	-
Within financial assets at fair value through comprehensive income	-	-	-	-	-	-
Within financial assets at amortized cost	-	-	1,818,373	-	-	-
Encumbered financial assets (Debt instruments)	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
<b>Total</b>	<b>458,431,824</b>	<b>120,332,613</b>	<b>130,180,284</b>	<b>52,077,120</b>	<b>172,409,733</b>	<b>29%</b>
Guarantees	29,806,001	4,292,618	6,404,734	45,725	4,338,343	12%
Letter of credits	8,456,110	-	-	-	-	0%
Other liabilities	120,314,429	684,285	1,225,981	344,980	1,029,265	1%
<b>Grand total</b>	<b>617,008,364</b>	<b>125,309,516</b>	<b>137,810,999</b>	<b>52,467,825</b>	<b>177,777,341</b>	<b>24%</b>

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**2. Expected credit loss for reclassified exposures:**

	Reclassified exposures			ECL for reclassified exposures				
	Total	Total	Total	Exposures		Exposures		Total
	reclassified	reclassified		within stage 2		within stage 3		
	exposures	exposures	reclassified	Individual	Collective	Individual	Collective	
from stage 2	from stage 3	exposures	JD	JD	JD	JD	JD	
Balances with central bank of Jordan	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	829,754	829,754	-	-	354,002	-	354,002
Investment and Al Wakala Bi Al Istithmar accounts	-	-	-	-	-	-	-	-
Credit facilities	138,689,133	44,363,140	183,052,274	13,693,319	1,126,462	202,017	746,524	15,768,322
Financial assets	-	-	-	-	-	-	-	-
Within financial assets at fair value through income statement	-	-	-	-	-	-	-	-
Within financial assets at fair value through comprehensive income	-	-	-	-	-	-	-	-
Within financial assets at amortized cost	-	-	-	-	-	-	-	-
Encumbered financial assets (debt instruments)	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
<b>Total</b>	<b>138,689,133</b>	<b>45,192,894</b>	<b>183,882,028</b>	<b>13,693,319</b>	<b>1,126,462</b>	<b>556,019</b>	<b>746,524</b>	<b>16,122,324</b>
Guarantees	3,241,181	287,612	3,528,793	18,536	401	749	54	19,740
Letter of credits	-	-	-	-	-	-	-	-
Acceptances	-	-	-	-	-	-	-	-
Unutilized limits	16,927,288	185,432	17,112,720	189,499	2,440	1,217	628	193,784
<b>Grand total</b>	<b>158,857,602</b>	<b>45,665,938</b>	<b>204,523,541</b>	<b>13,901,354</b>	<b>1,129,303</b>	<b>557,985</b>	<b>747,206</b>	<b>16,335,848</b>

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	Reclassified exposures			ECL for reclassified exposures				
	Total	Total	Total	Exposures		Exposures		Total
	reclassified	reclassified		within stage 2		within stage 3		
	exposures	exposures	reclassified	Individual	Collective	Individual	Collective	
from stage 2	from stage 3	exposures	JD	JD	JD	JD	JD	
Balances with central bank of Jordan	-	-	-	-	-	-	-	-
Balances at banks and financial institutions	-	-	-	-	-	-	-	-
Investment and Al Wakala Bi Al Istithmar accounts	-	-	-	-	-	-	-	-
Credit facilities	120,332,613	52,077,120	172,409,733	2,210,651	1,707,162	21,392,232	4,612,431	29,922,476
Financial assets	-	-	-	-	-	-	-	-
Within financial assets at fair value through income statement	-	-	-	-	-	-	-	-
Within financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-
Within financial assets at amortized cost	-	-	-	-	-	-	-	-
Encumbered financial assets (debt instruments)	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
<b>Total</b>	<b>120,332,613</b>	<b>52,077,120</b>	<b>172,409,733</b>	<b>2,210,651</b>	<b>1,707,162</b>	<b>21,392,232</b>	<b>4,612,431</b>	<b>29,922,476</b>
Guarantees	4,292,618	45,725	4,338,343	20,006	22,057	11,247	13,079	66,389
Letter of credits	-	-	-	-	-	-	-	-
Acceptances	-	-	-	-	-	-	-	-
Unutilized limits	684,285	344,980	1,029,265	448	18,130	178,425	194,059	391,062
<b>Grand total</b>	<b>125,309,516</b>	<b>52,467,825</b>	<b>177,777,341</b>	<b>2,231,105</b>	<b>1,747,349</b>	<b>21,581,904</b>	<b>4,819,569</b>	<b>30,379,927</b>

**(64) Segment information**

**A. Information about the Bank's activities**

The Bank is organized for administrative purposes based on the reports submitted to the General Manager and the chief decision maker into four main business sectors:

**Retail accounts:** These encompass following up on the unrestricted investment accounts, deferred sales receivables and other financing and banking services related to individuals.

**Corporate accounts:** These encompass following up on the unrestricted investment accounts, deferred sales receivables and other financing and banking services related to the institutions.

**Investment in assets:** This includes investing in real estate and leasing.

**Treasury:** This includes trading services and managing the Bank's funds.

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B. The below table illustrate the information on the Bank's business sectors distributed according to its activities:

						Total	
	Retails JD	Corporate JD	Investment in assets JD	Treasury JD	Others JD	2022 JD	2021 JD
Total revenues (joint and self financed)	142,033,234	85,128,064	15,106,292	23,506,422	633,038	266,407,050	244,742,326
Net income of subsidiaries and share of profit from investments in associates	-	-	1,867,251	-	-	1,867,251	184,218
Deposits guarantee ( self and joint)	(5,298,568)	(3,166,259)	(552,935)	(876,910)	(23,616)	(9,918,288)	(8,988,078)
Revenue and share of the unrestricted accounts and non-controlling from the net income of subsidiaries and share of investment from profits of associates	(44,067,786)	(30,795,004)	(1,867,251)	(7,260,833)	-	(83,990,874)	(64,659,188)
<b>Segment results</b>	92,666,880	51,166,801	14,553,357	15,368,679	609,422	174,365,139	171,279,278
Allocated expenses	(41,177,870)	(25,118,919)	(4,845,357)	(7,684,340)	-	(78,826,486)	(74,823,762)
<b>Profits before tax</b>	51,489,010	26,047,882	9,708,000	7,684,339	609,422	95,538,653	96,455,516
Income tax	(16,804,348)	(12,296,966)	(1,841,235)	(3,304,266)	(182,827)	(34,429,642)	(37,397,819)
<b>Profit after tax</b>	<b>34,684,662</b>	<b>13,750,916</b>	<b>7,866,765</b>	<b>4,380,073</b>	<b>426,595</b>	<b>61,109,011</b>	<b>59,057,697</b>
Sector assets	1,703,877,339	1,333,064,968	1,450,226,367	799,257,088	-	5,286,425,762	5,133,180,070
Investment in associates	-	-	9,336,930	-	-	9,336,930	9,051,815
Unallocated assets	-	-	-	-	167,413,503	167,413,503	160,350,258
<b>Total assets</b>	<b>1,703,877,339</b>	<b>1,333,064,968</b>	<b>1,459,563,297</b>	<b>799,257,088</b>	<b>167,413,503</b>	<b>5,463,176,195</b>	<b>5,302,582,143</b>
Segment liabilities	3,900,280,022	822,801,617	-	37,104,499	-	4,760,186,138	4,586,491,598
Unallocated liabilities	-	-	-	-	182,413,824	182,413,824	206,481,562
<b>Total liabilities, joint investment accounts holders' equity, non-controlling interests and provision against future risks</b>	<b>3,900,280,022</b>	<b>822,801,617</b>	<b>-</b>	<b>37,104,499</b>	<b>182,413,824</b>	<b>4,942,599,962</b>	<b>4,792,973,160</b>
Capital expenditures	-	-	-	-	7,136,286	7,136,286	5,062,744
Depreciation and amortization	-	-	-	-	8,138,542	8,138,542	8,363,158



**C. Geographical Distribution Information:**

This sector represents the geographical distribution of the Bank's activities. The Bank undertakes its activities primarily inside the Hashemite Kingdom of Jordan.

The below table illustrate the distribution of the Bank's revenues, assets and capital expenditures according to the geographical area and the internal policy of the Bank based on the method of measurement and as viewed by the General Manager and the chief decision makers:

	Inside the Kingdom		Outside the Kingdom		Total	
	2022	2021	2022	2021	2022	2021
	JD	JD	JD	JD	JD	JD
Total revenues	263,017,621	241,525,624	3,389,429	3,216,702	266,407,050	244,742,326
Total assets	5,327,584,069	5,152,486,583	135,592,126	150,095,560	5,463,176,195	5,302,582,143
Capital expenditures	7,136,286	5,062,744	-	-	7,136,286	5,062,744

**(65) Capital management**

The Bank's capital consists of the paid-in capital, statutory reserve, voluntary reserve, other reserve, and retained earnings.

The Bank achieves its capital objectives throughout the following:

- Achieving a satisfactory return on capital without affecting the financial stability of the Bank and achieving acceptable return on owner's equity.
- Achieving the required level of capital according to Basel Committee requirements and the supervisory bodies instructions.
- Providing an adequate capital to expand the granting of financing and large investments in consistency with the Central bank of Jordan regulations as well as facing any future risks.

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Capital adequacy ratio was calculated as at 31 December 2022 in accordance with Central bank of Jordan instruction number (72/ 2018) dated 4 February 2018 and in accordance with standard number (15) issued by Islamic Financial Services Board:

	31 December 2022	31 December 2021
	Thousands JD	Thousands JD
<b>Common Equity Tier I</b>	<b>459,084</b>	<b>451,705</b>
Paid-in capital	200,000	200,000
Statutory reserve	120,472	110,912
Voluntary reserve	64,602	55,082
Retained earnings	82,574	90,545
Accumulated change in full fair value	1,983	2,184
Intangible assets	(7,058)	(4,299)
Deferred tax assets	(751)	-
10% of less of investments in Banks, financial institutions and Takaful companies capital	(494)	(494)
10% or more of investments in Banks, financial institutions and Takaful companies capital, beyond unified regulatory scope	(2,244)	(2,225)
<b>Additional Tier I</b>	-	-
<b>Additional Tier II</b>	<b>10,069</b>	<b>10,947</b>
Expected credit loss stage 1 (self) and the bank share from expected credit loss stage 1 (mixed) (not to exceed 1.25%) of risky assets	<b>10,069</b>	<b>10,947</b>
<b>Total regulatory capital</b>	<b>469,153</b>	<b>462,652</b>
<b>Risk Weighted Assets (RWA)</b>	<b>2,212,230</b>	<b>2,010,329</b>
<b>Common Equity Tier I Ratio</b>	<b>%20.75</b>	<b>%22,47</b>
<b>Additional Tier I Ratio</b>	-	-
<b>Tier I Ratio</b>	<b>%20.75</b>	<b>%22,47</b>
<b>Tier II Ratio</b>	<b>%0.46</b>	<b>%0,54</b>
<b>Capital Adequacy Ratio</b>	<b>%21.21</b>	<b>%23,01</b>

- Financial leverage percentage has reached 18.46% as of 31 December 2022 (2021: 17.78%).

**(66) Accounts managed for customers**

Accounts managed for customers amounted to JD 727,119,000 as at 31 December 2022 compared to JD 649,968,027 as at 31 December 2021. These accounts are not presented within the Bank's assets and liabilities in the consolidated financial statements ( note 57,58 and 59).

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**(67) Maturity analysis of assets and liabilities**

The table below summarizes the expected maturity of the Bank's assets and liabilities. The maturities of assets and liabilities have been determined according to when they are expected to be recovered or settled.

	31 December 2022		
	Within 1 year	More than 1 year	Total
	JD	JD	JD
<b>Assets:</b>			
Cash and balances with central bank of Jordan	719,230,111	-	719,230,111
Balances at banks and financial institutions	43,400,535	-	43,400,535
Unrestricted investment accounts at banks and financial institutions	1,417,959	-	1,417,959
Al-Wakala Bi Al Istithmar accounts	17,642,782	17,565,701	35,208,483
Deferred sales receivables and other receivables –Net	1,076,180,272	1,886,186,323	2,962,366,595
Ijarah Muntahia Bittamleek assets – Net	77,845,784	810,396,395	888,242,179
Financing – Net	3,319,028	35,128,943	38,447,971
Financial Assets at fair value through income statement	47,359	-	47,359
Financial Assets at fair value through owner's equity – self financed	16,235,462	1,773,347	18,008,809
Financial assets at fair value through– joint investment accounts holders' equity	25,120,189	8,749,727	33,869,916
Financial assets at amortized cost	129,015,603	267,346,309	396,361,912
Investments in associates	7,002,697	2,334,233	9,336,930
Investment in real estate	22,739,238	90,956,954	113,696,192
Al Qard Al Hasan – Net	27,964,804	8,162,937	36,127,741
Property and equipment- Net	-	85,502,051	85,502,051
Intangible assets – Net	-	7,058,271	7,058,271
Deferred tax assets	750,951	-	750,951
Other assets	30,563,037	43,539,193	74,102,230
<b>Total assets</b>	<b>2,198,475,811</b>	<b>3,264,700,384</b>	<b>5,463,176,195</b>
<b>Liabilities and unrestricted investment accounts holders' equity:</b>			
Due to banks and financial institutions	10,687,311	26,417,188	37,104,499
Customers' current and on demand accounts-trusteeship	988,216,514	401,789,081	1,390,005,595
Cash margins	32,078,725	25,980,912	58,059,637
Other provisions	-	15,654,160	15,654,160
Income tax provision	31,300,247	-	31,300,247
Deferred tax liabilities - self	325,912	1,904,492	2,230,404
Other liabilities	33,388,787	10,933,043	44,321,830
Unrestricted investment accounts	1,048,971,946	2,284,104,098	3,333,076,044
Fair value reserve	531,751	179,261	711,012
Investment accounts holders' reserve in subsidiaries and associates	-	14,942,207	14,942,207
Non-controlling interests	-	38,956	38,956
Future risks provision	-	15,155,371	15,155,371
<b>Total liabilities and unrestricted investment accounts and holders' equity</b>	<b>2,145,501,193</b>	<b>2,797,098,769</b>	<b>4,942,599,962</b>
<b>Net</b>	<b>52,974,618</b>	<b>467,601,615</b>	<b>520,576,233</b>

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	31 December 2021		
	Within 1 year	More than 1 year	Total
	JD	JD	JD
<b>Assets:</b>			
Cash and balances with central bank of Jordan	893,840,158	-	893,840,158
Balances at banks and financial institutions	52,703,935	-	52,703,935
Al-Wakala Bi Al Istithmar accounts	17,650,709	17,650,052	35,300,761
Deferred sales receivables and other receivables –Net	874,000,862	1,937,103,853	2,811,104,715
Ijarah Muntahia Bittamleek assets – Net	69,122,794	733,425,808	802,548,602
Financing – Net	3,165,847	33,660,238	36,826,085
Financial Assets at fair value through owner’s equity – self	16,422,247	1,827,827	18,250,074
Financial assets at fair value through– joint investment accounts holders’ equity	23,038,004	7,976,999	31,015,003
Financial assets at amortized cost	53,783,333	214,668,716	268,452,049
Investments in associates	6,788,861	2,262,954	9,051,815
Investment in real estate	23,804,729	95,218,917	119,023,646
Al Qard Al Hasan – Net	40,287,040	23,828,002	64,115,042
Property and equipment- Net	-	91,709,560	91,709,560
Intangible assets – Net	-	4,299,297	4,299,297
Other assets	24,517,554	39,823,847	64,341,401
<b>Total assets</b>	<b>2,099,126,073</b>	<b>3,203,456,070</b>	<b>5,302,582,143</b>
<b>Liabilities and unrestricted investment accounts holders’ equity:</b>			
Due to banks and financial institutions	2,894,401	53,439,029	56,333,430
Customers’ current and on demand accounts-trusteeship	979,578,367	400,306,848	1,379,885,215
Cash margins	32,162,024	26,527,403	58,689,427
Other provisions	-	16,560,343	16,560,343
Income tax provision	32,652,979	-	32,652,979
Deferred tax liabilities – self	477,634	2,664,074	3,141,708
Other liabilities	41,908,703	12,176,596	54,085,299
Unrestricted investment accounts	997,850,128	2,152,422,825	3,150,272,953
Fair value reserve	779,297	1,276,816	2,056,113
Investment accounts holders’ reserve in subsidiaries and associates	-	14,256,895	14,256,895
Non-controlling interests	-	38,798	38,798
Future risks provision	-	25,000,000	25,000,000
<b>Total liabilities and unrestricted investment accounts and holders’ equity</b>	<b>2,088,303,533</b>	<b>2,704,669,627</b>	<b>4,792,973,160</b>
<b>Net</b>	<b>10,822,540</b>	<b>498,786,443</b>	<b>509,608,983</b>

**(68) Contractual Commitments and Contingent Liabilities (Off consolidated statement of financial position)**

**A. Contingent credit commitments**

	31 December 2022	31 December 2021
	JD	JD
<b>Letters of credit</b>	75,781,700	36,532,955
<b>Acceptances</b>	13,118,348	11,289,931
<b>Guarantees:</b>	130,733,765	123,492,546
Payment	42,504,266	38,093,917
Performance	57,456,050	55,249,189
Others	30,773,449	30,149,440
<b>Unutilized Limits/ Direct</b>	121,088,843	166,468,420
<b>Unutilized Limits/ Indirect</b>	77,600,727	69,375,603
<b>Total</b>	<b><u>418,323,383</u></b>	<b><u>407,159,455</u></b>

**B. Contractual commitments**

	31 December 2022	31 December 2021
	JD	JD
Property, equipment and softwares contracts	8,770,332	2,537,727
Construction project contracts	972,769	653,088
<b>Total</b>	<b><u>9,743,101</u></b>	<b><u>3,190,815</u></b>

The above contractual commitments mature within one year.

**C. Indirect facilities expected credit loss:**

**1. Cumulative movement on indirect facilities**

As at 31 December 2022	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD		
Balance at the beginning of the year	196,827,280	44,124,921	157,190,012	1,386,528	7,630,714	407,159,455
New exposures during the year	284,078,967	28,720,160	61,130,166	1,149,610	6,379,026	381,457,929
Matured exposures	(249,856,114)	(31,489,952)	(80,149,129)	(1,339,494)	(7,459,312)	(370,294,001)
Transferred (from) to stage 1	90,894,197	220,345	(90,644,197)	(218,695)	(251,650)	-
Transferred (from) to stage 2	(19,507,472)	(414,952)	19,753,067	415,402	(246,045)	-
Transferred (from) to stage 3	(67,138)	(165,805)	(239,541)	(560)	473,044	-
<b>Balance at the end of the year</b>	<b><u>302,369,720</u></b>	<b><u>40,994,717</u></b>	<b><u>67,040,378</u></b>	<b><u>1,392,791</u></b>	<b><u>6,525,777</u></b>	<b><u>418,323,383</u></b>

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As at 31 December 2021	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD		
Balance at the beginning of the year	147,337,810	67,544,132	85,035,522	2,890,154	7,225,600	310,033,218
New exposures during the year	180,280,648	34,022,137	150,728,109	1,164,420	6,985,371	373,180,685
Matured exposures	(131,102,650)	(56,883,033)	(78,098,439)	(3,458,427)	(6,511,899)	(276,054,448)
Transferred (from) to stage 1	7,166,827	515,866	(7,166,827)	(282,910)	(232,956)	-
Transferred (from) to stage 2	(6,855,355)	(1,035,941)	6,865,355	1,090,341	(64,400)	-
Transferred (from) to stage 3	-	(38,240)	(173,708)	(17,050)	228,998	-
<b>Balance at the end of the year</b>	<b>196,827,280</b>	<b>44,124,921</b>	<b>157,190,012</b>	<b>1,386,528</b>	<b>7,630,714</b>	<b>407,159,455</b>

**D. Cumulative movement on the expected credit loss for indirect facilities:**

As at 31 December 2022	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD		
Balance at the beginning of the year	936,258	143,576	2,160,502	116,112	5,178,895	8,535,343
Expected credit loss on new exposures during the year	935,087	154,165	436,620	144,230	4,654,009	6,324,111
Expected credit loss from matured exposures	(300,904)	(73,460)	(366,239)	(70,850)	(4,473,511)	(5,284,964)
Transferred (from) to stage 1	1,703,624	30,585	(1,597,700)	(29,026)	(107,483)	-
Transferred (from) to stage 2	(115,067)	(2,391)	208,036	2,841	(93,419)	-
Transferred (from) to stage 3	(340)	(681)	(1,626)	(1)	2,648	-
The effect on the provision - as at the end of the year due to changing the classification between the three stages during the year	(1,702,195)	(29,327)	(183,010)	27,427	31,215	(1,855,890)
Changes resulting from Adjustments	(438,272)	(27,449)	(167,719)	(4,677)	(501,323)	(1,139,440)
<b>Balance at the end of the year</b>	<b>1,018,191</b>	<b>195,018</b>	<b>488,864</b>	<b>186,056</b>	<b>4,691,031</b>	<b>6,579,160</b>

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	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
As at 31 December 2022	JD	JD	JD	JD	JD	JD
Balance at the beginning of the year	817,572	1,293,690	621,965	55,707	5,122,545	7,911,479
Expected credit loss on new exposures during the year	861,557	93,344	2,098,822	93,279	4,885,783	8,032,785
Expected credit loss from matured exposures	(666,789)	(1,093,029)	(675,146)	(89,802)	(4,031,156)	(6,555,922)
Transferred (from) to stage 1	45,806	147,740	(45,806)	(7,934)	(139,806)	-
Transferred (from) to stage 2	(52,530)	(24,053)	55,257	63,697	(42,371)	-
Transferred (from) to stage 3	-	(661)	(1,285)	(540)	2,486	-
The effect on the provision - as at the end of the year due to changing the classification between the three stages						
During the year	(32,194)	20,870	150,052	4,654	(180,330)	(36,948)
Changes resulting from Adjustments	(37,164)	(294,325)	(43,357)	(2,949)	(438,256)	(816,051)
<b>Balance at the end of the year</b>	<b>936,258</b>	<b>143,576</b>	<b>2,160,502</b>	<b>116,112</b>	<b>5,178,895</b>	<b>8,535,343</b>

**E. Distribution of unutilized limits balance according to the bank internal credit rating**

	31 December 2022						31 December 2021
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	
Internal Credit rating from 1 to -6	145,250,254	-	33,873,197	-	-	179,123,451	141,183,385
Internal Credit rating from +7 to -7	-	-	3,653,593	-	-	3,653,593	76,341,345
Internal Credit rating from 8 to 10	-	-	-	-	383,862	383,862	1,214,601
Collective portfolio	-	15,131,733	-	364,051	32,880	15,528,664	17,104,692
<b>Total</b>	<b>145,250,254</b>	<b>15,131,733</b>	<b>37,526,790</b>	<b>364,051</b>	<b>416,742</b>	<b>198,689,570</b>	<b>235,844,023</b>

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**F. Distribution of documentary credits according to the internal credit rating categories of the bank**

	31 December 2022						31 December 2021
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Internal Credit rating from 1 to -6	68,617,850	-	2,583,792	-	-	71,201,642	30,423,017
Internal Credit rating from +7 to -7	-	-	1,197,085	-	-	1,197,085	3,009,064
Internal Credit rating from 8 to 10	-	-	-	-	-	-	-
Collective portfolio	-	520,385	-	-	-	520,385	755,856
External credit rating	2,862,588	-	-	-	-	2,862,588	2,345,018
<b>Total</b>	<b>71,480,438</b>	<b>520,385</b>	<b>3,780,877</b>	<b>-</b>	<b>-</b>	<b>75,781,700</b>	<b>36,532,955</b>

**G. Distribution of acceptances according to the bank internal credit rating**

	31 December 2022						31 December 2021
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Internal Credit rating from 1 to -6	13,095,568	-	22,780	-	-	13,118,348	11,289,931
Internal Credit rating from +7 to -7	-	-	-	-	-	-	-
Internal Credit rating from 8 to 10	-	-	-	-	-	-	-
Collective portfolio	-	-	-	-	-	-	-
<b>Total</b>	<b>13,095,568</b>	<b>-</b>	<b>22,780</b>	<b>-</b>	<b>-</b>	<b>13,118,348</b>	<b>11,289,931</b>



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**H. Distribution of Gurantees according to the bank internal credit rating**

	31 December 2022						31 December 2021
	Stage 1		Stage 2		Stage 3	Total	Total
	Individual	Collective	Individual	Collective			
	JD	JD	JD	JD	JD	JD	JD
Internal Credit rating							
from 1 to -6	69,937,625	-	18,425,627	-	-	88,363,252	77,121,176
Internal Credit rating							
from +7 to -7	-	-	7,284,304	-	-	7,284,304	10,671,473
Internal Credit rating							
from 8 to 10	-	-	-	-	4,304,025	4,304,025	5,252,622
Collective portfolio	-	25,342,599	-	1,028,740	1,748,290	28,119,629	28,814,392
External credit rating	2,605,835	-	-	-	56,720	2,662,555	1,632,883
<b>Total</b>	<b>72,543,460</b>	<b>25,342,599</b>	<b>25,709,931</b>	<b>1,028,740</b>	<b>6,109,035</b>	<b>130,733,765</b>	<b>123,492,546</b>

**I. Detailed Indirect facilities**

	31 December 2022					
	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Unutilized limits	145,250,254	15,131,733	37,526,790	364,051	416,742	198,689,570
Banking Guarantees	72,543,460	25,342,599	25,709,931	1,028,740	6,109,035	130,733,765
Letters of credit	71,480,438	520,385	3,780,877	-	-	75,781,700
Acceptances	13,095,568	-	22,780	-	-	13,118,348
<b>Total</b>	<b>302,369,720</b>	<b>40,994,717</b>	<b>67,040,378</b>	<b>1,392,791</b>	<b>6,525,777</b>	<b>418,323,383</b>

	31 December 2021					
	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Unutilized limits	97,819,695	16,751,488	119,705,035	341,824	1,225,981	235,844,023
Banking Guarantees	60,641,421	26,640,391	28,784,111	1,021,890	6,404,733	123,492,546
Letters of credit	27,343,803	733,042	8,433,296	22,814	-	36,532,955
Acceptances	11,022,361	-	267,570	-	-	11,289,931
<b>Total</b>	<b>196,827,280</b>	<b>44,124,921</b>	<b>157,190,012</b>	<b>1,386,528</b>	<b>7,630,714</b>	<b>407,159,455</b>

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**J. Detailed expected credit loss for indirect facilities**

	31 December 2022					
	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Unutilized limits	555,776	53,208	184,764	49,773	257,574	1,101,095
Banking Guarantees	245,196	140,500	288,267	136,283	4,433,457	5,243,703
Letters of credit	215,685	1,310	15,819	-	-	232,814
Acceptances	1,534	-	14	-	-	1,548
<b>Total</b>	<b>1,018,191</b>	<b>195,018</b>	<b>488,864</b>	<b>186,056</b>	<b>4,691,031</b>	<b>6,579,160</b>

	31 December 2021					
	Stage 1		Stage 2		Stage 3	Total
	Individual	Collective	Individual	Collective		
	JD	JD	JD	JD	JD	JD
Unutilized limits	542,741	82,873	1,822,196	44,323	497,562	2,989,695
Banking Guarantees	318,072	57,646	297,782	71,787	4,681,333	5,426,620
Letters of credit	57,207	3,057	40,363	3	-	100,630
Acceptances	18,238	-	160	-	-	18,398
<b>Total</b>	<b>936,258</b>	<b>143,576</b>	<b>2,160,501</b>	<b>116,113</b>	<b>5,178,895</b>	<b>8,535,343</b>

**(69) Lawsuits filed against the Bank**

The lawsuits filed against the Bank (self) amounted to JD 58,650 as of 31 December 2022 with a required provision of JD 10,000 (provision booked amounted to JD 75,000) compared to JD 48,950 as of 31 December 2021 with a provision of JD 11,459. The lawsuits filed against the Bank (joint) as of 31 December 2022 amounted to JD 2,270,313 with a provision of JD 62,245 compared to JD 1,601,582 as of 31 December 2021 with a provision of JD 62,245. The Bank's management and its legal advisor believe that any obligations that may arise from the lawsuits against joint investments will be recognized within the investment risk fund, while the lawsuits against the Bank (self) will be covered by the established provision.

**(70) New accounting standards issued but not yet effective**

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

**FAS 1 (Revised 2021): General Presentation and Disclosures in the Financial Statements**

The revised FAS 1 “General Presentation and Disclosures in the Financial Statements” describes and improves the overall presentation and disclosure requirements prescribed in line with the global best practices and supersedes the earlier FAS 1. It is applicable to all Islamic financial institutions and other institutions following AAOIFI FASs. The revision of FAS 1 is in line with the modifications made to the “AAOIFI Conceptual Framework for Financial Reporting” (revised 2020) (the conceptual framework). The revised FAS 1 will assist preparers to produce financial statements that are clear, transparent and understandable, and in turn will aid the users to take better economic decisions.

This standard shall be effective beginning on or after 1 January 2023 with early adoption permitted.

**FAS 39: Financial Reporting For Zakah**

This standard improves upon and supersedes FAS 9 “Zakah” issued previously. This standard aims at setting out the accounting treatment of Zakah in the books of Islamic financial institutions, including the presentation and disclosure in its financial statements.

The standard describes the financial reporting principles applicable, depending upon Islamic financial institutions’ obligation to pay Zakah. In addition, where an Islamic financial institution is not required by law or by its constitution documents to pay Zakah, it is still required to identify and disclose the amount of Zakah due in respect of the various stakeholders.

This standard shall be effective beginning on or after 1 January 2023 with early adoption permitted.

**FAS 40: Financial Reporting for Islamic Finance Windows**

This standard improves upon and supersedes FAS 18 “Islamic Financial Services Offered by Conventional Financial Institutions” and defines the financial reporting requirements applicable to conventional financial institutions offering Islamic financial services.

This standard requires conventional financial institutions offering Islamic financial services through an Islamic finance window to prepare and present the financial statements of the Islamic finance window in line with the requirements of this standard, read with other AAOIFI FASs. This standard provides principles of financial reporting including the presentation and disclosure requirements applicable on Islamic finance windows.

This standard shall be effective on the financial statements of the Islamic finance window of conventional financial institutions for the periods beginning on or after 1 January 2024 with early adoption permitted, subject to simultaneous adoption of FAS 1 “General Presentation and Disclosures in the Financial Statements.”

**FAS 41: Interim Financial Report**

The objective of this standard is to define the principles for interim financial reporting for all institutions that apply the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and it should be read together with other accounting standards issued by AAOIFI and generally accepted accounting principles that apply in the relevant regulatory areas Relationship. This standard applies to organizations that choose or are required to prepare interim financial reports in accordance with applicable laws, regulations or practices.

This standard shall be effective beginning on or after 1 January 2023.

**FAS 42: Presentation and disclosure in the financial statements of Takaful institutions**

The objective of this standard is to make improvements to the presentation and disclosure requirements in line with international best practices and to replace the previously issued Financial Accounting Standard 12 “General Presentation and Disclosure in the Financial Statements of Islamic Insurance Companies.”

This standard will be effective from January 1, 2025, with early adoption permitted.

**Islamic Accounting Standard 43: “Takaful Accounting: Recognition and Measurement”**

The objective of this standard is to define the principles of recognition and measurement for Takaful arrangements and additional (complementary) transactions for Takaful institutions. This standard replaces the following financial accounting standards: FAS 13 regarding “Disclosure of the basis for determining and distributing the surplus or deficit in Islamic insurance companies” and FAS 15 regarding “Provisions and reserves in Islamic insurance companies” and FAS 19 regarding “Contributions in Islamic insurance companies”.

This standard will be effective from January 1, 2025, with early adoption permitted.