البنك الأردني الكويتي

JORDAN KUWAIT BANK

# Annual Report

# 2023

JORDAN KUWAIT BANK

البنك الأردني الكويتي

**Public Ltd. Company Established 25/10/1976**

**Commercial Register Number 108**

**Paid-up Capital JOD 150 million**

Member of “KIPCO” Group – Kuwait

## Our Vision…

“To bring the bright future of banking to our customers today.”

## Our Mission…

“Providing integrated, tailored, and frictionless banking experience through digitally innovative and agile services.”

## Our Values…

- We welcome change
- We thrive on empowerment
- We work together
- We treat all stakeholders as family
- We are responsible corporate citizens

His Majesty
King Abdullah II Bin Al-Hussein

His Highness
Sheikh Mishal Al-Ahmad Al-Jaber Al-Sabah
Emir of the State of Kuwait

His Royal Highness
Crown Prince Al-Hussein Bin Abdullah II

# Contents

# Board of Directors

## Chairman

**H.E Mr. Nasser A. Lozi**

## Vice Chairman

**H.E Sheikha Dana Naser Sabah Al Ahmad Al Sabah**
**Rep.: Al Rawabi United Holding Co. –** As of 24/7/2023

**Mr. Faisal Hamad Al-Ayyar** – until 18/6/2023

## Members

| | |
|---|---|
| **Mr. Masaud M. Jawhar Hayat** | Rep.: Kuwait Projects Co. (Holding) – Kuwait |
| **Mr. Moustapha S. Chami** | Rep.: Al Rawabi United Holding Co. – Kuwait |
| **H.E. Mr. Marwan M. Awad** | Rep.: Social Security Corporation |
| **Mr. Nidal F. Qubbaj** | Rep.: Social Security Corporation |
| **Mr. Bijan Khosrowshahi** | Rep.: Odyssey Reinsurance Co. – USA |
| **H.E. Dr. Marwan J. Muasher** | Independent Member |
| **Mr. Hani K. Hunaidi** | Independent Member |
| **Mr. Majed F. Burjaq** | Rep.: Safari Development & Real Estate Investment Co. |
| **Dr. Safwan S. Toqan** | Independent Member |
| **Dr. Omar M. Al Jazy** | Independent Member |
| **Mrs. Nadia A. Rawabdeh** | Independent Member - Until 28/9/2023 |

## Secretary of the Board

**Mr. Ibrahim E. Kashet**

## Auditors

**PricewaterhouseCoopers 'Jordan'**

# Executive Management

| | |
|---|---|
| **Mr. Haethum S. Buttikhi** | Chief Executive Officer |
| **Mr. Daoud A. Issa** | Chief Operating & Support Officer |
| **Mr. Zuhdi B. Al-Jayousi** | Chief Banking Officer |
| **Dr. Makram A. Al- Qutob** | Chief Credit Officer |
| **Mr. Ibrahim F. Bisha** | Head of Treasury & International Relations |
| **Mr. Suhail A. Salman** | Head of Retail Business |
| **Mr. Zeid W. Sharaiha** | Head of Investment Business |
| **Mr. Fadi N. Khalil** | Head of Corporate Business |
| **Mr. Ibrahim E. Kashet** | Head of Legal Affairs |
| **Mr. Maher M. Abu Sa'adeh** | Head of Information Technology |
| **Mr. Tareq J. Alkhitan** | Head of Operations |
| **Mrs. Manal A. Tubaishat** | Head of Administrative Affairs |
| **Mr. Ala' Y. Hijazin** | Head of Finance |
| **Mr. Fadi M. Ayyad** | Head of Compliance |
| **Mr. Mahmoud I. Al Ahmar** | Head of Risk |
| **Mr. Yousef W. Hassan** | Head of Internal Audit |

## Members of Executive Management whose services ended during 2023:

- **Mr. Ibrahim F. Taani, Head of Finance – until 30/4/2023**
- **Mrs. Dana A. Jaradat, Head of Strategy and Marketing – until 22/12/2023**

# Message from the Chairman

## Dear Shareholders,

I am pleased to present our annual report for 2023, providing an overview of Jordan Kuwait Bank's performance during a year marked by numerous challenges.

Global uncertainties during the past year including the Russia-Ukraine war that led to significant disruptions in the energy and food markets, the war on Gaza that markedly escalated regional tensions, and the plethora of other political shifts across the globe, adversely impacting the economy, investments, and trade.

Moreover, rising interest rates globally further influenced inflation rates, challenging Central banks worldwide to balance growth and price stability.

All the aforementioned challenges including the disruption of energy and food supplies, the political instability, and escalating attacks on trade routes in the Red Sea that have caused their fair share of disruptions in global supply chains, have collectively led to the erosion of global investment confidence, higher costs, and stunted growth in several countries, and have profoundly influenced global economic outlooks.

## Performance of the national economy

Despite the unfavorable economic environment, the Jordanian economy has exhibited remarkable resilience. In 2023, GDP growth reached 2.6%, surpassing initial projections and underscoring the Kingdom's proactive approach and its capability to navigate through various adversities. Moreover, while many countries experienced acute inflation, Jordan managed to maintain inflation at a modest 2.1% by the end of last year, halving the 2022 rate recorded.

The government's steadfast efforts in public finance management resulted in reducing the primary deficit as a percentage of GDP to 2.6% in 2023; down from approximately 2.7% in 2022 and significantly lower than the 5.6% recorded in 2020. Additionally, local revenues saw an increase of approximately JOD 584 million — a 7% growth over the previous year. The economic outlook for 2024 remains positive, with continued recovery anticipated. This optimism is fueled by the economic modernization vision launched by His Majesty King Abdullah II in June 2022 and by the ongoing structural reforms designed to stimulate growth.

## Performance of the Jordanian Banking Sector

In 2023, the Central Bank of Jordan proactively implemented measures ensuring financial stability within the country, in addition to diligently monitoring the banking sector's financial health indicators, further showcasing the sector's robustness and capacity to tackle potential challenges.

Notably, by the end of the year, foreign reserves at the Central Bank reached an unprecedented high of $18.2 billion, while bank deposits saw an increase of JOD 1.6 billion, marking a 3.9% growth to total JOD 43.7 billion. This growth was bolstered by JOD 1 billion in credit facilities extended by banks, translating to a 3.5% increase.

The Association of Banks in Jordan affirmed the solid standing enjoyed by the Jordanian banking sector globally, in addition to its solid reputation as a stable, risk-free environment. This is further backed by the sector's steady capital levels and adequate liquidity. These attributes equip it to withstand external shocks, as affirmed by the Financial Sector Assessment Program (FSAP) conducted by the International Monetary Fund. The sector's financial strength is further evidenced by a high capital adequacy ratio of 17.4%, surpassing both the Central Bank's minimum requirement of 12% and the Basel Committee's standard of 10.5%.

## Performance of Jordan Kuwait Bank

Under the Board of Directors' guidance, the Bank's executive management has consistently implemented the bank's strategy, effectively turning economic and geopolitical challenges into valuable opportunities for our investors, shareholders, and customers. The bank's financial performance has been robust, marked by prudent risk management and strategic investments driving positive outcomes, that resulted in significant profit and asset growth.

Some of the key achievements of the past year, which have substantially strengthened our role and standing in the banking sector, both locally and regionally, included the acquisition of 53.44% stake in the Bank of Baghdad, which ranks among the largest and oldest private commercial banks in Iraq, boasting over $1 billion in assets and standing as one of the most profitable banks in the country. With a paid-up capital of approximately $191 million, it is a subsidiary of Jordan Kuwait Bank, which is part of the KIPCO Group that has majority interests in the financial sector, providing Bank of Baghdad with a further geographic reach within the KIPCO network.

In June last year, Jordan Kuwait Bank took yet another step in its ambitious expansion strategy by issuing the first local "additional Tier I" perpetual bond valued at $125.5 million. This is the first issuance of perpetual bonds for trading on the Amman Stock Exchange and offered investors the opportunity to participate in the bank's Additional Tier I capital while earning an attractive return on their funds.

Another noteworthy milestone for Jordan Kuwait Bank was the issuance of Jordan's first green bond, valued at $50 million. This initiative paved the way for Jordanian entities across various sectors to issue more green bonds, fostering private financing for Jordan's transformation into a green economy. The move aimed at developing the green financing capital market, supporting sustainable and environmentally friendly projects, reducing greenhouse gas emissions, and financing new ventures to lower unemployment rates.

In October, the bank adeptly divested a portion of its stake in UAE's BHM Capital to Ethmar International Holding (EIH), amounting to 66.97% of the firm's capital for JOD 30.6 million. This strategic sale generated net after-tax profits of around JOD 8.3 million for the bank.

These accomplishments significantly impacted the bank's financial performance, with net - profit after taxes recording an exceptional growth of 380% to reach JOD 90 million at the end of 2023, up from JOD 18.7 million in 2022. The pre-tax profits by the end of last year amounted to approximately JOD 121.6 million compared to JOD 27.3 million in 2022, reflecting a growth of 344.8 %.

Meanwhile, total equity rose to about JOD 727.5 million by the end of 2023, a 52.3% growth from the JOD 477.6 million registered in 2022, with shareholders' equity reaching approximately JOD 614.7 million. The bank's total assets increased from JOD 3.6 billion in 2022 to JOD 5.2 billion in 2023, representing a growth rate of 48%., while direct credit facilities increased from JOD 1.9 billion in 2022 to over JOD 2 billion in 2023, with a growth rate of 4%. Lastly, customer deposits and cash assets reached about JOD 3.8 billion in 2023 against JOD 2.5 billion in 2022, marking an impressive 52% growth.

Last year, Jordan Kuwait Bank's excellence was acknowledged through multiple prestigious awards, including being named “Jordan’s Best Domestic Private Bank 2023” by Euromoney and “Best Bank for Social Responsibility in Jordan 2023” by Global Banking and Finance Review. Additionally, the bank received the "Green Bond of the Year" by Global SME Finance, along with accolades for “Best Green Project Financing Bank 2023” from the International Finance Magazine and “Best Bank of the Year 2023 Jordan” by The Banker.

## Dear Shareholders,

Jordan Kuwait Bank strategically adapts to the dynamic economic landscape. Leveraging digital technology and enhancements to internal operations have ensured that the bank continues to offer exceptional services to our customers amid challenging times. Our focus on innovative financial solutions tailored to evolving customer needs has substantially strengthened loyalty and trust.

Moreover, we have upheld our commitment to social responsibility, supporting community and environmental initiatives that yield sustainable, positive outcomes in the regions where we operate.

Jordan Kuwait Bank’s prudent management and forward-looking strategy instill us with confidence for the future. Committed to innovation and the continuous enhancement of our services, we aim to preserve our status as a leading financial institution in Jordan and the region. Our focus on sustainability, innovation, and customer needs drives us towards sustainable growth and a broader positive impact on the economy and society.

In closing, I would like to express, on behalf of myself and the Board of Directors, our deep gratitude to the Central Bank of Jordan for its critical role in fostering financial and monetary stability in the Kingdom. This has been instrumental in creating an optimal environment for Jordanian banks to adopt the latest global banking technologies and trends. Our thanks also extend to the Jordanian Securities Commission for its unwavering support of the Jordanian banking sector, as well as to the regulatory authorities in Iraq and Cyprus.

The past year has bought challenges and opportunities. Through the diligence and commitment of our team — both executive management and employees —and the trust from our shareholders and customers, we have navigated numerous obstacles and achieved significant results. We value your ongoing support and anticipate forging new paths to success in the years ahead.

**Chairman**

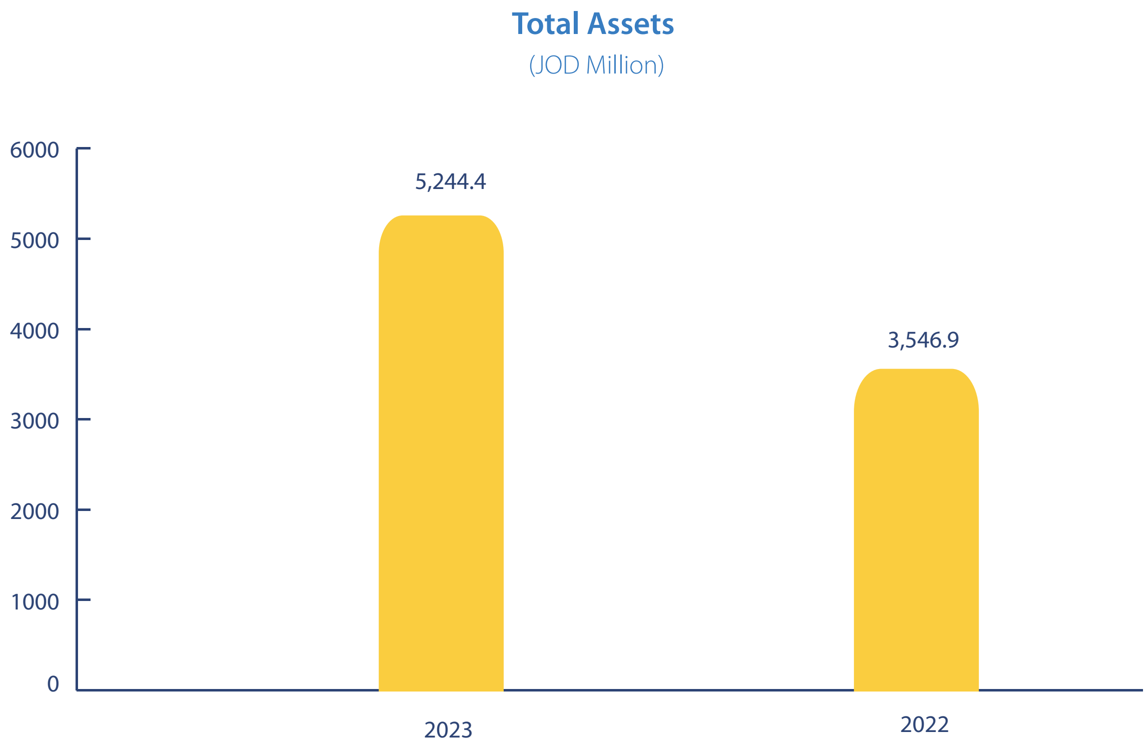
Nasser A. Lozi

# Financial Performance 2023

The following are the most important items of consolidated financial statements:

## A.Consolidated Statement of Financial Position:

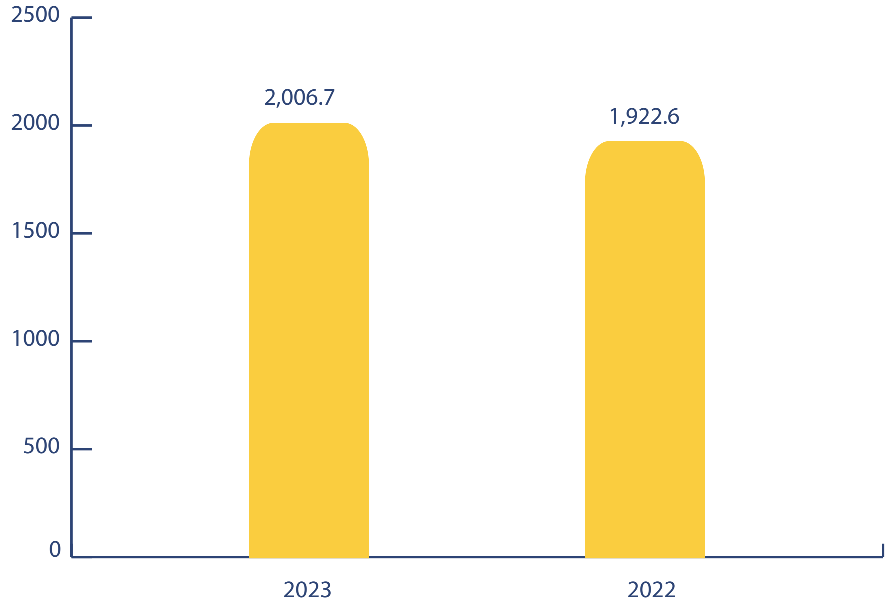
**Assets:** Total assets amounted to JOD 5,244.4 million as at 31/12/2023, compared to JOD 3546.9 million in the previous year, achieving a growth of 47.9%.




**Direct Credit Facilities:** Direct Credit Facilities (Net) amounted to JOD 2,006.7 million at the end of 2023, against JOD 1,922.6 million at the end of 2022; a growth of 4.4%. Total facilities granted to individuals decreased by 0.12%, and real estate loans by 14.3%. Corporate loans grew by 13.9%, and SMEs loans grew by 7.98% compared to the previous year, while the facilities granted to the government and the public sector decreased by 3.39% compared to the previous year. These results reflect the Bank's success in developing the credit portfolio and distribution across various economic sectors to increase profitability and diversify risk.

### Direct Credit Facilities (Net)

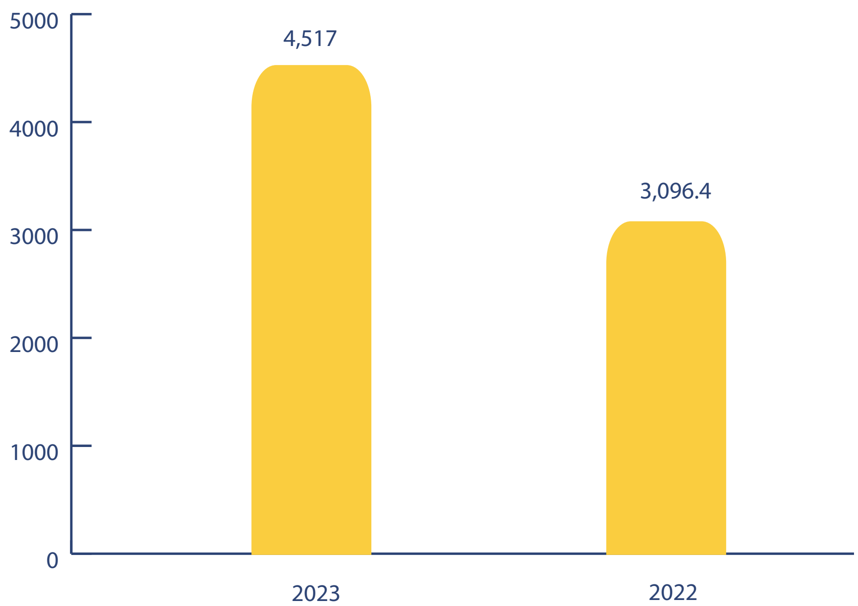
(JOD Million)



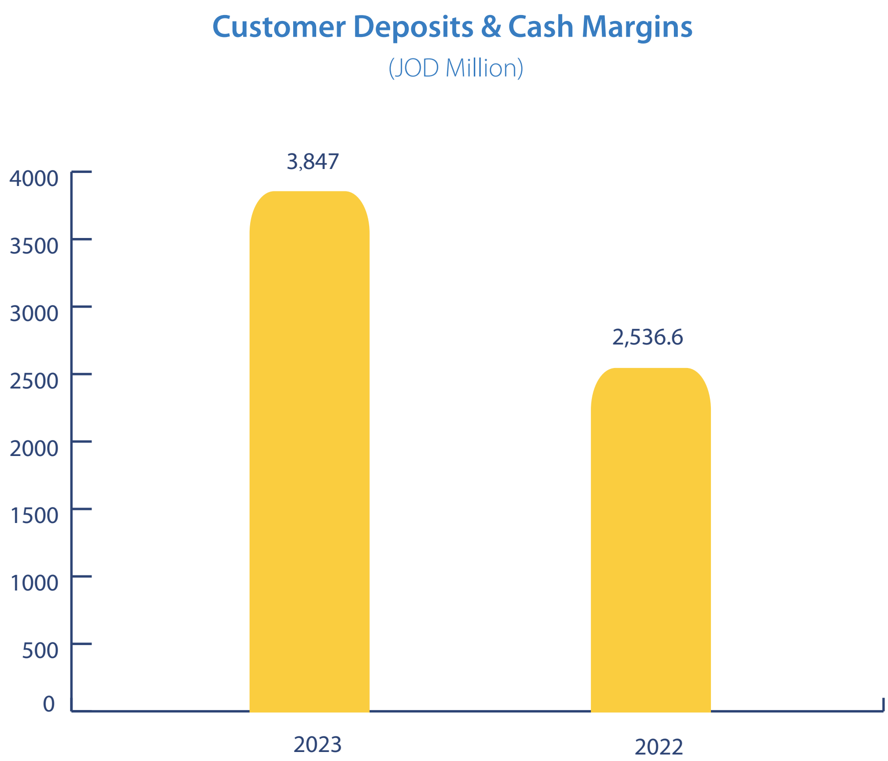

**Liabilities:** Total liabilities at the end of 2023, increased by 47.2% from the previous year to record JOD 4,517 million.

### Total Liabilities

(JOD Million)



**Customer Deposits and Cash Margins:** Customer Deposits and Cash Margins accounted for 85.2 % of total liabilities. Customer Deposits include savings accounts, current accounts, term deposits and cash margins for individual and corporate clients. Total customer deposits and cash margins at year end 2023 amounted to JOD 3,847 million against JOD 2,536.6 million in 2022




**Owners' Equity:** Total Owners' Equity increased to reach JOD 727.5 million at year end compared to JOD 477.5 million in 2022; a growth rate of 52.3%. Bank shareholders' total equity amounted to JOD 614.7 million.

## B. Consolidated Statement of Income

**Operational Results:** Total revenues for 2023 amounted to JOD 281.4 million, compared to JOD 139.5 million in 2022, with a growth rate of 101.7%.

**Profit for the year:** Profit for the year in 2023 reached JOD 90.03 million, compared to JOD 18.7 million in the previous year.

**Net Interest and Commissions:** the net interest and commissions for the year 2023 reached JOD 220.3 million, compared to JOD 111.4 million in the previous year; a 97.8% growth.

**Operating Expenses**: Operating expenses, include personnel and office costs, depreciation, administrative expenses, and miscellaneous provisions, excluding expected credit losses for direct facilities, increased to JOD 110.7 million compared to JOD 79.7 million in 2022. This increase is due to higher service fees, higher labor costs, and allocation of provisions for seized real estate.

**Expected Credit Losses for Direct Facilities (ECLs):** The Bank’s management has continued its policy that aims at enhancing ECLs to hedge against the prevailing and potential repercussions on the national economy and to address some weak accounts and non-performing loans (Stage 3 loans). The ECLs allocated for the year 2022 amounted to JOD 37.8 million, compared to JOD 29.5 million for 2022. With regards to bad debt accounts / outside the financial position, JKB's management has persistently pursued these accounts with rigorous follow-up procedures. As a result, the bank managed to recover 3.682 thousand which were recognized as revenue.

## Major Performance Indicators and Ratios for 2023 and 2022

In Thousands / JOD

| | 2023 | 2022 |
|---|---|---|
| **Major Operating Results** | | |
| Net Interest and Commission | 220,327 | 111,370 |
| Gross Income | 281,411 | 139,544 |
| Income before taxes | 121,651 | 27,345 |
| Income after taxes | 90,036 | 18,734 |
| Earnings per Share | 0.394 | 0.125 |
| **Major Financial Position Items** | | |
| Total Assets | 5,244,402 | 3,546,939 |
| Direct Credit Facilities - Net | 2,006,746 | 1,922,640 |
| Customer Deposits and Cash Margins | 3,847,071 | 2,536,600 |
| Total Equity | 727,511 | 477,555 |
| Off the Financial Position Items | 813,841 | 693,912 |

| **Major Financial Ratios** | 2023 | 2022 |
|---|---|---|
| Capital Adequacy Ratio | 18.75% | 16.99% |
| Financial Leverage Ratio | 9.8% | 10.24% |
| Liquidity Ratio / Jordan | 140.91% | 131.75% |
| Return on Equity | 16.49% | 3.92% |
| Profitability Multiplier | 6.5 | 13.2 |
| Book Value / Share | 4.8 | 3.2 |

| Efficiency Ratios | 2023 | 2022 |
|---|---|---|
| G&A Expenses/ Net Interest and Commission | 50.3% | 62.4% |
| G&A Expenses/ Gross Income | 37.70% | 49.8% |
| **Asset Quality Indicators** | | |
| Stage 3 loans/ Gross Credit Facilities | 7.56% | 6.54% |
| Stage 3 loans Coverage Ratio | 76.7% | 77.22% |

## Relation with Shareholders

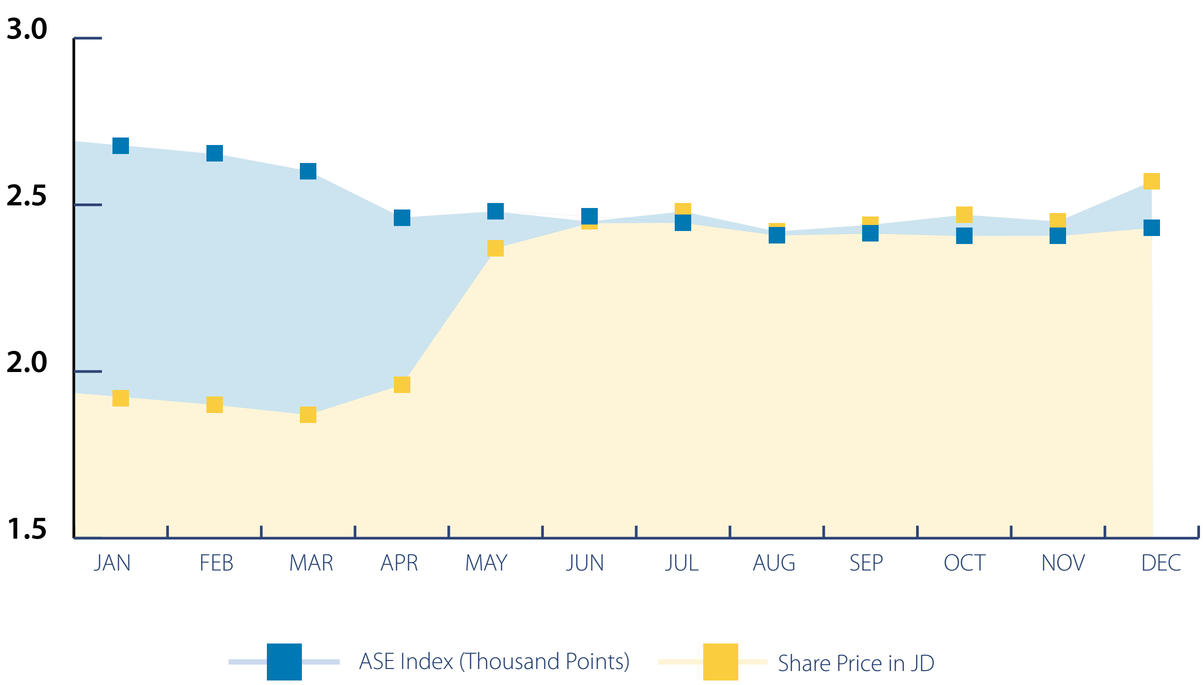
The Bank develops positive relations, based on transparency, with all its shareholders. In this regard, the Bank spares no effort to encourage all shareholders, particularly minority shareholders, to attend the General Assembly meetings and cast their votes. The Bank has a wide shareholder base of 11,823 as of 31/12/2023. The main source of information for shareholders is the Annual Report which includes the Chairman's report, the audited consolidated financial statements, the corporate governance manual, and Bank's achievements for the previous year and the business plan for the following year. Additionally, the reviewed (un-audited) quarterly and semi-annual financial statements are disclosed.

The complete financial statements and the Board of Directors' report are filed at the Jordan Securities Commission (JSC) and the Amman Stock Exchange, with a copy submitted to the Companies Controller. These reports are published on JKB's website (www.jkb.com) which also provides extensive information about JKB services, products, news and press releases. The Bank is committed to disclose any material information, should it occur, in accordance with the JSC instructions.

## Shares / Ownership Classification as of 31/12/2023

| Number of Shares Held | Shareholders | | Shares | |
|---|---|---|---|---|
| | No. | % | No. | % |
| Up to 500 | 7,277 | 61.55 | 1,319,539 | 0.88 |
| 501 – 1,000 | 2,529 | 21.39 | 1,747,375 | 1.17 |
| 1,001 – 5,000 | 1,456 | 12.31 | 3,158,929 | 2.11 |
| 5,001 – 10,000 | 223 | 1.89 | 1,622,734 | 1.08 |
| 10,001- 100,000 | 288 | 2.44 | 7,669,464 | 5.11 |
| 100,001 - 500,000 | 39 | 0.33 | 7,968,316 | 5.31 |
| 500,001 and over | 11 | 0.09 | 126,513,643 | 84.34 |
| Total | **11,823** | **100** | **150,000,000** | **100** |

### Changes in JKB Share Price (JD) vs ASE Index During 2023



# Corporate Social Responsibility

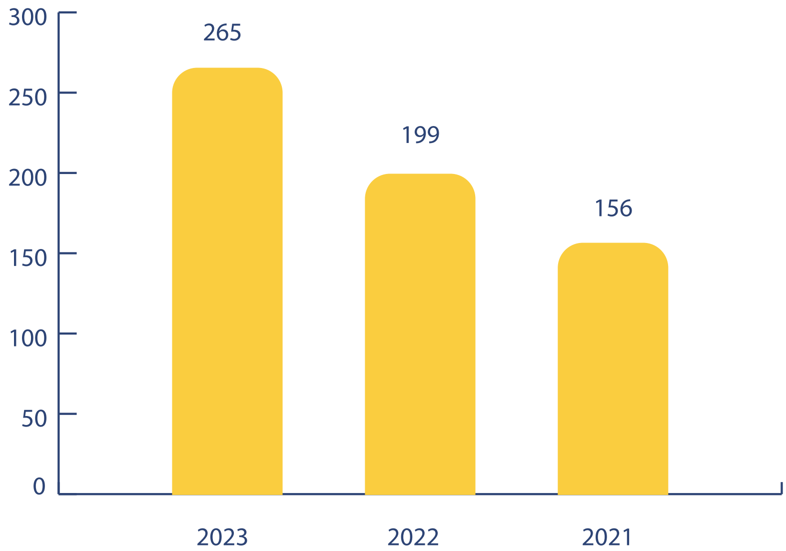

In 2023, JKB redoubled its commitment to serving the local community through an expanded array of social responsibility initiatives. These endeavors represent a cornerstone of our corporate beliefs, aligning with our strategy to harmonize economic, environmental, and social imperatives in pursuit of the United Nations Sustainable Development Goals.

Our dedication to social responsibility extends beyond rhetoric, as evidenced by our proactive engagement with governmental, private, and community stakeholders throughout the Kingdom. Through targeted initiatives, we strive to address pressing challenges and catalyze community development across diverse sectors, fostering positive change rooted in principles of diversity, inclusion, and sustainability.

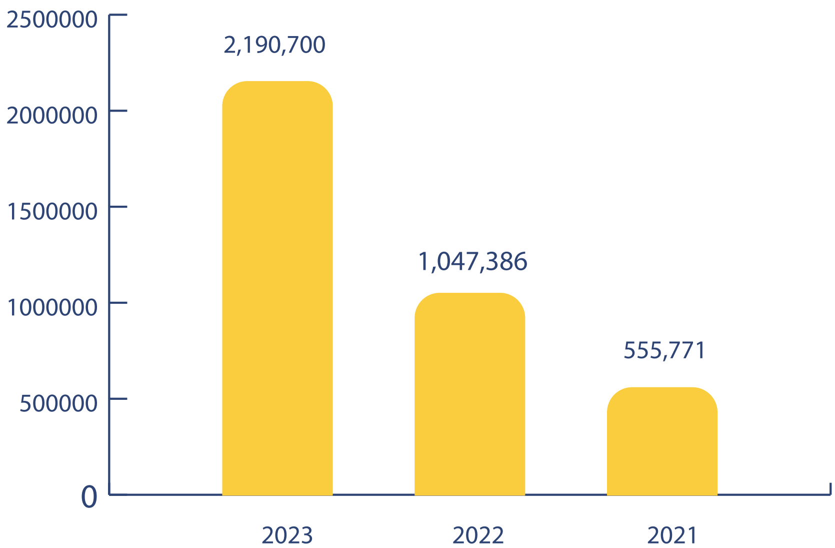
In 2023, our focus remained steadfast on critical areas such as poverty alleviation, education, support for national institutions, environmental stewardship, women's empowerment, sports, and healthcare. Central to our approach is the active involvement of our employees in volunteer activities, reflecting our commitment to nurturing a culture of service. Notably, approximately 600 employees participated in these endeavors, with women comprising 57.25% of volunteers.

In 2023, we witnessed significant expansion in our social responsibility initiatives, with the number of projects covering diverse social aspects and geographical areas increasing by 32.16% compared to the previous year. Notably, 78% of these projects were concentrated in Amman, while the remaining 22% were distributed across various governorates of the Kingdom.

## Number of CSR Projects




## Amount of contribution to community projects
(in Jordanian dinars)



## Poverty

During 2023, the Bank collaborated with a number of national institutions, bodies, and charities to improve decent livelihoods.

JKB partnered with Ezwitti, a non-profit organization, to lead a significant annual donation initiative aimed at providing 2,800-3,000 meals to disadvantaged communities every month. This steadfast support addresses critical food needs, and there are plans in place to expand to other vulnerable areas in Jordan over the next two years.

JKB is addressing transportation requirements for volunteers and liaising with governmental bodies to facilitate expansion efforts. Through this partnership, JKB has integrated the concept of social solidarity, enabling donors to purchase two meals — one for themselves and one for those in need. Furthermore, JKB employees dedicate a day each month to volunteer their time to cooking, cleaning, and serving food to the less fortunate.

The Bank provides annual support to the Jordanian Hashemite Fund for Human Development's "Goodwill" Campaign, the Jordan Hashemite Charitable Organization, as well as Mabarrat Umm Al-Hussein, which benefits the children of the orphanage. The Bank also continued its annual sponsorship for the SOS Children's Village in Irbid

## Education

JKB plays a significant role in the education sector, championing university students and motivating them to prepare for their professional futures by connecting them with experts in specialized fields. This commitment is evident through initiatives such as the launch of the "Ask the Financial and Banking Expert" program with Injaz, which will be implemented in 10 Jordanian universities across the Kingdom.

The Bank has significantly expanded its efforts in 2023, with 38 students from various Jordanian and international universities undergoing training at JKB, representing a notable increase of 90% compared to the previous year. This training aimed to equip students with essential skills for the labor market, effectively bridging the gap between academic knowledge and practical application.

In addition to providing direct financial assistance to 59 outstanding university students who lack the means to cover the costs of their studies, the Bank continues its support for the Elia Nuqul Foundation, which facilitates educational opportunities for young people, enabling them to pursue higher or vocational educations.

Furthermore, JKB and Princess Sumaya University for Technology (PSUT) have formed a strategic partnership aimed at supporting the educational journey and fostering opportunities for outstanding students. The collaboration includes the provision of educational grants and scholarships exclusively for PSUT students, to nurture a skilled workforce and contribute to the local community's socio-economic development.

JKB supports education through various channels, including easy financing programs and its annual partnership with the Al-Aman Fund for the Future of Orphans Foundation's university education program. The Bank also continued its annual support by the Jordan Kuwait Bank Fund, established at the Al Hussein Cancer Center, providing educational scholarships for high school students undergoing treatment.

The Bank actively engages in "My Bag... Carry It for Me" campaign, distributing school bags and stationery to government school students to encourage their educational pursuits. Additionally, JKB sponsors events like Model United Nations conferences and awards ceremonies recognizing outstanding high school students, further reinforcing its commitment to education at all levels.

JKB participates in financial sector awareness exhibitions organized by various entities like Injaz and TEDx, aimed at enhancing the capabilities and creativity of Jordanian youth. As a member of the Board of Trustees of the Injaz Foundation, the Bank offers services in digital education, through its support of Entreviable, a digital platform for developing entrepreneurship.

## Environment

Central to JKB’s environmental preservation efforts was the collaboration with the Royal Marine Conversation Society, underscored by a cooperation agreement. JKB extended its backing to the Jordan Society for the Conservation of Turtles and Tortoises, dedicated to safeguarding endangered turtle species.

The Bank partnered with JREDS to enhance cooperation in marine environmental conservation, promoting awareness and bolstering societal programs. JKB also actively involves its employees in initiatives like the "Clean Up the World" campaign and a diving initiative that will be organized in cooperation with both JREDS and the Aqaba Special Economic Zone Authority (ASEZA).

Continuing its longstanding support for promoting environmental awareness, JKB maintained its sponsorship of competitions including the annual Queen Alia Social Responsibility Competition that focuses on environmental awareness, and the Jordanian Friends of the Environment Society competition, as well as renewing its membership to the Edama Energy, Water and Environment Association.

JKB collaborated with the Green Caravan Initiative to plant fruit-bearing trees within underprivileged communities. Once mature, the tree not only provides fruit but also absorbs approximately 22 kg of carbon dioxide and produces 118 kg of oxygen every year. The Bank has been supporting the Green Caravan Initiative for several years and the trees planted last year were incorporated into the Bank's sustainability plan, particularly focusing on mitigating the effects of climate change through CSR programs. In 2023, the Bank sponsored the planting of 2,000 trees across the Kingdom, with an additional 500 trees planted.

Moreover, JKB hosted celebration activities organized by the Jordanian Environment Society at its theater in honor of World Environment Day, themed "Overcoming Plastic Pollution."

## Individuals With Special Needs

Throughout 2023, the Bank provided substantial financial support and donations to numerous local community organizations. These included clubs and associations that work with individuals with hearing, visual, and other special needs. Furthermore, JKB actively participated in financial education and awareness campaigns held at schools catering to individuals with special needs.

In collaboration with the West Irbid Association for Special Challenges, the Bank sponsored several marathons, enabling participants from the association to achieve commendable results both domestically and internationally. Similarly, JKB bolstered the endeavors of the Paralympic Committee by supporting weightlifting championships for individuals with special needs.

JKB sponsored media competitions organized by the Higher Council for the Rights of Persons with Disabilities that focused on issues pertaining to the rights of individuals with disabilities.

Moreover, the Bank renewed its cooperation agreement for the fourth year with the Green Wheels initiative, which involves the collection of plastic bottle caps and aluminum cans that are then sorted and recycled. The generated revenues are directed towards supporting children with special needs and those facing challenges associated with cerebral palsy. This support aims to enhance their education, treatment, and accessibility by facilitating the acquisition of wheelchairs.

## Culture and Art

In 2023, the Bank sponsored several festivals, forums, art exhibitions, heritage showcases, and theatrical events, to support cultural enrichment and community engagement.

JKB proudly sponsored events such as Al Fuheis Festival and Al Jeel Al Jadeed Club, while maintaining its longstanding support for cultural institutions such as the Jordan National Gallery of Fine Arts and the International Festival Liberal Theatre.

Additionally, JKB supported educational institutions by sponsoring cultural competitions for several schools, and continued its support to Jordanian writers and authors by purchasing their works, thus contributing to the promotion and preservation of local literary talent and cultural heritage.

## Sports

In 2023, JKB sponsored football and basketball teams representing diverse schools.

Notably, it sponsored the Al-Amal Sports Activities Company in collaboration with the Athlete Plus Basketball Organization. In addition to its prestigious golden sponsorship of the Del Piero Championship, an internationally renowned event, which involved assembling a team comprised of talented young football players from various governorates, including the children of JKB's employees, to participate in the international tournament.

## 2023 Awards

Recognizing the bank's cutting-edge capabilities and financial services, Jordan Kuwait Bank highlights its long record of international awards and accolades. These distinctions underscore the bank's exceptional achievements, stellar performance, and unwavering dedication. Among the notable recognitions received in 2023 are:

- "Jordan's Best Domestic Private Bank 2023" from Euromoney.
- "Best Bank for Social Responsibility in Jordan 2023" from Global Banking and Finance Review.
- "Green Bond of the Year" by Global SME Finance.
- "Best Green Project Financing Bank 2023" from the International Finance Magazine.
- "Best Bank of the Year Jordan" from The Banker

# Business Plan 2024

Continuing the momentum from the bank's achievements in 2023 and in line with the bank's strategic plan, the business plan for 2024 is outlined as follows:

### 1. Support and operations development

- Continue the efforts towards raising productivity and efficiency required for ideal job performance and completing the job description and evaluations project to enhance talent attraction and retention.
- Ensure the sustained advancement of the Bank's IT infrastructure through ongoing modernization and expansion to align with global trends, while prioritizing maintaining the bank's leading position in business continuity, cybersecurity, and fraud prevention. This includes strategic focus on cloud computing, service and product automation, implementation of cutting edge programs to streamline processes, and updating and enhancing databases for seamless accessibility.
- Sustain a data driven decision-making environment, and develop a data and governance strategy to establish the required infrastructure for advanced data analytics and artificial intelligence utilization.
- Actively contribute to the bank's leading role in sustainability, by expanding on the use of clean energy and ensuring a green working environment, alongside the modernization of branches to enhance customer experience.
- Continue to optimize operations to expedite execution times and increase efficiency and develop cash management services in line with the international practices.

### 2. Business development (products and services)

- Advance the digital transformation journey for improved customer experience and competitiveness. Continue to meet customer needs and provide the best services and products through various digital channels, which includes future aspirations through developing current services and adding new services, while working to develop existing products and offering new products to achieve competitiveness in the banking market.
- Provide new fintech services to build a vibrant and dynamic fintech ecosystem in Jordan, drive creativity and innovation, create job opportunities, and enhance financial inclusion throughout the country.
- Continue executing the branching plan through merging some branches and expanding into other geographical regions, focusing on providing digital advisory services.
- Strengthen the Treasury and International Relations Department services with the introduction of new services and marketing its investment and advisory services to retail and corporate clients, with focus on developing the bank's trade finance portfolio specifically in Iraq building on our presence in the Iraqi market through Bank of Baghdad.
- Grow the credit portfolio extended to SMEs, and enhance efforts to support this sector, with the launch of supply chain finance platform with the aim of enhancing cash flows for these companies.

- Develop new SME products, including startups, in addition to products related to supporting and empowering women and financial inclusion. Enhance the green financing products.
- Strengthening partnerships with local and international lending agencies with the aim of reducing the risks of the credit portfolio, which would in turn enhance extending credit facilities, especially for SMEs and entities concerned with directing their activities towards environmental sustainability.
- Continue to provide private banking and investment services and products that meet the goals and aspirations of the bank's high-net-worth clients.
- Increase the prospects for cooperation with Bank of Baghdad to provide distinctive investment and private banking opportunities for its high-net-worth clients residing in Iraq and Jordan.

### 3. Social responsibility and sustainable development

- Continue to support local and national development initiatives in accordance with the bank's social responsibility strategy, which enhances its pioneering role in serving the local community, which aims to achieve sustainable development goals, and activate initiatives concerned with environmental, social and governance principals in accordance with standards for achieving sustainability.

### 4. Regulatory environment

- Finalize the automation of risk management processes related to market risk management and Basel applications by implementing a comprehensive asset and liability management system (ALM).
- Complete the implementation of the new cybersecurity instructions, adapting to cyber risks, and applying the principles, controls and measures related to them in implementation of the instructions of the Central Bank of Jordan.
- Follow up on all instructions issued by regulatory authorities and ensure the bank's commitment to implementing them within the periods specified by local and international regulatory authorities.
- Expand the continuous auditing activities with more reliance on data, in addition to providing advisory and support to the internal audit department at Bank of Baghdad.

## 5. Affiliates and subsidiaries

Jordan Kuwait Bank, a member of the Kuwait Projects Company (KIPCO), capitalizes on the strong business relations with KIPCO and its banking arm to provide its services and create investment opportunities in many countries through the group's companies. The bank also holds strategic investments in several companies and has three subsidiaries companies.

The bank aims to maximize on the synergies with its subsidiaries and affiliate companies; providing more shared services and products to customers and achieving the best returns for shareholders, the following is an overview of the bank's subsidiaries' plans:

- **Bank of Baghdad:** Bank of Baghdad is considered one of the largest commercial banks in Iraq, as it provides banking solutions to all segments of customers, including retail and corporate. The focus will be on developing the support services, operations and business sectors, including developing the products and services provided to customers.
- **United Financial Investments Company (UFICO):** During the recent period, UFICO completed the acquisitions of four financial brokerage companies; increasing the volume of business and the diversity of the services it provides to clients, locally and internationally. During the coming year, the focus will be on merging all the acquired companies to increase effectiveness, grow their market share, and continue to enhance and develop the services provided to their customers.
- **Ejara Leasing Company:** The focus will be on increasing market share in the local and regional markets through cooperation with the bank's subsidiaries.

# Independent Auditor's Report on Consolidated Financial Statements for 2023

**INDEPENDENT AUDITOR'S REPORT**
**TO THE SHAREHOLDERS OF JORDAN KUWAIT 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 Kuwait Bank (the "Bank") and its subsidiaries (together the "Group") as at 31 December 2023, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as amended by the Central Bank of Jordan instructions.

***What we have audited***

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- 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; and
- the notes to the consolidated financial statements, comprising material accounting policy information 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.

### Our audit approach

***Overview***

| | |
|---|---|
| **Key Audit Matter** | • Measurement of Expected Credit Losses<br>• Assets Seized by the Bank Against Debts |

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 directors 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.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| ***Measurement of Expected Credit Losses*** | |
| 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 IFRS Accounting Standards (IFRS 9) "financial instruments" as amended by the Central Bank of Jordan instructions.<br><br>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 and staging criteria. | 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 2023:<br><br>➢ We assessed and tested the design and operating effectiveness of the controls over the calculation of the excepted credit losses model.<br><br>➢ We tested the completeness and accuracy of the data used in the calculation of ECL.<br><br>➢ For a sample of exposures, we checked the appropriateness of the Group's application of the staging criteria. |

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**Key audit matter** (continued)

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| For defaulted exposures, the Group exercises judgements to estimate the expected future cash flows related to individual exposures, including the value of collateral.<br><br>The Group's impairment policy under IFRS 9 as amended by the Central Bank of Jordan Instructions is presented in Note (2,3) to the consolidated financial statements and regarding the differences between IFRS 9 as applicable and what has been applied in accordance with the instructions of the Central Bank of Jordan and information on the accounting policies applied when calculating expected credit losses.<br><br>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. | ➢ We involved our internal specialists to assess the following areas:<br>• Conceptual framework used for developing the Group's impairment policy in the context of its compliance with the requirements of IFRS 9 as amended by the Central Bank of Jordan instructions.<br>• 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.<br>• Reasonableness of the assumptions made in developing the modelling framework including assumptions used for estimating forward looking scenarios and significant increase in credit risk.<br>• Recalculation of the expected credit losses for a sample of the impaired financial assets at each stage.<br>➢ 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.<br>➢ We recalculated the provision for non-performing loans in accordance with the Central Bank of Jordan Instructions Number (47/2009).<br>➢ We compared the expected credit loss calculated in accordance with IFRS 9 as amended 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.<br>➢ We assessed the consolidated financial statement disclosures to ensure compliance with IFRS 7 and IFRS 9 as amended by the Central Bank of Jordan Instructions. We have also ensured completeness and accuracy of the disclosures by verifying the information to accounting records. |

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**Key audit matter** (continued)

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| ***Seized Assets by the Bank against Debts*** | |
| Assets seized by the bank are measured at acquisition value or fair value, whichever is lower. As of the consolidated statement of financial position date, these assets are revalued individually at fair value based on approved bases and methods according to the requirements of the IFRS Accounting Standards as amended by the Central Bank of Jordan instructions. Any related Impairment in their value is recorded based on recent real estate evaluations and approved by certified real estate appraisers.<br><br>Due to the importance of these estimates and assumptions adopted in estimating the fair value, they are considered as significant risks that could cause a material misstatement in the consolidated financial statements that may arise from the inaccuracy of the estimates used to determine the fair value and any impairment losses<br><br>As disclosed in Note (13) to the consolidated financial statements, the seized assets held by the Bank against debts amounted to JD 102,838,425 as of 31 December 2023. | We have performed the following procedures to assess the reasonableness of the management's estimates of the fair value and any impairment:<br><br>➢ Evaluated management's methodology in estimating the fair value of seized assets against debts.<br><br>➢ Reviewed reports of independent real estate appraisers assigned by the management to value those assets.<br><br>➢ Evaluate the independence and competence of the appraisers assigned by the bank's management.<br><br>➢ Comparing the actual selling prices with the carrying book value of the properties as of 31 December 2023.<br><br>➢ We recalculated the impairment value on the assets which represents the difference between the fair value and book value and for each asset separately.<br><br>Assessed the adequacy of assets seized by the bank against debts disclosure Note (13). |

#### Other information

Management is 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 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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as amended by the Central Bank of Jordan instructions, 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.

#### 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.

**Auditor's responsibilities for the audit of the consolidated financial statements** (continued)

- 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.

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 IFRS Accounting Standards as amended by the Central Bank of Jordan, which are in agreement with the accompanying consolidated financial statements. We recommend the General assembly of shareholders to approve these consolidated financial statements

For and on behalf of PricewaterhouseCoopers "Jordan"

Hazem Hanna Sababa
License No. (802)

Certified Public Accountants
pwc
Amman - Jordan

Amman - Jordan
28 February 2024

## Consolidated statement of financial positionc As at 31 December 2023

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | JD | JD |
| **Assets** | | | |
| Cash and balances with Central Banks | 4 | 1,072,306,647 | 480,714,381 |
| Balances at banks and financial institutions | 5 | 540,276,278 | 123,435,953 |
| Financial assets at fair value through profit or loss | 6 | 24,760,478 | 20,958,094 |
| Financial assets at fair value through other comprehensive income | 7 | 116,223,622 | 94,984,592 |
| Direct credit facilities at amortised cost, net | 8 | 2,006,746,300 | 1,922,640,437 |
| Financial assets at amortised cost | 9 | 1,122,883,189 | 617,988,602 |
| Property and equipment, net | 10 | 80,450,626 | 36,013,560 |
| Intangible assets, net | 11 | 11,907,278 | 7,239,008 |
| Deferred tax assets | 21 | 58,716,359 | 56,299,061 |
| Other assets | 13 | 174,624,209 | 176,141,620 |
| Right of use assets | 12 | 12,559,364 | 10,524,060 |
| Assets held for sale | 48 | 22,947,701 | - |
| **Total Assets** | | **5,244,402,051** | **3,546,939,368** |
| **Liabilities and shareholders' equity** | | | |
| **Liabilities** | | | |
| Bank and financial institutions deposits | 14 | 69,620,351 | 107,184,993 |
| Customers' deposits | 15 | 3,707,096,482 | 2,418,672,958 |
| Cash margins | 16 | 139,974,833 | 117,926,572 |
| Borrowed funds | 17 | 363,157,170 | 296,598,068 |
| Sundry provisions | 18 | 20,297,592 | 14,454,973 |
| Bonds | 19 | - | 11,000,000 |
| Green bonds | 20 | 35,450,000 | - |
| Income tax provision | 21 | 32,640,476 | 18,784,419 |
| Deferred tax liabilities | 21 | 3,497,873 | 7,460,503 |
| Lease liabilities | 12 | 12,791,946 | 10,733,682 |
| Other liabilities | 22 | 114,258,915 | 66,567,972 |
| Liabilities directly related to assets held for sale | 48 | 18,105,050 | - |
| **Total liabilities** | | **4,516,890,688** | **3,069,384,140** |
| **Equity** | | | |
| Bank's shareholders' equity | | | |
| Authorized and paid-in capital | 23 | 150,000,000 | 150,000,000 |
| Perpetual bonds | 24 | 89,010,000 | - |
| Statutory reserve | 25 | 106,382,863 | 99,983,479 |
| Voluntary reserve | 25 | 110,944,584 | 122,944,584 |
| Financial assets at fair value revaluation reserve – net | 26 | 20,004,022 | 6,887,913 |
| Actuarial gain from remeasurement of defined post-employment benefits | | 653,467 | 1,050,169 |
| Foreign currency translation reserve | | (4,079,865) | - |
| Equity directly related with assets held for sale | 48 | (1,481,196) | - |
| Retained earnings | 27 | 143,309,616 | 94,967,563 |
| **Total equity – bank's shareholders** | | **614,743,491** | **475,833,708** |
| **Non-controlling interest** | 2 | **112,767,872** | **1,721,520** |
| **Total Equity** | | **727,511,363** | **477,555,228** |
| **Total Liabilities and Equity** | | **5,244,402,051** | **3,546,939,368** |

The accompanying notes from (1) to (48) form an integral part of these consolidated financial statements and shall be read with them.

## Consolidated statement of comprehensive income for the year ended 31 December 2023

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | JD | JD |
| Interest income | 29 | 253,022,628 | 166,177,421 |
| Less: Interest expense | 30 | (119,782,760) | (65,059,540) |
| **Net Interest Income** | | **133,239,868** | **101,117,881** |
| Net commission income | 31 | 87,087,145 | 10,251,876 |
| **Net Interest and Commission Income** | | **220,327,013** | **111,369,757** |
| Gain from foreign currencies | 32 | 31,604,453 | 3,714,769 |
| Gain from sale of subsidiaries | 47 | 4,778,733 | – |
| Gain from financial assets at fair value through profit and loss | 6 | 3,218,682 | 5,004,674 |
| Gain from sale of debt instruments at fair value through other comprehensive income | 7 | – | 24,581 |
| Cash dividends from financial assets at fair value through other comprehensive income | 7 | 2,486,319 | 1,665,642 |
| (Loss) from sale of financial assets at amortised cost – debt instruments | 9 | – | (24,772) |
| Other income | 33 | 18,995,459 | 17,789,164 |
| **Gross Income** | | **281,410,659** | **139,543,815** |
| Employees expenses | 34 | 48,714,124 | 33,319,751 |
| Depreciation and amortization | 10,11 | 6,823,512 | 4,793,384 |
| Expected credit losses - direct credit facilities | 8 | 37,745,343 | 29,474,218 |
| Expected credit losses - indirect credit facilities | 46 | 3,580,797 | 4,103,241 |
| Expected credit losses – balances at banks and financial institutions | 5 | 3,633,506 | (2,095,550) |
| Expected credit losses - central bank balances | 4 | 18,926,243 | – |
| Expected credit losses - investments | 7,9 | 659,090 | 1,512,332 |
| Other provisions | 18 | 4,603,216 | 2,388,444 |
| Other expenses | 35 | 50,565,786 | 39,161,681 |
| **Total Expenses** | | **175,251,617** | **112,657,501** |
| Result of acquisition | 47 | 15,492,283 | 458,225 |
| **Income for the period before income tax** | | **121,651,325** | **27,344,539** |
| Income tax for the year | 21 | 31,614,643 | (8,610,164) |
| **Income for the year** | | **90,036,682** | **18,734,375** |
| | | | |
| **Attributable to** | | | |
| Bank's shareholders | | 59,108,014 | 18,682,115 |
| Non-controlling interest | | 30,928,668 | 52,260 |
| | | | |
| | | | |
| **Earnings per share for the year - basic and diluted** | | **JD/Fils** | **JD/Fils** |
| Bank's shareholders | 36 | 0.394 | 0.125 |

The accompanying notes from 1 to 49 form an integral part of these consolidated financial statements

## Consolidated statement of comprehensive income for the year ended 31 December 2023

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| **Profit for the year** | 90,036,682 | 18,734,375 |
| Other comprehensive income items | | |
| Items that may be reclassified to profit or loss in subsequent after tax: | | |
| Net change in the valuation reserve of financial assets at fair value through comprehensive income after tax- debt instruments | 7,321,115 | (3,081,994) |
| | | |
| Items that will not be reclassified to profit or loss statement in subsequent periods after tax: | | |
| Net change in the valuation reserve of financial assets at fair value through comprehensive income after tax - equity instruments | 5,794,994 | 2,805,445 |
| (Loss) actuarial gain from remeasurement of defined post-employment benefits | (396,702) | 491,248 |
| Foreign exchange translation reserve | (7,291,432) | - |
| Total comprehensive income for the year | 95,464,657 | 18,949,074 |
| | | |
| **Attributable to:** | | |
| **Bank's shareholders** | **67,747,556** | **18,937,360** |
| **Non-controlling interests** | **27,717,101** | **11,714** |

The accompanying notes from (1) to (48) form an integral part of these consolidated financial statements and shall be read with them.

## Consolidated statement of changes in equity for the year ended 31 december 2023

| | Note | | | Reserves | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Authorized and paid-in capital | Perpetual bonds | Statutory | Voluntary | Financial assets – valuation reserve | Actuarial gain from re-measurement of defined post-employment benefits | Foreign currency translation differences | Equity directly related to assets held for sale | Retained earnings | Total equity – bank's shareholders | Non-controlling interest | Total equity |
| | | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| | | | | | | | | - | | | | | |
| **For the year ended as at 31 December 2023** | | | | | | | | | | | | | |
| **Balance at the beginning of the year** | | 150,000,000 | - | 99,983,479 | 122,944,584 | 6,887,913 | 1,050,169 | - | - | 94,967,563 | 475,833,708 | 1,721,520 | 477,555,228 |
| Profit for the period | | - | - | - | - | - | - | - | - | 59,108,014 | 59,108,014 | 30,928,668 | 90,036,682 |
| Net change in the fair value of financial assets through comprehensive income after tax | | - | - | - | - | 13,116,109 | - | - | - | - | 13,116,109 | - | 13,116,109 |
| Foreign currency translation differences | | - | - | - | - | - | - | (4,079,865) | - | - | (4,079,865) | (3,211,567) | (7,291,432) |
| Actuarial loss from re-measurement of defined post-employment benefits | | - | - | - | - | - | (396,702) | - | - | - | (396,702) | - | (396,702) |
| Total comprehensive income | | - | - | - | - | 13,116,109 | (396,702) | (4,079,865) | - | 59,108,014 | 67,747,556 | 27,717,101 | 95,464,657 |
| Non-controlling interest resulted from acquisition | | - | - | - | - | - | - | - | - | - | - | 88,054,613 | 88,054,613 |
| Equity directly related to assets held for sale | | - | - | - | - | - | - | - | (1,481,196) | - | (1,481,196) | - | (1,481,196) |
| Perpetual bonds issuance | | - | 89,010,000 | - | - | - | - | - | - | - | 89,010,000 | - | 89,010,000 |
| Interest on perpetual bonds | 23 | - | - | - | - | - | - | - | - | (4,366,577) | (4,366,577) | - | (4,366,577) |
| Transfer to reserves | 24 | - | - | 6,399,384 | - | - | - | - | - | (6,399,384) | - | - | - |
| Cash dividends distribution - note 28 | 28 | - | - | - | (12,000,000) | - | - | - | - | - | (12,000,000) | (4,725,362) | (16,725,362) |
| **Balance as at 31 December 2023** | | **150,000,000** | **89,010,000** | **106,382,863** | **110,944,584** | **20,004,022** | **653,467** | **(4,079,865)** | **(1,481,196)** | **143,309,616** | **614,743,491** | **112,767,872** | **727,511,363** |

| | Note | Authorized and paid-in capital | Perpetual bonds | Reserves: Statutory | Reserves: Voluntary | Reserves: Financial assets – valuation reserve | Reserves: Actuarial gain from re-measurement of defined post-employment benefits | Reserves: Foreign currency translation differences | Reserves: Equity directly related to assets held for sale | Retained earnings | Total equity – bank's shareholders | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| **For the year ended on 31 December 2022** | | | | | | | | | | | | | |
| **Balance at the beginning of the year** | | **150,000,000** | **-** | **97,254,251** | **133,444,584** | **7,044,559** | **558,921** | **-** | **-** | **79,094,033** | **467,396,348** | **277,710** | **467,674,058** |
| Profit for the period | | - | - | - | - | - | - | - | - | 18,682,115 | 18,682,115 | 52,260 | 18,734,375 |
| Net change in the fair value of financial assets through comprehensive income | | - | - | - | - | (236,003) | - | - | - | - | (236,003) | (40,546) | (276,549) |
| Actuarial gain from re-measurement of defined post-employment benefits | | - | - | - | - | - | 491,248 | - | - | - | 491,248 | - | 491,248 |
| Total comprehensive income | | - | - | - | - | (236,003) | 491,248 | - | - | 18,682,115 | 18,937,360 | 11,714 | 18,949,074 |
| (Loss) from sale of financial assets at fair value through other comprehensive income | | - | - | - | - | 79,357 | - | - | - | (79,357) | - | - | - |
| Change in non-controlling interests due to increase in subsidiary's capital | 25 | - | - | - | - | - | - | - | - | - | - | 1,432,096 | 1,432,096 |
| Transfer to reserves | 28 | | | 2,729,228 | - | - | - | - | - | (2,729,228) | - | - | |
| Cash dividends distribution - note 28 | | - | - | - | (10,500,000) | - | - | - | - | - | (10,500,000) | - | (10,500,000) |
| **Balance as at 31 December 2022** | | **150,000,000** | **-** | **99,983,479** | **122,944,584** | **6,887,913** | **1,050,169** | **-** | **-** | **94,967,563** | **475,833,708** | **1,721,520** | **477,555,228** |

* Retained earnings include a restricted amount against deferred tax assets of JD 58,716,359 as at 31 December 2023 (2022: JD 56,299,061) in accordance with the instructions of the Central Bank of Jordan.

** Retained earnings include an amount of JD 188,212 as at 31 December 2023 and as at 31 December 2022, Such amount is restricted and cannot be utilized according to Jordan Securities Commission regulations, it resulted from the early adoption of IFRS 9 during the year 2011. This amount is related to the net revaluation of financial assets at fair value through profit and loss after what has been realized through the sales transactions.

*** In accordance with the instructions of the Central Bank of Jordan No. 13/2018, the accumulated balance of the general banking risk reserve amounting to JD 14,288,875 as at 1 January 2018 was transferred to the retained earnings to offset the impact of IFRS 9. Surplus amount - if any - after the offset is restricted.

****Use of fair value reserve is restricted and requires prior approval from the Central Bank of Jordan.

## Consolidated statement of cash flowsfor the year ended 31 december 2023

| | Note | 2023 JD | 2022 JD |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Income for the period before income tax | | 121,651,325 | 27,344,539 |
| **Adjustments:** | | | |
| Depreciations and amortisations | 10,11 | 6,823,512 | 4,793,384 |
| Provision for expected credit losses on direct credit facilities | 8 | 37,745,343 | 29,474,218 |
| Provision for expected credit losses on in indirect credit facilities | 46 | 3,580,797 | 4,103,241 |
| (Reversal from) expected credit losses on deposits at banks and financial institutions | 5 | 3,633,506 | (2,095,550) |
| (Reversal from) expected credit losses on deposits at central banks | 4 | 18,926,243 | - |
| Provision for expected credit losses on investments | 7,9 | 659,090 | 1,512,332 |
| Net interest income | 29,30 | (23,073,340) | (19,481,026) |
| Provision for end of service benefits | 18 | 3,799,994 | 1,788,444 |
| Provision for lawsuits against the bank | 18 | 1,293,111 | 600,000 |
| Provision for expected credit losses - debtors | 35 | - | 82,720 |
| Additional Provision – equity instruments | 34 | 700,000 | 3,500,000 |
| Additional Provision - Deferred instalments | 34 | - | 935,000 |
| Loss on sale of seized assets | 34 | 478,945 | 1,015,788 |
| (Gain) loss on sale of property and equipment | 33 | 1,621,690 | 1,935 |
| (Gain) loss on sale of equity instruments through profit and loss | 6 | (570,243) | (56,751) |
| Loss on sale of debt instruments at amortised cost | 9 | - | 24,772 |
| (Gain) loss of sale of financial assets at fair value through other comprehensive income - debt instruments | 7 | - | (24,581) |
| (Gain) on sale of associate entities | 48 | (4,778,733) | - |
| Provision for seized assets | 34 | 955,919 | 4,625,923 |
| Amortisation of right of use assets | 12 | 3,720,522 | 2,924,193 |
| Effect of exchange rate fluctuations on cash and cash equivalents | | (2,801,947) | 22,076 |
| **Cash flows from operating activities before change in assets and liabilities** | | **174,365,734** | **61,090,657** |
| **Changes in assets and liabilities:** | | | |
| (Increase) decrease in deposits at banks and financial institutions | 4,5,6 | (212,345,511) | 2,334,736 |
| (Increase) in financial assets at fair value through profit and loss | 6 | (3,352,171) | (16,767,795) |
| (Increase) in direct credit facilities | 8 | (121,851,206) | (264,827,843) |
| Loan with right to repurchase at fair value | | - | 10,000,000 |
| Decrease in other assets | 13 | 50,258,844 | 33,110,542 |
| (Increase) decrease in deposits at banks and financial institutions more than 3 months | 14 | 12,000,000 | (37,614,010) |
| Increase in customers deposits | 15 | 1,288,423,524 | 481,373,488 |
| Increase in cash margins | 16 | 22,048,261 | 24,847,364 |
| Increase in other liabilities | 22 | 13,329,530 | (9,798,182) |
| Increase in liabilities directly related to financial assets held for sale | 48 | 18,105,050 | - |
| **Net cash flows generated from operating activities before income tax paid and other provisions paid** | | **1,240,982,055** | **283,748,957** |
| Provision over paid end of service indemnity | 18 | (1,374,366) | (970,697) |
| Provision on lawsuits paid | 18 | (33,713) | (4,888) |
| Income tax paid | 21 | (20,214,364) | (10,799,674) |
| **Net cash flows generated from operating activities** | | **1,219,359,612** | **271,973,698** |

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | JD | JD |
| **Cash flows from investing activities:** | | | |
| Equity directly related financial assets held for sale | 48 | 1,481,196 | - |
| (Increase) in financial assets at amortized cost | 9 | (505,553,677) | (124,956,401) |
| (Increase) in financial assets at fair value through other comprehensive income | 7 | (11,803,931) | (18,724,707) |
| (Increase) in assets held for sale | 6 | (22,947,701) | - |
| (Increase) in property, equipment and intangible assets | 10,11 | (57,550,538) | (8,531,987) |
| **Net cash flows (used in) investing activities** | | **(596,374,651)** | **(152,213,095)** |
| **Cash flows from financing Activities:** | | | |
| Lease liabilities paid | 12 | (3,697,562) | (2,400,505) |
| Increase in borrowed funds | 17 | 66,559,102 | 57,482,432 |
| Increase in green bonds | 20 | 35,450,000 | - |
| (Paid) loan bonds | 19 | (11,000,000) | - |
| Issuance of perpetual bonds | 24 | 89,010,000 | - |
| Interest paid on perpetual bonds | | (4,366,577) | - |
| Foreign currency translation differences | | (4,079,865) | - |
| Increase in noncontrolling interest | 2 | 80,117,684 | 2,823,646 |
| Cash dividends distributed | | (11,859,085) | (10,452,645) |
| **Net cash flows from generated from financing activities** | | **236,133,697** | **47,452,928** |
| **Net Increase in cash and cash equivalents** | | **859,118,658** | **167,213,531** |
| Effect of exchange rate fluctuations on cash and cash equivalents | | 2,801,947 | (22,076) |
| Cash and cash equivalent - beginning of the period | | 494,660,535 | 327,469,080 |
| **Cash and cash equivalent - end of the Period** | **37** | **1,356,581,140** | **494,660,535** |

## 1. General information

Jordan Kuwait Bank was established as a Jordanian public limited shareholding company under the registration number (108) on October 25, 1976 in accordance with the Jordanian Companies Law No. (13) for the year 1964. The Head Office of the Bank is located Amman – Al Abdali, Omaya Bin Abdshams Street. Tel. (+962 (6) 5629400), P.O. Box (9776), Amman – (11191) Jordan. The Bank current Paid up Capital amounted to JD 150 million distributed on 150 million shares, with a par value of JD 1 per share.

The Bank provides all banking and financial activities related to its activities through its head office and (65) branches inside the Kingdom and (1) foreign branch. The Bank owns a group of subsidiaries, for banking services, finance leasing, and brokerage services. During 2023, the bank completed the acquisition of 53.44% of Bank of Baghdad share capital in Iraq.

Jordan Kuwait Bank is a Public Shareholding Company limited and is listed in Amman Stock Exchange.

Jordan Kuwait Bank is 50.927% owned at by Al Rawabi United Holding Company and the financial statements of the Bank are consolidated within the consolidated financial statements of the ultimate parent Company Kuwait Projects Holding Company (KIPCO).

The financial statements were approved by the Bank's Board of Directors at its meeting No. (2/2024) held on 12 February 2024 and are subject to the approval of General Assembly of Shareholders and the Central Bank of Jordan.

## 2. Material Accounting Policies

The material accounting policies adopted by the Bank in the preparation of these consolidated financial statements are set out below.

### 2-1 Basis of preparation

The consolidated financial statements of the Bank and its subsidiaries (together the "Group") have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB), and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as amended by the Central Bank of Jordan.

**The main differences between the IFRSs as they shall be applied and what has been approved by the Central Bank of Jordan are the following:**

1. Some items are classified and presented in the consolidated statement of financial position, consolidated statement of income and the consolidated statement of cash flows and the related disclosure, such as credit facilities, interest in suspense, expected credit losses, investments, fair value levels, segments classification and disclosures related to risks and others, are presented and disclosed in accordance with the requirements of the Central Bank of Jordan, its instructions and circulated guidance which might not include all the requirements of IFRS such as IFRS 7, 9 and 13.

2. Provisions for expected credit losses are formed in accordance with the instructions of the Central Bank of Jordan (No. 13/ 2018) "Application of the IFRS (9)" dated 6 June 2018 and in accordance with the instructions of the supervisory authorities in the countries in which the bank operates, whichever is stricter. The significant differences are as follows:

   a. Debt instruments issued or guaranteed by the Jordanian government are excluded, so that credit exposures are treated and guaranteed by the Jordanian government without credit losses.

   b. When calculating credit losses against credit exposures, the calculation results are compared according to IFRS (9) under the instructions of the Central Bank of Jordan No. (2009/47) of 10 December 2009 for each stage separately and the stricter results are booked. The bank also records additional provisions when needed.

* According to the instructions of the Central Bank of Jordan No. (47/2009) issued on 10 December 2009 regarding the classification of credit facilities and the calculation of the impairment provisions, credit facilities were classified into the following categories:

**A) Low risk credit facilities, which do not require any provisions:**

These are credit facilities that have any of the following characteristics:

1) Facilities granted and guaranteed by the Jordanian government, as well as to the governments of countries in which Jordanian banks have branches, provided that these facilities are granted in the same currency of the host country.
2) Cash Guaranteed by (100%) of the outstanding balance at any time.
3) Facilities guaranteed with an acceptable bank guarantee at (100%).

**B) Acceptable risk credit facilities, which do not require provision:**

These are credit facilities that have any of the following characteristics:

1) Strong financial positions and adequate cash flows.
2) Contracted and covered with duly accepted guarantees.
3) Having good sources of repayment.
4) Active account movement and regular repayment of principal and interest
5) Efficient management of the client.

**C) Credit facilities listed under the watch-list (requiring special attention) which impairment allowances for are calculated within a range of (1.5% - 15%):**

These are credit facilities that have any of the following characteristics:

1) The existence of dues for a period of more than (60) days and less than (90) days for the principal of credit facilities and/or interest.
2) Exceeding the overdraft predetermined limit by (10%), and for a period of more than (60) days and less than (90) days.

3) Credit facilities that have previously been classified as non-performing credit facilities then reclassified from the list upon meeting the rescheduling criteria.
4) Acceptable-risk credit facilities that has been rescheduled twice in one year.
5) Credit facilities that have been expired for more than 60 days and less than (90) days and have not been renewed.

This is in addition to other conditions detailed in the instructions

**D) Non-performing credit facilities:**

The credit facilities that have any of the following characteristics:

1) They are past due, or the maturity of one of their instalments, or default payment of the principal amount and / or interest, or dormant current debit account for the following periods:

| Classification | Number of past due days | The percentage of the provision for the first year |
|---|---|---|
| Sub-standard credit facilities | (90) – (179) days | 25% |
| Doubtful credit facilities | (180) – (359) days | 50% |
| Bad debt/loss credit facilities | (360) days and more | 100% |

2) Overdrafts that exceed the granting limit by (10%) and more, and for the duration of (90) days and more.
3) Credit facilities that have been expired for 90 days or more and have not been renewed.
4) Credit facilities granted to any customer declared bankrupt or to any company that has been deemed under liquidation.
5) Credit facilities that were restructured three times within a year.
6) Current and on-demand accounts overdrawn for (90) days or more.
7) The value of guarantees paid on behalf of the clients and were not credited to their accounts with past due of (90) days or more.

The expected credit losses provision against credit facilities is calculated in accordance with the 2009/47 instructions for this category of facilities according to the above ratios and the amount of unguaranteed credit facilities during the first year, while the allocation of the covered amount is completed at 25% and over four years.

3. Interest and commissions are suspended on non-performing credit facilities and facilities classified within the third stage in accordance with the instructions of the Central Bank of Jordan and in accordance with the instructions of the supervisory authorities in the countries in which the Bank operates, whichever is stricter.
4. Assets that have been seized by the Bank against debts are stated in the consolidated statement of financial position within other assets at the acquisition cost or the fair value, whichever is lesser, and are revaluated on the date of the consolidated financial statements individually. Any impairment in their value is recorded as a loss in the consolidated statement of income

and any appreciation in value is not recorded as income. The subsequent increase is taken to the consolidated statement of income to the extent that it does not exceed the value of the previously recorded impairment.

The Central Bank of Jordan, pursuant to Circular No. 16239/1/10 dated 10 October 2022, cancelled the above circular, and all previous circulars, which stipulate the deduction of provisions against seized assets that violates the banking law, while maintaining the provisions balances against real estate and to be released upon the disposal of such assets.

5. Cash and balances with the Central Bank item include, the cash reserve requirement item, which represents restricted balances according to the Central Bank's instructions and in accordance with the instructions of the supervisory authorities in the countries in which the Bank operates, whichever is stricter.

The consolidated financial statements have been prepared under the historical cost except for some financial instruments, which are measured at fair value at the end of each period, as shown in the accounting policies below.

The consolidated financial statements are presented in Jordanian Dinars and is the Group's functional currency.

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in (note 3).

### 2.2 Changes in accounting policies and disclosures

The accounting policies used in the preparation of these consolidated financial statements are consistent with those followed in the preparation of the last consolidated financial statements for the Group for the year ended 31 December 2022, except for the adoption of new standards and amendments to the existing standards as mentioned below.

**A) New standards issued and applicable for the annual periods starting on or after 1 January 2023 which has been followed by the Group:**

- **IFRS 17 "Insurance Contracts" - IFRS 17** was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are remeasured in each reporting period. .

**Contracts are measured using the building blocks of** :

- discounted probability-weighted cash flows an explicit risk adjustment, and a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.

An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for eligible groups of insurance contracts, which are often written by non-life insurers.

Targeted amendments made in July 2020 aimed to ease the implementation of the standard by reducing implementation costs and making it easier for entities to explain the results from applying IFRS 17 to investors and others. The amendments also deferred the application date of IFRS 17 to 1 January 2023.

Further amendments made in December 2021 added a transition option that permits an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of IFRS 17.

**Disclosure of Accounting Policies – Amendments to IAS:**

The IASB amended IAS 1 Presentation of Financial Statements to require entities to disclose their material rather than their significant accounting policies.

The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 "Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

**Definition of Accounting Estimates – Amendments to IAS 8:**

The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

**Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12, effective on 1 January 2023:**

**The amendments to IAS 12 Income Taxes** require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences, and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in the opening balance of retained earnings, or another component of equity, as appropriate.

IAS 12 did not previously address how to account for the tax effects of on balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

**OECD Pillar Two Rules, effective on 31 January 2023:–**

In December 2021, the Organisation for Economic Co-operation and Development (OECD) released the Pillar Two model rules (the Global AntiBase Erosion Proposal, or 'GloBE') to reform international corporate taxation. Large multinational enterprises within the scope of the rules are required to calculate their GloBE effective tax rate for each jurisdiction where they operate. They will be liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and the 15% minimum rate.

In May 2023, the IASB made narrow-scope amendments to IAS 12 which provide a temporary relief from the requirement to recognise and disclose deferred taxes arising from enacted or substantively enacted tax law that implements the Pillar Two model rules, including tax law that implements qualified domestic minimum top-up taxes described in those rules.

**The amendments also require affected companies to disclose:**

- the fact that they have applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes
- their current tax expense (if any) related to the Pillar Two income taxes, and
- during the period between the legislation being enacted or substantially enacted and the legislation becoming effective, known or reasonably estimable information that would help users of financial statements to understand an entity's exposure to Pillar Two income taxes arising from that legislation. If this information is not known or reasonably estimable, entities are instead required to disclose a statement to that effect and information about their progress in assessing the exposure.
- The amendments must be applied immediately, subject to any local endorsement process, and

retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. However, the disclosures about the known or reasonably estimable exposure to Pillar Two income taxes are only required for annual reporting periods beginning on or after 1 January 2023 and do not need to be made in interim financial reports for interim periods ending on or before 31 December 2023.

The implementation of the above standards did not have a material impact on the consolidated financial statements

**B) New standards, amendments and interpretations that have been issued but are not yet effective, standards are effective starting from 1 January 2024:**

The Group did not apply the following new standards, amendments and interpretations which have been issued but are not yet effective.

**Non-current liabilities with commitments - amendments to IAS 1:**

The amendments made to IAS 1 "Presentation of Financial Statements" in 2020 indicated that the liabilities should be classified as current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments were to be applied starting from 1 January 2022 which were postponed to 1 January 2023 and then to 1 January 2024.

In October 2022, the IASB made further amendments to IAS 1 in response to concerns raised about these changes in the classification of liabilities as current or non-current.

The new amendments clarify that loan arrangement covenants will not affect the classification of liabilities as current or non-current at the reporting date if the company must only comply with the covenants after the reporting date. However, if a company must comply with the covenant either before or at the reporting date, this will affect the classification as current or non-current, even if covenant compliance is only tested after the reporting date.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. Disclosures include:

The carrying value of the liability, information about the covenants, and facts and circumstances, if any, that indicate that the company may have difficulty complying with the covenants.

The amendments must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Special transitional rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non-current.

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

In September 2022, the IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction.

The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

**Supplier finance arrangements – Amendments to IAS 7 and IFRS 7:**

The IASB has issued new disclosure requirements about supplier financing arrangements ('SFAs'), after feedback to an IFRS Interpretations Committee agenda decision highlighted that the information required by IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments:

Disclosures falls short of meeting user information needs. The objective of the new disclosures is to provide information about SFAs that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk. The new disclosures include information about the following:

The terms and conditions of SFAs.

1. The carrying amounts of financial liabilities that are part of SFAs and the line items in which those liabilities are presented.
2. The carrying amount of the financial liabilities in (b) for which suppliers have already received payment from the finance providers.
3. The range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements.
4. Non-cash changes in the carrying amounts of financial liabilities in (b).
5. Access to SFA facilities and concentration of liquidity risk with finance providers.

The IASB has provided transitional relief by not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances. Further, the required disclosures are only applicable for annual periods during the first year of application. Therefore, the earliest that the new disclosures will have to be provided is in annual financial reports for December 2024 year-ends, unless an entity has a financial year of less than 12 months.

**Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28:**

The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures.

- In December 2015, the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.

The management is still in the process of evaluating the impact of these new amendments on the Group's consolidated financial statements, and it believes that there will be no significant impact on the consolidated financial statements when they are implemented.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current year starting 1 January 2023 or future reporting periods and on foreseeable future transactions.

### 2.3 Basis of consolidation of the financial statements

The consolidated financial statements include the financial statements of the Bank and the companies under its control (its subsidiaries), and control is achieved when the Bank:

- Has the ability to control the investee;
- Is exposed to variable returns, or has the right to variable returns, resulting from its association with the investee;
- Has the ability to use its power to influence the returns of the investee.

The Bank will re-estimate whether it controls the investees or not if the facts and circumstances indicate that there are changes on one or more of the control points referred to above.

In the event that the Bank's voting rights fall below the majority of voting rights in any of the investees, it will have the power to control when voting rights are sufficient to give the Bank the ability to unilaterally direct the related subsidiary activities. The bank takes into account all facts and circumstances when estimating whether the Bank has voting rights in the investee that are sufficient to give it the ability to control or not. These facts and circumstances include:

- The volume of voting rights the Bank has in relation to the number and distribution of other voting rights;
- Potential voting rights held by the Bank and any other voting rights holders or parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances indicating that the bank has, or does not have, a current responsibility to direct the relevant activities at the time the required decisions are taken, including how to vote in meetings of previous general assembly's meetings.

The subsidiary is consolidated when the Bank controls the subsidiary and is deconsolidated when the Bank loses control of the subsidiary. Specifically, the results of operations of subsidiaries acquired or excluded during the year are included in the consolidated statement of profit or loss from the date on which control is achieved until the date the control of the subsidiary is lost.

Profits and losses and each item of the comprehensive income are distributed to the owners in the entity and the non-controlling interest, the comprehensive income for the subsidiaries belonging to the owners in the entity and the non-controlling share is distributed even if this distribution will lead to a deficit in the balance of the non-controlling interest.

Adjustments are made to the financial statements of the subsidiaries, when required, to align their accounting policies with those used by the Bank.

Non-controlling interests in the subsidiaries are determined separately from the Bank’s equity in these entities. The non-controlling interests of the shareholders currently present in the equity granted to their owners with a proportionate share of the net assets upon liquidation may be measured initially at fair value or by the proportionate share of non-controlling interests in the fair value of the identifiable net purchase amount of assets. The measurement is selected on an acquisition basis. Other non-controlling interests are initially measured at fair value. After acquisition, the carrying value of non-controlling interests is the value of these interests upon initial recognition, in addition to the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributable to the non-controlling interests even if that results in a deficit in the non-controlling interests balance.

Changes in the Bank's interest in subsidiaries that do not result in loss of control are accounted for as equity transactions. The present value of the Bank's and non-controlling interests are adjusted to reflect changes in their relative shares in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Bank.

When the Bank loses control of a subsidiary, the profit or loss resulting from the disposal is calculated in the statement of profit or loss, with the difference between (1) the total fair value of the consideration received and the fair value of any remaining shares and (2) the present value of the assets (including goodwill), less the liabilities of the subsidiary and any non-controlling interests

All amounts previously recognised in the other comprehensive income in relation to that subsidiary are accounted for as if the Bank had directly disposed of the assets or liabilities related to the subsidiary.

The fair value of the investment that is held in the previous subsidiary at the date of loss of control is considered to be the fair value upon initial recognition of subsequent accounting under IFRS (9) “Financial instruments” when the provisions of this standard apply, or the cost of initial recognition of investment in an associate or a joint venture.

## The Bank has the following subsidiary as at 31 December 2023 and 2022

**31 December 2023:**

| Name of the Company | Paid in capital | Bank's ownership | Nature of operations | Location | Date of acquisition |
|---|---|---|---|---|---|
| | JD | % | | | |
| Ejara Finance Leasing Company | 20,000,000 | 100 | Finance leas-ing | Amman -Jordan | 2011 |
| United Financial Invest-ments Company (held for sale) | 10,000,000 | 78.3 | Brokerage and invest-ments | Amman -Jordan | In phases, starting from 2002 |
| Bank of Baghdad | 162,366,412 | 53.44 | Commercial bank | Iraq | 2023 |

31 December 2022:

| Name of the Company | Paid in capital | Bank's ownership | Nature of operations | Location | Date of acquisition |
|---|---|---|---|---|---|
| | JD | % | | | |
| Ejara Finance Leasing Company | 20,000,000 | 100 | Finance leas-ing | Amman -Jordan | 2011 |
| United Financial Invest-ments Company | 10,000,000 | 78.3 | Brokerage and invest-ments | Amman -Jordan | In phases, starting from 2002 |

- During the third quarter of 2022 United Financial Investments Company increased its capital in an amount of JD 2 Million with a par value of JD 1 per share through private issuance to non-shareholders.
- Non-controlling rights amounted to JD 112,767,872 as at 31 December 2023, compared to an amount of JD 1,721,520 as at 31 December 2022, and their details are as follows

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| | JD | JD |
| United Financial Investments Company | – | 1,721,520 |
| Bank of Baghdad | 112,767,872 | – |
| | 112,767,872 | 1,721,520 |

The result of operations of the subsidiaries are consolidated in the consolidated statement of income from the date of their ownership which is the date on which the control on the subsidiaries is actually transferred to the Bank. The results of disposed operations of subsidiaries are consolidated in the consolidated statement of income up to the disposal date, which is the date on which the Bank loses control over the subsidiaries.

United Financial Investments has the following subsidiaries:

| Name of the Company | Paid in capital | Bank's ownership | Nature of operations | Location | Date of acquisition |
|---|---|---|---|---|---|
| | JD | % | | | |
| Specialized Managerial Company for Invest-ment and Financial Consultation | 530,000 | 100 | Financial ad-visory | Amman -Jordan | 2021 |
| Al Mawared Brokerage | 3,000,000 | 100 | Brokerage | Amman -Jordan | 2022 |
| The Arab Financial In-vestments | 4,800,000 | 100 | Brokerage | Amman -Jordan | 2022 |

## 2-4 Segment information

The business segment represents a group of assets and operations that jointly provide products or services subject to risks and returns that are different from those related to other business segments and that are measured according to the reports that are used by the executive managers and decision makers in the Bank.

A geographical segment is associated with the provision of products or services in a particular economic environment that is subject to risks and rewards different from those related to segments operating in other economic environments.

## 2.5 Financial instruments

### Initial recognition of measurement:

Financial assets and financial liabilities are recognised in the consolidated statement of financial position of the Bank when the Bank becomes a party to the contractual provisions of the instrument and loans and advances to customers are recognised if they are credited to the customers' account.

Financial assets and liabilities are measured initially at fair value, and transaction costs that are directly attributable to the acquisition or issuance of financial assets and liabilities are added to the fair value of the financial assets or financial liabilities, or deducted therefrom, as necessary, upon initial recognition. Transaction costs that are directly related to the acquisition of financial assets or financial liabilities at fair value through the consolidated statement of income are recognised directly in the consolidated statement of income.

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

- When the fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, the difference is recognised in the consolidated profit or loss on initial recognition (i.e. profit or loss on the first day).
- In all other cases, the fair value is adjusted to align with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

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

### Initial recognition

All financial assets are recognised on the trade date where the purchase or sale of a financial asset is made under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and is initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value in the consolidated statement of income. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in the statement of income.

### Subsequent measurement

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

**Specifically:**

- Financing instruments held in the business model that aims to collect contractual cash flows, and which have contractual cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, and are subsequently measured at amortised cost.
- Financing instruments held within the business model that aim to both collect contractual cash flows and sell debt instruments, which have contractual cash flows, are SPPI on the principal amount outstanding, and are subsequently measured at fair value through other comprehensive income.
- All other financing instruments (such as debt instruments managed on fair value basis, or held for sale), and equity investments are subsequently measured at fair value through the consolidated statement of income.

**However, the Bank can take a non-cancellable option/ determination after initial recognition of the financial asset on an asset-by-asset basis, as follows:**

- The Bank can take the non-cancellable option by including subsequent changes in the fair value of the investment in equity that is not held for trading or a possible replacement recognised by the buyer within the business combination to which the IFRS (9) applies, in other comprehensive income;
- The Bank can determine in a non-cancellable manner the financing instruments that meet the criteria of amortised cost or fair value through other comprehensive income as measured by the fair value through the consolidated statement of income if it eliminates or significantly reduces mismatches in accounting (referred to as the fair value option).

**Debt instruments at amortised cost or at fair value through other comprehensive income:**

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

The contractual terms of the asset that is classified and measured at amortised cost or at FVOCI, should give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal outstanding.

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

The contractual cash flows represent SPPI, which are consistent with the basic financing arrangement.

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

**Business model assessment:**

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

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

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

- The policies and declared objectives of the portfolio and the application of those policies and whether the management strategy focuses on obtaining contractual revenue, maintaining a specific rate of profit, and matching the period of financial assets with the period of financial liabilities in which those assets are financed cash flows are realised through the sale of assets.
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the key management personnel;
- The risks that affect the performance of the business model (and financial assets held within that business model) and, in particular, the way in which those risks are managed.
- How managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- On initial recognition of the financial asset, the Bank determines whether the recently recognised financial assets are part of an existing business model or whether it reflects the beginning of a new business model. The Bank reassesses its business models in each reporting period to determine whether the business models have changed since the previous period.

WWhen a debt instrument that is measured at fair value through other comprehensive income is derecognised, the cumulative gain/ loss previously recognised in other comprehensive income in equity is reclassified to the consolidated statement of income. On the other hand, as for equity investment measured at fair value through other comprehensive income, the cumulative gain/ loss previously recognised in other comprehensive income is not subsequently reclassified to the consolidated statement of income but is rather transferred directly within equity.

Debt instruments that are subsequently measured at amortised cost or at FVOCI are tested for impairment.

### Financial assets

- Assessing whether contractual cash flows are solely payments of principal and interest (SPPI):

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether contractual cash flows are only SPPI, the Bank has considered the contractual terms of the instrument. This includes assessing whether the financial assets involve a contractual period that can change the timing or amount of contractual cash flows and therefore they do not meet the conditions of SPPI. In making this assessment, the Bank considers:

- Contingent events that change the amount or timing of cash flows.
- Prepaid features and the possibility to extend.
- Terms that limit the Bank's claim to cash flows from specified assets.

### Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss

- Assets of contractual cash flows, and which are not (SPPI); or / and
- Assets held within the business model other than those held to collect contractual cash flows or held for collection and sale; or
- Assets designated at fair value through the consolidated statement of income using fair value option.

These assets are measured at fair value, and any gains/ losses arising from re-measurement are recognised in the consolidated statement of income.

### Reclassification:

If the business model, under which the Bank holds financial assets, changes, the financial assets that were affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Bank’s financial assets. Changes in contractual cash flows are considered within the framework of the accounting policy for the amendment and exclusion of financial assets set out below.

### Foreign exchange gains and losses

The carrying amount of financial assets recorded in foreign currency is determined and translated at the rates prevailing at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in the statement of income of profit or loss.
- For debt instruments measured at FVOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in the statement of profit or loss. Other exchange differences are recognised in OCI in the investment’s revaluation reserve.
- For financial assets measured at amortised cost through the statement of profit or loss that are not part of a designated hedging relationship, gains and losses of exchange differences are recognised in the statement of profit or loss; and
- For equity instruments measured at FVOCI, exchange differences are recognised in other comprehensive income within investments valuation reserve

## Fair value option

A financial instrument with a fair value can be measured reliably at fair value through the statement of profit or loss (fair value option) upon initial recognition, even if the financial instruments are not acquired or incurred primarily for the purpose of selling or repurchasing. The fair value option for financial assets can be used if it substantially eliminates or reduces the inconsistency of the measurement or recognition that would otherwise have arisen from the measurement of assets or liabilities, or the recognition of related profit and loss on a different basis (“accounting mismatch”). The fair value option for financial liabilities can be chosen in the following cases:

- If the choice leads to the cancellation or substantially reduces accounting mismatch.
- If the financial liabilities are part of a portfolio managed on a fair value basis, according to a documented risk or investment management strategy; or
- If there is a derivative that is included in the host financial or non-financial contract and the derivative is not closely related to the host contract.

These tools cannot be reclassified to fair value through the statement of profit or loss while they are held or issued. Financial assets designated at fair value through the statement of profit or loss are recorded at fair value with any unrealised gains or losses arising from changes in the fair value recognised in investment income.

### 2.6 Descriptive disclosures related to the application of the IFRS (9).

#### 1. Definition of the Bank's implementation of default and the mechanism of addressing it:

The Bank defines the default and the mechanism of addressing it in accordance with the instructions of the Central Bank regarding the application of IFRS 9 No.13/2018 issued on 6/6/2018. The Central Bank's instructions No. (47/2009) dated 10/12/2009 (item II/ D) include a number of indicators on a default event which must also be complied with.

- Existence of dues equal to or greater than (90) days.
- Increase in risk ratings above -7.

- Credit exposure / debt instruments that have evidence that they have become defaulted (irregular) or are expected to be defaulted soon.
- The debtor is experiencing significant financial difficulties (very weak financial data).
- The existence of clear indications that the debtor is near bankruptcy.

**Mechanism of addressing default:**

The Bank will follow-up with the customer before their default, trying not to reach the stage of classification of the facilities granted to them. In case of classification, the specific provision will be made against the facilities in accordance with the instructions and standards. In addition, they will be followed-up by the Department of Follow-up & Collections before starting the legal procedures in case of failure to reach solutions or schedules according to the instructions of the Central Bank of Jordan and the supervisory authorities in the countries where the Bank operates.

**2. A detailed explanation of the Bank's internal credit rating system and its working mechanism:**

- Internal credit rating system for corporate customers:

The Bank has an automated internal credit rating system from Moody's supplier. The rating system includes all of the processes, controls, data collected, and the information system that support and asses the credit quality of the borrower. It is then translated to the degree of risk to customers and linked to the customer's PD. This contributes to calculating the expected credit loss.

Moody's system that contains following model's to calculate customers credit rating:

- Large Enterprises Rating Model.
- SME Rating Model (with financial data).
- SME Rating Model (without financial data).
- Customer Rating Model for Project Financing.
- High net worth customers Rating Model.

The grades in the system range from 1 (Exceptional: a very high quality and low risk company) to 10 (Poor: a non-performing classified company) - 7 working grades and 3 non-performing grades.

There is a clear and specific Master scale. Each credit rating is calculated by Moody's, offset by the probability of default (PD). Financial and non-financial analysis of clients is made. Moody's Financial Analysis Structure consists of four main sections:

1. Operations:
2. Liquidity:
3. Capital structure:
4. Debt service.

An override can be used to classify the customer through an approval of the Facility Management Committee for the proposed ratings.

- Internal credit scoring system for individual customers:

Retail customers (individuals) are rated and given a rating grade based on their risk before their loans are approved. Such ratings are utilised to estimate the probability of default. This is done for housing loan products, auto finance and consumer loans.

### 3. The mechanism adopted to calculate expected credit losses (ECL) on financial instruments for each item:

The "loss realisation" test model is used using the ECL model, which requires the use of estimates and judgments to estimate the economic factors that have an effect on the impairment in accordance with the new model. This model has been applied and the impairment loss has been calculated in accordance with the following rules:

- 12-month impairment losses: The expected impairment of default is calculated within 12 months following the date of the financial statements.
- Impairment losses for the useful life of the instrument: The expected impairment on the life of the financial instrument is calculated until the maturity date of the consolidated financial statements.

The mechanism for calculating expected losses depends on the probability of default, which is calculated according to the credit risk, future economic factors and loss given default (LGD), which depends on the value of the existing collateral and the amount of the exposure at default (EAD).

In accordance with the requirements of IFRS 9, ECL measurement model is applied within the following framework (except as measured at fair value through statement of income):

- Loans and credit facilities (direct and indirect).
- Debt instruments carried at amortised cost.
- Debt instruments classified at fair value through other comprehensive income.
- Trade receivables.
- Credit exposures to banks and financial institutions [excluding current balances used to cover bank transactions such as remittances, guarantees and credits within a very short period of time (days)].

In respect of revolving facilities, ECL are calculated based on the behavioural maturity of three years.

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

### A. Probability of Default (PD):

This represents the risk arising from the borrower's inability or unwillingness to repay its debts in full or on time, which is normally anticipated by analysing the customer's ability to repay its debt in accordance with its financial statements. The probability of default of the customer generally relates to financial data such as insufficient cash flows to service debt, low operating income or margins, high leverage or low liquidity. Accounting is done as follows:

**Corporate customers:**

- PD is calculated by linking the credit ratings within the internal credit rating to the grade of default identified in the Master Scale and for each individual customer. The probability of default is converted from Through the Cycle (TTC) to Point In Time, after the credit rating has been calibrated and the probability of default to match the bank's default data.
- For defaulted loans (Stage 3), the probability of default is set at 100%.
- Accounts not rated internally are assumed to have a rating grade of 5 with the Bank and -5 with Ejara Company.
- The probability of default was calculated for the Jordanian government based on its external credit rating.

**Retail customers:**

Their PD is calculated based on Behavioural Scoring and based on logistic regression for each customer.

For debt instruments and money market, Moody's external credit rating was adopted. If the debt instrument of an unrated company is treated as unrated companies. As for the unrated banks, the credit rating of the country to which the bank belongs is adopted and adjusted to suit the financial solidity of the Bank.

### B. Losses Given Default:

This represents the ratio of assets that are expected to be lost if the customer defaults. This ratio is defined at the level of the facility rather than at the customer level. It is affected by various factors such as the availability of collateral, type of guarantee, priority of payment, the duration and quality of the loan. The accounting is done as follo:

**Corporate customers and debt instruments:**

- An LGD accounting system is used based on a number of determinants, including the customer's credit rating, economic sector, type and value of collateral and coverage ratio. These are calculated based on historical information.
- Haircut rates have been made for guarantees greater than those specified by the instructions of the Central Bank of Jordan.

- Setting floor limits for LGD ranging from 0% to 10%.
- Defaulted facilities (Stage 3) - The proportion of LGD has been identified for the unsecured portion with guarantees of 100%.
- The ratio of LGD to the Jordanian government was set at 0%.

**Retail customers:**

A model was developed for the accounting (Logistic regression model) using the variables used in the accounting of the Probability of Default model.

### C. Exposure at Default (EAD)

The amount at risk is defined as the amount of the indebtedness in which the Bank is exposed to the probability of default in the case of a customer default as following:

- The current balance of direct facilities and a CCF proportion of 100% for indirect facilities.
- In the case of limits, the value of the amount exposed to the default shall be divided into two parts: the utilised obligations and the unutilised obligations where the balance or ceiling is calculated, whichever is higher.
- For retail, credit is used to determine the value of the default amount using the facilities prepayment ratio of customers.

## Determinants of the significant change in the credit risk on which the Bank relied in calculating expected credit losses.

| Rating | Criteria |
|---|---|
| Stage 1: | This includes credit exposures / debt instruments that have not received a signifi-cant increase in their credit risk since the initial recognition of the exposure / in-strument or have a low credit risk at the date of preparation of the financial state-ments. Credit risk is considered to be low if the following conditions are met: |
| | Low default risk. |
| | The debtor has a high ability in the short term to meet commitments. |
| | The Bank does not expect adverse changes in the economy in the long-term work-ing environment adversely affecting the debtor's ability to meet its obligations (macroeconomic indicators and stress tests). |
| Stage 2: | Accounts with dues more than 30 days and less than 90 days. |
| | Accounts that were previously scheduled. |
| | Accounts that were structured twice in a year. |
| | Accounts rated by internal credit -7. |
| | In case of reducing the actual or expected internal credit rating of the borrower or the credit exposure / debt instrument according to the internal rating system ap-plied by the Bank. |
| | Actual or expected significant decrease in the external credit rating of the credit exposure / debt instrument. |
| | Substantial negative changes in the performance and behaviour of the borrower such as late payment of instalments or unwillingness to respond to the Bank. |
| Stage 3: | This includes credit exposure / debt instruments that have evidence(s) that they have defaulted (irregular) or are expected to default soon. |
| | The debtor is experiencing significant financial difficulties (very weak financial da-ta). |
| | Non-compliance with contractual conditions such as the existence of maturities equal to or greater than (90) days, and credit rating higher than -7. |
| | The existence of clear indications that the debtor is near bankruptcy. |
| | In addition to the above, the Central Bank Instructions No. (47/2009) dated 10/12/2009 (item II / D) includes a number of indicators demonstrating an event of default which must also be complied with. |

- There are clear and specific criteria for ratings in the three stages (1, 2 and 3) and the transfer among them. According to the instructions of the Central Bank of Jordan, which state that in the event of an improvement in the quality of credit and the availability of sufficient and documented reasons making it possible to transfer credit exposures from Stage 3 to Stage to or from Stage 2 to Stage 1, the transfer should only take place after the improvement of the credit position of the exposure and the obligation to pay at least three monthly instalments, two quarterly instalments or semi-annual instalment on time, in addition to improving the credit rating of the customer to be higher than -7 in order to be transferred to Stage 1.
- The downgrade of credit rating / debt instrument by two grades on the ten-point rating system since the date of initial recognition is evidence of a significant credit risk decline.

**5. Key economic indicators used by the Bank in calculating expected credit loss (ECL).**

The Bank uses key economic indicators in calculating expected credit loss, as follows:

- Corporate: GDP growth indicators and the financial market index
- Retail: A larger number of variables has been used, the most important of which are consumer price index, GDP, interbank rate of interest, volume of consumption, expected inflation, unemployment rate, discount rate, deposit rate and other rates.

**Governance of applying the requirements of IFRS 9, including the responsibilities of the Board of Directors and Executive Management to ensure compliance with the requirements of IFRS 9.**

- The Board of Directors is responsible for establishing the Bank's acceptable risk profile and effective management of risk management.
- The Board of Directors is responsible and authorised to approve the expected credit losses in the Bank's financial statements.
- The Board of Directors of the Bank shall provide appropriate governance structure and procedures to ensure the proper application of IFRS 9 by defining the roles of the committees, departments and working units of the Bank, ensuring the integrity of the work among them and providing the appropriate infrastructure.
- The Board of Directors shall ensure that the Bank's management develops the necessary systems to provide adequate and accurate information and data in order to provide the Bank with the accurate ability to calculate and with the participation of all relevant business units in the Bank and under the supervision of the Board of Directors and its related committees.
- The Board of Directors shall ensure that the Bank's management implements high quality and reliable quality systems in terms of inputs, operating processes and results.
- The Board of Directors shall ensure that the Bank's control units, specifically risk department, internal audit department work to verify the validity and integrity of the methodologies and systems used in the application of IFRS 9 and to provide the necessary support to these supervisory units.

**Board of Directors' Audit Committee:**

- The Committee monitors compliance with the expected credit loss accounting framework in accordance with IFRS 9 and ensures that internal audit carried out its duties in this regard.
- The Committee recommends to the Board of Directors the adoption of expected credit loss figures as part of the quarterly financial statements..

**Board Risk Committee:**

- The Committee reviews and recommends the adoption of the credit risk assessment framework and assumptions.
- The Committee is responsible for the accounting of expected credit losses and is reviewed at the level of the Board of Directors with respect to the roles and models used for the accounting.

**Management Committee for Provisions:**

- It is responsible for any exceptions to the results of the outputs of the systems, the specific procedures and the documented models of the accounting process.
- It reviews the process of staging rules and sets the necessary recommendations.
- It views the accounting of the expected credit losses and recommends the adoption.

**Risk management:**

- The Risk Management Department undertakes the necessary work to verify the validity and integrity of the methodologies and systems used in the application of IFRS 9.
- It reviews the used models and assumptions used in the accounting and recommends any required modifications to the independent model validation.
- It evaluates the credit rating systems, determinants and results.
- It is responsible for the accounting of expected credit losses.
- It reviews the transition between different stages, compares them with staging rules and reviews these limits periodically.

**Finance Department:**

- Calculation of the expected credit losses (ECL)
- It analyses the various accounting results and reviews the accuracy and efficiency of the accounting process.
- It prepares detailed statements required by the Central Bank of Jordan.
- It participates with the departments concerned with reviewing the business model, through which the objectives and bases of acquisition and classification of financial instruments are determined, in order to ensure integration with other business requirements.
- Preparation of accounting entries on the main banking system.

**Internal audit:**

The Internal Audit Department undertakes the necessary work to verify the validity and integrity of the methodologies assumptions and systems used.

## 2-7 Impairment

The Bank recognises loss allowances for expected limit loss on the following financial instruments that are not measured at fair value through the statement of profit or loss:

- Balances and deposits with banks and banking institutions
- Direct credit facilities (loans and advances to customers)
- Financial assets at amortised cost (debt instruments securities)
- Financial assets at fair value through the statement of other comprehensive income.
- Exposures off-the statement of financial position that are subject to credit risk (issued financial guarantee contracts).

Impairment loss is not recognised in equity instruments.

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

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that can be realised within 12 months after the reporting date, referred to in Stage 1; or
- 12-month ECL, i.e. lifetime ECL that result from those possible default events over the age of the financial instrument, referred to in Stage 2 and Stage 3."

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

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

For the limits not utilised, the expected credit loss is the difference between the present value of the difference between the contractual cash flows due to the Bank if the borrower withdraws the financing and the cash flows that the Bank expects to receive if the financing is utilised; and

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

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

**Credit-impaired financial assets**

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

- Significant financial difficulty faced by borrower or issuer.
- Breach of contract, for example, default or delay in payment.
- The Bank grants the borrower a waiver for economic or contractual reasons related to the borrower's financial difficulty.
- The disappearance of an active market for that financial asset because of financial difficulties.

- The purchase of a financial asset at a significant discount that reflects the incurred credit losses.

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

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

### Purchased or originated credit-impaired' (POCI) financial assets

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

### Definition of default

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

The Bank considers the following as an event of default:

- The borrower defaults for more than 90 days on any significant credit obligation to the Bank; or

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

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

### Significant increase in credit risk

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

The Bank will not consider that financial assets with 'low' credit risk at the reporting date did not have a significant increase in credit risk. As a result, the Bank monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

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

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

For corporate financing, forward-looking information includes the future prospects of the industries in which the Bank's counterparties operate, that can be obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as taking into consideration various internal and external sources of actual and forecast economic information. For retail financing, forward looking lending information includes the same economic forecasts as corporate lending with additional forecasts of local economic indicators, particularly for regions with a concentration to certain industries, as well as internally generated information of customer payment behaviour.

The Bank allocates its counterparties to a relevant credit risk grade depending on their quality. The quantitative information is a primary indicator of significant increase in credit risk and is based on the change in lifetime PD by comparing:

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

The PDs are considered forward-looking, and the Bank uses the same methodologies and data used to measure the expected credit loss provisions.

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

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

**Modification and de-recognition of financial assets**

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

The Bank renegotiates loans with customers who face financial difficulties to increase collection and reduce the risk of default. The terms of repayment of the loan are facilitated in cases where the borrower has made all reasonable efforts to pay under the original contractual terms, and an important risk of default or default has occurred and it is expected that the borrower will be able to fulfil the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants. The bank has a waiting policy that applies to corporate and individual lending.

When a financial asset is modified, the bank assesses whether this amendment leads to de-recognition. As per the Bank's policy, the modification leads to de-recognition when it causes a significant difference in the terms.

- Qualitative factors, such as the non-existence of contractual cash flows after modification as SPPI, change in currency or change in the counterparty, or extent of change in interest rate, maturity. If this does not clearly indicate a fundamental modification, then;
- Conducting a quantitative evaluation to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows in accordance with the revised terms, and deduct both amounts based on the original effective interest.

In the case where the financial asset is derecognised, the loss allowance for ECL is remeasured at the date of de-recognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on de-recognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated as credit- impaired.

This applies only in the case where fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Bank monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms

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

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

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

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

The Bank derecognises a financial asset only when the contractual rights to the asset's cash flows expire, or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/ loss that had been recognised in OCI and accumulated in equity is recognised in the statement of profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/ loss previously recognised in OCI is not subsequently reclassified to the statement of profit or loss.

**Write-off**

Financial assets are written off when there is no reasonable expectation of recovery, such as the customer not participating in a payment plan with the Bank. The Bank classifies the funds or amounts due for write-off after exhausting all possible payment methods. However, if the financing or receivable is written off, the Bank continues the enforcement activity to try to recover the outstanding receivables, which are recognised in the consolidated statement of profit or loss upon recovery.

**Loss allowances for ECL presented in the consolidated statement of financial position as follows**

Loss allowances for ECL are presented in the consolidated statement of financial position as follows:

- For financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- For debt instruments measured at FVTOCI: no loss allowance is recognised in the consolidated statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investment's revaluation reserve.
- Loan commitments and financial guarantee contracts: as a provision.
- Where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component, the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.
- Financial liabilities and equity.

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

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

## 2.8 Loans and advances

The "loans and advances" included in the statement of financial position comprise the following:

- Loans and advances measured at amortised cost; initially measured at fair value plus incremental direct transaction costs, and subsequently measured at amortised cost using the effective interest method.
- Loans and advances, which are measured at FVTPL or designated as at FVTPL; are measured at fair value with changes recognised immediately in profit or loss.
- Lease payables.
- Interest and commissions are suspended on non-performing credit facilities granted to clients in accordance with the instructions of the Central Bank of Jordan.
- Credit facilities and their suspended interest covered by provisions are transferred entirely off the consolidated statement of financial position, in accordance with the decisions of the Board of Directors in this regard.

When the Group purchases a financial asset and concludes an agreement simultaneously to resell the asset (or a substantially similar asset) at a fixed price at a later date (repurchase or borrowing shares), the consideration paid is calculated as a loan or advance, and the asset is not recognised in the Group's financial statements.

## Equity instruments

### Share capital

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

### Treasury shares

Repurchase of the Bank's own equity instruments is recognised and deducted directly in equity. No gain/ loss is recognised in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the Bank's own equity instruments.

### Financial liabilities

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

Financial liabilities at fair value through the statement of profit or loss

Financial liabilities are classified at fair value through the statement of profit or loss when financial liabilities (1) are held for trading or (2) are classified at fair value through the statement of profit or loss. A financial liability is classified as held for trading if:

- It is incurred principally for the purpose of repurchasing in the near term.
- Upon initial recognition it is part of a portfolio of identified financial instruments that the Bank manages and has a recent actual pattern of short-term profit-taking.
- It is a derivative that is not designated and effective as a hedging instrument.
- A financial liability other than a financial liability held for the purpose of trading or the potential consideration that a buyer may pay as part of a business combination at fair value is determined through the statement of profit or loss upon initial recognition if:
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Bank's documented risk management or investment strategy, and information about the grouping is provided internally on that basis;
- If the financial obligation forms part of a contract that contains one derivative or more. IFRS 9 allows a fully hybrid contract (composite) to be determined at fair value through the statement of profit or loss.

Financial liabilities at fair value through the statement of profit or loss are stated at fair value. Any gains or losses arising on remeasurement are recognised in the statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain/ loss recognised in the statement of profit or loss includes any interest paid on the financial liabilities and is incorporated in the item "net profit or loss from other financial instruments" at fair value through the statement of profit or loss.

However, in respect of non-derivative financial liabilities classified at fair value through the statement of profit or loss, the amount of the change in the fair value of the financial liabilities that resulted from changes in the credit risk of those liabilities is recognised in other comprehensive income, unless recognition of the effects of changes in the credit risk of liabilities in other comprehensive income would create or increase accounting mismatch in the consolidated statement of profit or loss. The remaining amount of changes in the fair value of the liability is recognised in the consolidated statement of profit or loss, and changes in the fair value attributable to the credit risk of financial liabilities recognised in other comprehensive income are not reclassified subsequently to the statement of profit or loss. Instead, it is transferred to retained earnings upon de-recognition of the financial liability.

With regard to liabilities for issued loans and financial guarantee contracts classified as fair value through the statement of profit or loss, all gains and losses are recognised in the consolidated statement of profit or loss.

When determining whether recognition of changes in the credit risk of liabilities in other comprehensive income will create or increase the accounting mismatch in the consolidated statement of profit or loss, the Bank assesses whether it expects to offset the effects of changes in the credit risk of the liabilities in the consolidated statement of profit or loss with a change in the fair value of another financial instrument that has been measured at fair value through the consolidated statement of profit or loss.

### Other financial liabilities

The effective interest method is a method for calculating the amortised cost of a financial liability and allocating interest expenses over the relevant period. An effective interest rate is the rate that exactly discounts estimated future cash payments during the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount at initial recognition to obtain details on the effective interest rate.

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

### De-recognition of financial liabilities

The Bank derecognises financial liabilities when, and only when, the Bank's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in consolidated statement of profit or loss.

The exchange between the Bank and its existing lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Likely, the Bank treats the significant modification of the outstanding obligation conditions or part thereof as extinguishment of the original financial liabilities and the recognition of new liabilities. The terms are assumed to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

### Derivative financial instruments

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

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value at the date of each statement of financial position. The resulting profits/ losses are recognised in the statement of profit or loss immediately unless the derivative is identified and are effective as a hedging instrument, in which case the timing of recognition in the statement of profit or loss depends on the nature of the hedge relationship. The Bank identifies certain derivatives as either fair value hedges for recognised assets and liabilities, or for the company's obligations (fair value hedges), potential forecasting hedges, foreign currency risk hedges for fixed obligations (cash flow hedges) or net investments in foreign operations (net investment hedges).

Derivatives with positive fair value are recognised as a financial asset, while derivatives with negative fair value are recognised as financial liabilities. Derivatives are presented as non-current assets or non-current liabilities if the residual maturity of the instrument is more than (12) months and is not expected to be realised or settled within (12) months. Other derivatives are presented as current assets or current liabilities.

### Embedded derivatives

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

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

### Financial guarantee contracts

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

Financial guarantee contracts issued by the Bank's entity are initially measured at their fair value, and if they are not determined at fair value through the statement of profit or loss that does not result from the transfer of a financial asset, they are subsequently measured:

- The amount of the loss allowance determined in accordance with IFRS (9).
- The amount initially recognised, less, where appropriate, the amount of accumulated profit or loss recognised in accordance with the Bank's revenue collection policies, whichever is greater.

Financial guarantee contracts that are not designated at fair value through the statement of profit or loss are presented as provisions in the consolidated statement of financial position and remeasurement is presented in other income.

The Bank did not specify any financial guarantee contracts at fair value through the statement of profit or loss.

### Commitments to provide a loan at an interest rate lower than the market price.

Commitments to provide a loan at an interest rate lower than the market price are measured initially at their fair value, and if they are not determined at fair value through the consolidated statement of profit or loss, they are subsequently measured:

- The amount of the loss allowance determined in accordance with IFRS (9).
- The amount initially recognised, less, where appropriate, the amount of accumulated profit or loss recognised in accordance with the Bank's revenue collection policies, whichever is greater.

Commitments to provide a loan at an interest rate lower than the market price, which are not designated at fair value through the consolidated statement of profit or loss are presented as provisions in the consolidated statement of financial position, and remeasurement is presented in other income.

The bank did not designate any commitments to provide a loan at an interest rate lower than the market price, which are designated at fair value through the consolidated statement of profit or loss.

**Financial derivatives**

**Financial derivatives for trading**

The fair value of derivatives of financial instruments held for trading purposes (such as foreign exchange forward contracts, future interest contracts, swaps contracts, foreign exchange rate options rights) is recognised in the consolidated statement of financial position and the fair value is determined according to the prevailing market rates, In the event that market rates are not available, the valuation method is mentioned. The amount of changes in the fair value is recorded in the consolidated statement of profit or loss.

**Hedge accounting**

The Bank identifies certain derivatives as hedging instruments with respect to foreign currency risk and interest rate risk in fair value hedges, cash flow hedges or net investment hedges in foreign operations, as appropriate. Foreign exchange risk hedges on the Bank's commitments are also accounted for as cash flow hedges. The Bank does not apply fair value hedge accounting to hedges of interest rate risk portfolio. In addition, the Bank does not use the hedge accounting rules as per IAS (39), i.e. the Bank applies the hedge accounting rules as per IFRS (9).

- At the beginning of the hedge relationship, the Bank documents the relationship between the hedging instrument and the hedged item, as well as the risk management objectives and strategy for undertaking various hedging transactions. Furthermore, at the commencement of the hedging and on a continuous basis, the Bank documents whether the hedging instrument is effective in offsetting changes in the fair value or cash flows of the hedged item that can be attributed to the hedged risk, and for which all hedging relationships meet the following hedging effectiveness requirements: There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from this economic relationship; and
- The hedge ratio for the hedge relationship is the same as that results from the amount of the hedged item to which the Bank actually hedges and the amount of the hedging instrument that the Bank actually uses to hedge that amount of the hedged item.

The Bank rebalances the hedging relationship in order to comply with the requirements of the hedging rate when necessary. In such cases, the suspension may apply to only part of the hedging relationship. For example, the hedging ratio may be adjusted in such a way that part of the hedged item is not part of the hedging relationship, and therefore the hedge accounting is suspended only for the size of the hedging item that is no longer part of the hedging relationship. The Bank rebalances the hedging relationship in order to comply with the requirements of the hedging rate when necessary. In such cases, the suspension may apply to only part of the hedge relationship. For example, the hedging ratio may be adjusted in such a way that part of the hedged item is not part of the hedging relationship, and therefore the hedging accounting is suspended only for the size of the hedging item that is no longer part of the hedging relationship.

If the hedging relationship ceases to meet the hedging effectiveness requirements related to the hedging ratio but the risk management objective of this hedging relationship remains the same, the Group adjusts the hedging ratio for the hedging relationship (such as the hedging rebalance) so that the qualification criteria are combined again.

In some hedging relationships, the Bank only determines the true value of the options. In this case, a change in the fair value of the component of the time value of the option in the other comprehensive income is deferred, over the hedging period, to the extent that it relates to the hedged item and is reclassified from equity to the statement of profit or loss when the hedged item does not lead to recognition of non-financial items. The Bank's risk management policy does not include hedging items that lead to recognition of non-financial items, because the Bank's risks relate to financial items only.

The hedged items determined by the Bank are hedging items related to the time period, which means that the original time value of the option related to the hedged item of equity is amortised to the statement of profit or loss on a rational basis (for example, according to the straight-line method) over the period of hedging relationship.

In some hedging relationships, the Bank does not determine the forward component of a forward contract or the difference on a currency basis for the hedging instrument across the currencies. In this case, a similar treatment applies to the time value of the options. It is optional to treat the forward component of the forward contract and the difference on a currency basis, and the option is applied on a hedging basis separately, other than treating the time value of options that are mandatory. With regard to hedging relationships and forward derivatives or foreign currencies such as interest rate swaps across currencies, when the forward component or the difference on the currency basis is excluded from classification, the Bank generally recognises the excluded item in other comprehensive income.

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

### Fair value hedges

The change in the fair value of the qualified hedging instrument is recognised in the consolidated statement of profit or loss except when the hedging instrument hedges the equity instrument designated at fair value through other comprehensive income, in which case it is recognised in other comprehensive income. The Bank has not specified fair value hedging relationships when the hedging instrument hedges the equity instrument designated at fair value through other comprehensive income.

The carrying amount of the hedged item that was not measured at fair value is adjusted for the change in the fair value, which can be attributed to the hedged risk and a corresponding recognition in the statement of profit or loss. For debt instruments that are measured at fair value through other comprehensive income, the carrying amount is not adjusted as it is at fair value, but the profit or loss portion of the fair value on the hedged item associated with the risk hedged is included in the statement of profit or loss instead of the other comprehensive income. When the hedged item has a fair value equity instrument determined through other comprehensive income, the hedging gains/ losses remain in the other comprehensive income to match the hedging instrument.

The Bank does not suspend hedging accounting except when the hedging relationship (or part of it) ceases to meet the qualifying criteria (after rebalancing, if any). This includes cases where the hedging instrument expires, is sold, terminated, or exercised, and exclusion is stated for the future effect. Amortisation is accounted for the fair value adjustment to the book value of the hedged items for which the effective interest method is used (i.e. tools we have measured at amortised cost or at fair value through other comprehensive income) that results from the hedged risk in the statement of profit or loss as of a date not later than the date of suspension of hedge accounting.

**Cash flow hedges**

The effective portion of changes in the fair value of derivatives and other qualified hedging instruments that are determined and qualify as cash flow hedges in the hedging reserve for cash flow is recognised, as a separate component, in other comprehensive income. This is limited to the cumulative change in the fair value of the hedged item from the start of the hedge less any amounts recycled to the statement of profit or loss.

Amounts previously recognised in other comprehensive income and the accumulation of shareholders' equity in the statement of profit or loss in the periods in which the hedging item affects profit or loss are reclassified in the same line of the hedged recognised item. If the Bank no longer expects the transaction to occur, then this amount is immediately reclassified to the statement of profit or loss.

The Bank does not suspend hedging accounting except when the hedging relationship (or part of it) ceases to meet the qualifying criteria (after rebalancing, if any). This includes cases where the hedging instrument expires, is sold, terminated, or exercised, or when the occurrence of a specific hedging transaction is not considered to be highly probable. Suspension is calculated with a future effect. Any gains/ losses recognised in other comprehensive income and accumulated in equity at that time remain in equity and recognised when the expected transaction is finally recorded in profit or loss. When the occurrence of a forecast transaction becomes unpredictable, the accumulated profits/ losses in shareholders' equity is reclassified and recognised directly in the statement of profit or loss.

### Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gains/ losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income and accumulated in the reserve of foreign exchange.

The profits and losses resulting from the hedging instrument related to the effective portion of the hedging accumulated in the foreign currency translation reserve are reclassified into profits or losses in the same way as the foreign exchange differences of the foreign operation as described above.

### Offsetting

Financial assets and liabilities are offset, and net amounts are reported in the consolidated statement of financial position, only when legally enforceable rights are established and when such amounts are settled on a net basis, and when assets and liabilities are settled simultaneously.

## 2-9 Accounts managed for the interest of clients

Accounts managed by the Bank on behalf of clients are not considered as assets of the Bank. Fees and commissions for managing these accounts are shown in the statement of profit or loss. A provision is made against the decrease in the value of the capital-guaranteed portfolios, which are managed for the interest of clients.

## 2.10 Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Bank takes into account, when pricing the asset or liability, if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value such as value as used in IAS (36). In addition, for the purposes of preparing financial reports, fair value measurements are categorised to level (1), (2) or (3) based on the clarity of the inputs in relation to the fair value measurements and the importance of the inputs in relation to the full fair value measurements, and they are defined as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs for the asset or liability that are not based on observable market data.

### 2.11 Assets seized by the Bank against debts

Assets seized by the Bank are recognised in the consolidated statement of financial position within the "other assets" item at the lower of the value seized by the Bank and the fair value, whichever is lesser and are revaluated at the consolidated financial statements date at fair value separately. Any impairment is recorded as a loss in the consolidated statement of profit or loss and any appreciation in value is not recognised as income. Subsequent increase is included in the consolidated statement of profit or loss to the extent that impairment value does not exceed the previously recorded value.

The Central Bank of Jordan, pursuant to Circular No. 16239/1/10 dated 10 October 2022, cancelled all previous circulars, which stipulate the deduction of provisions against seized assets that violates the banking law, while maintaining the provisions balances against real estate and to be released upon the disposal of such assets

### 2.12 Property and equipment

Property and equipment are stated at cost, less the accumulated depreciation and any impairment. Property and equipment (excluding lands) are depreciated when they are ready for use through straight-line method over their expected useful lives using the following annual percentages:

| | % |
|---|---|
| Buildings | 3 |
| Equipment, devices and furniture | 9-15 |
| Transport | 15 |
| Computers | 20 |
| Building Improvements | 20 |

The value of an item of property and equipment is written down to its recoverable amount if its net carrying amount is greater than its recoverable amount. Impairment is recognised in the consolidated statement of income.

The useful lives of property and equipment are reviewed at the end of each year, and if the expectations of the useful lives differ from the estimates made previously, then the change in the estimate for subsequent years is recognised as a change in the estimates.

The property and equipment are derecognised at the disposal or when there are no expected future benefits from their use or disposal.

### 2.13 Intangible assets

Intangible assets that are acquired through the merger are stated at fair value at the date of acquisition. The intangible assets that are obtained by a method other than the merger are stated at cost.

Intangible assets are classified on the basis of their estimated lifetime for a definite or indefinite period. Intangible assets that have a definite lifetime are amortised during this lifetime and are recognised in the consolidated statement of income. For intangible assets that have an indefinite lifetime, their impairment is reviewed at the date of the consolidated financial statements and any impairment is recognised in the consolidated statement of income.

Intangible assets resulting from the Bank's business are not capitalised and are recognised in the consolidated statement of income in the same period.

Any indications of impairment in the value of intangible assets statements the consolidated financial statements date are reviewed. Furthermore, the estimated useful life of those assets are reviewed, and any adjustment is made in the subsequent periods.

Computer systems and software are amortised over their estimated useful lives using the straight-line method, at a rate of 20-33% annually.

### 2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash balances that mature within three months. They include cash and balances with banks and financial institutions, less deposits with banks and banking institutions that mature within three months, as well as restricted balances.

### 2.15 Net non-current assets held for sale

Non-current assets are classified as held for sale if the recovery of restricted amounts will be mainly made through a sale rather than through continuing operations. The asset should be ready for sale in its current condition, and the sale order should be highly probable. In addition, the management should have a commitment to the sale plan, so that the sale is eligible to be recognised as a completed sale within one year from the date of this classification.

When the Bank is committed to a sale plan that includes the loss of control over a subsidiary, it must classify all its assets and liabilities as held for sale, when all the conditions referred to above are met.

Non-current assets classified as held for sale are measured at book value or fair value less costs to sell, whichever is lower. The results of that company's business are also shown in a separate line in the consolidated statement of income as net profit from discontinued operations.

### 2.16 Pledged financial assets

These are the financial assets pledged in favour of other parties, with the other party having the right to dispose of it (by selling or re-pledging). These assets continue to be evaluated according to the accounting policies used to evaluate each asset according to its original classification.

### 2.17 Foreign currencies

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

- Foreign currency exchange differences on transactions made in order to hedge foreign currency risk.
- Foreign currency exchange differences on monetary items required to/ from a foreign operation that are not planned or unlikely to be settled in the near future (and therefore these differences are part of the net investment in the foreign operation), which is recognised initially in the calculation of other consolidated comprehensive income, and are reclassified from equity to the statement of profit or loss upon sale or partial disposal of net investment.

For the purpose of the presentation of the consolidated financial statements, assets and liabilities of foreign operations of the Bank are transferred according to the exchange rates prevailing at the date of the statement of financial position. Revenue is also transferred according to the average exchange rates for the period, unless exchange rates change significantly during that period, in which case exchange rates are used on the date of transactions. Emerging differences, if any, are recognised in the consolidated statement of comprehensive income and grouped into a separate component of equity.

### 2.18 Provision for employees' end of service indemnity

A provision is made to meet the statutory and contractual obligations of employees for the end of service or for the accumulated service period of employees at the date of the consolidated statement of financial position in accordance with the internal regulations of the Bank.

Annual compensations paid to employees who leave the service are paid from the provision. A provision for the Bank's obligations for employees' end of service is stated in the consolidated statement of income or comprehensive income in accordance with the provisions of IAS 19 relating to employees' benefits.

### 2-19 Provisions

Provisions are recognised when the Bank has obligations at the date of the consolidated statement of financial position arising from past events and obligations can be paid and measured reliably.

### 2.20 Income tax

Tax expenses represent amounts of tax payable and deferred tax.

Payable tax expenses are calculated based on taxable profits. Taxable profits are different from profits disclosed in the consolidated financial statements, as disclosed profits include revenue that is not subject to tax, expenses that are not recognizable in the financial year but in subsequent years or accumulated losses that are accepted in terms of tax, or items that are not taxable or recognisable for tax purposes.

Taxes are calculated as per the tax rates established by the laws, regulations and instructions applicable in the countries where the Bank operates.

Deferred tax is the tax expected to be paid or recovered as a result of temporary timing differences between the value of assets or liabilities in the consolidated financial statements and the value based on which taxable profit is calculated. Deferred tax is calculated using the liability method in the consolidated statement of financial position, and deferred tax is accounted for in accordance with tax rates expected to be applied to settle the tax liability or realise deferred tax assets.

Deferred tax assets and liabilities are reviewed at the date of the consolidated financial statements and written down when it is not probable to utilise tax assets partially or fully.

### 2.21 Net interest income

Interest income and expense for all financial instruments with the exception of those classified as held for trading or measured or those determined at fair value through the consolidated statement of profit or loss in "net interest income" as "interest income" and "interest expenses" are recognised in the consolidated statement of profit or loss using the effective interest method. Interest on financial instruments measured at fair value through the consolidated statement of profit or loss also included in the fair value movement during the period.

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

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

Interest income and expense in the Bank's consolidated statement of profit or loss also includes the effective portion of fair value changes for derivatives that are designated as hedging instruments in the cash flow hedges of interest rate risk. As for the fair value hedges of interest rate risk on interest expense and income, the effective portion of fair value changes for specific derivatives are also included, and fair value changes to the specific risks of the hedged item are also included in interest income and expense. Interest expenses also include the value of the interest against the lease obligations.

### 2.22 Net commission income

Commissions' net income and expense include fees other than those that are an integral part of EIR. The commissions included in this part of the Bank's consolidated statement of profit or loss also include commissions charged for the loan service, non-use commissions related to loan obligations when this is unlikely to result in a specific arrangement for lending and commissions of co-financing loans.

Commission's expenses with regard to services are accounted for upon receipt of services.

### 2.23 Net trading income

Net trading income includes all profit or loss from changes in the fair value of financial assets and financial liabilities held for trading. The Bank elected to present the movement of the full fair value of trading assets and liabilities within the trading income, including any relevant revenues, expenses and share dividends.

### 2.24 Net income of other financial instruments at fair value through the statement of profit or loss

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

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

### 2.25 Dividends income

Dividends income is recognised when the right to receive payment is established, being the date preceding the dividends of listed shares, and usually the date on which the shareholders agree to dividends of unlisted shares.

Dividends distribution in the consolidated statement of profit or loss on the classification and measurement of the shares, i.e.:

- With regard to equity instruments held for trading, dividend income is included in the statement of profit or loss under the item of profit (loss) of financial assets at fair value through the statement of profit or loss.
- In the case of equity instruments classified as fair value through other comprehensive income, dividends are included in the statement of profit or loss as dividend from financial assets at fair value through other comprehensive income.
- For equity instruments not designated at FVTOCI and not held for trading, dividend income is included as net income from financial instruments at fair value through the statement of profit or loss.

### 2.26 Impairment of non-financial assets

- The carrying value of the Group's non-financial assets is reviewed at the end of each fiscal year except for the deferred tax assets, to determine whether there is an indication of impairment. In the event of an indication of impairment, the amount recoverable from these assets will be estimated.
- If the carrying amount of the assets exceeds the recoverable amount from those assets, the impairment loss is recorded in those assets.
- The recoverable amount is the higher of an asset's fair value -less costs to sale - and the value in use.
- All impairment losses are taken to the consolidated statement of profit or loss and other comprehensive income.
- The impairment loss for goodwill is not reversed. For other assets, the impairment loss is reversed only if the carrying amount of the asset does not exceed the carrying amount that was determined after deduction of depreciation or amortisation if the impairment loss is not recognise.

### 2.27 Foreign currencies

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

- Foreign currency exchange differences on transactions made in order to hedge foreign currency risk.
- Foreign currency exchange differences on monetary items required to/ from a foreign operation that are not planned or unlikely to be settled in the near future (and therefore these differences are part of the net investment in the foreign operation), which is recognised initially in the calculation of other consolidated comprehensive income, and are reclassified from equity to the statement of profit or loss upon sale or partial disposal of net investment.

For the purpose of the presentation of the consolidated financial statements, assets and liabilities of foreign operations of the Bank are transferred according to the exchange rates prevailing at the date of the statement of financial position. Revenue is also transferred according to the average exchange rates for the period, unless exchange rates change significantly during that period, in which case exchange rates are used on the date of transactions. Emerging differences, if any, are recognised in the consolidated statement of comprehensive income and grouped into a separate component of equity.

When excluding foreign operations (i.e. eliminating the Bank's entire share in foreign operations, or that resulting from the loss of control of a subsidiary within foreign operations or partial disposal of its share in a joint arrangement or an associate of a foreign nature in which the held share becomes a financial asset), all foreign currency exchange differences accumulated in the separate item that represent the equity of that operation attributable to the owners of the bank, are reclassified to the consolidated statement of profit or loss.

In addition, with regard to partial disposal of a subsidiary that includes foreign operations and does not result in the Bank losing control of the subsidiary, its share of the accumulated exchange differences is reversed to net comprehensive income at a rate that is excluded and is not recognised in the consolidated statement of profit or loss. As for all other partial liquidations (such as partial liquidation of associates or joint ventures that do not result in the Bank losing significant influence or joint control), the share of accumulated exchange differences is reclassified to the consolidated statement of profit or loss.

## 2.28 Leases

The Bank has implemented IFRS (16) "Leases" that have replaced existing guidance on lease contracts, including IAS (17) "Leases" and IFRIC (4) "Determining whether an arrangement contains a lease", SIC (15) "Operating lease -incentives" and SIC (27) "Evaluating the substance of transactions involving the legal form of a lease".

### The Bank as a lessee

On the date of signing the contract, or on the date of the revaluation of the contract that contains the lease elements, the Bank distributes the entire contract value to the contract components in a proportional manner consistent with the value. It is to be noted that the Bank has decided for leases that include land and building to treat the components of the contract as one item.

### Short-term leases and leases for low-value assets:

The Bank chose not to recognise the right of use assets and lease obligations for short-term leases for items with a 12-month lease term or less and the low-value leases. The Bank recognises the lease payments associated with these contracts as operating expenses on a straight-line basis over the lease term.

### The Bank as a lessor

- When the Bank is lessor, at the start of the lease, it determines whether each lease is a finance lease or an operating lease.
- To classify each lease, the Bank performs a comprehensive evaluation to demonstrate whether the lease largely transfers all risks and benefits associated with ownership of this asset. If this is the case, the lease is a finance lease; if not, it is an operating lease. As part of this assessment, the Bank takes into account certain indicators such as whether the lease is the greater part of the economic life of the asset.

The Bank applies the requirements of de-recognition and impairment in IFRS 9 for net investment in the lease. The Bank performs a periodic review of the expected non-guaranteed residual value that was used to calculate the total investment amount in the lease.

### 2.29 Earnings per share

Basic and diluted earnings per share are calculated for ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the company's shareholders by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by adjusting the profit or loss for the year, which is attributable to the company's shareholders and the weighted average of ordinary shares, so that it shows the effect on the share's profit on all the ordinary shares traded during the year and its return is likely to decrease.

### 2.30 Assets held for sale

It is measured by book value or fair value less the selling expenses, whichever is lower.

It is presented as a separate item with the related assets, liabilities and equity items.

## (3) Use of estimates

The preparation of the consolidated financial statements and the application of accounting policies require the Bank's management to make estimates and judgements that affect the amounts of assets and liabilities and disclosure of contingent liabilities. These estimates and judgments affect the revenues, expenses, provisions and reserve of valuation of financial assets at fair value. In particular, it requires the Bank's management to issue critical judgements to estimate the amounts of future cash flows and their timing. The mentioned estimates are necessarily based on multiple assumptions and factors involving varying degrees of judgment and uncertainty and that actual results may differ from the estimates as a result of changes resulting from the conditions and circumstances of those estimates in the future. Judgements, estimates and assumptions are reviewed on an ongoing basis. The impact of change in estimates is recognised in the reporting period in which this change occurs if the revision affects only that period and the effect of the change in estimates is recognised in the reporting period in which this change occurs and in future reporting periods if the revision affects both current and future periods.

The Bank's management believes that the estimates included in the consolidated financial statements are reasonable and are detailed as follows:

### - Impairment of seized assets

Impairment of seized assets is recognised based on most recent property valuation approved by accredited valuators for the purposes of calculating the impairment. The impairment provisions for seized assets is reviewed periodically.

### - Expected credit loss provisions

The Bank's management is required to use significant judgments and estimates to estimate future cash flows amounts and timings and estimate the risks of a significant increase in credit risk for financial assets after initial recognition and future measurement information for expected credit losses.

The most significant policies and estimates used by the Bank’s management are detailed in Note (2-7).

- **Leases**

Determination of lease term: In determining the lease term, the management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The extension options (or periods after the termination options) are included only in the term of the lease if the lease is reasonably certain to be extended (or not terminated). The evaluation is reviewed in the event of a significant event or significant change in the circumstances that affect this evaluation and that are under the control of the lessee. Extension and termination of leases options: these are included in a number of leases. These conditions are used to increase operational flexibility in terms of contract management. Most of the extension and termination options held are renewable by both the Bank and the lessor.

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

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

Management reassessed the useful lives of tangible assets and intangible assets periodically for the purpose of calculating annual depreciation and amortisation based on the overall condition of those assets and estimates of expected useful lives in the future useful lives. Impairment loss is taken to the consolidated statement of profit or loss for the year.

- **Assets and liabilities that are stated at cost**

Management reviews, on a regular basis, the assets and liabilities that are stated at cost to estimate impairments, if any. Impairment losses are recognised in the consolidated statement of profit or loss for the year.

- **Income tax**

The financial year is charged with its own income tax expense in accordance with the laws and regulations, and accounting standards. Deferred tax assets and liabilities and required tax provision are accounted for.

- **Provision for legal cases**

A provision is made for any potential legal obligations based on the legal study prepared by the Bank’s legal advisor that identifies the potential risks that may occur in the future. Such study is reviewed periodically.

## (4) Cash and balances with Central Banks

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Cash at vault | 285,082,880 | 61,570,899 |
| Balances with central banks: | | |
| Current and demand accounts | 390,776,557 | 15,294,165 |
| Term, notice deposits and certificate of deposits | 108,000,000 | 313,301,421 |
| Statutory cash reserve | 316,388,152 | 90,547,896 |
| Total balances with central banks | 815,164,709 | 419,143,482 |
| Less: expected credit loss from balances at foreign central banks* | 27,940,942 | – |
| Net balances with central banks | 787,223,767 | 419,143,482 |
| **Total cash at vault and balances with central banks** | **1,072,306,647** | **480,714,381** |

- The value of the restricted reserves with the Central Bank of Iraq amounted to JD 188,997,501 as of 31 December 2023, and they were excluded from cash and cash equivalents for the purposes of the consolidated statement of cash flows.
- The balances of Bank of Baghdad at the Central Bank of Iraq branches in Sulaymaniyah and Erbil amounted to JD 9,762,637 and JD 14,740,069, respectively, as at 31 December 2023, and they have been excluded from cash and cash equivalents for the purposes of the consolidated statement of cash flows.

* These relate to the balances of a subsidiary with a foreign central bank, as there are no credit losses with respect to local balances.

- Expected credit losses are not calculated on balances with the central bank of jordan in accordance with the instructions of the central bank of jordan related to the IFRS (9).

The following is the distribution of total balances with central banks according to the Bank's internal classification categories as at 31 December 2022 and 2021:

| Credit rating categories based on the Bank's internal regulations | Stage 1 Individuals JD | Stage 2 Individuals JD | Stage 3 JD | Total JD |
|---|---|---|---|---|
| **31 December 2023** | | | | |
| From (1) to (5) | – | – | – | – |
| From (6) to (7) | 2,451,539 | – | – | 2,451,539 |
| From (8) to (10) | – | – | – | – |
| Unrated | 781,102,212 | 24,502,304 | 7,108,654 | 812,713,170 |
| Total | 783,553,751 | 24,502,304 | 7,108,654 | 815,164,709 |
| **31 December 2022** | | | | |
| From (1) to (5) | – | – | – | – |
| From (6) to (7) | 3,669,301 | – | – | 3,669,301 |
| From (8) to (10) | – | – | – | – |
| Unrated | 415,474,181 | – | – | 415,474,181 |
| Total | **419,143,482** | – | – | **419,143,482** |

The following is the movement on balances with central banks during the years ended 31 December 2023 and 2022:

| Description | Stage 1 Individuals JD | Stage 2 Individuals JD | Stage 3 JD | Total JD |
|---|---|---|---|---|
| **31 December 2023** | | | | |
| Balance at the beginning of the year | 419,143,482 | – | – | 419,143,482 |
| New balances during the year | 250,152,121 | – | – | 250,152,121 |
| Balances paid during the year | (111,526,049) | (1,109) | (913,396) | (112,440,554) |
| Transferred to stage 1 | – | – | – | – |
| Transferred to stage 2 | – | – | – | – |
| Transferred to stage 3 | – | – | – | – |
| Additions from acquisition | 225,784,197 | 24,503,413 | 8,022,050 | 258,309,660 |
| Changes resulting from adjust-ments | – | – | – | – |
| Write offs | – | – | – | – |
| Balance at the end of the year | 783,553,751 | 24,502,304 | 7,108,654 | 815,164,709 |
| **31 December 2022** | | | | |
| Balance at the beginning of the year | 255,409,613 | – | – | 255,409,613 |
| New balances during the year | 163,733,869 | – | – | 163,733,869 |
| Balances paid during the year | – | – | – | – |
| Transferred to stage 1 | – | – | – | – |
| Transferred to stage 2 | – | – | – | – |
| Transferred to stage 3 | – | – | – | – |
| Changes resulting from adjust-ments | – | – | – | – |
| Write offs | – | – | – | – |
| Balance at the end of the year | **419,143,482** | – | – | **419,143,482** |

The following is the movement on balances with central banks during the years ended 31 December 2023 and 2022:

| Description | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| Balance at the beginning of the year | – | – | – | - |
| Expected credit losses on new balances during the year | – | 14,940,836 | 3,985,407 | 18,926,243 |
| Recovered from expected credit losses on balances paid during the year | – | – | – | – |
| Transferred to stage 1 | – | – | – | – |
| Transferred to stage 2 | – | – | – | – |
| Transferred to stage 3 | – | – | – | – |
| Changes resulting from adjust-ments | – | – | – | – |
| Additions from acquisition | – | 5,891,452 | 3,123,247 | 9,014,699 |
| Write offs | – | – | – | - |
| Balance at the end of the year | – | **20,832,288** | **7,108,654** | **27,940,942** |

| Description | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2022** | | | | |
| Balance at the beginning of the year | – | – | – | – |
| Expected credit losses on new balances during the year | – | – | – | – |
| Recovered from expected credit losses on balances paid during the year | – | – | – | – |
| Transferred to stage 1 | – | – | – | – |
| Transferred to stage 2 | – | – | – | – |
| Transferred to stage 3 | – | – | – | – |
| Changes resulting from adjust-ments | – | – | – | – |
| Write offs | – | – | – | – |
| Balance at the end of the year | – | – | – | – |

## (5) Balances at banks and financial institutions

| | Local banks and financial institutions | | Foreign banks and financial institutions | | Total | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Current and demand accounts | 4,271 | 8,958 | 507,791,152 | 111,549,908 | 507,795,423 | 111,558,866 |
| Deposits mature within 3 months or less | – | 5,904,444 | 37,549,367 | 5,974,068 | 37,549,367 | 11,878,512 |
| Total | 4,271 | 5,913,402 | 545,340,519 | 117,523,976 | 545,344,790 | 123,437,378 |
| Less: interest in suspense | – | – | – | – | – | – |
| Less: provision for expected credit loss-es for balances at banks and financial institutions | – | (765) | (5,068,512) | (660) | (5,068,512) | (1,425) |
| Net total balances of cash at banks and financial institutions | 4,271 | 5,912,637 | 540,272,007 | 117,523,316 | 540,276,278 | 123,435,953 |

- Balances at banks and financial institutions, for which it receives no interest amounted to JD 428,470,213 as at 31 December 2023 compared to an amount of JD 24,857,683 as at 31 December 2022.
- Balances restricted for withdrawal amounted to JD 9,383,933 as at 31 December 2023 compared to an amount of JD 3,557,652 as at 31 December 2022.

The following is the distribution of deposits at banks and financial institutions according to the Bank's internal classification categories as at 31 December 2023 and 2022:

| Credit rating categories based on the Bank's internal regulations | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| From (1) to (5) | 165,160,952 | – | – | 165,160,952 |
| From (6) to (7) | 16,887,645 | – | – | 16,887,645 |
| From (8) to (10) | – | – | – | – |
| Unrated | 358,360,788 | 4,910,328 | 25,077 | 363,296,193 |
| Total | **540,409,385** | **4,910,328** | **25,077** | **545,344,790** |
| | | | | |
| **31 December 2022** | | | | |
| From (1) to (5) | 120,565,513 | – | – | 120,565,513 |
| From (6) to (7) | 597,290 | – | – | 597,290 |
| From (8) to (10) | - | – | – | - |
| Unrated | 2,274,575 | – | – | 2,274,575 |
| Total | **123,437,378** | – | – | **123,437,378** |

The following is the movement on deposits at banks and financial institutions during the year ended 31 December 2023 and 2022:

| | Stage 1 Individuals JD | Stage 2 Individuals JD | Stage 3 JD | Total JD |
|---|---|---|---|---|
| **31 December 2023** | | | | |
| Balance at the beginning of the year | 123,437,378 | – | – | 123,437,378 |
| New balances during the year | 369,858,876 | – | – | 369,858,876 |
| Paid during the year | (14,281,286) | (857,575) | (79,761) | (15,218,622) |
| Transferred to stage 1 | – | – | – | – |
| Transferred to stage 2 | – | – | – | – |
| Transferred to stage 3 | – | – | – | – |
| Changes resulting from adjustments | – | – | – | – |
| Additions from acquisition | 61,394,417 | 5,767,903 | 104,838 | 67,267,158 |
| Write offs | – | – | – | – |
| **Balance at the end of the year** | **540,409,385** | **4,910,328** | **25,077** | **545,344,790** |

| | Stage 1 Individuals JD | Stage 2 Individuals JD | Stage 3 JD | Total JD |
|---|---|---|---|---|
| **31 December 2022** | | | | |
| Balance at the beginning of the year | 142,138,454 | – | 6,116,399 | 148,254,853 |
| New balances during the year | 19,330,408 | – | – | 19,330,408 |
| Paid during the year | (38,031,484) | – | (1,999,686) | (40,031,170) |
| Transferred to stage 1 | – | – | – | – |
| Transferred to stage 2 | – | – | – | – |
| Transferred to stage 3 | – | – | – | – |
| Changes resulting from adjust-ments | – | – | – | – |
| Write offs | – | – | (4,116,713) | (4,116,713) |
| **Balance at the end of the year** | **123,437,378** | - | - | **123,437,378** |

The following is the disclosure of the provision for expected credit losses on deposits with banks and banking institutions during the year ended 31 December 2023 and 2022

| | | | | |
|---|---|---|---|---|
| **31 December 2023** | | | | |
| Balance at the beginning of the year | 1,425 | – | – | 1,425 |
| New balances during the year | 45,572 | 3,582,433 | 6,547 | 3,634,552 |
| Balances paid during the year | (1,046) | – | – | (1,046) |
| Transferred to stage 1 | – | – | – | – |
| Transferred to stage 2 | – | – | – | – |
| Transferred to stage 3 | – | – | – | – |
| Changes resulting from adjustments | – | – | – | – |
| | 87,153 | 1,327,896 | 18,532 | 1,433,581 |
| Write offs | – | – | – | – |
| **Balance at the end of the year** | **133,104** | **4,910,329** | **25,079** | **5,068,512** |

| | | | | |
|---|---|---|---|---|
| **31 December 2022** | | | | |
| Balance at the beginning of the year | – | – | 5,915,206 | 5,915,206 |
| New balances during the year | 1,425 | – | – | 1,425 |
| Balances paid during the year | – | – | (2,096,975) | (2,096,975) |
| Transferred to stage 1 | – | – | – | – |
| Transferred to stage 2 | – | – | – | – |
| Transferred to stage 3 | – | – | – | – |
| Changes resulting from adjustments | – | – | – | – |
| Write offs | – | – | (3,818,231) | (3,818,231) |
| **Balance at the end of the year** | **1,425** | - | - | **1,425** |

## (6) Financial assets at fair value through profit and loss:

**The details of this item are as follows:**

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Shares listed in an active market | 21,299,672 | 20,958,094 |
| **Financial assets with available market prices:** | | |
| Financial bonds listed in an active market | 3,460,806 | – |
| **Total financial assets through profit and loss** | **24,760,478** | **20,958,094** |

- Unrealized gains resulting from the valuation of shares at fair value through profit or loss amounted to JD 84,341 for the period ended 31 December 2023, against JD 4,340,158 during the year 2022, which was recorded within the consolidated income statement.
- Cash dividends distributed on the above investments amounted to JD 2,648,108 for the year ending 31 December 2023, compared to JD 55,056 for the year ending 31 December 2022.
- Dividends distributed from shares at fair value through profit or loss amounted to JD 450,213 for the period ended 31 December 2023, against JD 609,460 for the period ended 31 December 2022.

## 7) Financial assets at fair value through other comprehensive income

**The details of this item are as follows:**

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Shares listed in an active market | 27,928,802 | 22,156,014 |
| Shared unlisted | 55,884,750 | 50,250,068 |
| Total shares | 83,813,552 | 72,406,082 |
| | | |
| Bonds listed in active markets | 32,410,070 | 22,578,510 |
| Total bonds (debt instruments) | **32,410,070** | **22,578,510** |
| Total financial assets at fair value through other comprehensive income | **116,223,622** | **94,984,592** |
| | | |
| **Analysis of bills and bonds:** | | |
| Fixed rate | 32,410,070 | 22,578,510 |
| **Total** | **32,410,070** | **22,578,510** |

- There are no profits or losses realized from the sale of shares at fair value through other comprehensive income during the year 2023, compared to losses amounting to JD 79,357 during the year 2022, which were recorded directly within the retained earnings in consolidated equity.
- No bonds were sold at fair value through other comprehensive income during the year 2023, compared to an amount of JD 24,581 for the year 2022, which was recorded directly in the consolidated income statement.
- Cash dividends on the above investments amounted to JD 2,486,319 for the year ended 31 December 2023 ( 2022: JD 1,665,642).

The following is a disclosure of the distribution of total debt instruments at fair value through other comprehensive income according to the Bank's internal classification categories as at 31 December 2023 and 2022:

| Credit rating categories based on the bank's internal system | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| From (1) to (5) | 8,640,668 | – | – | 8,640,668 |
| From (6) to (7) | 23,769,402 | – | – | 23,769,402 |
| From (8) to (10) | – | – | – | – |
| Unrated | – | – | – | – |
| Total | 32,410,070 | – | – | 32,410,070 |
| | | | | |
| **31 December 2022** | | | | |
| From (1) to (5) | 1,270,681 | – | – | 1,270,681 |
| From (6) to (7) | 21,307,829 | – | – | 21,307,829 |
| From (8) to (10) | – | – | – | – |
| Unrated | – | – | – | – |
| Total | 22,578,510 | – | – | 22,578,510 |

The following is the disclosure of movement in the balance of debt instruments at fair value through other comprehensive income for the years ended 31 December 2023 and 2022:

| | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| Fair value at beginning of the year | 22,578,510 | – | – | 22,578,510 |
| New debt instruments during the year | 10,390,575 | – | – | 10,390,575 |
| Paid debt instruments during the year | (559,015) | – | – | (559,015) |
| Transferred to stage 1 | – | – | – | – |
| Transferred to stage 2 | – | – | – | – |
| Transferred to stage 3 | – | – | – | – |
| Changes resulting from adjust-ments | – | – | – | – |
| Written off debt instruments | – | – | – | – |
| Fair value at end of the year | 32,410,070 | – | – | 32,410,070 |
| | | | | |
| **31 December 2022** | | | | |
| Fair value at beginning of the year | 28,969,287 | – | 691,275 | 29,660,562 |
| New debt instruments during the year | 3,749,125 | – | – | 3,749,125 |
| Paid debt instruments during the year | (10,139,903) | – | – | (10,139,903) |
| Transferred to stage 1 | – | – | – | – |
| Transferred to stage 2 | – | – | – | – |
| Transferred to stage 3 | – | – | – | – |
| Changes resulting from adjust-ments | – | – | (691,275) | (691,275) |
| Written off debt instruments | – | – | – | – |
| Fair value at end of the year | 22,578,510 | – | – | 22,578,510 |

* The amendments resulted from the reclassification of foreign government bonds from financial assets at fair value through the statement of other comprehensive income to financial assets at amortized cost as a result of their current inability to be traded due to the circumstances of the issuing government and its default.

The following is the disclosure of the movement in the provision for expected credit losses for debt instruments at fair value through other comprehensive income during the years ended 31 December 2023 and 2022: these provisious are credited to the valuation reserve to be transferred to income in accordance with the requirements of IFRS (9).

| 31 December 2023 | Stage 1 Individuals<br>JD | Stage 2 Individuals<br>JD | Stage 3<br>JD | Total<br>JD |
|---|---|---|---|---|
| Balance at the beginning of the year | 11,264 | – | – | 11,264 |
| Expected credit losses on new debt instruments during the year | 34,793 | – | – | 34,793 |
| Recovered from expected credit losses on debt instruments paid during the year* | (1,092) | – | – | (1,092) |
| Transferred to stage 1 | – | – | – | – |
| Transferred to stage 2 | – | – | – | – |
| Transferred to stage 3 | – | – | – | – |
| Changes resulting from adjust-ments | – | – | – | – |
| Provision for written off debt in-struments | – | – | – | – |
| **Balance at the end of the year** | **44,965** | - | - | **44,965** |

| 31 December 2022 | Stage 1 Individuals<br>JD | Stage 2 Individuals<br>JD | Stage 3<br>JD | Total<br>JD |
|---|---|---|---|---|
| Balance at the beginning of the year | 195,094 | – | 412,876 | 607,970 |
| Expected credit losses on new debt instruments during the year | 1,092 | – | – | 1,092 |
| Recovered from expected credit losses on debt instruments paid during the year* | (184,922) | – | – | (184,922) |
| Transferred to stage 1 | – | – | – | – |
| Transferred to stage 2 | – | – | – | – |
| Transferred to stage 3 | – | – | – | – |
| Changes resulting from adjust-ments | – | – | (412,876) | (412,876) |
| Provision for written off debt in-struments | – | – | – | – |
| **Balance at the end of the year** | **11,264** | - | - | **11,264** |

* The amount represents expected credit losses for bonds that have been reclassified into financial assets at amortized cost.

- The Bank has not calculated expected credit loss provisions on debt instruments issued by the Jordanian government in accordance with the Central Bank of Jordan's instructions regarding the application of IFRS (9).

## (8) Direct credit facilities, net.

| | 2023 | 2022 |
|---|---|---|
| **Individuals (Retail):** | JD | JD |
| Overdrafts | 165,525 | 129,642 |
| Loans and promissory notes* | 293,994,349 | 296,298,886 |
| Credit cards | 14,682,316 | 12,788,753 |
| Real estate mortgage | 225,459,851 | 263,006,274 |
| **Corporates:** | | |
| **Large** | | |
| Overdrafts | 134,310,075 | 119,972,299 |
| Loans and promissory notes* | 1,173,501,319 | 1,028,339,715 |
| **SMEs** | | |
| Overdrafts | 24,201,352 | 36,548,126 |
| Loans and promissory notes* | 194,554,014 | 166,042,740 |
| Government and public sector | 175,786,439 | 181,960,741 |
| **Total** | **2,236,655,240** | **2,105,087,176** |
| Expected credit loss provisions | 195,406,591 | 152,369,385 |
| Interest in suspense | 34,502,349 | 30,077,354 |
| **Net direct credit facilities** | **2,006,746,300** | **1,922,640,437** |

* Net after deducting interest and commissions received in advance amounting to JD 730,704 as 31 December 2023 compared to JD 296,766 as at 31 December 2022.

- Credit facilities within the third stage amounted to JD 169,196,812 which is equivalent to 7.56% of total direct credit facilities as at 31 December 2023 (compared to JD 137,657,367, which is equivalent to 6,54% of the total direct credit facilities as at 31 December 2022.)
- Credit facilities within the third stage less suspended interest amounted to JD 135,958,344 which is equivalent to 6.17% of total direct credit facilities as at 31 December 2023 (compared to JD 109,458,500 which is equivalent to 5.27% of total direct credit facilities as at 31 December 2022 less suspended interest.)
- The credit facilities granted and guaranteed by the Jordanian government amounted to JD 101,239,716 which is equivalent to 4.53% of total direct credit facilities as at 31 December 2023, compared to JD 107,522,932 which is equivalent to 5.11% as at 31 December 2022.

The following is the movement on the balance of direct credit facilities on gross basis during the year ended 31 Decembers 2023 and 2022:

| | Stage1 | | Stage2 | | Stage3 | Total |
|---|---|---|---|---|---|---|
| | Individual | Collective | Individual | Collective | | |
| | JD | JD | JD | JD | JD | JD |
| **31 December 2023** | | | | | | |
| Balance at the beginning of the year | 1,775,575,136 | – | 191,854,673 | – | 137,657,367 | 2,105,087,176 |
| New facilities granted during the year | 465,950,553 | – | 51,980,516 | – | 13,001,599 | 530,932,668 |
| Facilities settled during the year | (364,996,798) | – | (16,405,417) | – | (59,776,940) | (441,179,155) |
| Transferred to stage 1 | 28,796,170 | – | (27,395,178) | – | (1,400,992) | – |
| Transferred to stage 2 | (127,178,520) | – | 128,988,705 | – | (1,810,185) | – |
| Transferred to stage 3 | (9,081,917) | – | (26,953,761) | – | 36,035,678 | – |
| Effect from assets held for sale | (9,113,688) | – | (2,916,793) | – | (130,939) | (12,161,420) |
| Additions from acquisition | 8,144,048 | – | 210,699 | – | 67,070,838 | 75,425,585 |
| Written-off facilities (transferred off-the statement of financial position) | – | – | – | – | (21,449,614) | (21,449,614) |
| Currency exchange adjustments | – | – | – | – | – | – |
| **Balance at the end of the year** | **1,768,094,984** | - | **299,363,444** | - | **169,196,812** | **2,236,655,240** |
| **31 December 2022** | | | | | | |
| Balance at the beginning of the year | 1,512,006,987 | – | 183,732,241 | – | 147,323,386 | 1,843,062,614 |
| New facilities granted during the year | 502,139,015 | – | 29,723,792 | – | 7,436,118 | 539,298,925 |
| Facilities settled during the year | (221,640,861) | – | (25,675,943) | – | (25,270,421) | (272,587,225) |
| Transferred to stage 1 | 15,757,739 | – | (11,056,054) | – | (4,701,685) | – |
| Transferred to stage 2 | (24,358,342) | – | 28,678,336 | – | (4,319,994) | – |
| Transferred to stage 3 | (8,329,402) | – | (13,547,693) | – | 21,877,095 | – |
| Changes resulting from adjustments | – | – | – | – | – | – |
| Written-off facilities (transferred off-the statement of financial position) | – | – | (6) | – | (4,687,132) | (4,687,138) |
| Currency exchange adjustments | – | – | – | – | – | – |
| **Balance at the end of the year** | **1,775,575,136** | - | **191,854,673** | - | **137,657,367** | **2,105,087,176** |

### Expected credit loss provisions – direct credit facilities

The following is the movement in the expected credit loss provisions - direct credit facilities during the year:

| Year 2023 | Individuals | Real estate mortgage | Corporates Large | Corporates SMEs | Government and public sector | Total |
|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD |
| Balance at the beginning of the year | 24,580,458 | 29,214,284 | 88,931,602 | 9,007,121 | 635,920 | 152,369,385 |
| Provision added during the period | 13,568,258 | 4,648,600 | 37,657,008 | 6,176,793 | 11,020 | 62,061,679 |
| Provision recovered (surplus) during the period | (3,268,998) | (7,325,762) | (11,758,002) | (1,628,023) | (335,555) | (24,316,340) |
| Effect from disposing assets held for sale | (2,752,600) | – | – | (381,850) | – | (3,134,450) |
| Additions from acquisition | – | – | 22,961,143 | – | – | 22,961,143 |
| Provision of debts transferred off-the statement of financial position | (2,735,200) | (9,857,314) | (956,386) | (985,926) | – | (14,534,826) |
| Balance at the end of the year | 29,391,918 | 16,679,808 | 136,835,365 | 12,188,115 | 311,385 | 195,406,591 |
| | | | | | | |
| Total provisions - stage 1 | 11,153,736 | 3,426,029 | 9,416,372 | 854,846 | 311,385 | 25,162,368 |
| Total provisions -stage 2 | 2,282,973 | 5,951,516 | 55,746,490 | 905,945 | – | 64,886,924 |
| Total provisions -stage 3 | 15,955,209 | 7,302,263 | 71,672,503 | 10,427,324 | – | 105,357,299 |
| **Total** | **29,391,918** | **16,679,808** | **136,835,365** | **12,188,115** | **311,385** | **195,406,591** |

| Year 2022 | Individuals | Real estate mortgage | Corporates Large | Corporates SMEs | Government and public sector | Total |
|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD |
| Balance at the beginning of the year | 19,092,565 | 24,672,970 | 72,245,590 | 9,697,676 | 536,424 | 126,245,225 |
| Provision added during the period | 8,720,792 | 9,069,154 | 33,331,462 | 6,195,158 | 137,686 | 57,454,252 |
| Provision recovered (surplus) during the period | (2,889,331) | (4,480,205) | (15,751,335) | (3,966,970) | (38,190) | (27,126,031) |
| Provision of debts transferred off-the statement of financial position | (343,568) | (47,635) | (894,115) | (2,918,743) | – | (4,204,061) |
| Balance at the end of the year | 24,580,458 | 29,214,284 | 88,931,602 | 9,007,121 | 635,920 | 152,369,385 |
| | | | | | | |
| Total provisions - stage 1 | 10,721,325 | 1,321,100 | 20,276,752 | 776,908 | 635,920 | 33,732,006 |
| Total provisions -stage 2 | 864,516 | 5,895,139 | 25,695,020 | 1,654,878 | – | 34,109,552 |
| Total provisions -stage 3 | 12,994,617 | 21,998,045 | 42,959,830 | 6,575,335 | – | 84,527,827 |
| **Total** | **24,580,458** | **29,214,284** | **88,931,602** | **9,007,121** | **635,920** | **152,369,385** |

- The provision added during the year includes an amount of JD 22,961,143 for the year 2023, compared to JD 854,003 for the year 2022, relating to the balance of provisions at the date of the acquisition of the subsidiaries.
- The value of provisions that were no longer needed as a result of settlements or repayment of debts and transferred against other debts amounted JD 24,316,340 as at 31 December 2023 27,126,031 JD as at 31 December 2022
- During the year 2023, direct credit facilities including interest in suspense were transferred off the statement of financial position at an amount of JD 14,534,826 2022: JD 4,687,138, in accordance with the decision of the Board of Directors.
- Disclosed above is the total provisions recorded against debts calculated on a per customer basis.

## Interest in suspense

The following is the movement in the interest in suspense during the year:

| Year 2023 | Individuals | Real estate mortgage | Corporates | | Government and public sector | Total |
|---|---|---|---|---|---|---|
| | | | Large | SMEs | | |
| | JD | JD | JD | JD | JD | JD |
| Balance at the beginning of the year | 1,977,406 | 8,857,656 | 17,872,134 | 1,370,158 | – | 30,077,354 |
| Add: Interest suspended during the period | 284,341 | 767,994 | 6,155,135 | 747,551 | – | 7,955,021 |
| Less: Interest transferred to income | (244,129) | (202,987) | (60,606) | (293,133) | – | (800,855) |
| Additions from acquisition | 455,957 | – | 3,729,661 | – | – | 4,185,618 |
| Interest in suspense transferred off-the statement of financial position | (495,207) | (6,344,112) | (28,355) | (47,115) | – | (6,914,789) |
| **Balance at the end of the year** | **1,978,368** | **3,078,551** | **27,667,969** | **1,777,461** | - | **34,502,349** |

| Year 2022 | Individuals | Real estate mortgage | Corporates | | Government and public sector | Total |
|---|---|---|---|---|---|---|
| | | | Large | SMEs | | |
| | JD | JD | JD | JD | JD | JD |
| Balance at the beginning of the year | 1,645,929 | 9,459,416 | 15,776,397 | 2,648,835 | – | 29,530,577 |
| Add: Interest suspended during the year | 550,645 | 1,291,578 | 3,048,832 | 539,143 | – | 5,430,198 |
| Less: Interest transferred to income | (168,318) | (1,851,771) | (770,443) | (1,609,812) | – | (4,400,344) |
| Interest in suspense transferred off-the statement of financial position | (50,850) | (41,567) | (182,652) | (208,008) | – | (483,077) |
| **Balance at the end of the year** | **1,977,406** | **8,857,656** | **17,872,134** | **1,370,158** | - | **30,077,354** |

## Disclosures according to the requirements of the Central Bank of Jordan regarding the presentation of IFRS Accounting Standard No. (9):

### A) Pereconomic sector:

The following is the movement on the expected credit loss provisions of direct credit facilities on collective basis during the year ended 31 December 2023 and 2022:

| | Individuals | Real estate mortgage | Corporates | | Government and public sector | Total |
|---|---|---|---|---|---|---|
| | | | Large | SMEs | | |
| | JD | JD | JD | JD | JD | JD |
| **31 December 2023** | | | | | | |
| Balance at the beginning of the year | 24,580,458 | 29,214,284 | 88,931,601 | 9,007,121 | 635,920 | 152,369,385 |
| Expected credit loss on new facilities during the period | 13,568,258 | 4,648,600 | 37,657,008 | 6,176,793 | 11,020 | 62,061,679 |
| Reversed from expected credit loss on settled fa-cilities | (3,268,998) | (7,325,762) | (11,758,002) | (1,628,023) | (335,555) | (24,316,340) |
| Transferred to stage 1 | 363,699 | 83,502 | (11,444,247) | (18,179) | – | (11,015,225) |
| Transferred to stage 2 | 88,317 | 174,463 | 7,448,347 | (1,221,783) | – | 6,489,344 |
| Transferred to stage 3 | (452,016) | (257,965) | 3,995,900 | 1,239,962 | – | 4,525,881 |
| Effect from disposing assets held for sale | (2,752,600) | – | – | (381,850) | – | (3,134,450) |
| Additions from acquisition | – | – | 22,961,143 | – | – | 22,961,143 |
| Provision of bad debts transferred off-the state-ment of financial position | (2,735,200) | (9,857,314) | (956,386) | (985,926) | – | (14,534,826) |
| Balance at the end of the year | 29,391,918 | 16,679,808 | 136,835,364 | 12,188,115 | 311,385 | 195,406,591 |
| Re-allocation: | | | | | | |
| Provisions on an individual basis | 29,391,918 | 16,679,808 | 136,835,364 | 12,188,115 | 311,385 | 195,406,591 |
| Provisions on a collective basis | – | – | – | – | – | – |
| | | | | | | |
| **31 December 2022** | | | | | | |
| Balance at the beginning of the year | 19,092,565 | 24,672,970 | 72,245,590 | 9,697,676 | 536,424 | 126,245,225 |
| Expected credit loss on new facilities during the period | 7,987,493 | 9,069,154 | 33,331,462 | 6,074,455 | 137,686 | 56,600,250 |
| Reversed from expected credit loss on settled fa-cilities | (2,889,331) | (4,480,207) | (15,751,335) | (3,966,970) | (38,190) | (27,126,033) |
| Transferred to stage 1 | 294,719 | 119,521 | 716,962 | 125,355 | – | 1,256,557 |
| Transferred to stage 2 | (439,970) | (73,258) | (224,571) | 1,642,811 | – | 905,012 |
| Transferred to stage 3 | 145,250 | (46,261) | (492,391) | (1,768,166) | – | (2,161,568) |
| Provision of bad debts transferred off-the state-ment of financial position | (343,567) | (47,635) | (894,116) | (2,918,743) | – | (4,204,061) |
| Additions from acquisition | 733,299 | – | – | 120,704 | – | 854,003 |
| Balance at the end of the year | 24,580,458 | 29,214,284 | 88,931,601 | 9,007,121 | 635,920 | 152,369,385 |
| Re-allocation: | | | | | | |
| Provisions on an individual basis | 24,580,458 | 29,214,284 | 88,931,601 | 9,007,121 | 635,920 | 152,369,385 |
| Provisions on a collective basis | – | – | – | – | - | – |

## B) Per Stage:

| 31 December 2023 | Stage 1 Individuals JD | Stage 2 Individuals JD | Stage 3 JD | Total JD |
|---|---|---|---|---|
| Balance at the beginning of the year | 33,732,006 | 34,109,552 | 84,527,827 | 152,369,385 |
| New facilities granted during the year | 9,436,378 | 25,177,525 | 27,447,776 | 62,061,679 |
| Facilities settled during the year | (6,867,758) | (1,670,776) | (15,777,806) | (24,316,340) |
| Transferred to stage 1 | 3,214,047 | (2,567,530) | (646,517) | – |
| Transferred to stage 2 | (13,876,734) | 14,669,749 | (793,015) | – |
| Transferred to stage 3 | (352,538) | (5,612,875) | 5,965,413 | – |
| Effect from disposing assets held for sale | (570,651) | (22,096) | (2,541,703) | (3,134,450) |
| Additions from acquisition | 447,621 | 803,374 | 21,710,148 | 22,961,143 |
| Bad debts transferred off-the statement of financial position | – | – | (14,534,826) | (14,534,826) |
| **Balance at the end of the year** | **25,162,371** | **64,886,923** | **105,357,297** | **195,406,591** |

| 31 December 2022 | Stage 1 Individuals JD | Stage 2 Individuals JD | Stage 3 JD | Total JD |
|---|---|---|---|---|
| Balance at the beginning of the year | 22,701,990 | 23,759,318 | 79,783,917 | 126,245,225 |
| New facilities granted during the year | 14,873,474 | 18,689,769 | 23,037,005 | 56,600,248 |
| Facilities settled during the year | (5,129,860) | (9,246,442) | (12,749,729) | (27,126,031) |
| Transferred to stage 1 | 1,671,992 | (511,809) | (1,160,183) | – |
| Transferred to stage 2 | (233,119) | 2,362,757 | (2,129,638) | – |
| Transferred to stage 3 | (182,317) | (945,936) | 1,128,253 | –- |
| Additions from acquisition | 29,846 | 1,901 | 822,256 | 854,003 |
| Write off facilities (transferred off-the statement of financial posi-tion) | – | (6) | (4,204,054) | (4,204,060) |
| **Balance at the end of the year** | **33,732,006** | **34,109,552** | **84,527,827** | **152,369,385** |

## Retail

The following is the distribution of total retail facilities according to the Bank's internal rating categories as at 31 December 2023 and 2022:

| Credit rating categories based on the bank's internal system | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| From (1) to (5) | 33,320,274 | 4,347,538 | – | 37,667,812 |
| From (6) to (7) | – | – | – | 0 |
| From (8) to (10) | – | – | 2,282,430 | 2,282,430 |
| Unrated | 239,428,887 | 7,945,801 | 21,517,260 | 268,891,948 |
| Total | 272,749,161 | 12,293,339 | 23,799,690 | 308,842,190 |
| | | | | |
| **31 December 2022** | | | | |
| From (1) to (5) | 30,330,311 | 7,391,846 | – | 37,722,157 |
| From (6) to (7) | – | – | – | – |
| From (8) to (10) | – | – | 4,644,492 | 4,644,492 |
| Unrated | 250,138,488 | 3,485,792 | 13,226,352 | 266,850,632 |
| **Total** | **280,468,799** | **10,877,638** | **17,870,844** | **309,217,281** |

The following is the movement on retail facilities balances during the year ended 31 December 2023 and 2022.

| | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Total |
|---|---|---|---|---|
| **31 December 2023** | JD | JD | JD | JD |
| Balance at the beginning of the year | 280,468,799 | 10,877,638 | 17,870,844 | 309,217,281 |
| New facilities granted during the year | 46,965,298 | 4,327,659 | 7,282,341 | 58,575,298 |
| Facilities settled during the year | (51,507,569) | (3,393,271) | (6,888,496) | (61,789,336) |
| Transferred to stage 1 | 5,395,944 | (4,320,321) | (1,075,623) | – |
| Transferred to stage 2 | (8,447,342) | 9,135,742 | (688,400) | – |
| Transferred to stage 3 | (5,671,718) | (2,147,404) | 7,819,122 | – |
| Effect from disposing assets held for sale | (2,489,925) | (2,397,403) | (4,337) | (4,891,665) |
| Additions from acquisition | 8,035,674 | 210,699 | 2,714,647 | 10,961,020 |
| Write off facilities (transferred off-the statement of financial posi-tion) | – | – | (3,230,408) | (3,230,408) |
| **Balance at the end of the year** | **272,749,161** | **12,293,339** | **23,799,690** | **308,842,190** |

| | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Total |
|---|---|---|---|---|
| **31 December 2022** | JD | JD | JD | JD |
| Balance at the beginning of the year | 240,705,002 | 9,458,849 | 13,043,544 | 263,207,395 |
| New facilities granted during the year | 76,420,890 | 3,085,867 | (237,318) | 79,269,439 |
| Facilities settled during the year | (35,063,887) | (1,426,244) | (2,232,978) | (38,723,109) |
| Transferred to stage 1 | 2,481,735 | (2,131,682) | (350,053) | – |
| Transferred to stage 2 | (3,508,315) | 3,808,140 | (299,825) | – |
| Transferred to stage 3 | (3,812,266) | (2,292,339) | 6,104,605 | – |
| Additions from acquisition | 3,245,640 | 375,047 | 2,237,286 | 5,857,973 |
| Write off facilities (transferred off-the statement of financial posi-tion) | – | – | (394,417) | (394,417) |
| **Balance at the end of the year** | **280,468,799** | **10,877,638** | **17,870,844** | **309,217,281** |

The following is the movement on expected credit loss provisions on retail facilities during the year ended 31 December 2023 and 2023:

| | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| Balance at the beginning of the year | 10,721,325 | 864,515 | 12,994,618 | 24,580,458 |
| Expected credit losses on new facilities granted during the year | 2,320,993 | 1,725,435 | 9,521,830 | 13,568,258 |
| Reversed from expected credit loss on settled facilities | (1,699,480) | (381,398) | (1,188,120) | (3,268,998) |
| Transferred to stage 1 | 916,736 | (384,972) | (531,764) | – |
| Transferred to stage 2 | (316,867) | 828,426 | (511,559) | – |
| Transferred to stage 3 | (236,170) | (355,137) | 591,307 | – |
| Effect from disposing assets held for sale | (552,801) | (13,896) | (2,185,903) | (2,752,600) |
| Additions from acquisition | – | – | – | – |
| Provision of bad debts | – | – | (2,735,200) | (2,735,200) |
| **Balance at the end of the year** | **11,153,736** | **2,282,973** | **15,955,209** | **29,391,918** |

| | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2022** | | | | |
| Balance at the beginning of the year | 8,774,489 | 913,870 | 9,404,206 | 19,092,565 |
| Expected credit losses on new facilities granted during the year | 3,254,473 | 583,897 | 4,149,123 | 7,987,493 |
| Reversed from expected credit loss on settled facilities | (1,616,387) | (195,184) | (1,077,760) | (2,889,331) |
| Transferred to stage 1 | 538,676 | (360,750) | (177,927) | – |
| Transferred to stage 2 | (106,582) | 302,803 | (196,221) | – |
| Transferred to stage 3 | (137,376) | (382,023) | 519,399 | – |
| Additions from acquisition | 14,032 | 1,901 | 717,366 | 733,299 |
| Provision of bad debts | – | – | (343,568) | (343,568) |
| **Balance at the end of the year** | **10,721,325** | **864,515** | **12,994,618** | **24,580,458** |

The following is a disclosure of the distribution of total real estate facilities according to the Bank's internal classification categories as at 31 December 2023 and 2022

| **Credit rating categories based on the bank's internal system** | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| From (1) to (5) | 54,158,062 | 4,551,430 | – | 58,709,492 |
| From (6) to (7) | 47,149 | 14,646,621 | – | 14,693,770 |
| From (8) to (10) | – | – | 4,537,166 | 4,537,166 |
| Unrated | 130,856,396 | 5,705,333 | 10,957,694 | 147,519,423 |
| Total | 185,061,607 | 24,903,384 | 15,494,860 | 225,459,851 |
| | | | | |
| **31 December 2022** | | | | |
| From (1) to (5) | 58,204,574 | 5,028,026 | – | 63,232,600 |
| From (6) to (7) | 52,200 | 17,806,772 | – | 17,858,972 |
| From (8) to (10) | – | – | 25,783,365 | 25,783,365 |
| Unrated | 138,637,832 | 4,604,603 | 12,888,903 | 156,131,338 |
| **Total** | **196,894,606** | **27,439,401** | **38,672,268** | **263,006,274** |

## Real Estate facilities

The following is the disclosure of the movement on real estate facilities balances during the year ended 31 December 2023 and 2022:

| | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| Balance at the beginning of the year | 196,894,606 | 27,439,401 | 38,672,268 | 263,006,275 |
| New facilities during the year | 19,200,302 | 414,647 | 674,009 | 20,288,958 |
| Facilities paid during the year | (28,982,953) | (4,015,409) | (8,635,593) | (41,633,955) |
| Transferred to stage 1 | 3,547,451 | (3,356,874) | (190,577) | – |
| Transferred to stage 2 | (4,404,461) | 5,415,106 | (1,010,645) | – |
| Transferred to stage 3 | (1,193,338) | (993,488) | 2,186,826 | – |
| Write off facilities (transferred off-the statement of financial posi-tion) | – | – | (16,201,427) | (16,201,427) |
| **Balance at the end of the year** | **185,061,607** | **24,903,383** | **15,494,861** | **225,459,851** |
| | | | | |
| **31 December 2022** | | | | |
| Balance at the beginning of the year | 179,848,092 | 32,037,251 | 44,012,356 | 255,897,699 |
| New facilities during the year | 35,598,776 | 1,212,513 | 1,394,149 | 38,205,438 |
| Facilities paid during the year | (19,925,890) | (2,463,335) | (8,618,435) | (31,007,660) |
| Transferred to stage 1 | 7,048,799 | (6,605,268) | (443,531) | – |
| Transferred to stage 2 | (3,816,884) | 4,933,686 | (1,116,802) | – |
| Transferred to stage 3 | (1,858,288) | (1,675,447) | 3,533,735 | – |
| Additions from acquisition | – | – | – | – |
| Write off facilities (transferred off-the statement of financial posi-tion) | – | – | (89,202) | (89,202) |
| **Balance at the end of the year** | **196,894,606** | **27,439,401** | **38,672,268** | **263,006,274** |

The following is the movement on the expected credit loss provisions of real estate facilities during the year ended 31 December 2023 and 2022:

| | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| Balance at the beginning of the year | 1,321,100 | 5,895,139 | 21,998,045 | 29,214,284 |
| Expected credit losses on new facilities granted during the year | 2,564,496 | 520,801 | 1,563,303 | 4,648,600 |
| Reversed from expected credit loss on settled facilities | (543,069) | (638,887) | (6,143,806) | (7,325,762) |
| Transferred to stage 1 | 169,130 | (122,023) | (47,107) | – |
| Transferred to stage 2 | (73,379) | 304,838 | (231,459) | – |
| Transferred to stage 3 | (12,249) | (8,352) | 20,601 | – |
| Additions from acquisition | – | – | – | – |
| Provision of bad debts | – | – | (9,857,314) | (9,857,314) |
| **Balance at the end of the year** | **3,426,029** | **5,951,516** | **7,302,263** | **16,679,808** |
| | | | | |
| **31 December 2022** | | | | |
| Balance at the beginning of the year | 1,123,340 | 3,489,409 | 20,060,221 | 24,672,970 |
| Expected credit losses on new facilities granted during the year | 596,415 | 2,746,143 | 5,726,596 | 9,069,154 |
| Reversed from expected credit loss on settled facilities | (518,176) | (267,154) | (3,694,875) | (4,480,205) |
| Transferred to stage 1 | 182,873 | (133,292) | (49,581) | – |
| Transferred to stage 2 | (40,937) | 280,451 | (239,514) | – |
| Transferred to stage 3 | (22,415) | (220,417) | 242,832 | – |
| Additions from acquisition | – | – | – | – |
| Provision of bad debts | – | – | (47,635) | (47,635) |
| **Balance at the end of the year** | **1,321,100** | **5,895,139** | **21,998,045** | **29,214,284** |

## Large Corporates

The following is a disclosure of the distribution of the total large corporates facilities according to the bank's internal classification categories as at 31 December 2023 and 2022:

| Credit rating categories based on the bank's internal system | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| From (1) to (5) | 663,710,135 | 103,293,641 | – | 767,003,776 |
| From (6) to (7) | 284,757,495 | 120,284,568 | – | 405,042,063 |
| From (8) to (10) | – | – | 87,901,772 | 87,901,772 |
| Unrated | 1,512,092 | 19,361,989 | 26,989,702 | 47,863,783 |
| **Total** | **949,979,722** | **242,940,198** | **114,891,474** | **1,307,811,394** |
| **31 December 2022** | | | | |
| From (1) to (5) | 747,134,955 | 29,650,730 | – | 776,785,685 |
| From (6) to (7) | 205,316,176 | 95,532,065 | – | 300,848,241 |
| From (8) to (10) | – | – | 70,634,294 | 70,634,294 |
| Unrated | 13,096 | 142 | 30,555 | 43,793 |
| **Total** | **952,464,227** | **125,182,937** | **70,664,849** | **1,148,312,013** |

The following is the disclosure of the movement on the large corporates facilities balances during the year ended 31 December 2023 and 2022:

| | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| Balance at the beginning of the year | 952,464,227 | 125,182,937 | 70,664,849 | 1,148,312,013 |
| New facilities during the year | 290,630,676 | 43,952,206 | 3,052,196 | 337,635,078 |
| Facilities paid during the year | (197,264,189) | (2,681,816) | (41,669,518) | (241,615,523) |
| Transferred to stage 1 | 8,797,264 | (8,797,264) | – | – |
| Transferred to stage 2 | (104,756,629) | 104,756,629 | – | – |
| Transferred to stage 3 | – | (19,472,495) | 19,472,495 | – |
| Effect from disposing assets held for sale | – | – | – | – |
| Additions from acquisition | 108,374 | – | 64,356,191 | 64,464,565 |
| Write off facilities (transferred off-the statement of financial posi-tion) | – | – | (984,739) | (984,739) |
| Amendments resulting from changes in currency exchange | – | – | – | – |
| **Balance at the end of the year** | **949,979,723** | **242,940,197** | **114,891,474** | **1,307,811,394** |
| **31 December 2022** | | | | |
| Balance at the beginning of the year | 803,049,476 | 126,638,570 | 72,748,172 | 1,002,436,218 |
| New facilities during the year | 268,743,946 | 15,904,568 | 2,611,194 | 287,259,708 |
| Facilities paid during the year | (113,956,466) | (17,509,746) | (8,840,934) | (140,307,146) |
| Transferred to stage 1 | 3,661,954 | – | (3,661,954) | – |
| Transferred to stage 2 | (7,942,333) | 7,942,333 | – | – |
| Transferred to stage 3 | (1,092,350) | (7,792,788) | 8,885,138 | – |
| Write off facilities (transferred off-the statement of financial posi-tion) | – | – | (1,076,766) | (1,076,766) |
| Amendments resulting from changes in currency exchange | – | – | – | – |
| **Balance at the end of the year** | **952,464,227** | **125,182,937** | **70,664,849** | **1,148,312,013** |

The following is the disclosure of the movement on the provision for expected credit losses of large corporates facilities during the year ended 31 December 2023 and 2022:

| | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| Balance at the beginning of the year | 20,276,752 | 25,695,020 | 42,959,830 | 88,931,602 |
| Expected credit losses on new facilities granted during the year | 4,044,109 | 22,224,357 | 11,388,542 | 37,657,008 |
| Reversed from expected credit loss on settled facilities | (3,907,863) | (424,608) | (7,425,531) | (11,758,002) |
| Transferred to stage 1 | 2,000,021 | (2,000,021) | – | – |
| Transferred to stage 2 | (13,444,268) | 13,444,268 | – | – |
| Transferred to stage 3 | – | (3,995,900) | 3,995,900 | – |
| Effect from disposing assets held for sale | – | – | – | – |
| Additions from acquisition | 447,621 | 803,374 | 21,710,148 | 22,961,143 |
| Provision of bad debts | – | – | (956,386) | (956,386) |
| **Balance at the end of the year** | **9,416,372** | **55,746,490** | **71,672,503** | **136,835,365** |
| **31 December 2022** | | | | |
| Balance at the beginning of the year | 11,907,740 | 19,199,912 | 41,137,938 | 72,245,590 |
| Expected credit losses on new facilities granted during the year | 10,335,247 | 13,796,581 | 9,199,634 | 33,331,462 |
| Reversed from expected credit loss on settled facilities | (2,683,197) | (7,076,902) | (5,991,236) | (15,751,335) |
| Transferred to stage 1 | 789,057 | – | (789,057) | – |
| Transferred to stage 2 | (58,857) | 58,857 | – | – |
| Transferred to stage 3 | (13,238) | (283,428) | 296,666 | – |
| Additions from acquisition | – | – | – | – |
| Provision of bad debts | – | – | (894,115) | (894,115) |
| **Balance at the end of the year** | **20,276,752** | **25,695,020** | **42,959,830** | **88,931,602** |

## Small and Medium Enterprises

The following is a disclosure of the distribution of total SME facilities according to the Bank's internal classification categories as at 31 December 2023 and 2022:

| Credit rating categories based on the bank's internal system | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| From (1) to (5) | 164,499,676 | 10,803,237 | – | 175,302,913 |
| From (6) to (7) | 19,970,653 | 8,420,015 | – | 28,390,668 |
| From (8) to (10) | – | – | 14,333,801 | 14,333,801 |
| Unrated | 47,725 | 3,273 | 676,986 | 727,984 |
| **Total** | **184,518,054** | **19,226,525** | **15,010,787** | **218,755,366** |
| **31 December 2022** | | | | |
| From (1) to (5) | 132,805,419 | 20,693,780 | – | 153,499,199 |
| From (6) to (7) | 16,668,790 | 7,650,785 | – | 24,319,575 |
| From (8) to (10) | – | – | 9,624,176 | 9,624,176 |
| Unrated | 14,312,554 | 10,132 | 825,230 | 15,147,916 |
| **Total** | **163,786,763** | **28,354,697** | **10,449,406** | **202,590,866** |

The following is the disclosure of the movement on SME facilities balances during the year ended 31 December 2023 and 2022:

| | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| Balance at the beginning of the year | 163,786,763 | 28,354,697 | 10,449,406 | 202,590,866 |
| New facilities during the year | 81,581,992 | 3,286,004 | 1,993,053 | 86,861,049 |
| Facilities paid during the year | (53,495,500) | (6,314,921) | (2,583,333) | (62,393,754) |
| Transferred to stage 1 | 11,055,511 | (10,920,719) | (134,792) | – |
| Transferred to stage 2 | (9,570,088) | 9,681,228 | (111,140) | – |
| Transferred to stage 3 | (2,216,861) | (4,340,374) | 6,557,235 | – |
| Effect from disposing assets held for sale | (6,623,763) | (519,390) | (126,602) | (7,269,755) |
| Additions from acquisition | – | – | – | – |
| Write off facilities (transferred off-the statement of financial posi-tion) | – | – | (1,033,040) | (1,033,040) |
| **Balance at the end of the year** | **184,518,054** | **19,226,525** | **15,010,787** | **218,755,366** |
| **31 December 2022** | | | | |
| Balance at the beginning of the year | 110,465,219 | 15,597,571 | 17,519,314 | 143,582,104 |
| New facilities during the year | 94,459,130 | 9,145,798 | 1,325,916 | 104,930,844 |
| Facilities paid during the year | (36,716,161) | (4,276,619) | (5,578,072) | (46,570,852) |
| Transferred to stage 1 | 2,565,251 | (2,319,104) | (246,147) | – |
| Transferred to stage 2 | (9,090,810) | 11,994,176 | (2,903,366) | – |
| Transferred to stage 3 | (1,566,498) | (1,787,119) | 3,353,617 | – |
| Additions from acquisition | 3,670,632 | – | 104,890 | 3,775,522 |
| Write off facilities (transferred off-the statement of financial posi-tion) | – | (6) | (3,126,746) | (3,126,752) |
| **Balance at the end of the year** | **163,786,763** | **28,354,697** | **10,449,406** | **202,590,866** |

The following is the disclosure of the movement on the provision for expected credit losses of SME facilities during the year ended 31 December 2023 and 2022:

| | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| Balance at the beginning of the year | 776,906 | 1,654,879 | 6,575,336 | 9,007,121 |
| Expected credit losses on new facilities granted during the year | 495,760 | 706,932 | 4,974,101 | 6,176,793 |
| Reversed from expected credit loss on settled facilities | (381,791) | (225,883) | (1,020,349) | (1,628,023) |
| Transferred to stage 1 | 128,160 | (60,514) | (67,646) | – |
| Transferred to stage 2 | (42,220) | 92,217 | (49,997) | – |
| Transferred to stage 3 | (104,119) | (1,253,486) | 1,357,605 | – |
| Effect from disposing assets held for sale | (17,850) | (8,200) | (355,800) | (381,850) |
| Additions from acquisition | – | – | – | – |
| Provision of bad debts | – | – | (985,926) | (985,926) |
| **Balance at the end of the year** | **854,846** | **905,945** | **10,427,324** | **12,188,115** |
| | | | | |
| **31 December 2022** | | | | |
| Balance at the beginning of the year | 359,997 | 156,127 | 9,181,552 | 9,697,676 |
| Expected credit losses on new facilities granted during the year | 549,651 | 1,563,149 | 3,961,654 | 6,074,454 |
| Reversed from expected credit loss on settled facilities | (273,910) | (1,707,202) | (1,985,858) | (3,966,970) |
| Transferred to stage 1 | 161,385 | (17,767) | (143,618) | – |
| Transferred to stage 2 | (26,743) | 1,720,646 | (1,693,903) | – |
| Transferred to stage 3 | (9,288) | (60,068) | 69,356 | – |
| Additions from acquisition | 15,814 | – | 104,890 | 120,704 |
| Provision of bad debts | – | (6) | (2,918,737) | (2,918,743) |
| **Balance at the end of the year** | **776,906** | **1,654,879** | **6,575,336** | **9,007,121** |

## Government and Public Sector

The following is a disclosure of the distribution of total government and public sector facilities according to the Bank's internal classification categories as at 31 December 2023 and 2022:

| Credit rating categories based on the bank's internal system | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| From (1) to (5) | 133,521,238 | – | – | 133,521,238 |
| From (6) to (7) | 42,265,201 | – | – | 42,265,201 |
| From (8) to (10) | – | – | – | – |
| Unrated | – | – | – | – |
| **Total** | **175,786,439** | - | - | **175,786,439** |
| **31 December 2022** | | | | |
| From (1) to (5) | 105,948,954 | – | – | 105,948,954 |
| From (6) to (7) | 76,011,787 | – | – | 76,011,787 |
| From (8) to (10) | – | – | – | – |
| Unrated | – | – | – | – |
| **Total** | **181,960,741** | - | - | **181,960,741** |

The following is the disclosure of the movement on government and public sector facilities balances during the year ended 31 December 2023 and 2022:

| | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| Balance at the beginning of the year | 181,960,741 | – | – | 181,960,741 |
| New facilities during the year | 27,572,285 | – | – | 27,572,285 |
| Facilities paid during the year | (33,746,587) | – | – | (33,746,587) |
| Transferred to stage 1 | – | – | – | – |
| Transferred to stage 2 | – | – | – | – |
| Transferred to stage 3 | – | – | – | – |
| Additions from acquisition | – | – | – | – |
| Write off facilities (transferred off-the statement of financial posi-tion) | – | – | – | – |
| **Balance at the end of the year** | **175,786,439** | - | - | **175,786,439** |
| **31 December 2022** | | | | |
| Balance at the beginning of the year | 177,939,198 | – | – | 177,939,198 |
| New facilities during the year | 19,420,074 | – | – | 19,420,074 |
| Facilities paid during the year | (15,978,457) | – | – | (15,978,457) |
| Transferred to stage 1 | – | – | – | – |
| Transferred to stage 2 | – | – | – | – |
| Transferred to stage 3 | – | – | – | – |
| Additions from acquisition | 579,926 | – | – | 579,926 |
| Write off facilities (transferred off-the statement of financial posi-tion) | – | – | – | – |
| **Balance at the end of the year** | **181,960,741** | - | - | **181,960,741** |

The following is the disclosure of the movement on the provision for expected credit losses of government and public sector facilities during the year ended 31 December 2023 and 2022:

| | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| Balance at the beginning of the year | 635,920 | – | – | 635,920 |
| Expected credit losses on new facilities granted during the year | 11,020 | – | – | 11,020 |
| Reversed from expected credit loss on settled facilities | (335,555) | – | – | (335,555) |
| Transferred to stage 1 | – | – | – | – |
| Transferred to stage 2 | – | – | – | – |
| Transferred to stage 3 | – | – | – | – |
| Additions from acquisition | – | – | – | – |
| Provision of bad debts | – | – | – | – |
| **Balance at the end of the year** | **311,385** | - | - | **311,385** |
| **31 December 2022** | | | | |
| Balance at the beginning of the year | 536,424 | – | – | 536,424 |
| Expected credit losses on new facilities granted during the year | 137,686 | – | – | 137,686 |
| Reversed from expected credit loss on settled facilities | (38,190) | – | – | (38,190) |
| Transferred to stage 1 | – | – | – | – |
| Transferred to stage 2 | – | – | – | – |
| Transferred to stage 3 | – | – | – | – |
| Additions from acquisition | – | – | – | – |
| Provision of bad debts | – | – | – | – |
| **Balance at the end of the year** | **635,920** | - | - | **635,920** |

- Based on the instructions of the Central Bank of Jordan related to the application of IFRS (9), no provision was calculated for expected credit losses on credit facilities granted or guaranteed by the Jordanian government.

Additional disclosures related to the acquisition in accordance with the requirements of IFRS Accounting Standards No.(9) - in case it differs from the instructions of the Central Bank in this regard:

## Retail

The following is the distribution of total retail facilities categories as at 31 December 2023:

| | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Low value purchased facilities | Total |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| **31 December 2023** | | | | | |
| Balance at the beginning of the year | 280,468,799 | 10,877,638 | 17,870,844 | – | 309,217,281 |
| New facilities during the year | 46,965,298 | 4,327,659 | 7,282,341 | – | 58,575,298 |
| Facilities paid during the year | (51,507,569) | (3,393,271) | (6,888,496) | – | (61,789,336) |
| Transferred to stage 1 | 5,395,944 | (4,320,321) | (1,075,623) | – | – |
| Transferred to stage 2 | (8,447,342) | 9,135,742 | (688,400) | – | – |
| Transferred to stage 3 | (5,671,718) | (2,147,404) | 7,819,122 | – | – |
| Effect from disposing assets held for sale | (2,489,925) | (2,397,403) | (4,337) | – | (4,891,665) |
| Additions from acquisition | 8,246,373 | – | – | 2,258,690 | 10,505,063 |
| Write off facilities (trans-ferred off-the statement of financial position) | – | – | (394,417) | – | (394,417) |
| **Balance at the end of the year** | **272,959,860** | **12,082,640** | **23,921,034** | **2,258,690** | **311,222,224** |

## Small and Medium Enterprises

The following is the distribution of total Small and Medium Enterprises facilities categories as at 31 December 2023:

| | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Low value purchased facilities | Total |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| **31 December 2023** | | | | | |
| Balance at the beginning of the year | 163,786,763 | 28,354,697 | 10,449,406 | – | 202,590,866 |
| New facilities during the year | 81,581,992 | 3,286,004 | 1,993,053 | – | 86,861,049 |
| Facilities paid during the year | (53,495,500) | (6,314,921) | (2,583,333) | – | (62,393,754) |
| Transferred to stage 1 | 11,055,511 | (10,920,719) | (134,792) | – | – |
| Transferred to stage 2 | (9,570,088) | 9,681,228 | (111,140) | – | – |
| Transferred to stage 3 | (2,216,861) | (4,340,374) | 6,557,235 | – | – |
| Effect from disposing assets held for sale | (6,623,763) | (519,390) | (126,602) | – | (7,269,755) |
| Additions from acquisition | – | – | – | – | – |
| Write off facilities (trans-ferred off-the statement of financial position) | – | – | (1,33,040) | – | (1,033,040) |
| **Balance at the end of the year** | **184,518,053** | **19,226,525** | **15,010,787** | - | **218,755,366** |

### Large corporates

The following is the disclosure of the movement on total large corporates facilities as at 31 December 2023:

| | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Low value purchased facilities | Total |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| **31 December 2023** | | | | | |
| Balance at the beginning of the year | 952,464,227 | 125,182,937 | 70,664,849 | – | 1,148,312,013 |
| New facilities during the year | 290,630,676 | 43,952,206 | 3,052,196 | – | 337,635,078 |
| Facilities paid during the year | (197,264,189) | (2,681,816) | (41,669,518) | – | (241,615,523) |
| Transferred to stage 1 | 8,797,264 | (8,797,264) | – | – | – |
| Transferred to stage 2 | (104,756,629) | 104,756,629 | – | – | – |
| Transferred to stage 3 | – | (19,472,495) | 19,472,495 | – | – |
| Additions from acquisition | (1,142,621) | – | – | 38,916,382 | 37,773,761 |
| Write off facilities (transferred off-the statement of financial position) | – | – | (984,739) | – | (984,739) |
| **Balance at the end of the year** | **948,728,728** | **242,940,197** | **50,535,283** | - | **1,281,120,590** |

### (9) Financial assets at amortised cost

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| **Financial assets with available market prices:** | | |
| Foreign government bills and treasury bonds | 36,352,291 | 18,486,755 |
| Total financial assets with no available market prices | 36,352,291 | 18,486,755 |
| Less: impairment provisions for financial assets at amortised cost | (15,858,918) | (626,920) |
| Net financial assets with available market prices | 20,493,373 | 17,859,835 |
| | | |
| **Financial assets with no available market prices:** | | |
| Bills and treasury bonds | 1,094,357,249 | 592,194,705 |
| Corporate loans bonds | 12,161,600 | 12,062,610 |
| Total financial assets with no available market prices | 1,106,518,849 | 604,257,315 |
| Less: impairment provisions for financial assets at amortised cost | (4,129,033) | (4,128,548) |
| Net financial assets with no available market prices | 1,102,389,816 | 600,128,767 |
| **Total** | 1,122,883,189 | 617,988,602 |
| | | |
| **Analysis of bills and bonds:** | | |
| With fixed rate | 1,130,709,540 | 615,681,466 |
| With floating rate | 12,161,600 | 7,062,604 |
| **Total** | **1,142,871,140** | **622,744,070** |

- There are no losses or gains realized from the sale of bonds at amortized cost during the year 2023, compared to losses amounting to JD 24,772 during the year 2022, which were recorded directly in the consolidated income statement.
- Financial assets at amortized cost include government bonds in the amount of JD 80,017,850 held with the Central Bank of Jordan with one of the local banks in exchange for a repurchase agreement with the Social Security Investment Fund, noting that the accrued interest and any returns generated on these bonds during the term of the agreement are for the benefit of the Jordan Kuwait bank
- Based on the instructions of the Central Bank of Jordan related to the application of IFRS (9), no expected credit loss provisions were calculated on the Jordanian government treasury bonds and bills

The following is a disclosure of the distribution of total financial assets at amortised cost according to the Bank's internal classification categories as at 31 December 2023 and 2022:

| Credit rating categories based on the bank's internal system | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| From (1) to (5) | 680,352 | – | – | 680,352 |
| From (6) to (7) | 777,176,419 | 6,208,304 | – | 783,384,723 |
| From (8) to (10) | – | – | 7,587,473 | 7,587,473 |
| Unrated | 336,891,630 | – | 14,326,962 | 351,218,592 |
| Total | 1,114,748,401 | 6,208,304 | 21,914,435 | 1,142,871,140 |
| | | | | |
| **31 December 2022** | | | | |
| From (1) to (5) | 676,159 | – | – | 676,159 |
| From (6) to (7) | 614,579,907 | – | – | 614,579,907 |
| From (8) to (10) | – | – | 7,488,004 | 7,488,004 |
| Unrated | – | – | – | – |
| Total | 615,256,066 | – | 7,488,004 | 622,744,070 |

The following is the disclosure of the movement on financial assets at amortised cost balance during the years ended 31 December 2023 and 2022:

| | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| Balance at the beginning of the year | 615,256,066 | – | 7,488,004 | 622,744,070 |
| New investments during the year | 384,735,333 | – | 61,659 | 384,796,992 |
| Paid investments during the year | (243,018,792) | (19,224) | – | (243,038,016) |
| Transferred to stage 1 | – | – | – | – |
| Transferred to stage 2 | (6,227,528) | 6,227,528 | – | – |
| Transferred to stage 3 | – | – | – | – |
| Additions from acquisition | 364,003,322 | – | 14,364,772 | 378,368,094 |
| Changes resulting from adjust-ments | – | – | – | – |
| Written off investments | – | – | – | – |
| Balance at the end of the year | 1,114,748,401 | 6,208,304 | 21,914,435 | 1,142,871,140 |
| | | | | |
| **31 December 2022** | | | | |
| Balance at the beginning of the year | 488,495,736 | – | 8,720,000 | 497,215,736 |
| New investments during the year | 301,672,175 | – | 425,400 | 302,097,575 |
| Paid investments during the year | (174,911,845) | – | (1,657,396) | (176,569,241) |
| Transferred to stage 1 | – | – | – | – |
| Transferred to stage 2 | – | – | – | – |
| Transferred to stage 3 | – | – | – | – |
| Changes resulting from adjust-ments | – | – | – | – |
| Written off investments | – | – | – | – |
| Balance at the end of the year | 615,256,066 | – | 7,488,004 | 622,744,070 |

The following is the disclosure of the movement on the provision for expected credit losses of financial assets at amortised cost during the years ended 31 December 2023 and 2022:

| | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| Balance at the beginning of the year | 330,068 | – | 4,425,400 | 4,755,468 |
| Expected credit losses on new investments during the year | 580 | 910,074 | (116,150) | 794,504 |
| Recovered from expected credit losses on investments paid dur-ing the year | (169,115) | – | – | (169,115) |
| Transferred to stage 1 | – | – | – | – |
| Transferred to stage 2 | (165,537) | 165,537 | – | – |
| Transferred to stage 3 | – | – | – | – |
| Additions from acquisition | 163,508 | | 14,443,586 | 14,607,094 |
| Changes resulting from adjust-ments | – | – | – | – |
| Provision for written off invest-ments | – | – | – | – |
| Amendments resulting from changes in currency exchange | – | – | – | – |
| **Balance at the end of the year** | **159,504** | **1,075,611** | **18,752,836** | **19,987,951** |
| **31 December 2022** | | | | |
| Balance at the beginning of the year | 228,409 | – | 2,418,022 | 2,646,431 |
| Expected credit losses on new investments during the year | 164,531 | – | 2,007,378 | 2,171,909 |
| Recovered from expected credit losses on investments paid dur-ing the year | (62,872) | – | – | (62,872) |
| Transferred to stage 1 | – | – | – | – |
| Transferred to stage 2 | – | – | – | – |
| Transferred to stage 3 | – | – | – | – |
| Changes resulting from adjust-ments | – | – | – | – |
| Provision for written off invest-ments | – | – | – | – |
| Amendments resulting from changes in currency exchange | | – | – | – |
| **Balance at the end of the year** | **330,068** | **-** | **4,425,400** | **4,755,468** |

- Based on the instructions of the Central Bank of Jordan related to the application of IFRS (9), no expected credit loss provisions were calculated on the Jordanian government treasury bonds and bills.

Additional disclosures related to the acquisition in accordance with the requirements of IFRS Accounting Standards No.(9) - in case it differs from the instructions of the Central Bank in this regard:

The following is the disclosure of movement on the balance of financial assets at amortised cost during the year ended 31 December 2023:

| | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Low value purchased facilities | Total |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| **31 December 2023** | | | | | |
| Balance at the beginning of the year | 615,256,066 | – | 7,488,004 | – | 622,744,070 |
| New facilities during the year | 384,735,333 | – | 61,659 | – | 384,796,992 |
| Facilities paid during the year | (243,018,792) | (19,224) | – | – | (243,038,016) |
| Transferred to stage 1 | – | – | – | – | - |
| Transferred to stage 2 | (6,227,528) | 6,227,528 | – | – | - |
| Transferred to stage 3 | – | – | – | – | - |
| Additions from acquisition | 363,839,814 | – | – | (78,814) | 363,761,000 |
| Write off facilities (transferred off-the statement of financial position) | – | – | – | – | - |
| **Balance at the end of the year** | **1,114,584,893** | **6,208,304** | **7,549,663** | **(78,814)** | **1,114,584,893** |

The following is the disclosure of the movement on debt instruments at fair value through other comprehensive income and measured at amortised cost during the years ended 31 December 2023 and 2022:

| | Stage 1 Individuals | Stage 2 Individuals | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| Balance at the beginning of the year | 637,834,576 | – | 7,488,004 | 645,322,580 |
| New investments during the year | 395,125,908 | – | 61,659 | 395,187,567 |
| Investments matured during the year | (243,577,807) | (19,224) | – | (243,597,031) |
| Transferred to stage 1 | – | – | – | – |
| Transferred to stage 2 | (6,227,528) | 6,227,528 | – | – |
| Transferred to stage 3 | – | – | – | – |
| Additions from acquisition | 364,003,322 | – | 14,364,772 | 378,368,094 |
| Changes resulting from adjust-ments | – | – | – | – |
| Written off investments | – | – | – | – |
| **Balance at the end of the year** | **1,147,158,471** | **6,208,304** | **21,914,435** | **1,175,281,210** |
| | | | | |
| **31 December 2022** | | | | |
| Balance at the beginning of the year | 517,465,023 | – | 9,411,275 | 526,876,298 |
| New investments during the year | 305,421,299 | – | 425,400 | 305,846,699 |
| Investments matured during the year | (185,051,746) | – | (2,348,671) | (187,400,417) |
| Change in fair value | – | – | – | – |
| Transferred to stage 1 | – | – | – | – |
| Transferred to stage 2 | – | – | – | – |
| Transferred to stage 3 | – | – | – | – |
| Changes resulting from adjust-ments | – | – | – | – |
| Written off investments | – | – | – | – |
| **Balance at the end of the year** | **637,834,576** | **-** | **7,488,004** | **645,322,580** |

The following is the disclosure of the movement on investments expected credit losses during the year ended 31 December 2023 and 2022:

| | Stage 1 Individuals<br>JD | Stage 2 Individuals<br>JD | Stage 3<br>JD | Total<br>JD |
|---|---|---|---|---|
| **31 December 2023** | | | | |
| Balance at the beginning of the year | 341,332 | – | 4,425,400 | 4,766,732 |
| Expected credit losses on new investments during the year | 35,373 | 910,074 | (116,150) | 829,297 |
| Recovered from expected credit losses on investments paid during the year | (170,207) | – | – | (170,207) |
| Transferred to stage 1 | – | – | – | – |
| Transferred to stage 2 | (165,537) | 165,537 | – | – |
| Transferred to stage 3 | – | – | – | – |
| Additions from acquisition | 163,508 | – | 14,443,586 | 14,607,094 |
| Changes resulting from adjustments | – | – | – | – |
| Provision for written off investments | – | – | – | – |
| **Balance at the end of the year** | **204,469** | **1,075,611** | **18,752,836** | **20,032,916** |
| | | | | |
| **31 December 2022** | | | | |
| Balance at the beginning of the year | 423,502 | – | 2,830,899 | 3,254,401 |
| Expected credit losses on new investments during the year | 165,624 | – | 2,007,378 | 2,173,002 |
| Expected credit losses on new investments during the year | (247,794) | – | (412,876) | (660,670) |
| Transferred to stage 1 | – | – | – | – |
| Transferred to stage 2 | – | – | – | – |
| Transferred to stage 3 | – | – | – | – |
| Changes resulting from adjustments | – | – | – | – |
| Provision for written off investments | – | – | – | – |
| **Balance at the end of the year** | **341,332** | **-** | **4,425,400** | **4,766,732** |

## (10) Property and equipment- net

### A) The details of this item are as follows:

| 31 December 2023 | Lands JD | Buildings JD | Equipment, devices and furniture JD | Vehicles JD | Devices and Computers JD | Leasehold improvements JD | Total JD |
|---|---|---|---|---|---|---|---|
| Cost: | | | | | | | |
| Balance at the beginning of the year | 8,359,965 | 13,492,795 | 19,342,415 | 1,269,052 | 17,973,158 | 22,453,181 | 82,890,566 |
| Additions | 381,478 | – | 1,662,505 | 356,300 | 1,383,317 | 1,296,059 | 5,079,659 |
| Less: disposals and reclassification | 1,485,706 | 215,730 | 182,677 | 46,247 | 158,123 | – | 2,088,483 |
| Additions from acquisition | 19,813,882 | 22,400,712 | 529,921 | 394,001 | 6,096,141 | – | 49,234,657 |
| **Balance at the end of the year** | **27,069,619** | **35,677,777** | **21,352,164** | **1,973,106** | **25,294,493** | **23,749,240** | **135,116,399** |
| **Accumulated depreciation:** | | | | | | | |
| Balance at the beginning of the year | – | 3,490,422 | 13,770,876 | 1,259,401 | 15,619,264 | 18,343,850 | 52,483,813 |
| Depreciation for the year | – | 873,920 | 1,303,050 | 56,297 | 1,172,563 | 1,423,466 | 4,829,296 |
| Less: disposals | – | 80,899 | 177,640 | 46,246 | 162,008 | – | 466,793 |
| Additions from acquisition | – | 3,229,481 | 543,739 | 359,674 | 5,080,209 | 6,868 | 9,219,971 |
| **Balance at the end of the year** | - | **7,512,924** | **15,440,025** | **1,629,126** | **21,710,028** | **19,774,184** | **66,066,287** |
| Net book value of property and equip-ment | 27,069,619 | 28,164,853 | 5,912,139 | 343,980 | 3,584,465 | 3,975,056 | 69,050,112 |
| Add: Payments on purchase account of property and equipment | – | 2,452,444 | 4,948,972 | – | 91,208 | 3,907,890 | 11,400,514 |
| **Net book value of property and equipment at the end of the year** | **27,069,619** | **30,617,297** | **10,861,111** | **343,980** | **3,675,673** | **7,882,946** | **80,450,626** |

| 31 December 2022 | Lands | Buildings | Equipment, devices and furniture | Vehicles | Devices and Computers | Leasehold improvements | Total |
|---|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD | JD |
| Cost: | | | | | | | |
| Balance at the beginning of the year | 7,585,533 | 13,182,536 | 18,369,695 | 1,227,884 | 17,158,180 | 21,641,756 | 79,165,584 |
| Impact of reconsolidation of a subsidi-ary | – | – | 155,185 | 68,500 | 43,871 | – | 267,556 |
| Additions | 774,432 | 311,521 | 850,217 | 33,168 | 794,632 | 908,464 | 3,672,434 |
| Less: disposals and reclassification | – | 1,262 | 32,682 | 60,500 | 23,525 | 97,039 | 215,008 |
| **Balance at the end of the year** | **8,359,965** | **13,492,795** | **19,342,415** | **1,269,052** | **17,973,158** | **22,453,181** | **82,890,566** |
| **Accumulated depreciation:** | | | | | | | |
| Balance at the beginning of the year | – | 3,110,937 | 12,387,109 | 1,144,234 | 14,693,827 | 17,095,922 | 48,432,029 |
| Impact of reconsolidation of a subsidi-ary | – | – | 146,104 | 60,500 | 38,790 | – | 245,394 |
| Depreciation for the year | – | 379,657 | 1,253,706 | 115,167 | 910,158 | 1,344,967 | 4,003,655 |
| Less: disposals | – | 172 | 16,043 | 60,500 | 23,511 | 97,039 | 197,265 |
| **Balance at the end of the year** | - | **3,490,422** | **13,770,876** | **1,259,401** | **15,619,264** | **18,343,850** | **52,483,813** |
| Net book value of property and equip-ment | 8,359,965 | 10,002,373 | 5,571,539 | 9,651 | 2,353,894 | 4,109,331 | 30,406,753 |
| Add: Payments on purchase account of property and equipment | – | – | 5,606,807 | – | – | – | 5,606,807 |
| **Net book value of property and equipment at the end of the year** | **8,359,965** | **10,002,373** | **11,178,346** | **9,651** | **2,353,894** | **4,109,331** | **36,013,560** |

-Fully depreciated assets as at 31 December 2023 amounted to JD 40,403,028 compared to JD 34,257,749 as at 31 December 2022.

## (11) Intangible assets – net

The details of this item are as follows:

| | Software and programmes | |
|---|---|---|
| | 2023 | 2022 |
| | JD | JD |
| Balance at the beginning of the year | 7,239,008 | 5,664,986 |
| Additions | 6,300,042 | 2,363,751 |
| Amortisation for the year | 1,994,216 | 789,729 |
| Additions from acquisition | 362,444 | – |
| **Balance at the end of the year** | 11,907,278 | 7,239,008 |
| **Annual amortization rate %** | **20-33** | |

## (12) Leased assets and liabilities

### (A) The following is the movement on the right to use leased assets:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Balance at the beginning of the year | 10,524,060 | 12,844,569 |
| Add: New contracts during the year | 4,616,698 | 603,684 |
| Add: Additions from acquisition | 1,139,128 | – |
| Less: depreciation during the year | 3,720,522 | 2,924,193 |
| Balance at the end of the year | 12,559,364 | 10,524,060 |

### (B) The movement in liabilities against the right to use the leased assets is as follows:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Balance at the beginning of the year | 10,733,682 | 12,530,503 |
| Add: Additions from acquisition | 1,161,539 | – |
| Add: Interest expense | 1,228,502 | 1,108,897 |
| Add: New contracts during the year | 4,616,698 | 603,684 |
| Less: Paid obligations | 4,948,475 | 3,509,402 |
| Balance at the end of the year | 12,791,946 | 10,733,682 |

### (C) Analysis of due payments

| | Years 3-1 | Over 3 Years |
|---|---|---|
| | JD | JD |
| Right to use leased assets | 1,004,749 | 11,554,615 |
| Leasehold contract liabilities | 1,023,355 | 11,768,591 |

- The bank chose to use the exemption available in the standard of not capitalizing right of use assets which are short-term in nature and not significant in value.

## (13) Other assets

### The details of this item are as follows:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| | JD | JD |
| Accrued interest* | 50,176,297 | 36,000,001 |
| Prepaid expenses | 7,477,488 | 3,064,335 |
| Assets seized by the Bank in settlement of debts, net | 103,289,000 | 125,328,002 |
| Clearing cheques | 398,488 | 230,086 |
| Debtors | 3,226,690 | 4,165,777 |
| Others | 10,056,246 | 7,353,419 |
| **Total** | **174,624,209** | **176,141,620** |

* Accrued interest balance is shown at net after deducting suspended interest which amounted to JD 2,710,174 as at 31 December 2023, while no suspended interest has been recorded during 2022.

- Items of debtors, assets seized by the bank in settlement of debts and other assets include balances pertaining to subsidiaries amounting to JD 8,035,531 as at 31 December 2023 compared to JD 7,815,284 as at 31 December 2022 .
- The instructions of the Central Bank of Jordan require the disposal of the assets seized by the bank in settlement of debts within a maximum period of two years from the date of its acquisition. The Central Bank, in exceptional cases, may extend this period for a maximum of two consecutive years.

### Below is the movement on the assets seized by the Bank:

| | 2023 | | |
|---|---|---|---|
| | Seized properties | Other seized assets* | Total |
| | JD | JD | JD |
| Balance at the beginning of the year - net | 124,287,727 | 1,040,275 | 125,328,002 |
| Additions | 10,292,668 | 2,184,251 | 12,476,919 |
| Disposals | (32,966,848) | (593,154) | (33,560,002) |
| Reversed (provision) on seized assets | 1,228,332 | (2,184,251) | (955,919) |
| **Balance at the end of the year** | **102,841,879** | **447,121** | **103,289,000** |

| | 2022 | | |
|---|---|---|---|
| | Seized properties | Other seized assets* | Total |
| | JD | JD | JD |
| Balance at the beginning of the year - net | 130,925,875 | 1,040,275 | 131,966,150 |
| Additions | 11,097,748 | – | 11,097,748 |
| Disposals | (13,109,973) | – | (13,109,973) |
| Provision on seized assets | (4,625,923) | – | (4,625,923) |
| **Balance at the end of the year** | **124,287,727** | **1,040,275** | **125,328,002** |

* This amount represents seized shares against debts, part of the shares were sold during the year at profit of JD 96,020.

- The Central Bank of Jordan, pursuant to Circular No. 16234/3/10 dated 10 October 2022, cancelled all previous circulars, which stipulate the deduction of provisions against seized assets that violates the banking law, while maintaining the provisions balances against real estate and to be released upon the disposal of such assets.
- Loss on disposal of seized assets amounted to JD 478,945 as of 31 December 2023 (2022: JD 1,058,788) which is recorded as part of other expenses (Note 35).

## (14) Banks and financial institutions deposits

**The details of this item are as follows:**

| | 31 December 2023 | | |
|---|---|---|---|
| | Inside the Kingdom | Outside the Kingdom | Total |
| | JD | JD | JD |
| Current and at call accounts | 2,866,570 | 3,815,480 | 6,682,050 |
| Term deposits maturing within 3 months | 3,545,000 | 47,393,301 | 50,938,301 |
| Term deposits maturing within more than 3 months | 12,000,000 | – | 12,000,000 |
| **Total** | **18,411,570** | **51,208,781** | **69,620,351** |

| | 31 December 2022 | | |
|---|---|---|---|
| | Inside the Kingdom | Outside the Kingdom | Total |
| | JD | JD | JD |
| Current and at call accounts | – | 19,667,610 | 19,667,610 |
| Term deposits maturing within 3 months | 7,510,732 | 80,006,651 | 87,517,383 |
| **Total** | **7,510,732** | **99,674,261** | **107,184,993** |

## (15) Customer's deposits

The details of this item are as follows:

| | Individuals | Corporates Large | Corporates SMEs | Government and public sector | Total |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| **31 December 2023** | | | | | |
| Current and at call accounts | 352,573,247 | 181,513,035 | 1,130,336,360 | 1,710,101 | 1,666,132,743 |
| Saving deposits | 295,491,085 | 255,932 | 14,606,209 | 3,077,664 | 313,430,890 |
| Term and notice deposits | 883,852,980 | 557,633,875 | 186,580,624 | 99,429,920 | 1,727,497,399 |
| Certificates of deposit | 35,450 | – | – | – | 35,450 |
| **Total** | **1,531,952,762** | **739,402,842** | **1,331,523,193** | **104,217,685** | **3,707,096,482** |

| | Individuals | Corporates Large | Corporates SMEs | Government and public sector | Total |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| **31 December 2022** | | | | | |
| Current and at call accounts | 288,210,028 | 162,371,673 | 247,717,866 | 2,175,776 | 700,475,343 |
| Saving deposits | 171,645,049 | 469,162 | 5,798,439 | 2,188,196 | 180,100,846 |
| Term and notice deposits | 822,552,800 | 520,895,009 | 126,249,550 | 68,303,960 | 1,538,001,319 |
| Certificates of deposit | 95,450 | – | – | – | 95,450 |
| **Total** | **1,282,503,327** | **683,735,844** | **379,765,855** | **72,667,932** | **2,418,672,958** |

- The Jordanian government and public sector deposits within the Kingdom amounted to JD 104,217,685, i.e. 2.81% of total deposits as at 31 December 2023 (JD 72,667,932, i.e. 3% as at 31 December 2022).
- The non-interest-bearing deposits amounted to JD 1,598,498,342, i.e. 43.12% of total deposits as at 31 December 2023 (JD 636,469,781, i.e. 26.4% as at 31 December 2022).
- The deposits (restricted) amounted to JD 43,154,048, i.e. 1.16% of the total deposits as at 31 December 2023 (JD 50,264,936, i.e. 2.1% as at 31 December 2022).
- Dormant deposits amounted to JD 48,696,430 as at 31 December 2023 (JD 45,448,398 as at 31 December 2022).

## (16) Cash margins

The details of this item are as follows:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Cash margins against direct facilities | 107,032,817 | 90,710,245 |
| Cash margins against indirect facilities | 32,942,016 | 27,216,327 |
| **Total** | **139,974,833** | **117,926,572** |

## (17) Borrowed funds

Borrowings were obtained under agreements signed with different financial institutions, for the purpose of financing micro companies and SMEs, in a schedule as follows:

| 31 December 2023 | Loan Amount | Total number of instalments | Remaining | Periodic payment of instalments | Collaterals | Interest rate | Fixed/Variable |
|---|---|---|---|---|---|---|---|
| | JD | | | | | | |
| Loans from Central Banks | 63,301,563 | 8,400 | 3,428 | Monthly, Semi-annual and upon maturity | Promissory notes on demand | 0.0% to 6.27% | Fixed/Variable |
| Loans from local banks/financial institutions | 178,799,529 | 7 | 7 | Monthly, Semi-annual and upon maturity | - | 4.50% to 6.60% | Fixed |
| Loans from foreign banks/financial institutions | 121,056,078 | 749 | 537 | Monthly, Semi-annual and upon maturity | - | 1.79% to 6.1% | Fixed |
| **Total** | **363,157,170** | | | | | | |

| 31 December 2022 | Loan Amount | Total number of instalments | Remaining | Periodic payment of instalments | Collaterals | Interest rate | Fixed/Variable |
|---|---|---|---|---|---|---|---|
| | JD | | | | | | |
| Loans from Central Bank of Jor-dan | 61,559,921 | 4,262 | 3,026 | Monthly, Semi-annual and upon maturity | Promissory notes on demand | 0.0% to 6.27% | Fixed/Variable |
| Loans from foreign banks/financial institutions | 105,523,699 | 5 | 5 | Monthly, Semi-annual and upon maturity | – | 4.50% to 6.60% | Fixed |
| Loans from foreign banks/financial institutions | 129,514,448 | 25 | 25 | Monthly, Semi-annual and upon maturity | – | 1.79% to 6.1% | Fixed |
| **Total** | **296,598,068** | | | | | | |

Lending has a margin ranging from 3 to 5 %.

### (18) Other provisions

The details of this item are as follows:

| Year 2023 | Balance at Beginning of the year | (Reversed) through other comprehensive income * | Added through income statement for the year** | Additions from acquisition | (Paid / Utilised) during the year | Balance at end of the year |
|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD |
| End of service provision | 12,151,336 | 639,842 | 4,442,207 | 860,404 | (1,374,366) | 16,719,423 |
| Provision for lawsuits filed against the bank and potential claims | 2,303,637 | – | 1,293,111 | 15,134 | (33,713) | 3,578,169 |
| **Total** | **14,454,973** | **639,842** | **5,735,318** | **875,538** | **(1,408,079)** | **20,297,592** |

| Year 2022 | Balance at Beginning of the year | (Reversed) through other comprehensive income * | Added through income statement for the year** | Additions from acquisition | (Paid / Utilised) during the year | Balance at end of the year |
|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD |
| End of service provision | 10,769,706 | (233,075) | 2,585,402 | – | (970,697) | 12,151,336 |
| Provision for lawsuits filed against the bank and potential claims | 1,708,525 | – | 600,000 | – | (4,888) | 2,303,637 |
| **Total** | **12,478,231** | **(233,075)** | **3,185,402** | **-** | **(975,585)** | **14,454,973** |

* The change appears as a result of actuarial assumptions with equity rights immediately after deducting the deferred tax assets, and the positive reserve is JD 653,467as at 31 December 2023, compared to JD 1,050,169 as at 31 December 2022.

** Added through income includes an amount of JD 1,132,193 compared to JD 796,958 which appears within the interest receivable for specific employee benefits obligations.

### (19) Bonds

On 15 October 2020, bonds were issued by one of the bank's subsidiary (Ejara Leasing Company) amounting to JD 11 million. The bonds matured as a one payment on 15 October 2023.

### (20) Green Bonds

During the first quarter of 2023 the bank signed the agreement to issue bonds with a total face value of USD 50 million and for 5 years with the International Financial Corporation – IFC. The goal of these bonds is green financing.

| 30 September 2023 (unaudited) | Amount | Borrowing Interest rate |
|---|---|---|
| | JD | |
| Green Bonds | 2,836,000 | 6.44% |
| Green Bonds | 7,090,000 | 6.44% |
| Green Bonds | 25,524,000 | 7.99% |
| **Total** | **35,450,000** | |

## (21) Income tax

### (A) Income tax Provision

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

| | 2023<br>JD | 2022<br>JD |
|---|---|---|
| Balance at the beginning of the year | 18,784,419 | 9,745,645 |
| Income tax expense | 34,070,422 | 19,838,448 |
| Additions from acquisition | 5,756,062 | – |
| Income tax paid | (25,970,427) | (10,799,674) |
| **Balance at the end of the year** | **32,640,476** | **18,784,419** |

### (B) Income tax expense

Income tax expense charged to the consolidated statement of income are as follows:

| | 2022<br>JD | 2022<br>JD |
|---|---|---|
| Income tax expense | 34,070,422 | 19,838,448 |
| Impact of deferred tax assets for the year | (2,455,779) | (11,228,284) |
| **Total** | **31,614,643** | **8,610,164** |

### (C) Tax Position

The tax position of the bank's branches and subsidiaries is as follows:

| Branches / subsidiaries | Tax-assessment report submitted up to the end of the year | Final clearance until the end of the year | Payment to the Tax Authorities | Disputed years |
|---|---|---|---|---|
| Jordan branches | 2022 | 2018 | Accrued taxes have been paid | N/A |
| Cyprus branch | 2023 | 2022 | Accrued taxes have been paid | N/A |
| Ejara Finance Leasing Company | 2022 | 2019 | Accrued taxes have been paid | N/A |
| Bank of Baghdad | 2022 | 2021 | Accrued taxes have been paid | N/A |

- In the opinion of the bank's tax advisor, the bank does not have any obligations that exceed the recorded provisions.
- The necessary documents have been submitted in accordance with the transfer pricing system for income tax purposes for the year 2022.

## (D) Deferred Tax assets/ liabilities

**The details of this item are as follows:**

### A- Deferred tax assets

| | Opening balance of the year | Amount released | Added | Balance at end of year | Tax Deferred |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| **31 December 2023** | | | | | |
| Provision for end of service benefits | 13,845,669 | 2,280,404 | 3,004,333 | 14,569,598 | 5,536,447 |
| Provision for seized assets | 30,290,990 | 1,678,907 | 2,184,250 | 30,796,333 | 11,702,607 |
| Provision for lawsuits filed against the Bank | 2,303,636 | 33,713 | 1,200,000 | 3,469,923 | 1,318,571 |
| Provision for direct facilities | 84,418,863 | 48,254,464 | 50,633,168 | 86,797,567 | 32,983,075 |
| Provision for indirect facilities | 9,481,210 | 7,120,147 | 10,507,064 | 12,868,127 | 4,889,888 |
| Additional provision – equity instruments | 3,500,000 | – | 700,000 | 4,200,000 | 1,596,000 |
| Provision for deferred instalments | 935,000 | – | – | 935,000 | 355,300 |
| Provision for investments | 164,532 | 60,218 | 59,895 | 164,209 | 62,399 |
| Provision for deposits with banks | 1,425 | 1,425 | 21,532 | 21,532 | 8,182 |
| Losses from valuation of financial assets at fair value through the statement of income | 620,763 | – | – | 620,763 | 235,890 |
| Provision for finance lease contracts – subsidiaries | 100,000 | – | – | 100,000 | 28,000 |
| Provision for trade receivables and revenue receivables – subsidi-aries | 3,419,525 | 3,419,525 | – | – | – |
| **Total** | **149,081,613** | **62,848,803** | **68,310,242** | **154,543,052** | **58,716,359** |
| | | | | | |
| **31 December 2022** | | | | | |
| Provision for end of service benefits | 12,230,452 | 970,185 | 2,585,402 | 13,845,669 | 5,261,354 |
| Provision for seized assets | 26,054,161 | 84,931 | 4,321,760 | 30,290,990 | 11,510,576 |
| Provision for lawsuits filed against the Bank | 1,708,525 | 4,889 | 600,000 | 2,303,636 | 875,382 |
| Provision for direct facilities | 63,235,062 | 19,325,036 | 40,508,837 | 84,418,863 | 32,079,168 |
| Provision for indirect facilities | 5,374,273 | 2,539,627 | 6,646,564 | 9,481,210 | 3,602,860 |
| Additional provision – equity instruments | – | – | 3,500,000 | 3,500,000 | 1,330,000 |
| Provision for deferred instalments | – | – | 935,000 | 935,000 | 355,300 |
| Provision for investments | 241,193 | 241,193 | 164,532 | 164,532 | 62,522 |
| Provision for deposits with banks | – | – | 1,425 | 1,425 | 542 |
| Losses from valuation of financial assets at fair value through the statement of income | 2,713,099 | 2,092,336 | – | 620,763 | 235,890 |
| Provision for finance lease contracts – subsidiaries | 100,000 | – | – | 100,000 | 28,000 |
| Provision for trade receivables and revenue receivables – subsidi-aries | 3,813,207 | 393,682 | – | 3,419,525 | 957,467 |
| **Total** | **115,469,972** | **25,651,879** | **59,263,520** | **149,081,613** | **56,299,061** |

## B- Deferred tax liabilities

| | Opening balance of the year | Amount released | Added | Balance at end of year | Tax Deferred |
|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD |
| **31 December 2023** | | | | | |
| Gain from revaluation of financial assets at fair value through profit and loss | 4,273,138 | 101,264 | – | 4,171,874 | 1,585,312 |
| End of service indemnity - actuarial losses | 1,693,821 | 639,842 | – | 1,053,979 | 400,512 |
| Financial assets valuation reserve* | 13,665,944 | 57,770 | 4,726,194 | 18,334,368 | 1,512,049 |
| **Total** | **19,632,903** | **798,876** | **4,726,194** | **23,560,221** | **3,497,873** |
| **31 December 2022** | | | | | |
| Gain from revaluation of financial assets at fair value through profit and loss | 106,012 | 106,012 | 4,273,138 | 4,273,138 | 1,623,792 |
| End of service indemnity - actuarial losses | 2,373,223 | 912,477 | 233,075 | 1,693,821 | 643,652 |
| Financial assets valuation reserve* | 9,739,103 | – | 3,926,841 | 13,665,944 | 5,193,059 |
| **Total** | **12,218,338** | **1,018,489** | **8,433,054** | **19,632,903** | **7,460,503** |

* Deferred tax liabilities resulting from the profits of financial assets valuation are shown at fair value through the statement of comprehensive income within financial assets valuation reserve and deferred tax liabilities which relates to actuarial losses and gains that results from defined contribution plan reassessment in the consolidated statement of equity .

- The deferred tax assets and liabilities were calculated based on tax law with rates between 28% to 38%, based on amended income tax law amended and effective as of 1 January 2019.

### The movement on the account of deferred tax assets/ liabilities during the year is as follows:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Assets | Liabilities | Assets | Liabilities |
| | JD | JD | JD | JD |
| Balance at the beginning of the year | 56,299,060 | 7,460,503 | 43,487,269 | 4,642,969 |
| Added during the year | 25,957,892 | (38,480) | 22,520,138 | 3,204,560 |
| Disposed of during the year | 23,540,593 | 3,924,150 | 9,708,346 | 387,026 |
| **Balance at the end of the year** | **58,716,359** | **3,497,873** | **56,299,061** | **7,460,503** |

### C- The accounting profit reconciliation against tax profit is summarised as follows:

The accounting profit reconciliation with the taxable profit for the year is detailed below:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Accounting profit | 121,651,325 | 27,344,539 |
| Non-taxable profits | 23,279,653 | 29,038,737 |
| Non-deductible tax expenses | 31,311,200 | 63,064,673 |
| Taxable profit | 129,682,872 | 61,370,475 |
| Statutory income tax rate: | | |
| Bank's branches in Jordan | 38% | 38% |
| Bank's branches in Cyprus | 12.5% | 12.5% |
| Subsidiaries | 15-28% | 15-28% |

## (22) Other liabilities

The details of this item are as follows:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Accrued interest payable | 27,102,957 | 16,518,975 |
| Incoming transfers | 3,209,447 | 2,937,649 |
| Accounts payable | 4,807,505 | 4,117,226 |
| Amounts for registering companies - subsidiaries | 3,121,125 | – |
| Obligations for ATM services - subsidiaries | 1,976,513 | – |
| Accrued expenses | 1,314,306 | 1,073,540 |
| Temporary deposits (a) | 9,296,104 | 4,069,237 |
| Temporary deposits – customers | 8,292,453 | 5,190,822 |
| Shareholders' deposits (b) | 10,011,315 | 3,990,478 |
| Certified and acceptable checks | 11,142,349 | 8,221,310 |
| Vaults insurance | 541,825 | 531,734 |
| Subscription deposits (b) | 59,622 | 75,140 |
| Expected credit losses against indirect facilities - Note (45) | 14,028,142 | 9,680,098 |
| Additional Provisions - Equity Instruments | 4,200,000 | 3,500,000 |
| Additional provisions - deferred instalments | 1,685,000 | 935,000 |
| Additional provisions - subsidiaries | 1,188,272 | – |
| Other liabilities | 12,281,980 | 5,726,763 |
| **Total** | **114,258,915** | **66,567,972** |

- Accounts payable and other liabilities include balances attributable to subsidiaries amounting to JD 27,425,017 as at 31 December 2023 (JD 4,802,572 as at 31 December 2022).

(A) This item represents provisional deposits paid to public shareholding companies and others.

(B) This amount represents proceeds from subscription refunds in public shareholding companies under establishment.

## (23) Subscribed and paid-in capital

The authorized and paid paid-in capital of the bank amounted to 150 million shares/JD as of 31 December 2023 and 2022. Jordan Kuwait Bank is 50.927% owned by Al Rawabi United Holding Company, and the bank's consolidated financial statements are consolidated within the consolidated financial statements of Kuwait Projects Holding Company (KIPCO), which is the parent company.

## (24) Perpetual Bonds

During the first quarter of 2023, perpetual bonds classified as (Additional Tier I Capital) were issued, with a total value of JD 89.1 million. The bond consists of two issuance, the first is a non-public issuance of USD 90 million that is not listed on the Amman Stock Exchange, and the other is a public issuance of JD 25.2 million that was offered for public subscription.

The interest rate is 8.50% for the first 24 months, and the interest rate will float later on based on the re-discount rate issued by the Central Bank of Jordan plus a margin of 1.25%, which is calculated every three months.

Note that the interest will be paid quarterly on 9/2023, 12/2023, 3/2023 and 6/2023 of each year, in addition to the fact that the bonds are negotiable on the Amman Stock Exchange.

The aim of the issuance is to support the bank's expansion plans in the region to diversify its sources of revenue in the coming years, especially with regard to recent acquisitions such as the Bank of Baghdad.

During the period, debit interest amounting to JD 4,366,577 was recorded, which was recorded directly from retained earnings.

## (25) Net reserve for valuation of financial assets at fair value after tax

The details of these reserves as at 31 December 2023 and 2022 are as follows:

### (A) Statutory

This item represents the accumulated balances transferred from annual profit before tax at 10% during the year and the previous years as per the Jordanian Laws of Banks and Companies and is not available for distribution to shareholders.

Restricted reserves are as follows:

| Reserve name | 31 December 2023 | 31 December 2022 | Nature of restriction |
|---|---|---|---|
| | JD | JD | |
| Statutory reserve | 106,382,863 | 99,983,479 | Restricted under the Jordanian Companies Law and the Law of Banks. |

### (B) Voluntary reserve

This amount represents the accumulated balances transferred from the annual profit before tax that do not exceed 20% during the year and the previous years. The voluntary reserve may be used for such purposes as deemed appropriate by the Board of Directors and is available for distribution wholly or partially by the general assembly as profit to shareholders.

The movement on the voluntary reserve is as follows:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Balance at the beginning of the year | 122,944,584 | 133,444,584 |
| Cash dividends – Note 28 | (12,000,000) | (10,500,000) |
| **Balance at the end of the year** | **110,944,584** | **122,944,584** |

## (26) Net reserve for valuation of financial assets at fair value after tax

The movement in this item during the year is as follows:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Balance at the beginning of the year | 6,887,913 | 7,044,559 |
| Unrealised gains– net | 5,932,011 | 1,852,873 |
| Transfer from valuation reserve to the statement of income - expected credit losses against debt instruments | 33,701 | (596,676) |
| Realised losses | – | 79,357 |
| Impact of deferred tax liabilities | 8,407,206 | (1,492,200) |
| **Balance at the end of the year*** | 20,004,022 | 6,887,913 |

* The financial assets valuation reserve is shown at fair value net of deferred tax liabilities in an amount of JD 1,585,312 as at 31 December 2023 against JD 5,193,059 as at 31 December 2022. It is not available for transfer to the consolidated statement of income.

## (27) Retained earnings

The movement in this item during the year is as follows:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Balance at the beginning of the year | 94,967,563 | 79,094,033 |
| (Losses) on financial assets at fair value through other compre-hensive income | – | (79,357) |
| Interest from perpetual bonds | (4,366,577) | – |
| Profit for the year - Statement (b) | 59,108,014 | 18,682,115 |
| Transferred to reserves | (6,399,384) | (2,729,228) |
| **Balance at the end of the year** | **143,309,616** | **94,967,563** |

- Retained earnings include a restricted amount of JD 58,716,360 as at 31 December 2023 according to the request of the Central Bank of Jordan in exchange for deferred tax assets against JD 56,299,061 as at 31 December 2022.
- Retained earnings balance includes an amount of JD 188,212 as at 31 December 2023 and 31 December 2022, that is only available for disposal as per the instructions of the Securities Commission for the impact of the adoption of IFRS (9) at the amount actually realised from it through sale operations, representing financial assets' revaluation differences .
- Disposal of the outstanding balance of financial asset valuation reserve is only permitted under the prior approval of the Central Bank of Jordan.

## (28) Distributed and Declared Dividends

The Board of Directors recommended the distribution of cash dividends to shareholders at 8% of the total paid in capital and that from the voluntary reserve which is equivalent to JOD 12 million. This percentage is subject to the approval of the Central Bank of Jordan and the General Assembly of Shareholders.

The Bank's general assembly, approved in its meeting held on 26 April 2023, the recommendation of the Board of Directors to distribute cash dividends of 8% equivalent to JOD 12 million from the voluntary reserve account compared to 7% equivalent to 10.5 million during 2022.

## (29) Interest income

The details of this item are as follows:

| | 2023 | 2022 |
|---|---|---|
| **Direct credit facilities:** | JD | JD |
| **Individuals (retail)** | | |
| Overdrafts | 578,714 | 127,169 |
| Loans and bills | 33,432,376 | 22,391,525 |
| Credit cards | 1,895,899 | 1,739,225 |
| Real estate mortgage | 23,034,699 | 16,539,695 |
| **Companies** | | |
| **Large** | | |
| Overdrafts | 11,082,912 | 7,227,647 |
| Loans and bills | 79,754,230 | 60,903,478 |
| **SMEs** | | |
| Overdrafts | 1,853,684 | 1,561,887 |
| Loans and bills | 8,147,885 | 10,996,532 |
| **Government and public sector** | 17,298,924 | 10,978,540 |
| Balances with central banks | 9,591,906 | 8,320,284 |
| Balances and deposits with banks and financial institutions | 6,815,898 | 663,816 |
| Financial assets at amortised cost | 56,226,730 | 23,120,803 |
| Financial assets at fair value through other comprehensive in-come | 3,247,479 | 1,606,820 |
| Financial assets through profit and loss- debt instruments | 61,297 | – |
| **Total** | **253,022,628** | **166,177,421** |

## (30) Interest expense

The details of this item are as follows:

| | 2023<br>JD | 2022<br>JD |
|---|---|---|
| Deposits with banks and banking institutions | 4,844,055 | 4,467,214 |
| **Customers' deposits** | | |
| Current and held at call accounts | 1,325,905 | 419,169 |
| Saving deposits | 5,364,244 | 1,100,910 |
| Term and call deposits | 83,967,333 | 46,139,133 |
| Certificate of deposits | 848 | 2,969 |
| Cash margins | 3,904,110 | 1,969,665 |
| Borrowings | 13,983,596 | 6,630,993 |
| Deposits guarantees fees | 2,183,428 | 2,423,632 |
| Interests against liabilities of leased assets | 1,228,502 | 1,108,897 |
| Green bonds | 1,848,637 | – |
| Interests against defined benefit obligations | 1,132,102 | 796,958 |
| **Total** | **119,782,760** | **65,059,540** |

## (31) Net commissions income

The details of this item are as follows:

| | 2023<br>JD | 2022<br>JD |
|---|---|---|
| Direct credit facilities commissions | 3,663,164 | 2,897,495 |
| Indirect credit facilities commissions | 6,694,613 | 4,769,608 |
| Bank transfer commissions - subsidiaries | 58,406,076 | – |
| Account management commission - subsidiaries | 3,616,436 | – |
| Other commission | 14,706,856 | 2,584,773 |
| **Total** | **87,087,145** | **10,251,876** |

## (32) Foreign currency gain

The details of this item are as follows:

| | 2023<br>JD | 2022<br>JD |
|---|---|---|
| Results from trading/ transaction | 28,802,506 | 3,736,845 |
| Gain (loss) results from valuation | 2,801,947 | (22,076) |
| **Total** | **31,604,453** | **3,714,769** |

## (33) Other income

The details of this item are as follows:

| | 2023 JD | 2022 JD |
|---|---|---|
| Vaults and safes rent | 217,602 | 208,127 |
| Stamp's revenues | 68,611 | 49,810 |
| Credit cards income | 6,989,804 | 6,083,743 |
| Bad debts recovered | 3,682,627 | 1,320,587 |
| Telecommunication revenues | 128,929 | 101,004 |
| Transfers income | 1,384,571 | 1,279,674 |
| Dividends distributed from seized shares | 42,483 | – |
| Gain from sale of seized shares | 96,020 | – |
| Gain from sale of property and equipment | 1,621,690 | – |
| Gain on loan with right to repurchase at fair value | – | 4,800,000 |
| Others | 4,763,122 | 3,946,218 |
| **Total** | **18,995,459** | **17,789,164** |

## (34) Employee expenses

The details of this item are as follows:

| | 2023 JD | 2022 JD |
|---|---|---|
| Employees' salaries, benefits and bonuses | 41,942,241 | 27,591,792 |
| Social Security contribution | 3,634,981 | 2,944,037 |
| Medical expenses | 2,226,241 | 2,007,589 |
| Employee's training | 331,663 | 186,612 |
| Per diems | 371,834 | 386,524 |
| Employees' life insurance expenses | 207,164 | 203,197 |
| **Total** | **48,714,124** | **33,319,751** |

### (35) Other expenses

The details of this item are as follows:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Rent | 142,833 | 75,495 |
| Stationary | 816,868 | 528,723 |
| Advertisement | 1,446,180 | 1,746,884 |
| Subscriptions | 425,865 | 1,329,117 |
| Communication expenses | 2,973,334 | 2,333,169 |
| Maintenance and repairs | 10,274,115 | 5,883,725 |
| Insurance expenses | 2,220,547 | 1,891,834 |
| Judicial charges and fees | 322,153 | 270,288 |
| Electricity, water and fuel | 1,335,790 | 723,647 |
| Fees, levies and stamps | 2,011,127 | 1,334,040 |
| Professional fees | 289,235 | 236,655 |
| Card service expenses | 4,145,676 | 4,259,423 |
| Transportation expenses | 385,814 | 266,157 |
| Corresponding bank service expenses | 702,244 | 390,407 |
| Safety and security services | 796,581 | 533,881 |
| Donations and social responsibility | 2,190,700 | 1,047,839 |
| Hospitality | 183,327 | 144,066 |
| Board of Directors remunerations | 707,399 | 90,000 |
| Seized assets provisions | 955,919 | 4,625,923 |
| Additional provision – equity instruments | 700,000 | 3,500,000 |
| Additional provision – deferred instalments | 750,000 | 935,000 |
| Expected credit losses - Debtors | – | 82,720 |
| Additional provisions – subsidiaries | 1,188,272 | – |
| Loss on sale of seized assets | 478,945 | 1,015,788 |
| Amortisation of right of use leased assets | 3,720,522 | 2,924,193 |
| Others | 11,402,340 | 2,992,707 |
| **Total** | **50,565,786** | **39,161,681** |

### (36) (Loss) earnings per share for the year attributable to the bank's shareholders (basic and diluted)

The details of this item are as follows:

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Profit for the year attributable to the bank's shareholders | 59,108,014 | 18,682,115 |
| | **Share** | **Share** |
| Weighted average of the number of shares | 150,000,000 | 150,000,000 |
| Earnings per share for the year (Basic and diluted) | **JD/ share** | **JD/ share** |
| Profit for the year | 0.394 | 0.125 |

- The basic dividend per share is equal to the diluted dividend, as the bank has not issued any financial instruments that might lead to a reduction in the basic earnings per share.

## (37) Cash and cash equivalents

| | 2023 | 2022 |
|---|---|---|
| | JD | JD |
| Cash and balances at Central Banks with maturity within three months | 883,309,146 | 480,714,381 |
| Add: Balances at banks and financial institutions with maturity within three months | 540,276,278 | 123,435,953 |
| Less: Deposits at banks and financial institutions with maturity within three months | 57,620,351 | 107,184,993 |
| Restricted balances - Note (5) | 9,383,933 | 2,304,806 |
| **Total** | **1,356,581,140** | **494,660,535** |

## (38) Transactions with related parties

The bank has entered into transactions with subsidiaries, sister companies, major shareholders, members of the board of directors and senior management within the normal activities of the bank, using interest rates and commercial commissions. All credit facilities granted to related parties are considered operational and no provisions were taken for them as of the date of the consolidated financial statements.

Transactions with related parties during the year summarized as follows:

| | Related party | | | | | |
|---|---|---|---|---|---|---|
| **31 December 2023** | **Affiliates** | **Subsidiaries** | **Members of the Board of Directors *** | **Executive Di-rectors** | **Other **** | **Total** |
| Items in the consolidated statement of financial position: | JD | JD | JD | JD | JD | JD |
| Direct credit facilities * | 39,900,288 | 1,272,136 | 1,020,005 | 4,338,113 | – | 46,530,542 |
| Deposits at banks and financial institutions | 12,248,159 | – | – | – | 347 | 12,248,542 |
| Customers' deposits | – | 512,707 | 101,391,642 | 1,123,247 | 7,907,985 | 110,935,581 |
| Deposits with the banks and banking corporates | 269,723 | 177,059 | – | – | 4,339,719 | 4,786,501 |
| Cash margins | – | – | – | 10,551 | 17,975 | 28,526 |
| Financial assets at fair value through comprehensive income | 24,815,000 | – | – | – | 35,056,352 | 59,871,352 |
| Right of use of leased assets | – | – | 237,270 | – | – | 237,270 |
| Liabilities against the right of use assets | – | – | 235,445 | – | – | 235,445 |
| Financial assets at amortised cost / borrowed funds | – | – | 80,017,850 | – | – | 80,017,850 |
| Items off the consolidated statement of financial position: | | | | | | |
| Guarantees | 4,719,850 | 517,908 | – | – | 180,000 | 5,417,758 |
| Letters of credit | 737,596 | – | – | – | 18,731,257 | 19,468,853 |
| Items on the consolidated statement of income: | | | | | | |
| Interest and commissions income *** | – | 456,748 | 16,028 | 205,635 | – | 678,411 |
| Interests and commissions expense **** | 252,397 | 3,174 | 4,663,065 | 47,209 | 1,067,993 | 6,033,838 |
| Financial asset dividends | – | – | – | – | – | – |
| Amortisation of right of use leased assets | – | – | 51,972 | – | – | 51,972 |
| Interests against liabilities of leased assets | – | – | 24,246 | – | – | 24,246 |
| Other revenue - subsidiaries | – | 2,435 | – | – | – | 2,435 |
| Operating expense - subsidiaries | – | 377,599 | – | – | 527,451 | 905,050 |

| 31 December 2022 | Affiliates | Subsidiaries | Members of the Board of Directors * | Executive Directors | Other ** | Total |
|---|---|---|---|---|---|---|
| | Related party | | | | | |
| | JD | JD | JD | JD | JD | JD |
| Items in the consolidated statement of financial posi-tion: | | | | | | |
| Direct credit facilities * | 38,215,100 | 1,296,846 | 763,844 | 3,010,585 | – | 43,286,375 |
| Deposits at banks and financial institutions | 53,884,000 | – | – | – | – | 53,884,000 |
| Customers' deposits | | 10,216,261 | 67,919,266 | 1,848,571 | 357,354 | 80,341,452 |
| Deposits with the banks and banking corporates | 1,633,444 | – | – | – | 1,013,062 | 2,646,506 |
| Cash margins | – | – | – | 151,697 | 16,375 | 168,072 |
| Financial assets at fair value through comprehensive income | 20,088,806 | – | 559,015 | – | 36,333,467 | 56,981,288 |
| Right of use of leased assets | – | – | 289,242 | – | – | 289,242 |
| Liabilities against the right of use assets | – | – | 265,953 | – | – | 265,953 |
| Bonds | – | 5,000,000 | – | – | – | 5,000,000 |
| | | | | | | |
| Items off the consolidated statement of financial posi-tion: | | | | | | |
| Guarantees | 3,833,600 | 491,358 | 1,000 | – | 1,072,449 | 5,398,407 |
| Letters of credit | – | – | – | – | 4,254,000 | 4,254,000 |
| | | | | | | |
| Items on the consolidated statement of income: | | | | | | |
| Interest and commissions income *** | 430,793 | 2,600,575 | 3,312 | 28,228 | – | 3,062,908 |
| Interests and commissions expense **** | 1,555,863 | 33,395 | 295,074 | 141,668 | – | 2,026,000 |
| Financial asset dividends | 790,260 | – | – | – | 444,415 | 1,234,675 |
| Amortisation of right of use leased assets | – | 41,655 | – | – | – | 41,655 |
| Interests against liabilities of leased assets | – | 27,984 | – | – | – | 27,984 |

* Direct credit facilities granted to the board of directors and executive directors include an amount of JD 639,153 relating to credit granted to board members of Ejarah Financial Leasing Company (a subsidiary company) and JD 189,409 to the United Financial Investments Company (subsidiary) and related parties as of 31 December 2023.

** Represents companies in which the bank has the right to vote at their board meetings.

*** Interest expense rates ranges from (1.25) % to (7.5) %.

**** Interest income rates range from (1.5) % to (10.75) %.

The bank is represented by four board members United Financial Investments Company's board of directors, three members in Ejara Finance Leasing Company's board of directors.

### Executive management salaries and remuneration

Salaries of executive management of the Bank and its subsidiaries amounted to JD 5,411,597 for the year 2023 compared to JD 3,510,252 for the year 2022.

## (39) Fair value of financial assets and financial liabilities that are not shown at fair value in the consolidated financial statements

There are no material differences between the carrying value and the fair value of the financial assets and liabilities as at the end of 2023 and 2022.

Where they are disclosed in note 44: Fair value hierarchy.

## (40) Risk Management

A- The responsibilities of the Risk Management Department of the Bank include all the Bank's departments and branches operating inside and outside the Kingdom as well as its subsidiaries through identifying, determining, measuring and managing risks under international best practices and within the limits of the functions and responsibilities of Risk Management.

The responsibilities of the Risk Management Department in the Bank include the following areas::

- **Credit risk:**

  This represents the potential loss resulting from the customer's inability or unwillingness to meet its obligations on time. These risks are one of the most significant risks to Banks..

- **Market risk:**

  This represents the losses that the Bank may be exposed to as a result of any financial positions on or off the balance sheet due to any changes occurring in the market prices..

- **Liquidity risk:**

  This represents the losses that the Bank may be exposed to due to lack of funds needed to finance the increase of its investments or to repay its obligations when they become due on time with appropriate cost. (This is part of asset and liability management (ALM). Reports, in this regard, are prepared by Risk Management).

- **Interest rate risk:**

  This represents the exposure to adverse movements in interest rates that affects the profitability of the bank due to the change in net interest income and in the economic value of the cash flows of assets and liabilities.

- **Operational risk:**

  This represents the loss resulting from the failure or inadequacy of internal procedures, human element, systems, or external events. This definition includes legal risk but not the strategic and reputation risk.

- **Information security & business continuity management risks:**

  This represents the loss resulting from the use of information by unauthorised persons, or the disclosure, distribution, modification, destruction of deletion of such information. This definition applies to any type of information whether written on paper or in a file on Internet. This also includes business continuity and disaster recovery.

## Detailed responsibilities and functions of risk management sections

**1. Credit risk:**

- The Risk Management Department reviews the credit policy periodically and in coordination with the representatives of corporate and individual facilities. The policy is the indicator and the basic guide for the different duty stations in clarifying the degree of credit risk acceptable to these stations.
- Opinions on credit applications are expressed by the Risk Management within the credit terms specified by the Board without financial responsibility.
- -internal credit rating system is reviewed and evaluated independently of the credit marketing departments through the Risk Management. The Bank has a system documented and approved by the Board. Any element that may contribute to the expectation of a client's default is taken into consideration, which helps in measuring and classifying customer risks. This should facilitate the decision-making process, pricing facilities and determining customer and product profitability, credit management and the review and analysis of credit portfolio. In addition, it helps to retain the necessary data that facilitate the application of foundation internal ratings-based approach (FIRB) to credit risk within the Basel requirements. An automated credit rating system is implemented to support this. The Scoring Card System is used in the same framework.
- The Risk Department recommends, independently of the credit marketing departments, to set specific controls and limits, documented with clear policies and procedures to ensure compliance therewith. Such limits are reviewed periodically and adjusted, if necessary. There are specific limits set out and approved by the Board of Directors in dealing with banks, countries and various economic sectors. One of its tasks includes defining limits for any possible concentration of credit guarantees or products.
- The Risk Management Department prepares an analysis of the credit portfolio whereby the Board of Directors is clearly provided with an indication of the quality and different ratings thereof. The Board is also provided with any concentrations as well as historical benchmarking comparisons along with the banking sector where possible. Thereafter, appropriate recommendations to mitigate existing risks are made.

**2. Market risk:**

- The Bank has specific policies and procedures approved by the Board of Directors for identifying, measuring, monitoring and controlling the market risk. These are periodically reviewed, and the implementation thereof is monitored. Such policies include:
- Investment policy: the representatives of Treasury and Risk Departments develop and review this policy and amend it annually, if required. They also present it to the Investment Committee and the Assets and Liabilities Committee.
- The Bank has a written market risk policy approved by the Board of Directors that describes how to identify, measure, control and mitigate market risks. The Bank also has written policies approved by the Board of Directors, which define the fundamentals of portfolio management and investment funds, including operational bases, desired investment instruments and effective controls, in addition to a policy clarifying the basis for dealing between the Bank and its customers in convertible foreign currencies and major precious metals on a margin basis. The Risk Management Department develops such policies in cooperation with the concerned departments. Periodic (daily and monthly) reports are submitted by Middle Office under market risk/ risk management for adherence with the above policies.
- The Risk Management Department prepares Value at Risk ('VAR') and measures sensitivity analysis, interest rate risk, limits and other reports included in the relevant policies approved.

**3. Liquidity risk:**

- The Risk Management Department, in cooperation with the Treasury Department, develops / updates a written policy for liquidity risk management which is approved by the Board of Directors of the Bank.
- The Risk Management Department monitors the Bank's commitment to liquidity ratios set by the Central Bank of Jordan and the supervisory authorities under which the Bank's branches operate. The Bank's liquidity is monitored on a daily basis by the Treasury Department.
- Liquidity is also monitored by the Asset and Liability Management Committee chaired by the Director General and comprises the Head of Risk Management. It is governed by the ALCO Policy through periodic reports prepared by the Risk Management Departments and the Treasury Department. They are presented and considered by the Committee members who make appropriate recommendations in this regard.
- The Risk Management Department, in coordination with the Treasury Department, prepares a written policy for a Liquidity Contingency Plan to address any liquidity problems at the Bank, at various levels and scenarios, which is approved by the Board of Directors of the Bank.

**4. Operational risk:**

- The Risk Management Department prepares, and reviews documented policies and procedures for identifying, evaluating, mitigating and controlling operational risks. This is done to ensure compliance with the Basel requirements and to enhance the efficiency and effectiveness of the Bank's control environment. The Bank uses an automated operational risk system covering the Self-Assessment areas and Events Collection system and identifies and analyses Key Risk Indicators (KRI) to the Bank's operation centres.
- The Risk Management Department combines the tasks of different risk management when setting controls and procedures to make sure that all risks are covered and to achieve the Enterprise Risk Management concept. The Bank also has Standard Operating Procedures (SOP's) working procedures documented, reviewed and adjusted periodically by the concerned departments and under the supervision of the Operations Development Department. Any procedures that are modified or developed, including any new products, are presented to departments of internal audit, compliance and risks to study possible risks and adequacy of existing controls.

**5. Information security & business continuity management:**

- The Risk Management Department develops a clear, documented, and approved Business Continuity Plan. The necessary tests are made regularly thereto, in accordance with the broad concept of Business Continuity Management supported by the DRS automated system for more efficient business continuity management, and in line with the instructions issued by the Central Bank of Jordan, and in accordance with international best practices in this regard.
- A team for Information Technology Security has been mobilised, reporting directly to Risk Management in order to support them. Such team is independent in its reporting from the Director of Information Systems Department. This is done in accordance with the international best practices including the ISO27001 and PCI requirements.
- Risk Management participates in the preparation of an appropriate risk assessment in the event of a new activity or product on the verge of being launched in a particular market.

**6. Interest rate risk:**

- The Risk Management Department prepares a documented interest rate risk policy that governs the iden-tification, measurement and control of interest rate risk within the ALM's framework - ALCO, approved by the Board of Directors. The Risk Management Department prepares the necessary reports and submits to the ALCO Committee in the Bank.

**7. Compliance with Basel requirements:**

- The Department oversees the implementation of the requirements of the various Basel decisions, including the accounting of Basel III capital adequacy ratios including liquidity ratios, and effectively contributes to capital budgeting.
- The Department prepares stress tests, evaluates internal capital and issues analytical reports on capital:
- The Department also issues various financial analyses of banks with the preparation of new analyses specialised in specific aspects by taking advantage of the disclosures issued by banks.

Credit risk exposures after netting related provisions, interest in suspense and collaterals:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| | JD | JD |
| Items in the consolidated statement of financial position | | |
| Balances at central banks | 787,223,767 | 419,143,482 |
| Balances at banks and financial institutions | 540,276,278 | 123,435,953 |
| **Direct credit facilities:** | | |
| **For individuals** | **277,471,904** | **282,659,417** |
| **Real estate mortgage** | **205,701,492** | **224,934,334** |
| **For corporates** | | |
| Large companies | 1,143,308,060 | 1,041,508,278 |
| SMEs | 204,789,790 | 192,213,587 |
| For government and public sector | 175,475,054 | 181,324,821 |
| Bills, bonds and notes: | | |
| Within financial assets at fair value through other comprehen-sive income | 32,410,070 | 22,578,510 |
| Within financial assets at amortised cost | 1,122,883,189 | 617,988,602 |
| **Other assets** | **53,801,475** | **40,395,864** |
| **Items off the consolidated statement of financial position** | | |
| Guarantees | 300,012,623 | 232,559,084 |
| Letters of credit | 59,774,795 | 81,536,153 |
| Acceptances | 32,550,737 | 46,679,982 |
| Utilised facilities (direct and indirect) | 407,475,155 | 323,456,817 |
| **Total** | **5,343,154,389** | **3,830,414,884** |

The following is the distribution of the fair value of collaterals provided against direct credit facilities which are valued as per the requirements of the Central Bank of Jordan by independent experts at least once every two years, while the cash deposits balance is presented at fair value based on the exchange rates issued by the Central Bank of Jordan and are accounted for individually provided that the cash deposits balance does not exceed credit facilities balance in all cases:

## Distribution of fair value of collaterals against credit exposures as at 31 December 2023

| | | Fair value of collaterals | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Gross amount of exposure | Cash deposits | Quoted shares | Bank guarantees accepted | Real estate | Vehicles and machineries | Other | Gross amount of collaterals | Net exposures after collaterals | Expected credit loss |
| | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Balances at central banks | 815,164,709 | | | | | | | | 815,164,709 | 27,940,942 |
| Balances at banks and financial institutions | 545,344,790 | | | | | | | | 545,344,790 | 5,068,512 |
| **Direct credit facilities:** | | | | | | | | | | |
| Retail | 308,842,190 | 3,198,292 | 1,039,410 | – | 83,309,156 | 19,594,006 | 1,027,362 | 108,168,226 | 200,673,964 | 28,559,357 |
| Real estate mortgage | 225,459,851 | 9,528,680 | 1,472,741 | 7,655,349 | 283,867,507 | 1,961,453 | 407,971 | 304,893,701 | – | 16,679,807 |
| Large companies | 1,307,811,394 | 34,273,623 | 213,484,429 | 11,769,273 | 327,430,468 | 4,761,984 | 3,644,045 | 595,363,822 | 712,447,572 | 137,666,983 |
| SMEs | 218,755,366 | 43,024,332 | 12,423,838 | – | 113,248,095 | 13,815,798 | 39,953,315 | 222,465,378 | – | 12,189,059 |
| Government and public sector | 175,786,439 | – | – | – | – | – | – | – | 175,786,439 | 311,385 |
| **Bills, bonds and notes:** | | | | | | | | | | |
| Within financial as-sets at fair value through the statement of comprehensive income | 32,410,070 | – | – | – | – | – | – | – | 32,410,070 | 44,965 |
| Within financial as-sets at amortised cost | 1,142,871,140 | – | 7,680,541 | – | 6,886,154 | – | – | 14,566,695 | 1,128,304,445 | 19,987,951 |
| **Other assets** | 53,801,475 | – | – | – | – | – | – | – | 53,801,475 | – |
| **Total** | 4,826,247,424 | 90,024,927 | 236,100,959 | 19,424,622 | 814,741,380 | 40,133,241 | 45,032,693 | 1,245,457,822 | 3,663,933,464 | 248,448,961 |
| | | | | | | | | | | |
| Financial guarantees | 309,623,858 | 38,197,417 | 7,854,738 | 439,929 | 70,156,557 | 1,374,635 | 6,957,195 | 124,980,471 | 184,643,387 | 9,611,235 |
| Letters of credit | 60,247,710 | 2,507,155 | – | – | 3,221,553 | 59,796 | 87,987 | 5,876,491 | 54,371,219 | 472,915 |
| Other liabilities | 443,969,884 | 28,967,390 | 15,639,916 | – | 60,726,182 | 2,981,684 | 8,518,953 | 116,834,125 | 327,135,759 | 3,943,992 |
| **Total** | 813,841,451 | 69,671,962 | 23,494,654 | 439,929 | 134,104,292 | 4,416,115 | 15,564,135 | 247,691,086 | 566,150,365 | 14,028,142 |
| **Grand Total** | 5,640,088,876 | 159,696,889 | 259,595,614 | 19,864,551 | 948,845,672 | 44,549,356 | 60,596,828 | 1,493,148,909 | 4,230,083,828 | 262,477,103 |

The following is the distribution of the fair value of collaterals provided against direct credit facilities which are valued as per the requirements of the Central Bank of Jordan by independent experts at least once every two years, while the cash deposits balance is presented at fair value based on the exchange rates issued by the Central Bank of Jordan and are accounted for individually provided that the cash deposits balance does not exceed credit facilities balance in all cases:

## Distribution of fair value of collaterals against credit exposures as at 31 December 2022:

| | | Fair value of collaterals | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Gross amount of exposure | Cash deposits | Quoted shares | Bank guarantees accepted | Real estate | Vehicles and machineries | Other | Gross amount of collaterals | Net exposures after collaterals | Expected credit loss |
| | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Balances at central banks | 419,143,482 | – | – | – | – | – | – | – | 419,143,482 | – |
| Balances at banks and financial institutions | 123,435,953 | – | – | – | – | – | – | – | 119,532,933 | 1,425 |
| **Direct credit facilities:** | | | | | | | | | | |
| Retail | 309,217,281 | 3,125,903 | 23,090,286 | – | 84,181,036 | 20,049,343 | 339,453 | 130,786,020 | 178,431,261 | 24,580,458 |
| Real estate mortgage | 263,006,274 | 7,832,370 | 1,829,739 | – | 275,239,700 | 1,944,002 | 299,010 | 341,520,543 | | 29,214,285 |
| Large companies | 1,148,312,013 | 22,778,195 | 141,652,168 | 19,432,211 | 329,993,715 | 4,642,402 | 1,937,440 | 465,958,258 | 682,353,755 | 88,931,601 |
| SMEs | 202,590,866 | 34,963,710 | 25,444,440 | – | 97,955,863 | 12,743,359 | 22,132,754 | 193,342,279 | 9,248,587 | 9,007,121 |
| Government and public sector | 181,960,741 | – | – | – | – | – | – | – | 181,960,741 | 635,920 |
| **Bills, bonds and notes:** | – | – | – | – | – | – | – | – | – | – |
| Within financial as-sets at fair value through the statement of comprehensive income | 22,578,510 | – | – | – | – | – | – | – | 22,578,510 | 11,264 |
| Within financial as-sets at amortised cost | 622,744,070 | – | 7,384,918 | – | 6,886,154 | – | – | 14,271,072 | 608,472,998 | 4,755,468 |
| **Other assets** | 40,395,864 | – | – | – | 3,309,410 | – | – | 3,309,410 | 37,086,454 | 82,720 |
| **Total** | 3,333,385,055 | 68,700,179 | 199,401,551 | 19,432,211 | 797,565,878 | 39,379,105 | 24,708,658 | 1,149,187,582 | 2,258,808,722 | 157,220,261 |
| | | | | | | | | | | |
| Financial guarantees | 238,788,507 | 38,354,733 | 8,860,251 | 432,339 | 64,934,027 | 1,332,056 | 2,559,921 | 116,473,326 | 122,315,181 | 6,229,424 |
| Letters of credit | 81,917,467 | 2,261,320 | – | – | 1,997,006 | 61,138 | 112,266 | 4,431,730 | 77,485,737 | 381,313 |
| Other liabilities | 373,206,159 | 25,299,836 | 3,237,631 | – | 60,314,343 | 2,737,678 | 5,260,278 | 96,849,768 | 276,356,392 | 3,069,361 |
| **Total** | 693,912,133 | 65,915,889 | 12,097,882 | 432,339 | 127,245,376 | 4,130,872 | 7,932,465 | 217,754,823 | 476,157,310 | 9,680,098 |
| **Grand Total** | 4,027,297,188 | 134,616,068 | 211,499,433 | 19,864,551 | 924,811,254 | 43,509,977 | 32,641,123 | 1,366,942,405 | 2,734,966,032 | 166,900,358 |

## Distribution of fair value of collaterals against credit exposures for stage 3 for 2023:

| | | Fair value of collaterals | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Gross amount of exposure | Cash deposits | Quoted shares | Bank guarantees accepted | Real estate | Vehicles and machineries | Other | Gross amount of collaterals | Net exposures after collaterals | Expected credit loss |
| | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Balances at central banks | 7,108,654 | – | – | – | – | – | – | – | 13,963,132 | 9,675,945 |
| Balances at banks and financial institutions | 25,077 | – | – | – | – | – | – | – | 25,045 | 24,134 |
| **Direct credit facilities:** | | | | | | | | | | |
| Retail | 23,799,690 | 3,419 | – | – | 2,920,250 | 3,393,934 | 163,952 | 10,159,406 | 12,288,140 | 15,955,209 |
| Real estate mortgage | 15,494,861 | – | – | – | 17,978,624 | 144,881 | – | 18,123,505 | – | 7,302,263 |
| Large companies | 114,891,474 | 5,481,663 | 422,773 | – | 16,224,930 | – | – | 40,930,502 | 75,271,629 | 71,672,503 |
| SMEs | 15,010,787 | 50,074 | – | – | 6,385,827 | 1,474,656 | 4,641,465 | 12,552,022 | 2,458,766 | 10,427,324 |
| **Bills, bonds and notes:** | – | – | – | – | – | – | – | – | – | – |
| Within financial as-sets at fair value through the statement of comprehensive income | – | – | – | – | – | – | – | – | – | – |
| Within financial as-sets at amortised cost | 21,914,435 | – | 7,680,541 | – | 6,886,154 | – | – | 14,566,695 | 7,347,740 | 18,752,836 |
| **Total** | 198,244,979 | 5,535,156 | 8,103,315 | – | 50,395,785 | 5,013,471 | 4,805,417 | 96,332,129 | 111,354,452 | 133,810,213 |
| Financial guarantees | 1,810,908 | 148,333 | – | – | 310,731 | 61,593 | 261,036 | 781,693 | 1,029,215 | 1,461,765 |
| Letters of credit | – | – | – | – | – | – | – | – | – | – |
| Other liabilities | 85,210 | 64 | 343 | – | 89,661 | 837 | 17,237 | 108,142 | – | 66,480 |
| **Total** | 1,896,117 | 148,397 | 343 | – | 400,392 | 62,430 | 278,273 | 889,835 | 1,029,215 | 1,528,245 |
| **Grand Total** | 200,141,098 | 5,683,553 | 8,103,658 | – | 50,796,177 | 5,075,901 | 5,083,690 | 97,221,964 | 112,383,666 | 135,338,458 |

## Distribution of fair value of collaterals against credit exposures for stage 3 for 2022:

| | | Fair value of collaterals | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Gross amount of exposure | Cash deposits | Quoted shares | Bank guarantees accepted | Real estate | Vehicles and machineries | Other | Gross amount of collaterals | Net exposures after collaterals | Expected credit loss |
| | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Balances at central banks | – | – | – | – | – | – | – | – | – | – |
| Balances at banks and financial institutions | – | – | – | – | – | – | – | – | – | – |
| **Direct credit facilities:** | – | – | – | – | – | – | – | – | – | – |
| Retail | 17,870,844 | 14,303 | 8,558,742 | – | 2,360,356 | 3,998,582 | 11,832 | 14,943,817 | 2,927,027 | 12,994,619 |
| Real estate mortgage | 38,672,268 | 54 | – | – | 23,858,936 | 179,522 | – | 32,361,036 | 6,311,232 | 21,998,045 |
| Large companies | 70,664,849 | 3,343,832 | 100,000 | – | 19,675,187 | 97,062 | – | 14,893,557 | 55,771,293 | 42,959,829 |
| SMEs | 10,449,406 | 84,659 | 845,638 | – | 5,994,621 | 1,841,188 | 906,269 | 9,672,375 | 777,032 | 6,575,335 |
| **Bills, bonds and notes:** | – | – | – | – | – | – | – | – | – | – |
| Within financial as-sets at fair value through the statement of comprehensive income | – | – | – | – | – | – | – | – | – | – |
| Within financial as-sets at amortised cost | 7,488,004 | – | 7,384,918 | – | 6,886,154 | – | | 14,271,072 | – | 4,425,400 |
| **Total** | 145,145,372 | 3,442,848 | 16,889,299 | – | 58,775,254 | 6,116,354 | 918,101 | 86,141,856 | 65,786,584 | 88,953,227 |
| Financial guarantees | 1,525,816 | 92,252 | – | – | 277,729 | 49,761 | 46,714 | 466,456 | 1,059,361 | 1,251,985 |
| Letters of credit | – | – | – | – | – | – | – | – | – | – |
| Other liabilities | 194,149 | 6,737 | – | – | 115,973 | 8,032 | 2,501 | 133,244 | 60,906 | 157,714 |
| **Total** | 1,719,965 | 98,989 | – | – | 393,702 | 57,793 | 49,215 | 599,699 | 1,120,267 | 1,409,699 |
| **Grand Total** | 146,865,337 | 3,541,837 | 16,889,299 | – | 59,168,956 | 6,174,147 | 967,316 | 86,741,555 | 66,906,851 | 90,362,926 |

## Scheduled debts

These are the debts that were previously classified as non-performing credit facilities and were taken out of the classification of non-performing credit facilities under a rescheduling agreement and classified as watch list, total debts rescheduled amounted to JD 17,004,513 during 2023 and were classified as watch list, rescheduled debts balance during 2022 amounted to JD 42,258,899.

## Restructured debt

Restructuring refers to the rearrangement of credit facilities position in terms of instalments, extending the life of credit facilities, deferring certain instalments or extending the grace period, restructured but not classified debts' balance amounted to JD 177,636,068 during 2023 (compared to JD 376,904,269 during 2022).

## Bills, bonds and notes

The following table describes classification of bills, bonds and notes as per the external rating institutions as at 31 December 2023 and 2022:

| Grade Classification | Institutions Classification | Under financial assets at fair value through comprehensive in-come | Under financial assets at amortised cost | Under financial assets through profit and loss | Total |
|---|---|---|---|---|---|
| | | JD | JD | JD | 2023 |
| A3 | Moody›s | 1,379,877 | 4,870,967 | – | 6,250,844 |
| B1 | Moody›s | – | 771,503,334 | – | 771,503,334 |
| Ba1 | Moody›s | 1,918,121 | 673,221 | – | 2,591,342 |
| Baa1 | Moody›s | 1,800,133 | – | – | 1,800,133 |
| B2 | Moody›s | – | 649,740 | – | 649,740 |
| Baa2 | Moody›s | 1,854,895 | – | – | 1,854,895 |
| Baa3 | Moody›s | 1,687,642 | – | – | 1,687,642 |
| Caa1 | Moody›s | – | 5,132,693 | – | 5,132,693 |
| C | Moody›s | – | 3,161,600 | – | 3,161,600 |
| Government | | 23,769,402 | 336,891,629 | 3,460,806 | 364,121,837 |
| **Total** | | **32,410,070** | **1,118,012,216** | **3,460,806** | **1,150,422,287** |

| Grade Classification | Institutions Classification | Under financial assets at fair value through comprehensive in-come | Under financial assets at amortised cost | Under financial assets through profit and loss | Total |
|---|---|---|---|---|---|
| | | JD | JD | JD | 2022 |
| B1 | Moody›s | – | 4,871,457 | – | 4,871,457 |
| B2 | Moody›s | – | 6,061,991 | – | 6,061,991 |
| B+ | Moody›s | – | 649,767 | – | 649,767 |
| Ba3 | Moody›s | 559,015 | – | – | 559,015 |
| Baa3 | Moody›s | 711,666 | 663,424 | – | 1,375,090 |
| C | Moody›s | – | 3,062,605 | – | 3,062,605 |
| Government | | 21,307,829 | 602,679,358 | – | 623,987,187 |
| Unrated | | – | – | – | – |
| **Total** | | **22,578,510** | **617,988,602** | **-** | **640,567,113** |

## A- Total distribution of exposures by financial instruments

| 31 December 2023 | Financial | Manufacturing | Commercial | Properties | Agricultural | Shares | Individuals | Government and public sector | Services | Other | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | دينار | دينار | دينار | دينار | دينار | دينار | دينار |
| Balances at cen-tral banks | 464,806,353 | – | – | – | – | – | – | 322,417,414 | – | – | 787,223,767 |
| Balances at banks and financial institutions | 538,640,101 | – | – | – | – | 1,636,177 | – | – | – | – | 540,276,278 |
| Credit facilities | 225,776,476 | 349,221,458 | 340,571,247 | 238,250,802 | 31,766,163 | 9,782,829 | 287,831,248 | 175,475,054 | 348,071,023 | – | 2,006,746,300 |
| Bills, bonds and notes: | | | | | | | | | | | |
| Within financial assets at fair value through the statement of other comprehensive income. | – | – | 5,793,161 | – | – | – | – | 25,237,032 | 1,379,877 | – | 32,410,070 |
| Within financial assets at amor-tised cost | 336,891,630 | – | 3,161,600 | – | – | – | – | 777,958,992 | 4,870,967 | – | 1,122,883,189 |
| Other assets | 50,176,297 | – | – | 3,226,690 | – | – | 398,488 | – | – | – | 53,801,475 |
| Financial guaran-tees | 43,545,645 | 92,178,533 | 44,356,879 | 1,796,553 | 527,002 | 1,947,932 | 1,565,235 | – | 114,094,844 | – | 300,012,623 |
| Letters of credit | – | 16,873,665 | 33,729,291 | – | 3,239,333 | – | – | – | 5,932,506 | – | 59,774,795 |
| Other liabilities | 22,589,621 | 130,186,203 | 141,860,936 | – | 32,034,070 | 2,459,156 | 21,660,788 | 4,778,534 | 84,456,584 | – | 440,025,892 |
| **Grand Total** | **1,682,426,123** | **588,459,859** | **569,473,114** | **243,274,045** | **67,566,568** | **15,826,094** | **311,455,759** | **1,305,867,026** | **558,805,801** | **-** | **5,343,154,389** |

## B- Distribution of exposures by classification stages under IFRS 9

| | Stage 1 Individuals | Stage 1 Collective | Stage 2 Individuals | Stage 2 Collective | Stage 3 | Total |
|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | دينار | دينار |
| Financial | 1,678,651,054 | – | 3,683,662 | – | 91,407 | 1,682,426,123 |
| Industrial | 478,508,193 | – | 108,398,357 | – | 1,553,309 | 588,459,859 |
| Commercial | 533,294,787 | – | 26,462,630 | – | 9,715,697 | 569,473,114 |
| Properties | 206,826,138 | – | 30,923,923 | – | 5,523,984 | 243,274,045 |
| Agricultural | 47,872,876 | – | 10,594,778 | – | 9,098,914 | 67,566,568 |
| Shares | 15,826,094 | – | – | – | – | 15,826,094 |
| Individuals | 290,863,728 | – | 16,304,396 | – | 4,287,635 | 311,455,759 |
| Government and public sector | 1,300,734,333 | – | 2693-513 | – | – | 1,305,867,026 |
| Services | 490,455,915 | – | 64,490,314 | – | 3,859,572 | 558,805,801 |
| Others | – | – | – | – | – | – |
| **Total** | **5,043,033,118** | **-** | **265,990,753** | **-** | **34,130,518** | **5,343,154,389** |

## Total distribution of exposures by financial instruments

| 31 December 2022 | Financial | Manufacturing | Commercial | Properties | Agricultural | Shares | Individuals | Government and public sector | Services | Other | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD | JD |
| Balances at central banks | – | – | – | – | – | – | – | 419,143,482 | – | – | 419,143,482 |
| Balances at banks and financial institutions | 122,770,121 | – | – | – | – | 665,832 | – | – | – | – | 123,435,953 |
| Credit facilities | 132,936,386 | 366,753,329 | 310,158,799 | 231,494,388 | 37,584,225 | 10,309,500 | 315,995,024 | 181,324,821 | 336,083,965 | – | 1,922,640,437 |
| Bills, bonds and notes: | | | | | | | | | | | |
| Within financial assets at fair value through the statement of other comprehensive income. | – | – | | – | – | – | – | 22,019,495 | 559,015 | – | 22,578,510 |
| Within financial assets at amor-tised cost | – | – | 3,062,604 | – | – | – | – | 610,054,545 | 4,871,452 | – | 617,988,601 |
| Other assets | 36,000,001 | – | – | 3,064,335 | – | – | 230,086 | – | – | 1,101,443 | 40,395,864 |
| Financial guar-antees | 63,590,120 | 39,184,074 | 38,705,123 | – | 824,024 | 1,624,564 | 1,656,635 | – | 86,974,545 | – | 232,559,084 |
| Letters of credit | 4,252,322 | 52,948,517 | 17,843,839 | – | 376,718 | – | – | – | 6,114,757 | – | 81,536,153 |
| Other liabilities | 28,089,088 | 93,406,332 | 119,118,109 | – | 24,937,411 | 1,304,340 | 24,206,622 | – | 79,074,896 | – | 370,136,798 |
| **Grand Total** | 387,638,038 | 552,292,252 | 488,888,475 | 234,558,722 | 63,722,378 | 13,904,235 | 342,088,366 | 1,232,542,343 | 513,678,632 | – | 3,830,414,885 |

## Distribution of exposures by classification stages under IFRS 9

| | Stage 1 Individuals | Stage 1 Collective | Stage 2 Individuals | Stage 2 Collective | Stage 3 | Total |
|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD |
| Financial | 386,820,117 | – | 715,458 | – | 102,463 | 387,638,038 |
| Industrial | 497,312,818 | – | 47,756,657 | – | 7,222,777 | 552,292,252 |
| Commercial | 452,067,053 | – | 31,665,081 | – | 8,220,676 | 491,952,810 |
| Properties | 203,255,667 | – | 21,581,917 | – | 6,656,803 | 231,494,387 |
| Agricultural | 48,040,039 | – | 15,681,159 | – | 1,181 | 63,722,379 |
| Shares | 13,904,235 | – | – | – | – | 13,904,235 |
| Individuals | 321,209,757 | – | 16,267,054 | – | 4,611,556 | 342,088,367 |
| Government and public sector | 1,232,542,343 | – | – | – | – | 1,232,542,343 |
| Services | 481,876,376 | – | 30,314,165 | – | 1,488,088 | 513,678,629 |
| Others | 1,101,443 | – | – | – | – | 1,101,443 |
| **Total** | 3,638,129,847 | – | 163,981,491 | – | 28,303,544 | 3,830,414,885 |

## Comparison of the credit exposures as per the classification instructions No. (47/2009) and comparatively with IFRS (9) for 2023:

### As per the classification instructions No. (47/2009)

| Item | Total | Interest in suspense | Balance | Provision |
|---|---|---|---|---|
| Performing | 1,801,034,274 | 1,639,046 | 1,799,395,227 | – |
| Watch list | 275,318,104 | 2,560,835 | 272,757,269 | 61,980,538 |
| Non-performing | 160,302,863 | 30,302,468 | 130,000,394 | 102,731,112 |
| Sub-standard | 5,153,138 | 49,962 | 5,103,176 | 1,398,037 |
| Doubtful | 32,269,798 | 3,655,020 | 28,614,778 | 15,899,509 |
| Loss | 122,879,926 | 26,597,486 | 96,282,440 | 85,433,566 |
| **Total** | 2,236,655,240 | 34,502,349 | 2,202,152,891 | 164,711,650 |

| | As per IFRS (9) | | | As per IFRS (9) | | | As per IFRS (9) | | |
|---|---|---|---|---|---|---|---|---|---|
| | Stage 1 | | | Stage 2 | | | Stage 3 | | |
| Item | Total | ECL | Interest in suspense | Total | ECL | Interest in suspense | Total | ECL | Interest in suspense |
| Performing | 1,768,094,981 | 25,162,374 | 148,677 | 25,430,160 | 2,216,426 | 27,208 | 895,155 | 345,229 | 31,202 |
| Watch list | – | – | – | 273,933,286 | 62,670,493 | 1,087,994 | 584,314 | 197,908 | 6,656 |
| Non-performing | – | – | – | – | – | – | 167,717,345 | 104,814,162 | 33,200,612 |
| Sub-standard | – | – | – | – | – | – | 4,444,670 | 1,279,865 | 22,720 |
| Doubtful | – | – | – | – | – | – | 28,437,711 | 14,290,174 | 3,604,342 |
| Loss | – | – | – | – | – | – | 134,834,964 | 89,244,123 | 29,573,550 |
| **Total** | 1,768,094,981 | 25,162,374 | 148,677 | 299,363,445 | 64,886,919 | 1,115,203 | 169,196,813 | 105,357,298 | 33,238,470 |

### Comparison of the credit exposures as per the classification instructions No. (47/2009) and comparatively with IFRS (9) for 2022:
### As per the classification instructions No. (47/2009)

| Item | Total | Interest in suspense | Balance | Provision |
|---|---|---|---|---|
| Performing | 1,798,059,370 | 379,369 | 1,707,680,001 | – |
| Watch list | 171,131,274 | 1,858,685 | 169,272,590 | 33,016,368 |
| Non-performing | 135,896,531 | 28,175,021 | 107,721,510 | 83,973,307 |
| Sub-standard | 10,890,136 | 223 | 10,889,913 | 3,597,573 |
| Doubtful | 7,879,493 | 201,294 | 7,678,199 | 3,387,523 |
| Loss | 117,126,902 | 27,973,505 | 89,153,397 | 76,988,212 |
| **Total** | 2,105,087,176 | 30,077,354 | 2,075,009,821 | 117,057,938 |

| | As per IFRS (9) Stage 1 | | | As per IFRS (9) Stage 2 | | | As per IFRS (9) Stage 3 | | |
|---|---|---|---|---|---|---|---|---|---|
| Item | Total | ECL | Interest in suspense | Total | ECL | Interest in suspense | Total | ECL | Interest in suspense |
| Performing | 1,775,575,135 | 33,732,006 | 13,106 | 20,923,333 | 918,220 | 11,856 | 1,560,902 | 354,407 | 18,686 |
| Watch list | – | – | – | 170,931,341 | 33,191,332 | 1,853,525 | 199,934 | 47,229 | 5,159 |
| Non-performing | – | – | – | – | – | – | 135,896,531 | 84,126,191 | 28,175,021 |
| Sub-standard | – | – | – | – | – | – | 10,890,136 | 3,581,459 | 223 |
| Doubtful | – | – | – | – | – | – | 7,879,493 | 3,342,306 | 201,294 |
| Loss | – | – | – | – | – | – | 117,127,902 | 77,202,426 | 27,973,505 |
| **Total** | 1,775,575,135 | 33,732,006 | 13,106 | 191,854,673 | 34,096,579 | 1,865,381 | 273,554,898 | 84,527,827 | 28,198,867 |

## A- Total distribution of exposures by geographical areas:

| | Inside the Kingdom | Other Middle East | Europe | Asia | Africa | America | Other countries | Total |
|---|---|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD | JD | JD |
| Balances at central banks | 319,965,894 | 464,806,334 | 2,451,539 | – | – | – | – | 787,223,767 |
| Balances at banks and financial institutions | 4,271 | 373,546,590 | 69,917,642 | 1,137,904 | 104,406 | 83,418,175 | 12,147,290 | 540,276,278 |
| Credit facilities | 1,724,297,005 | 33,355,781 | 249,093,514 | – | – | – | – | 2,006,746,300 |
| **Bills, bonds and notes:** | | | | | | | | |
| Within financial assets at fair val-ue through the statement of other comprehensive income | 23,769,402 | 1,467,630 | 3,981,552 | – | – | – | 3,191,486 | 32,410,070 |
| Within financial assets at amor-tised cost | 779,535,906 | 338,214,590 | – | – | 5,132,693 | – | – | 1,122,883,189 |
| Other assets | 40,458,883 | 9,024,772 | 4,317,820 | – | – | – | – | 53,801,475 |
| **Total/ current year** | **2,888,031,361** | **1,220,415,697** | **329,762,067** | **1,137,904** | **5,237,099** | **83,418,175** | **15,338,776** | **4,543,341,079** |
| Financial guarantees | 242,415,613 | 26,799,508 | 30,797,502 | – | – | – | – | 300,012,623 |
| Letters of credit | 49,766,013 | 3,055,022 | 6,953,760 | – | – | – | – | 59,774,795 |
| Other liabilities | 421,431,323 | – | 18,594,569 | – | – | – | – | 440,025,892 |
| **Grand Total** | **3,601,644,310** | **1,250,270,227** | **386,107,898** | **1,137,904** | **5,237,099** | **83,418,175** | **15,338,776** | **5,343,154,389** |

## B- Distribution of exposures by classification stages under IFRS 9

| | Stage 1 Individuals | Stage 1 Collective | Stage 2 Individuals | Stage 2 Collective | Stage 3 | Total |
|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD |
| Inside the Kingdom | 3,337,825,721 | – | 237,121,893 | – | 26,696,696 | 3,601,644,310 |
| Other Middle East Countries | 1,220,265,787 | – | 22,570,618 | – | 7,433,822 | 1,250,270,227 |
| Europe | 384,942,349 | – | 1,165,549 | – | – | 386,107,898 |
| Asia | 1,137,904 | – | – | – | – | 1,137,904 |
| Africa | 104,406 | – | 5,132,693 | – | – | 5,237,099 |
| America | 83,418,175 | – | – | – | – | 83,418,175 |
| Other countries | 15,338,776 | – | – | – | – | 15,338,776 |
| **Total** | **5,043,033,118** | - | **265,990,753** | - | **34,130,518** | **5,343,154,390** |

## Credit exposure concentration as per the geographical distribution as at 31 December 2022:

| Geographic region Description | Inside the Kingdom | Other Middle East | Europe | Asia | Africa | America | Other countries | Total |
|---|---|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD | JD | JD |
| **Total/ comparative figures** | **3,425,281,800** | **6,661,056** | **298,073,758** | **1,398,521** | **6,166,495** | **88,439,853** | **4,393,402** | **3,830,414,885** |

## A. Gross exposures reclassified

| 31 December 2023 | Stage 2 | | Stage 3 | | | |
|---|---|---|---|---|---|---|
| | Gross amount of exposure | Exposures reclassified | Gross amount of exposure | Exposures reclassified | Gross exposures reclassified | Percentage of exposures re-classified |
| | JD | JD | JD | JD | JD | % |
| Balances at central banks | 24,502,322 | – | 7,108,636 | – | – | 0.00% |
| Balances at banks and financial institutions | 4,910,328 | – | 25,077 | – | – | 0.00% |
| **Credit facilities:** | | | | | | |
| Retail | 12,293,339 | 4,794,156 | 23,799,691 | 1,308,640 | 6,102,796 | 17.57% |
| Real estate mortgage | 24,903,384 | 3,527,882 | 15,494,860 | 1,146,203 | 4,674,084 | 11.57% |
| Large companies | 242,940,197 | 28,600,515 | 114,891,474 | – | 28,600,515 | 7.96% |
| SMEs | 19,226,525 | 12,288,105 | 15,010,787 | 163,469 | 12,451,574 | 36.37% |
| **Bills, bonds and notes:** | | | | | | |
| Within financial assets at fair value through the statement of comprehensive income | – | – | – | – | – | 0.00% |
| Within financial assets at amortised cost | 6,208,304 | – | 21,914,435 | – | – | 0.00% |
| **Total** | **334,984,400** | **49,210,658** | **198,244,961** | **2,618,312** | **51,828,969** | **10.04%** |
| | | | | | | |
| Financial guarantees | 23,640,582 | 223,420 | 1,810,908 | 4,000 | 227,420 | 0.89% |
| Letters of credit | 240,040 | – | – | – | – | 0.00% |
| Other liabilities | 6,096,989 | 357,477 | 85,210 | 43,167 | 400,644 | 6.48% |
| **Total** | 29,977,611 | 580,897 | 1,896,117 | 47,167 | 628,064 | 1.97% |
| **Grand Total** | **364,962,011** | **49,791,555** | **200,141,078** | **2,665,479** | **52,457,032** | **9.57%** |

| | Stage 2 | | Stage 3 | | | |
|---|---|---|---|---|---|---|
| | Gross amount of exposure | Exposures reclassified | Gross amount of exposure | Exposures reclassified | Gross exposures reclassified | Percentage of exposures reclassified |
| **31 December 2022** | JD | JD | JD | JD | JD | JD |
| Balances at central banks | – | – | – | – | – | 0.00% |
| Balances at banks and financial institutions | – | – | – | – | – | 0.00% |
| **Credit facilities:** | | | | | | |
| Retail | 10,877,638 | 3,711,855 | 17,870,844 | 546,941 | 4,258,796 | 14.81% |
| Real estate mortgage | 27,439,401 | 7,663,994 | 38,672,268 | 1,362,733 | 9,026,727 | 13.65% |
| Large companies | 125,182,937 | 7,424,264 | 70,664,849 | 3,253,487 | 10,677,751 | 5.45% |
| SMEs | 28,354,697 | 2,773,666 | 10,449,406 | 2,583,122 | 5,356,789 | 13.80% |
| **Bills, bonds and notes:** | | | | | | |
| Within financial assets at fair value through the statement of comprehensive income | – | – | – | – | – | 0.00% |
| Within financial assets at amortised cost | – | – | 7,488,004 | – | – | 0.00% |
| **Total** | **191,854,673** | **21,573,779** | **145,145,372** | **7,746,283** | **29,320,063** | **8.70%** |
| | | | | | | |
| Financial guarantees | 6,651,478 | 559,946 | 1,525,816 | 254,120 | 814,066 | 9.96% |
| Letters of credit | – | – | – | – | – | 0.00% |
| Other liabilities | 2,781,622 | 257,343 | 194,149 | 57,119 | 314,462 | 10.57% |
| **Total** | 9,433,100 | 817,289 | 1,719,965 | 311,239 | 1,128,528 | 10.12% |
| **Grand Total** | **201,287,773** | **22,391,068** | **146,865,337** | **8,057,522** | **30,448,590** | **8.75%** |

## B. ECL of exposures reclassified

| 31 December 2023 | Exposures reclassified | | | ECL of exposures reclassified | | | | |
|---|---|---|---|---|---|---|---|---|
| | Gross exposures reclassified from Stage 2 | Gross exposures reclassified from Stage 3 | Gross reclassified exposures | Stage 2 Individuals | Stage 2 Collective | Stage 3 Individuals | Stage 3 Collective | Total |
| | JD | JD | JD | JD | JD | JD | JD | JD |
| **Credit facilities:** | | | | | | | | |
| Retail | 4,794,156 | 1,308,640 | 6,102,796 | 842,604 | – | 194,189 | – | 1,036,793 |
| Real estate mortgage | 3,527,882 | 1,146,203 | 4,674,084 | 123,869 | – | 65,091 | – | 188,960 |
| Large companies | 28,600,515 | – | 28,600,515 | 9,158,159 | – | – | – | 9,158,159 |
| SMEs | 12,288,105 | 163,469 | 12,451,574 | 1,046,256 | – | 4,021 | – | 1,050,277 |
| **Total** | **49,210,658** | **2,618,312** | **51,828,969** | **11,170,888** | - | **263,301** | - | **11,434,189** |
| Financial guarantees | 223,420 | 4,000 | 227,420 | 83,434 | – | 20 | – | 83,455 |
| Letters of credit | – | – | – | – | – | – | – | – |
| Other liabilities | 357,477 | 43,167 | 400,644 | 17,452 | – | 309 | – | 17,761 |
| **Total** | **580,897** | **47,167** | **628,064** | **580,897** | - | **329** | - | **101,216** |
| **Grand Total** | **49,791,555** | **2,665,479** | **52,457,032** | **11,751,785** | - | **263,629** | - | **11,535,405** |

| 31 December 2022 | Exposures reclassified | | | ECL of exposures reclassified | | | | |
|---|---|---|---|---|---|---|---|---|
| | Gross exposures reclassified from Stage 2 | Gross exposures reclassified from Stage 3 | Gross reclassified exposures | Stage 2 Individuals | Stage 2 Collective | Stage 3 Individuals | Stage 3 Collective | Total |
| | JD | JD | JD | JD | JD | JD | JD | JD |
| **Credit facilities:** | | | | | | | | |
| Retail | 3,711,855 | 546,941 | 4,258,796 | 1,470,095 | – | 80,342 | – | 1,550,437 |
| Real estate mortgage | 7,663,994 | 1,362,733 | 9,026,727 | 260,430 | – | 15,080 | – | 275,510 |
| Large companies | 7,424,264 | 3,253,487 | 10,677,751 | 2,314,217 | – | 349,452 | – | 2,663,669 |
| SMEs | 2,773,666 | 2,583,122 | 5,356,789 | 616,319 | – | 31,244 | – | 647,563 |
| Bills, bonds and notes: | – | – | – | – | – | – | – | – |
| **Total** | **21,573,779** | **7,746,283** | **29,320,063** | **4,661,061** | - | **476,118** | - | **5,137,179** |
| Financial guarantees | 559,946 | 254,120 | 814,066 | 307,927 | – | 1,949 | – | 309,876 |
| Letters of credit | – | – | – | – | – | – | – | – |
| Other liabilities | 257,343 | 57,119 | 314,462 | 14,232 | – | 1,449 | – | 15,680 |
| **Total** | **817,289** | **311,239** | **1,128,528** | **322,159** | - | **3,397** | - | **325,556** |
| **Grand Total** | **22,391,068** | **8,057,522** | **30,448,590** | **4,983,220** | - | **479,514** | - | **5,462,735** |

## Credit exposure distribution

| Bank's internal rating grade | Rating category as per the instructions (2009/ 47) | Gross amount of exposure | Expected credit losses (ECL) | Probability of Default (PD) | Rating according to external rating institutions | Exposure at default (EAD) in JD millions | Loss given default (LGD)% |
|---|---|---|---|---|---|---|---|
| STAGE 1 | | | | | | | |
| | Normal | 734,436,650 | 12,963,720 | 0.265 TO 83.606% | | 410,543,802 | 0.000 TO 53.493% |
| | Normal | 35,792,547 | | | 2 | | |
| | Normal | 21,422,217 | 38 | 0.251% | 2- | 78,195 | 47.848% |
| | Normal | 107,320 | | | 2+ | | |
| | Normal | 4,817,773 | 123 | 0.414 TO 0.520% | 3 | 62,754 | 47.270 TO 49.339% |
| | Normal | 10,283,755 | 5,852 | 0.483 TO 0.792% | 3- | 7,885,610 | 46.306 TO 55.605% |
| | Normal | 59,486,122 | 150 | 0.277 TO 0.492% | 3+ | 6,258,790 | 43.389 TO 57.223% |
| | Normal | 1,966,714 | 7,155 | 1.725 TO 1.936% | 4 | 1,854,895 | 44.662 TO 49.350% |
| | Normal | 1,805,666 | 11,799 | 0.265 TO 2.260% | 4- | 1,712,412 | 12.242 TO 56.247% |
| | Normal | 44,938,422 | 6,415 | 0.641 TO 1.192% | 4+ | 20,581,353 | 38.066 TO 57.258% |
| | Normal | 428,826 | 4,923 | 2.806 TO 3.079% | 5 | 428,826 | 46.810 TO 49.820% |
| | Normal | 358,771 | 3,562 | 3.513% | 5- | 354,500 | 49.478% |
| | Normal | 2,603,560 | 23,070 | 1.535 TO 2.365% | 5+ | 2,603,560 | 41.071 TO 49.701% |
| | Normal | 11,313,080 | 44,525 | 5.220 TO 7.215% | 6 | 11,313,080 | 43.752 TO 50.368% |
| | Normal | 13,904,184 | 349,418 | 8.761 TO 9.920% | 6- | 13,799,769 | 50.039 TO 50.649% |
| | Normal | 804,938,942 | 143,477 | 1.409 TO 5.509% | 6+ | 91,391,416 | 44.956 TO 53.493% |
| | Normal | 4,297,802 | 43,455 | 9.495 TO 12.339% | 7+ | 4,297,811 | 47.286 TO 57.826% |
| 2 | Normal | 1,500,000 | 44 | 0.176% | | 1,500,000 | 1.603% |
| 2- | Normal | 53,939,012 | 32,186 | 0.090 TO 0.324% | | 53,939,012 | 18.125 TO 50.319% |
| 3+ | Normal | 105,028,113 | 70,718 | 0.126 TO 0.606% | | 105,028,113 | 0.000 TO 53.234% |
| 3 | Normal | 74,767,354 | 78,318 | 0.168 TO 0.741% | | 74,767,354 | 0.000 TO 53.066% |
| 3- | Normal | 111,424,238 | 151,660 | 0.244 TO 0.938% | | 111,424,238 | 0.000 TO 52.812% |
| 4+ | Normal | 166,621,459 | 466,388 | 0.369 TO 1.123% | | 166,904,167 | 0.000 TO 53.069% |
| 4 | Normal | 67,907,414 | 586,966 | 0.526 TO 1.477% | | 67,907,414 | 0.000 TO 53.258% |
| 4- | Normal | 314,901,851 | 1,055,053 | 0.747 TO 2.037% | | 279,756,938 | 0.000 TO 53.683% |
| 4- | Normal | 2,185 | 3 | 1.247% | 4- | 2,185 | 21.607% |
| 5+ | Normal | 146,038,267 | 2,308,011 | 1.065 TO 2.607% | | 146,038,267 | 0.000 TO 54.425% |
| 5 | Normal | 276,216,524 | 2,162,450 | 1.497 TO 3.474% | | 276,216,516 | 0.000 TO 53.898% |
| 5- | Normal | 332,135,982 | 3,030,729 | 2.224 TO 4.656% | | 338,701,838 | 0.000 TO 54.072% |
| 6+ | Normal | 180,457,710 | 2,547,815 | 3.110 TO 5.342% | | 182,978,572 | 0.000 TO 54.069% |
| 6 | Normal | 211,654,557 | 3,460,345 | 3.905 TO 7.391% | | 211,623,155 | 0.000 TO 53.740% |
| 6- | Normal | 25,126,561 | 595,917 | 6.763 TO 10.135% | | 25,126,561 | 7.186 TO 52.206% |
| 7+ | Normal | 3,805,828 | 176,474 | 8.719 TO 13.606% | | 3,805,828 | 10.969 TO 37.255% |
| 7 | Normal | 4,894,696 | 398,853 | 11.068 TO 14.108% | | 4,894,696 | 29.710 TO 41.129% |

## Credit exposure distribution

| Bank's internal rating grade | Rating category as per the instructions (2009/ 47) | Gross amount of exposure | Expected credit losses (ECL) | Probability of Default (PD) | Rating according to external rating institutions | Exposure at default (EAD) in JD millions | Loss given default (LGD)% |
|---|---|---|---|---|---|---|---|
| **STAGE 2** | | | | | | | |
| | Normal | 9,905,999 | 1,922,835 | 0.265 TO 89.738% | | 9,898,017 | 0.000 TO 53.493% |
| | Normal | 6,208,304 | 1,075,611 | 7.151% | 7+ | 6,208,304 | 52.689% |
| 3+ | Normal | 86,234 | | 0.220% | | 86,234 | 0.001% |
| 4+ | Normal | 10,000 | | 0.367% | | 10,000 | 0.000% |
| 4- | Normal | 541,731 | 384 | 0.968 TO 1.254% | | 541,731 | 1.328 TO 2.695% |
| 5+ | Normal | 264,200 | 431 | 1.084 TO 1.783% | | 264,200 | 0.000 TO 53.845% |
| 5 | Normal | 5,459,084 | 109,051 | 1.580 TO 2.894% | | 5,459,084 | 0.000 TO 53.470% |
| 5- | Normal | 7,201,010 | 189,788 | 2.238 TO 3.770% | | 7,692,786 | 3.065 TO 52.689% |
| 6+ | Normal | 4,660,738 | 59,213 | 3.264 TO 5.204% | | 4,660,738 | 0.017 TO 54.530% |
| 6 | Normal | 2,537,087 | 33,360 | 4.655 TO 7.544% | | 2,537,087 | 0.000 TO 50.647% |
| 6- | Normal | 309,075 | 14,975 | 7.717 TO 10.302% | | 309,075 | 38.210 TO 54.853% |
| 7 | Normal | 5,000 | 27 | 16.446% | | 5,000 | 7.883% |
| 7- | Normal | 32,494 | 137 | 28.552 TO 29.081% | | 32,494 | 0.001 TO 12.145% |
| | Watch | 4,124,337 | 781,983 | 0.265 TO 100.000% | | 4,088,460 | 0.000 TO 53.493% |
| 3+ | Watch | 78,469,515 | 15,693,903 | 0.165 TO 0.633% | | 78,469,515 | 23.378 TO 24.218% |
| 3- | Watch | 34,001 | 1 | 0.462 TO 0.472% | | 34,001 | 1.171 TO 1.321% |
| 4 | Watch | 1,209,493 | 2,835 | 0.944% | | 1,209,493 | 8.179% |
| 4- | Watch | 324,090 | 9 | 0.918 TO 1.247% | | 324,090 | 0.026 TO 2.451% |
| 5+ | Watch | 15,725,142 | 4,983,422 | 1.037 TO 1.772% | | 15,212,412 | 19.617 TO 51.164% |
| 5 | Watch | 12,395,995 | 2,515,307 | 1.750 TO 2.582% | | 12,322,873 | 0.000 TO 53.361% |
| 5- | Watch | 7,134,709 | 610,274 | 2.224 TO 3.356% | | 7,135,254 | 7.020 TO 53.912% |
| 6+ | Watch | 57,947,049 | 14,630,458 | 3.242 TO 4.958% | | 57,483,403 | 10.440 TO 52.689% |
| 6 | Watch | 9,903,215 | 1,033,001 | 4.115 TO 7.048% | | 9,903,215 | 7.997 TO 45.479% |
| 7+ | Watch | 16,593,109 | 4,111,549 | 7.093 TO 7.892% | | 16,593,109 | 8.683 TO 52.689% |
| 7 | Watch | 39,977,985 | 15,311,449 | 8.601 TO 19.241% | | 39,977,985 | 10.000 TO 29.666% |
| 7- | Watch | 35,134,091 | 8,578,347 | 11.689 TO 29.191% | | 35,923,461 | 8.206 TO 56.577% |
| **STAGE 3** | | | | | | | |
| | Normal | 796,562 | 260,551 | 100.000% | | 783,907 | 0.000 TO 55.979% |
| | Normal | 7,587,473 | 4,425,874 | 100.000% | 10 | 7,587,473 | 10.000 TO 99.990% |
| 10 | Normal | 1,115,702 | 987,525 | 100.000% | | 1,115,177 | 0.000 TO 99.990% |
| | Watch | 439,909 | 86,619 | 100.000% | | 437,941 | 0.000 TO 55.979% |
| 10 | Watch | 144,405 | 111,289 | 100.000% | | 139,717 | 10.000 TO 99.990% |
| | Sub_Standard | 3,914,043 | 1,170,292 | 100.000% | | 3,892,338 | 0.000 TO 62.437% |
| 10 | Sub_Standard | 545,990 | 118,221 | 100.000% | | 544,974 | 0.000 TO 99.990% |
| | Doubtful | 3883108.04 | 2792695.07 | 100.000% | | 3742532.34 | 0.000 TO 100.000% |
| 10 | Doubtful | 24628029 | 11559725.36 | 100.000% | | 21164664.97 | 0.000 TO 99.990% |
| | Loss | 18211900.65 | 13084792.32 | 100.000% | | 14188092.32 | 0.000 TO 100.000% |
| 10 | Loss | 84431952.62 | 55351945.91 | 100.000% | | 63103094.39 | 0.000 TO 99.990% |

**40- A Market risk:**

Market risks are losses of the value arising from changes in market prices as the change in interest rates, foreign exchange rates, prices of financial instruments and therefore changes in fair value of the cash flows of financial instruments within and outside the consolidated statement of financial position.

The bank has defined policies and procedures for identifying, measuring, monitoring and controlling market risks, they are reviewed periodically, and their implementation is monitored, where the investment policy committee studies and recommends them after confirming their compliance with the instructions of the Central Bank of Jordan, they are then implemented and approved by the board of directors.

The acceptable risk policy is determined under treasury operations and includes limits for market risk control, where they are complied with, and their implementation is verified periodically and continuously by monitoring their implementation by the risk management department and submitting various periodic reports which in turn are presented to the Assets and Liabilities Committee and the board of directors.

The bank holds a share and bond portfolio for trading purposes (financial assets at fair value though pofit or loss), for which the sensitivity analysis method is used, where risks are currently measured through the standard approach to calculate the minimum share capital as recommended by Basel Committee.

**40-B Interest rate risk:**

Interest rate risk arises from the probability of change in interest rates, consequently affecting cash flows or air value of the financial instrument.

The bank is exposed to interest rate risk as a result of time gaps for repricing between assets and liabilities, such gaps are monitored on a periodic basis by the Assets and Liabilities Committee, and sometimes various hedging methods are used to remain within acceptable limits of interest rate risk gaps.

## Sensitivity analysis:

**For 2023**

| Currency | Change of increase in interest rate (percentage point) | Sensitivity of interest income (profit and loss) | Sensitivity of equity |
|---|---|---|---|
| | % | JD | JD |
| USD | 1 | (1,306,743) | (854,000) |
| Euro | 1 | 503,938 | – |
| GBP | 1 | (32,774) | (66,017) |
| JPY | 1 | – | – |
| Other currencies | 1 | 195,626 | – |

| Currency | Change of increase in interest rate (percentage point) | Sensitivity of interest income (profit and loss) | Sensitivity of equity |
|---|---|---|---|
| | % | JD | JD |
| USD | 1 | 1,306,743 | 854,000 |
| Euro | 1 | (503,938) | – |
| GBP | 1 | 32,774 | 66,017 |
| JPY | 1 | – | – |
| Other currencies | 1 | (195,626) | – |

**For 2022**

| Currency | Change of increase in interest rate (percentage point) | Sensitivity of interest income (profit and loss) | Sensitivity of equity |
|---|---|---|---|
| | % | JD | JD |
| USD | 1 | 476,318 | (738,330) |
| Euro | 1 | (68,258) | – |
| GBP | 1 | (39,529) | – |
| JPY | 1 | – | – |
| Other currencies | 1 | (14,708) | – |

| Currency | Change of increase in interest rate (percentage point) | Sensitivity of interest income (profit and loss) | Sensitivity of equity |
|---|---|---|---|
| | % | JD | JD |
| USD | 1 | (476,318) | 765,181 |
| Euro | 1 | 68,258 | – |
| GBP | 1 | 39,529 | – |
| JPY | 1 | – | – |
| Other currencies | 1 | 14,708 | – |

### Currency risk:

The table below shows the currencies that the Bank is exposed to and the effect of a possible and reasonable change on their prices against the Jordanian Dinar on the consolidated statement of income, and the currency position are monitored on a daily basis to verify they remain within the specified limits and submits reports thereon to the Assets and Liabilities Committee as well as to the Board of Directors.

**For 2023**

| Currency | Change in foreign currency rates | Impact on profit and loss | Impact on Equity |
|---|---|---|---|
| | % | JD | JD |
| Euro | 5 | (9,314) | – |
| GBP | 5 | 12,995 | – |
| JPY | 5 | 648 | – |
| Other currencies | 5 | 8,731,678 | – |

**For 2022**

| Currency | Change in foreign currency rates | Impact on profit and loss | Impact on Equity |
|---|---|---|---|
| | % | JD | JD |
| Euro | 5 | (1,121,926) | – |
| GBP | 5 | 276,115 | – |
| JPY | 5 | 1,147,234 | – |
| Other currencies | 5 | (346,411) | – |

### Risk of change in shares prices:

It is the risk of a decrease in the fair value of the shares portfolio because of the change in the value of shares indices and the change in the value of individ ual shares.

**For 2023**

| Index | Change in index | Impact on profit and loss | Impact on Equity |
|---|---|---|---|
| | % | JD | JD |
| Amman market index | 5 | – | 559,919 |
| Palestine market index | 5 | – | 2,598 |
| Dubai market index | 5 | – | 176,134 |
| Kuwait market index | 5 | – | – |
| NASDAQ – USA | 5 | – | – |

**For 2022**

| Index | Change in index | Impact on profit and loss | Impact on Equity |
|---|---|---|---|
| | % | JD | JD |
| Amman market index | 5 | – | 365,728 |
| Palestine market index | 5 | – | 47,042 |
| Kuwait market index | 5 | – | – |
| NASDAQ – USA | 5 | – | – |

| 31 December 2023 | Re-pricing interest gap | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Less than 1 month | 1 month to 3 months | 3 months to 6 months | 6 months to 1 year | From 1 year to 3 years | 3 years or more | Elements non-bearing interest | Total |
| | JD | JD | JD | JD | JD | JD | JD | JD |
| **Assets:** | | | | | | | | |
| Cash and balances at Central Banks | 108,000,000 | – | – | – | – | – | 964,306,647 | 1,072,306,647 |
| Balances at banks and financial institutions | 111,806,065 | – | – | – | – | – | 428,470,213 | 540,276,278 |
| Direct credit facilities, net | 535,334,294 | 69,918,692 | 139,679,252 | 140,570,219 | 493,558,566 | 607,915,180 | 19,770,097 | 2,006,746,300 |
| Financial assets at fair value through statement of income | – | – | – | – | 3,460,806 | – | 21,299,672 | 24,760,478 |
| Financial assets at fair value through the statement of comprehensive income | 5,086,256 | – | – | – | 20,918,028 | 10,749,418 | 79,469,920 | 116,223,622 |
| Financial assets at amortised cost | 26,979,725 | 98,499,645 | 35,000,751 | 226,493,236 | 337,312,188 | 398,597,644 | – | 1,122,883,189 |
| Property and equipment, net | – | – | – | – | – | – | 80,450,626 | 80,450,626 |
| Intangible assets, net | – | – | – | – | – | – | 11,907,278 | 11,907,278 |
| Deferred tax assets | – | – | – | – | – | – | 58,716,359 | 58,716,359 |
| Other assets | 37,287,018 | 46,594,134 | 27,956,481 | 33,547,776 | – | 11,302,486 | 17,936,314 | 174,624,209 |
| Right of use leased assets | – | – | – | – | 1,004,749 | 11,554,615 | – | 12,559,364 |
| Assets held for sale | – | – | – | – | – | – | 22,947,701 | 22,947,701 |
| **Total assets** | **824,493,358** | **215,012,471** | **202,636,484** | **400,611,231** | **856,254,337** | **1,040,119,343** | **1,705,274,827** | **5,244,402,051** |

### Re-pricing interest gap:

The Bank follows a consistent policy in the amounts of assets and liabilities and aligns the maturities to reduce the gaps by dividing assets and liabilities into multiple timing categories or maturities on review interest rates, whichever is less, to reduce risk in interest rates, study gaps in interest rates associated with them, and use hedging policies through advanced tools such as derivatives.

Classification is made on the basis of interest repricing or maturity periods, whichever is earlier.

Interest rate sensitivities are as follows:

| 31 December 2023 | Re-pricing interest gap | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Less than 1 month | 1 month to 3 months | 3 months to 6 months | 6 months to 1 year | From 1 year to 3 years | 3 years or more | Elements non-bearing interest | Total |
| | JD | JD | JD | JD | JD | JD | JD | JD |
| **Liabilities:** | | | | | | | | |
| Deposits with banks and banking institutions | – | 50,938,301 | – | 12,000,000 | – | – | 6,682,050 | 69,620,351 |
| Customers' deposits | 826,247,637 | 303,307,858 | 291,369,840 | 343,933,388 | 186,503,468 | 4,074 | 1,755,730,217 | 3,707,096,482 |
| Cash margins | 63,522,559 | 19,044,955 | 11,515,037 | 31,783,113 | 2,456,928 | 39,200 | 11,613,041 | 139,974,833 |
| Borrowings | 10,555 | 9,304 | 909,216 | 82,842,732 | 174,575,466 | 104,809,897 | – | 363,157,170 |
| Other provisions | – | – | – | – | – | – | 20,297,592 | 20,297,592 |
| Green bonds | – | – | – | – | – | 35,450,000 | – | 35,450,000 |
| Provision for income tax | – | – | – | – | – | – | 32,640,476 | 32,640,476 |
| Deferred tax liabilities | – | – | – | – | – | – | 3,497,873 | 3,497,873 |
| Liabilities against right of use leased assets | – | – | – | – | 1,023,355 | 11,768,591 | – | 12,791,946 |
| Other liabilities | 15,132,553 | 18,901,050 | 11,340,630 | 13,608,756 | – | 20,219,484 | 35,056,442 | 114,258,915 |
| Liabilities related directly to right of use asset | – | – | – | – | – | – | 18,105,050 | 18,105,050 |
| **Total liabilities** | **904,913,304** | **392,201,468** | **315,134,723** | **484,167,989** | **364,559,217** | **172,291,246** | **1,883,622,741** | **4,516,890,688** |
| Non-controlling interests | – | – | – | – | – | – | 112,767,872 | 112,767,872 |
| **Re-pricing interest gap** | (80,419,946) | (177,188,997) | (112,498,239) | (83,556,758) | 491,695,120 | 867,828,097 | (291,115,786) | 614,743,491 |

| 31 December 2022 | Re-pricing interest gap | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Less than 1 month | 1 month to 3 months | 3 months to 6 months | 6 months to 1 year | From 1 year to 3 years | 3 years or more | Elements non-bearing interest | Total |
| **Assets:** | JD | JD | JD | JD | JD | JD | JD | JD |
| **Cash and balances at Central Banks** | – | – | – | – | – | – | 480,714,381 | 480,714,381 |
| Balances at banks and financial institutions | 90,557,279 | 8,019,566 | – | – | – | 1,425 | 24,857,683 | 123,435,953 |
| Direct credit facilities, net | 693,411,228 | 243,967,557 | 202,411,902 | 455,900,867 | 173,541,985 | 128,476,225 | 24,930,673 | 1,922,640,437 |
| Financial assets at fair value through statement of income | – | – | – | – | – | – | 20,958,094 | 20,958,094 |
| Financial assets at fair value through the statement of comprehensive income | 559,015 | – | – | 10,866,088 | 6,705,928 | 4,447,479 | 72,406,082 | 94,984,593 |
| Financial assets at amortised cost | 45,000,026 | 59,953,151 | 69,564,068 | 117,340,523 | 161,440,932 | 164,689,901 | – | 617,988,602 |
| Property and equipment, net | – | – | – | – | – | – | 36,013,560 | 36,013,560 |
| Intangible assets, net | – | – | – | – | – | – | 7,239,008 | 7,239,008 |
| Deferred tax assets | – | – | – | – | – | – | 56,299,061 | 56,299,061 |
| Right of use leased assets | – | – | – | – | 856,485 | 9,667,575 | – | 10,524,060 |
| Other assets | 9,793,728 | 5,320,510 | 6,486,080 | 8,980,878 | 5,846,096 | 10,440,476 | 129,273,850 | 176,141,619 |
| **Total assets** | **839,321,276** | **317,260,784** | **278,462,050** | **593,088,356** | **348,391,426** | **317,723,081** | **852,692,393** | **3,546,939,367** |
| **Liabilities:** | | | | | | | | |
| Deposits with banks and banking institutions | 24,440,347 | – | 80,006,651 | – | – | – | 2,737,995 | 107,184,993 |
| Customers' deposits | 962,971,103 | 360,207,718 | 183,535,253 | 274,830,793 | 658,309 | – | 636,469,782 | 2,418,672,958 |
| Cash margins | 32,445,925 | 19,526,021 | 11,917,127 | 26,151,228 | 669,943 | – | 27,216,328 | 117,926,572 |
| Borrowings | 2,725,441 | 2,051,428 | 2,742,116 | 6,457,265 | 101,492,797 | 181,129,021 | – | 296,598,068 |
| other provisions | 13,532,966 | – | – | – | – | – | 922,007 | 14,454,973 |
| Bond | – | – | – | 11,000,000 | – | – | – | 11,000,000 |
| Provision for income tax | – | – | – | – | – | – | 18,784,419 | 18,784,419 |
| Deferred tax liabilities | – | – | – | – | – | – | 7,460,503 | 7,460,503 |
| Liabilities against right of use leased assets | – | – | – | – | 601,806 | 10,131,876 | – | 10,733,682 |
| Other liabilities | 22,367,249 | 9,235,708 | 7,328,678 | 8,497,685 | 9,611,039 | 9,527,612 | – | 66,567,971 |
| **Total liabilities** | **1,058,483,031** | **391,020,875** | **285,529,825** | **326,936,971** | **113,033,894** | **200,788,509** | **693,591,034** | **3,069,384,139** |
| **Non-controlling interests** | - | - | - | - | - | - | **1,721,520** | **1,721,520** |
| **Re-pricing interest gap** | **(219,161,755)** | **(73,760,091)** | **(7,067,775)** | **266,151,385** | **235,357,532** | **116,934,572** | **157,379,839** | **475,833,708** |

## Concentration in foreign exchange risk

| 31 December 2023 | USD | Euro | GBP | JPY | Others | Total |
|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD |
| **Assets:** | | | | | | |
| Cash and balances with Central Banks | 192,895,478 | 4,394,501 | 421,559 | – | 556,646,128 | 754,357,666 |
| Balances with banks and banking institutions | 452,618,354 | 67,411,708 | 10,193,061 | 1,185,570 | 8,681,171 | 540,089,864 |
| Direct credit facilities - net | 490,495,561 | 26,343,349 | – | – | 17,554,233 | 534,393,143 |
| Financial assets at fair value through profit and loss | 3,460,806 | – | – | – | – | 3,460,806 |
| Financial assets at fair value through comprehensive income | 60,908,311 | 61,780 | 1,830,368 | – | 10,304,158 | 73,104,617 |
| Financial assets at amortised cost | 301,744,089 | – | – | – | 229,141,312 | 530,885,401 |
| Property and equipment | 1,187,645 | – | – | – | 41,056,537 | 42,244,182 |
| Intangible assets | 35,835 | – | – | – | 585,870 | 621,705 |
| Right of use assets | – | 463,187 | – | – | 993,067 | 1,456,254 |
| Other assets | 14,089,907 | 585,309 | 50,630 | – | 9,673,925 | 24,399,772 |
| **Total assets** | **1,517,435,987** | **99,259,834** | **12,495,619** | **1,185,570** | **874,636,401** | **2,505,013,410** |
| **Liabilities:** | | | | | | |
| Deposits with banks and banking institutions | 64,821,937 | 50,635 | – | – | 106,622 | 64,979,194 |
| Customers' deposits | 1,145,524,540 | 95,010,917 | 11,999,195 | 1,119,677 | 658,953,206 | 1,912,607,535 |
| Cash margins | 48,917,760 | 3,103,943 | 187,465 | 52,924 | 6,799,793 | 59,061,885 |
| Borrowings | 121,066,633 | – | – | – | – | 121,066,633 |
| Other provisions | – | – | – | – | 2,258,070 | 2,258,070 |
| Green bonds | 35,450,000 | – | – | – | – | 35,450,000 |
| Provision for Income tax | – | 397,708 | – | – | 14,098,178 | 14,495,886 |
| Liabilities against right od use assets | – | 478,646 | – | – | 1,026,972 | 1,505,618 |
| Other liabilities | 9,040,818 | 404,269 | 49,056 | – | 16,760,010 | 26,254,152 |
| **Total liabilities** | **1,424,821,688** | **99,446,118** | **12,235,716** | **1,172,601** | **700,002,851** | **2,237,678,974** |
| **Net concentration in the consolidated statement of fi-nancial position for the current year** | **92,614,299** | **(186,284)** | **259,903** | **12,969** | **174,633,550** | **267,334,436** |
| **Contingent liabilities off-the consolidated statement of financial position for the current year** | **298,618,870** | **55,475,655** | **116,703** | **2,097,864** | **16,558,519** | **302,391,893** |

## Concentration in foreign exchange risk

| 31 December 2022 | USD | Euro | GBP | JPY | Others | Total |
|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD |
| **Assets:** | | | | | | |
| Cash and balances with Central Banks | 56,309,217 | 6,930,381 | 912,605 | – | 979,301 | 65,131,504 |
| Balances with banks and banking institutions | 88,062,088 | 10,403,925 | 16,766,337 | 1,388,868 | 717,685 | 117,338,904 |
| Direct credit facilities - net | 460,775,049 | 18,583,411 | 2,987,230 | 22,942,826 | – | 505,288,515 |
| Financial assets at fair value through profit and loss | – | – | 1,469,194 | – | – | 1,469,194 |
| Financial assets at fair value through comprehensive income | 54,480,602 | 55,185 | – | – | – | 54,535,787 |
| Financial assets at amortised cost | 152,296,674 | – | – | – | – | 152,296,674 |
| Property and equipment | 938,688 | – | – | – | – | 938,688 |
| Intangible assets | 2,264 | – | – | – | – | 2,264 |
| Other assets | 8,790,258 | 326,485 | 102,895 | 12,374 | – | 9,232,011 |
| **Total assets** | 821,654,838 | 36,299,388 | 22,238,260 | 24,344,068 | 1,696,986 | 906,233,541 |
| **Liabilities:** | | | | | | |
| Deposits with banks and banking institutions | 104,945,482 | 43,068 | – | – | 420,732 | 105,409,282 |
| Customers' deposits | 475,325,806 | 55,365,948 | 16,530,822 | 1,396,973 | 7,178,645 | 555,798,195 |
| Cash margins | 28,193,955 | 2,612,739 | 165,803 | 2,413 | 992,862 | 31,967,772 |
| Borrowings | 129,514,448 | – | – | – | – | 129,514,448 |
| Provision for Income tax | – | 379,105 | – | – | – | 379,105 |
| Other liabilities | 6,710,450 | 325,253 | 19,330 | – | 32,959 | 7,087,991 |
| **Total liabilities** | **744,690,141** | **58,726,113** | **16,715,954** | **1,399,387** | **8,625,198** | **830,156,793** |
| **Net concentration in the consolidated statement of fi-nancial position for the current year** | **76,964,697** | **(22,426,726)** | **5,522,306** | **22,944,682** | **(6,928,213)** | **76,076,747** |
| **Contingent liabilities off-the consolidated statement of financial position for the current year** | **192,123,910** | **10,749,982** | **105,167** | **62,148** | **3,203,063** | **206,244,269** |

## C- Liquidity risk

First: The table below summarizes the distribution of liabilities (not discounted) based on the remaining period for contractual maturity at the date of the financial statements:

Liquidity risk is defined as the losses that the Bank may be exposed to due to lack of funds needed to finance the increase of its investments or to repay its obligations when they become due at appropriate time and cost. (This is part of asset and liability management (ALM).

The Bank is commitment to liquidity ratios set by the Central Bank and the supervisory authorities under which the Bank's external branches operate, and the Bank's liquidity is monitored on a daily basis.

Liquidity is also monitored by the ALCO chaired by the Director General through periodic reports.

| 31 December 2023 | Less than 1 month | 1 month to 3 months | 3 months to 6 months | 6 months to 1 year | From 1 year to 3 years | 3 years or more | Elements non-bearing interest | Total |
|---|---|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD | JD | JD |
| **Liabilities:** | | | | | | | | |
| Deposits with banks and financial institutions | – | 50,938,301 | – | 12,000,000 | – | – | 6,682,050 | 69,620,351 |
| Customers' deposits | 602,414,221 | 303,307,858 | 291,369,840 | 343,933,388 | 186,503,468 | 4,074 | 1,979,563,633 | 3,707,096,482 |
| Cash margins | 75,135,600 | 19,044,955 | 11,515,037 | 31,783,113 | 2,456,928 | 39,200 | – | 139,974,833 |
| Borrowings | 10,555 | 9,304 | 909,216 | 82,842,732 | 174,575,466 | 104,809,897 | – | 363,157,170 |
| Other provisions | – | – | – | – | – | – | 20,297,592 | 20,297,592 |
| Green bonds | – | – | – | – | – | 35,450,000 | – | 35,450,000 |
| Provision for income tax | – | – | – | – | – | – | 32,640,476 | 32,640,476 |
| Deferred tax liabilities | – | – | – | – | – | – | 3,497,873 | 3,497,873 |
| Liabilities against right of use leased assets | – | – | – | – | 1,023,355 | 11,768,591 | – | 12,791,946 |
| Other liabilities | 15,132,553 | 18,901,050 | 11,340,630 | 13,608,756 | – | 20,219,484 | 35,056,442 | 114,258,915 |
| **Total** | **692,692,929** | **392,201,468** | **315,134,723** | **484,167,989** | **364,559,217** | **172,291,246** | **2,077,738,066** | **4,498,785,638** |
| **Total assets** | **824,493,358** | **215,012,471** | **202,636,484** | **400,611,231** | **856,254,337** | **1,040,119,343** | **1,705,274,827** | **5,244,402,051** |

| 31 December 2022 | Less than 1 month | 1 month to 3 months | 3 months to 6 months | 6 months to 1 year | From 1 year to 3 years | 3 years or more | Elements non-bearing interest | Total |
|---|---|---|---|---|---|---|---|---|
| | JD | JD | JD | JD | JD | JD | JD | JD |
| **Liabilities:** | | | | | | | | |
| Deposits with banks and banking institutions | 27,178,342 | – | 80,006,651 | – | – | – | – | 107,184,993 |
| Customers' deposits | 893,281,202 | 360,207,718 | 183,535,253 | 274,830,793 | 658,309 | – | 706,159,683 | 2,418,672,958 |
| Cash margins | 59,662,254 | 19,526,021 | 11,917,127 | 26,151,228 | 669,942 | – | – | 117,926,572 |
| Borrowings | 724,257 | 2,051,428 | 2,742,116 | 6,457,265 | 101,492,797 | 181,129,021 | 2,001,184 | 296,598,068 |
| Liabilities against right of use leased assets | – | – | – | – | 601,806 | 10,131,876 | – | 10,733,682 |
| bond | – | – | – | 11,000,000 | – | – | – | 11,000,000 |
| other provisions | – | – | – | – | – | – | 14,454,973 | 14,454,973 |
| Provision for income tax | – | – | 18,784,419 | – | – | – | – | 18,784,419 |
| Deferred tax liabilities | – | – | – | – | – | – | 7,460,503 | 7,460,503 |
| Other liabilities | 22,367,249 | 9,235,708 | 7,328,678 | 8,497,685 | 9,611,039 | 9,527,612 | – | 66,567,971 |
| **Total** | **1,003,213,304** | **391,020,875** | **304,314,244** | **326,936,971** | **113,033,893** | **200,788,509** | **730,076,343** | **3,069,384,139** |
| **Total assets** | **925,947,166** | **132,419,301** | **273,900,238** | **288,228,491** | **560,738,018** | **1,043,516,499** | **322,189,655** | **3,546,939,367** |

### Second: Items off-the financial position (Total):

| 31 December 2023 | Up to one year JD | 1 to 5 years JD | Over 5 years JD | Total JD |
|---|---|---|---|---|
| Letters of credits and acceptances | 91,232,632 | – | 1,896,612 | **93,129,244** |
| Un-utilised limits (direct and indirect) | 372,694,482 | 37,458,932 | 934,936 | **411,088,350** |
| Guarantees | 244,932,681 | 36,147,168 | 28,544,009 | **309,623,858** |
| **Total** | **708,859,795** | **73,606,100** | **31,375,557** | **813,841,452** |

| 31 December 2022 | Up to one year JD | 1 to 5 years JD | Over 5 years JD | Total JD |
|---|---|---|---|---|
| Letters of credits and acceptances | 112,265,698 | 16,554,713 | 87,665 | **128,908,076** |
| Un-utilised limits (direct and indirect) | 292,116,441 | 31,595,637 | 2,503,472 | **326,215,550** |
| Guarantees | 217,353,323 | 21,434,658 | 527 | **238,788,508** |
| **Total** | **621,735,462** | **69,585,008** | **2,591,664** | **693,912,134** |

### (41) Information about the Bank's business segments

- The Bank is organized for administrative purposes through four main business segments that are measured according to the reports that are used by the CEO and the main decision-makers at the Bank. The Bank also has a subsidiary specialized in financial brokerage services and a subsidiary specialized in financial leasing services as at the date of the consolidated financial statements:

- Retail accounts: Includes handling individual customers' deposits, and providing credit facilities, credit cards and other services.
- Corporates' accounts: Includes handling deposits, credit facilities, and other banking services related to corporates' customers.
- Treasury: Includes providing trading and treasury services and the management of the Bank's funds.
- Others: Includes activities inapplicable to the definition of the Bank's above mentioned segments.
- Financial brokerage services: Practicing most of the brokerage and financial consultation services.
- Financial leasing services: Practicing financial leasing services and real estate development projects.

## The following is information on the Bank's business segments distributed by activity:

| | Retail | Corporates | Treasury | Financial brokerage | Finance leasing | Others | Total |
|---|---|---|---|---|---|---|---|
| **31 December 2023** | JD | JD | JD | JD | JD | JD | JD |
| Total income for the year - statement (b) | 45,558,403 | 118,384,563 | 47,072,188 | 4,668,422 | 6,653,154 | 59,073,929 | 281,410,659 |
| Less: expected credit losses | 6,312,081 | 30,123,245 | 23,218,839 | 536,459 | 773,558 | 3,580,797 | 64,544,979 |
| Segment business results | 39,246,322 | 88,261,318 | 23,853,349 | 4,131,963 | 5,879,596 | 55,493,132 | 216,865,680 |
| Less: unallocated expenses on segments | – | – | – | 1,554,787 | 1,217,475 | 107,934,376 | 110,706,638 |
| Profit for the year before income tax | 39,246,322 | 88,261,318 | 23,853,349 | 2,577,175 | 4,662,121 | (52,441,243) | 106,159,042 |
| Add: Bargain on purchase | – | – | 15,492,283 | – | – | – | 15,492,283 |
| Less: income tax for the year | – | – | – | – | – | 31,614,643 | 31,614,643 |
| Profit for the year - statement (b) | 39,246,322 | 88,261,318 | 39,345,632 | 2,577,175 | 4,662,121 | (84,055,886) | 90,036,682 |
| | | | | | | | |
| Capital expenses | – | – | – | – | – | 57,550,538 | 57,550,538 |
| Depreciations and amortisations | – | – | – | – | – | 6,823,512 | 6,823,512 |
| | | | | | | | |
| Sector assets | 382,844,807 | 1,524,012,612 | 2,876,450,214 | 22,947,701 | 99,888,881 | 338,257,836 | 5,244,402,051 |
| Sector liabilities | 1,477,966,320 | 2,175,143,720 | 468,227,521 | 18,105,050 | 53,986,442 | 323,461,635 | 4,516,890,688 |
| | | | | | | | |
| **31 December 2022** | | | | | | | |
| Total income for the year - statement (b) | 30,961,254 | 66,167,440 | 30,574,778 | 1,792,798 | 6,103,317 | 3,944,228 | 139,543,815 |
| Less: expected credit losses | 10,420,410 | 22,452,346 | (583,218) | 138,085 | 566,618 | – | 32,994,241 |
| Segment business results | 20,540,844 | 43,715,094 | 31,157,996 | 1,654,713 | 5,536,699 | 3,944,228 | 106,549,574 |
| Less: unallocated expenses on segments | – | – | – | 1,532,247 | 1,205,116 | 76,925,897 | 79,663,260 |
| Profit for the year before income tax | 20,540,844 | 43,715,094 | 31,157,996 | 122,466 | 4,331,583 | (72,981,669) | 26,886,314 |
| Add: Bargain on purchase | – | – | – | 458,225 | – | – | 458,225 |
| Less: income tax for the year | – | – | – | 339,866 | 1,404,753 | 6,865,545 | 8,610,164 |
| Profit for the year - statement (b) | 20,540,844 | 43,715,094 | 31,157,996 | 240,825 | 2,926,830 | (79,847,214) | 18,734,375 |
| | | | | | | | |
| Capital expenses | – | – | – | – | – | 8,531,987 | 8,531,987 |
| Depreciations and amortisations | – | – | – | – | – | 4,793,384 | 4,793,384 |
| | | | | | | | |
| Sector assets | 533,378,985 | 1,415,046,687 | 1,339,710,575 | 30,634,123 | 86,289,260 | 141,879,737 | 3,546,939,367 |
| Sector liabilities | 1,282,503,327 | 1,181,428,271 | 421,243,564 | 22,700,963 | 43,279,742 | 118,228,272 | 3,069,384,139 |

### B. Geographical distribution information

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

| | Inside the Kingdom For the year ended 31 December | | Outside the Kingdom For the year ended 31 December | | Total For the year ended 31 December | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | JD | JD | JD | JD | JD | JD |
| Total income - statement (b) | 203,071,066 | 128,541,324 | 78,339,593 | 11,002,491 | 281,410,659 | 139,543,815 |
| Capital expenses | 14,720,485 | 7,834,138 | 42,830,053 | – | 57,550,538 | 7,834,138 |

| | 31 December | | 31 December | | 31 December | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | JD | JD | JD | JD | JD | JD |
| Total assets | 3,714,157,924 | 3,121,021,730 | 1,530,244,127 | 425,917,637 | 5,244,402,051 | 3,546,939,367 |

### (42) Capital management:

### A. Description of what is considered to be capital.

Capital is classified into several categories as paid capital, economic capital and regulatory capital. The regulatory capital is defined as per the Banks Law by the total value of the items determined by the Central Bank for control purposes in order to meet the requirements of the capital adequacy ratio established in accordance with instructions issued by the Central Bank. The regulatory capital consists of two parts, the first part is called core capital (Tier 1) and consists of paid in capital, disclosed reserves (include statutory reserve, voluntary, share premium and treasury shares premium), retained earnings after deducting any amounts subject for any restrictions, non-controlling interest and deducting period losses, cost of treasury share purchases, deferred provision with the Central Bank of Jordan approval and goodwill. The second part additional paid in capital (Tier 2) consists of foreign currencies translation difference, general banking risk reserve, debt and equity securities that have the same characteristics, support debts and 45% from valuation of financial assets at fair value through other comprehensive income reserve if positive and deducted in full if negative.

There is third part (Tier 3) might be established in case the capital adequacy ratio dropped below 12% from the result of including market risk to the capital adequacy ratio. Investments in banks and subsidiaries financial institutions (if not consolidated) as well the investments in bank's, insurance companies and other financial institutions share capital.

### B. Regulatory requirements for capital, and how to meet these requirements.

The instructions of the Central Bank require that the paid-up capital is not less than JD 100 million, and that the ratio of shareholders' equity to assets is not less than 6%. As for the regulatory capital, the instructions of the Central Bank require that its ratio to the weighted assets (capital adequacy ratio) is not less than 14% and the Bank ensures that it is compliant there with.

The Bank is committed to Article (62) of the Banks Law, which requires the Bank to deduct annually 10% of its net profit in the Kingdom to the legal reserve account and to continue to deduct it until such reserve reaches the equivalent of the Bank's subscribed capital, and this deduction corresponds to the statutory reserve stipulated in the Companies Law.

The Bank is committed to Article (41) of the Banks Law, which requires compliance with the limits set by the Central Bank relating to the following:

1. Risk ratios of its assets and risk-weighted assets, as well as the elements of capital, reserves, and regulatory accounts.
2. Ratio of the total borrowings to the regulatory capital that the Bank is allowed to grant for the benefit of a person and his associates or the related parties.
3. Ratio of the total borrowings granted to the Bank's top ten customers to the total amount of borrowings granted by the Bank.

### C - How to achieve the objectives of capital management.

The Bank ensures the compatibility of the capital amount with the amount, nature and complexity of the risks to which the Bank is exposed to, in a manner that does not contradict with the legislation and instructions in force. The Bank reflects this in its strategic plans as well as its annual estimated budgets. For more precaution, and given the surrounding circumstances and economic cycles, the Board of Directors decided, within the Bank's strategy, that the capital adequacy ratio will not be less than 14%.

When entering into investments, effects on the capital adequacy ratio are recorded and capital and adequacy are monitored periodically as the capital adequacy ratio is calculated at the Group level as well as at the Bank's level on a quarterly basis. In addition to the continuous monitoring of capital ratios which are monitored on a monthly basis, including financial leverage ratios: assets to equity ratio, customer deposits to equity ratio, internal growth rate of equity ratio, provisions and free share capital, which achieves the appropriate financial leverage and achieves accordingly the targeted return on equity by which it does not drop below 10% in accordance with the bank's strategy.

No dividends will be distributed to shareholders from the regulatory capital components if such distribution would lead to failure to comply with the required minimum capital. The Bank focuses on the internal generation of capital and can resort to public offering to meet the requirements of expansions and future plans or the requirements of the regulatory authorities according to specific studies.

## Capital adequacy

On 31 November 2016, the Central Bank of Jordan issued capital adequacy instructions in accordance with Basel III and cancelled the implementation of regulatory capital adequacy instructions in accordance with Basel II.

The Bank manages the capital in a way that ensures the continuity of its operations and achieves the highest possible return on equity, and the capital is as defined by Basel III, as shown in the following table:

| | 31 December | |
|---|---|---|
| | 2023 | 2022 |
| | JD | JD |
| Total basic capital for ordinary equity holders (CET 1) | 531,419 | 463,834 |
| Regulatory amendments (subtraction from basic capital for or-dinary equity holders) | (72,744) | (67,779) |
| Tier-I Capital | 92,131 | - |
| Tier-II Capital | 36,262 | 27,064 |
| Regulatory Capital | 587,069 | 423,119 |
| Risk-weighted assets | 3,131,389 | 2,490,970 |
| Capital adequacy ratio for ordinary equity holders (CET 1) | 14.65% | 15.90% |
| Capital adequacy ratio on Tier-I Capital | 17.59% | 15.90% |
| Regulatory capital adequacy ratio | 18.75% | 16.99% |

* The basic capital was calculated after investing in banks and a financial subsidiary.

| | 31 December | |
|---|---|---|
| **Liquidity coverage ratio (LCR):** | 2023 | 2022 |
| | JD | JD |
| Total high quality liquid assets | 1,577,750 | 1,045,366 |
| Total high quality liquid assets after subtracting the maximum adjustments | 1,577,750 | 1,045,366 |
| Net cash outflow | 1,050,496 | 453,200 |
| Liquidity coverage ratio | 340.40% | 230.70% |
| **Liquidity coverage according to the average end of each month** | 290.32% | 199.24% |

## (44) Analysis of maturities of assets and liabilities

The following table shows the analysis of assets and liabilities according to the expected period of recovery or settlement:

| 31 December 2023 | Up to one year | Over one year | Total |
|---|---|---|---|
| **Assets:** | JD | JD | JD |
| Cash and balances with Central Banks | 1,072,306,647 | – | 1,072,306,647 |
| Balances with banks and banking institutions | 540,276,278 | – | 540,276,278 |
| Direct credit facilities - net | 905,272,554 | 1,101,473,746 | 2,006,746,300 |
| Financial assets through profit and loss | 21,299,672 | 3,460,806 | 24,760,478 |
| Financial assets through comprehensive income | 84,556,176 | 31,667,446 | 116,223,622 |
| Financial assets at amortised cost | 386,973,357 | 735,909,832 | 1,122,883,189 |
| Property and equipment, net | 80,450,626 | – | 80,450,626 |
| Intangible assets, net | 11,907,278 | – | 11,907,278 |
| Deferred tax assets | 58,716,359 | – | 58,716,359 |
| Other assets | 163,321,723 | 11,302,486 | 174,624,209 |
| Right of use of leased assets | – | 12,559,364 | 12,559,364 |
| Assets held for sale | 22,947,701 | – | 22,947,701 |
| **Total assets** | **3,348,028,371** | **1,896,373,680** | **5,244,402,051** |
| **Liabilities:** | | | |
| Deposits with banks and banking institutions | 69,620,351 | – | 69,620,351 |
| Customers' deposits | 3,520,588,940 | 186,507,542 | 3,707,096,482 |
| Cash margins | 137,478,705 | 2,496,128 | 139,974,833 |
| Borrowings | 83,771,807 | 279,385,363 | 363,157,170 |
| Various provisions | 20,297,592 | –- | 20,297,592 |
| Green Bonds | – | 35,450,000 | 35,450,000 |
| Provision for income tax | 32,640,476 | – | 32,640,476 |
| Deferred tax liabilities | 3,497,873 | – | 3,497,873 |
| Liabilities against right of use leased assets | – | 12,791,946 | 12,791,946 |
| Other liabilities | 94,039,431 | 20,219,484 | 114,258,915 |
| Liabilities directly related to assets held for sale | 18,105,050 | – | 18,105,050 |
| **Total liabilities** | **3,980,040,225** | **536,850,463** | **4,516,890,688** |
| **Net assets** | **(632,011,854)** | **1,359,523,217** | **727,511,363** |

The following table shows the analysis of assets and liabilities according to the expected period of recovery of settlement:

| 31 December 2022 | Up to one year | Over one year | Total |
|---|---|---|---|
| **Assets:** | JD | JD | JD |
| Cash and balances with Central Banks | 480,714,381 | – | 480,714,381 |
| Balances with banks and banking institutions | 123,435,953 | – | 123,435,953 |
| Direct credit facilities - net | 682,482,218 | 1,240,158,219 | 1,922,640,437 |
| Financial assets through profit and loss | – | 20,958,094 | 20,958,094 |
| Financial assets through comprehensive income | 11,425,103 | 83,559,489 | 94,984,592 |
| Financial assets at amortised cost | 291,857,769 | 326,130,833 | 617,988,602 |
| Property and equipment, net | – | 36,013,560 | 36,013,560 |
| Intangible assets, net | – | 7,239,008 | 7,239,008 |
| Right of use of leased assets | – | 10,524,060 | 10,524,060 |
| Deferred tax assets | – | 56,299,061 | 56,299,061 |
| Other assets | 30,581,196 | 145,560,423 | 176,141,619 |
| **Total assets** | **1,620,496,620** | **1,926,442,747** | **3,546,939,367** |
| **Liabilities:** | | | |
| Deposits with banks and banking institutions | 107,184,993 | – | 107,184,993 |
| Customers' deposits | 1,711,854,966 | 706,817,992 | 2,418,672,958 |
| Cash margins | 117,256,630 | 669,942 | 117,926,572 |
| Borrowings | 11,975,066 | 284,623,002 | 296,598,068 |
| Liabilities against right of use leased assets | – | 10,733,682 | 10,733,682 |
| Bonds | 11,000,000 | – | 11,000,000 |
| Various provisions | – | 14,454,973 | 14,454,973 |
| Provision for income tax | 18,784,419 | – | 18,784,419 |
| Deferred tax liabilities | – | 7,460,503 | 7,460,503 |
| Other liabilities | 47,429,320 | 19,138,651 | 66,567,971 |
| **Total liabilities** | **2,025,485,394** | **1,043,898,745** | **3,069,384,139** |
| **Net assets** | **(404,988,774)** | **882,544,002** | **477,555,228** |

## (45) Fair value hierarchy

### A. Fair value of financial assets and financial liabilities of the Bank designated at fair value on an ongoing basis:

Some of the Bank's financial assets and financial liabilities are valued at fair value at the end of each reporting period, and the following table shows information about how to determine the fair value of these financial assets and financial liabilities (valuation methods and inputs used).

| Financial assets / financial liabilities | Fair value 31 December 2023 | Fair value 31 December 2022 | Level of Fair value | Valuation method and inputs used | Significant inputs unobservable | Relationship between significant inputs unobservable and fair value |
|---|---|---|---|---|---|---|
| | JD | JD | | | | |
| Financial assets at fair value | | | | | | |
| Financial assets at fair value through profit and loss | 24,760,478 | 20,958,094 | Level 1 | Quoted prices in financial markets | N/A | N/A |
| Financial assets at fair value through other comprehensive in-come | | | | | | |
| Shares with available market prices | 27,928,802 | 22,156,014 | Level 1 | Quoted prices in financial markets | N/A | N/A |
| Shares with non-available market prices | 55,884,750 | 50,250,068 | Level 2 | Quoted prices in financial markets compared with the market value of a similar financial instrument | N/A | N/A |
| Bonds quoted in active markets | 32,410,070 | 22,578,510 | Level 1 | Quoted prices in financial markets | N/A | N/A |
| **Total financial assets at fair value** | **140,984,100** | **115,942,686** | | | | |

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

### B. Fair value of financial assets and financial liabilities of the Bank undesignated at fair value on an ongoing basis:

Except for what is described in the table below, we believe that the carrying amounts of the financial assets and financial liabilities shown in the Bank's financial statements approximate their fair values because the Bank's management believes that the carrying amount of the items below is approximately equivalent to their fair value due to their short-term maturities, or their interest rates are re-priced during the year.

| | 31 December 2023 | | 31 December 2022 | | |
|---|---|---|---|---|---|
| | Carrying amount | Fair Value | Carrying amount | Fair Value | Fair value level |
| **Financial assets undesignated at fair value** | JD | JD | JD | JD | JD |
| Balances with central banks | 787,223,767 | 787,633,803 | 419,143,482 | 419,442,177 | Level 2 |
| Balances with banks and banking institutions | 540,276,278 | 541,958,797 | 123,435,953 | 124,661,598 | Level 2 |
| Direct credit facilities | 2,006,746,300 | 2,043,136,973 | 1,922,640,437 | 1,949,149,533 | Level 2 |
| Financial assets at amortised cost | 1,122,883,189 | 1,134,576,258 | 617,988,602 | 626,506,517 | Levels 1 & 2 |
| **Total financial assets undesignated at fair value** | **4,457,129,534** | **4,507,305,831** | **3,083,208,474** | **3,119,759,825** | |
| **Financial liabilities undesignated at fair value** | | | | | |
| Deposits with banks and banking institutions | 69,620,351 | 71,633,973 | 107,184,993 | 108,467,136 | Level 2 |
| Customers' deposits | 3,707,096,482 | 3,728,124,568 | 2,418,672,958 | 2,432,062,271 | Level 2 |
| Cash margins | 139,974,833 | 141,645,333 | 117,926,572 | 118,990,238 | Level 2 |
| Borrowings | 363,157,170 | 365,547,920 | 296,598,068 | 298,120,341 | Level 2 |
| Green bonds | 35,450,000 | 35,908,526 | – | – | Level 2 |
| **Total financial liabilities undesignated at fair value** | **4,315,298,836** | **4,342,860,319** | **2,940,382,591** | **2,957,639,986** | |

For the above items, the fair value of financial assets and financial liabilities for levels 2 and 3 is designated according to agreed pricing models which reflect the credit risk of the parties with which they are dealt.

## (46) Contingent commitments and liabilities (off the statement of financial position)

## A. Credit commitments and liabilities:

| (A) Letters of credits, guarantees and acceptances | 31 December 2023 JD | 31 December 2022 JD |
|---|---|---|
| Letters of credit | 60,247,710 | 81,917,466 |
| Guarantees | | |
| Payment | 182,320,346 | 136,423,673 |
| Performance bonds | 91,935,815 | 84,113,135 |
| Others | 35,367,697 | 18,251,700 |
| Acceptances | 32,881,534 | 46,990,610 |
| **Total** | **402,753,102** | **367,696,584** |

**(B) Unutilised limits**

| | 31 December 2023 JD | 31 December 2022 JD |
|---|---|---|
| Unutilised direct credit facilities limits | 303,002,687 | 236,959,189 |
| Unutilised indirect credit facilities limits | 108,085,663 | 89,256,361 |
| **Total** | **411,088,350** | **326,215,550** |
| **Total indirect facilities** | **813,841,452** | **693,912,133** |

### (C) Expected credit losses

| | 31 December 2023 JD | 31 December 2022 JD |
|---|---|---|
| Letters of credit | 472,915 | 381,313 |
| Guarantees | 9,611,235 | 6,229,424 |
| Acceptances | 330,797 | 310,628 |
| Non-unutilised direct credit facilities limits | 2,457,897 | 1,864,923 |
| Non-unutilised indirect credit facilities limits | 1,155,298 | 893,810 |
| **Expected credit losses net** | 14,028,142 | 9,680,098 |
| **net indirect facilities** | 799,813,310 | 684,232,035 |

### (D) Contractual liabilities (capital expenditure):

| | 31 December 2023 JD | 31 December 2022 JD |
|---|---|---|
| Contracts to purchase property and equipment | 3,435,063 | 3,199,436 |
| Project construction contracts | 1,699,250 | 1,398,790 |
| Other purchase contracts | 3,699,705 | 3,235,912 |
| **Total** | 8,834,017 | 7,834,138 |

- Below is the disclosure of the movement on the balance of indirect credit facilities collectively during the years ended 31 December 2023 and 2022:

| Description | Stage 1 | | Stage 2 | | Stage 3 | Total |
|---|---|---|---|---|---|---|
| | Individually | Collectively | Individually | Collectively | | |
| | JD | JD | JD | JD | JD | JD |
| **31 December 2023** | | | | | | |
| Balance at the beginning of the year | 682,759,068 | - | 9,433,100 | - | 1,719,965 | 693,912,133 |
| New facilities during the year | 330,992,064 | - | 2,553,830 | - | 10,436 | 333,556,330 |
| Facilities payable during the year | (227,124,953) | - | (9,131,755) | - | (628,873) | (236,885,581) |
| Transferred to Stage 1 | 532,358 | - | (504,115) | - | (28,243) | - |
| Transferred to stage 2 | (27,850,772) | - | 27,856,635 | - | (5,862) | - |
| Transferred to stage 3 | (598,612) | - | (230,083) | - | 828,695 | - |
| Additions from acquisition | 23,258,570 | - | - | - | - | 23,258,570 |
| Changes resulting from adjustments | - | - | - | - | - | - |
| Facilities written off | - | - | - | - | - | - |
| **Balance at the end of the year** | **781,967,723** | - | **29,977,612** | - | **1,896,118** | **813,841,452** |
| | | | | | | |
| **31 December 2022** | | | | | | |
| Balance at the beginning of the year | 652,908,147 | - | 4,633,119 | - | 1,082,631 | 658,623,897 |
| New facilities during the year | 224,806,691 | - | 4,910,426 | - | 25,411 | 229,742,528 |
| Facilities payable during the year | (191,950,523) | - | (2,281,955) | - | (221,814) | (194,454,292) |
| Transferred to Stage 1 | 700,873 | - | (484,262) | - | (216,611) | - |
| Transferred to stage 2 | (2,943,040) | - | 3,065,560 | - | (122,520) | - |
| Transferred to stage 3 | (763,080) | - | (409,788) | - | 1,172,868 | - |
| Changes resulting from adjustments | - | - | - | - | - | - |
| Facilities written off | - | - | - | - | - | - |
| **Balance at the end of the year** | **682,759,068** | - | **9,433,100** | - | **1,719,965** | **693,912,133** |

- Below is the disclosure of the movement on the provision for expected credit losses of indirect facilities collectively during the years ended 31 December 2023 and 2022:

| Description | Stage 1 | | Stage 2 | | Stage 3 | Total |
|---|---|---|---|---|---|---|
| | Individually | Collectively | Individually | Collectively | | |
| | JD | JD | JD | JD | JD | JD |
| **31 December 2023** | | | | | | |
| Balance at the beginning of the year | 6,939,050 | -- | 1,331,349 | - | 1,409,699 | 9,680,098 |
| Expected credit losses on new facilities during the year | 3,392,782 | -- | 2,971,337 | - | 610,990 | 6,975,109 |
| Recovered from expected credit losses on facilities paid during the year | (1,432,992) | -- | (1,473,451) | - | (487,869) | (3,394,312) |
| Transferred to Stage 1 | 65,012 | -- | (50,788) | - | (14,224) | - |
| Transferred to stage 2 | (3,380,037) | -- | 3,381,692 | - | (1,655) | - |
| Transferred to stage 3 | (2,074) | -- | (9,230) | - | 11,304 | - |
| Additions from acquisition | 767,248 | | | | | 767,248 |
| Changes resulting from adjustments | - | -- | - | - | - | - |
| Facilities written off | - | -- | - | - | - | - |
| **Balance at the end of the year** | **6,348,989** | **--** | **6,150,909** | **-** | **1,528,245** | **14,028,142** |
| **31 December 2022** | | | | | | |
| Balance at the beginning of the year | 4,683,663 | -- | 230,553 | - | 662,642 | 5,576,858 |
| Expected credit losses on new facilities during the year | 4,055,762 | -- | 1,232,461 | - | 939,685 | 6,227,908 |
| Recovered from expected credit losses on facilities paid during the year | (1,854,836) | -- | (214,449) | - | (55,382) | (2,124,667) |
| Transferred to Stage 1 | 113,869 | -- | (35,658) | - | (78,210) | - |
| Transferred to stage 2 | (56,922) | -- | 141,762 | - | (84,841) | - |
| Transferred to stage 3 | (2,486) | -- | (23,319) | - | 25,805 | - |
| Changes resulting from adjustments | - | -- | - | - | - | - |
| Facilities written off | - | -- | - | - | - | - |
| **Balance at the end of the year** | **6,939,050** | **--** | **1,331,349** | **-** | **1,409,699** | **9,680,098** |

- Below is the disclosure of the distribution of the total letters of credit according to the Bank's internal rating categories as at 31 December 2023 and 2022:

| Credit rating categories based on the Bank's bylaw | Stage 1 Individually | Stage 2 Individually | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| From (1) to (5) | 37,358,952 | - | - | 37,358,952 |
| From (6) to (7) | 19,593,696 | 240,040 | - | 19,833,736 |
| From (8) to (10) | - | - | - | - |
| Unrated | 3,055,022 | - | - | 3,055,022 |
| **Total** | **60,007,670** | **-** | **-** | **60,247,710** |
| **31 December 2022** | | | | |
| From (1) to (5) | 79,276,258 | - | - | 79,276,258 |
| From (6) to (7) | 2,641,208 | - | - | 2,641,208 |
| From (8) to (10) | - | - | - | - |
| Unrated | - | - | - | - |
| **Total** | **81,917,466** | **-** | **-** | **81,917,466** |

- Below is the disclosure of the movement on the balance of letters of credit during the years ended 31 December 2023 and 2022:

| Description | Stage 1 Individually | Stage 2 Individually | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| Balance at the beginning of the year | 81,917,467 | - | - | 81,917,467 |
| New facilities during the year | 32,355,822 | - | - | 32,355,822 |
| Facilities paid during the year | (56,564,276) | (516,324) | - | (57,080,600) |
| Transferred to stage 1 | - | - | - | - |
| Transferred to stage 2 | (756,364) | 756,364 | - | - |
| Transferred to stage 3 | - | - | - | - |
| Additions from acquisition | 3,055,021 | - | - | 3,055,021 |
| Changes resulting from adjustments | - | - | - | - |
| Written off facilities (written off and transferred off-the statement of financial position) | - | - | - | - |
| **Balance at the end of the year** | **60,007,670** | **-** | **-** | **60,247,710** |
| **31 December 2022** | | | | |
| Balance at the beginning of the year | 44,478,714 | - | - | 44,478,714 |
| New facilities during the year | 54,093,527 | - | - | 54,093,527 |
| Facilities paid during the year | (16,654,774) | - | - | (16,654,775) |
| Transferred to stage 1 | - | - | - | - |
| Transferred to stage 2 | - | - | - | - |
| Transferred to stage 3 | - | - | - | - |
| Changes resulting from adjustments | - | - | - | - |
| Written off facilities (written off and transferred off-the statement of financial position) | - | - | - | - |
| **Balance at the end of the year** | **81,917,467** | **-** | **-** | **81,917,466** |

- Below is the disclosure of the movement on the provision for expected credit losses for letters of credit during the years ended 31 December 2023 and 2022:

| Description | Stage 1 Individually | Stage 2 Individually | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| Balance at the beginning of the year | 381,313 | - | - | 381,313 |
| Expected credit losses on new facilities during the year | 272,952 | - | - | 272,952 |
| Recovered from expected credit losses on facilities paid during the year | (137,826) | (43,524) | - | (181,350) |
| Transferred to stage 1 | - | - | - | - |
| Transferred to stage 2 | (121,793) | 121,793 | - | - |
| Transferred to stage 3 | - | - | - | - |
| Changes resulting from adjustments | - | - | - | - |
| Provision for written-off facilities | - | - | - | - |
| **Balance at the end of the year** | **394,646** | **78,269** | **-** | **472,915** |
| | | | | |
| **31 December 2022** | | | | |
| Balance at the beginning of the year | 310,899 | - | - | 310,899 |
| Expected credit losses on new facilities during the year | 282,253 | - | - | 282,253 |
| Recovered from expected credit losses on facilities paid during the year | (211,839) | - | - | (211,839) |
| Transferred to stage 1 | - | - | - | - |
| Transferred to stage 2 | - | - | - | - |
| Transferred to stage 3 | - | - | - | - |
| Changes resulting from adjustments | - | - | - | - |
| Provision for written-off facilities | - | - | - | - |
| **Balance at the end of the year** | **381,313** | **-** | **-** | **381,313** |

- Below is the disclosure of the distribution of the total guarantees according to the Bank's internal rating categories as at 31 December 2023 and 2022:

| Credit rating categories based on the Bank's bylaw | Stage 1 Individually | Stage 2 Individually | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| From (1) to (5) | 223,700,929 | 3,966,176 | - | 227,667,105 |
| From (6) to (7) | 32,685,442 | 19,674,406 | - | 52,359,848 |
| From (8) to (10) | - | - | 1,810,908 | 1,810,908 |
| Unrated | 27,785,997 | - | - | 27,785,997 |
| **Total** | **284,172,368** | **23,640,582** | **1,810,908** | **309,623,858** |
| **31 December 2022** | | | | |
| From (1) to (5) | 184,600,412 | 3,286,835 | - | 187,887,247 |
| From (6) to (7) | 46,010,802 | 3,364,643 | - | 49,375,445 |
| From (8) to (10) | - | - | 1,525,816 | 1,525,816 |
| Unrated | - | - | - | - |
| **Total** | **230,611,214** | **6,651,478** | **1,525,816** | **238,788,508** |

- Below is the disclosure of the movement on the balance of guarantees during the years ended 31 December 2023 and 2022:

| Description | Stage 1 Individually | Stage 2 Individually | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| Balance at the beginning of the year | 230,611,214 | 6,651,478 | 1,525,816 | 238,788,508 |
| New facilities during the year | 107,084,500 | 377,713 | - | 107,462,213 |
| Facilities paid during the year | (54,118,705) | (5,259,360) | (507,368) | (59,885,433) |
| Transferred to stage 1 | 125,100 | (121,100) | (4,000) | - |
| Transferred to stage 2 | (22,201,611) | 22,201,611 | - | - |
| Transferred to stage 3 | (586,700) | (209,760) | 796,460 | - |
| Additions from acquisition | 23,258,570 | - | - | 23,258,570 |
| Changes resulting from adjustments | - | - | - | - |
| Written off facilities (written off and transferred off-the statement of financial position) | - | - | - | - |
| **Balance at the end of the year** | **284,172,368** | **23,640,582** | **1,810,908** | **309,623,858** |
| **31 December 2022** | | | | |
| Balance at the beginning of the year | 219,267,388 | 3,569,587 | 845,008 | 223,681,983 |
| New facilities during the year | 55,090,689 | 3,083,446 | - | 58,174,135 |
| Facilities paid during the year | (41,286,069) | (1,693,533) | (88,008) | (43,067,610) |
| Transferred to stage 1 | 395,673 | (242,573) | (153,100) | - |
| Transferred to stage 2 | (2,153,681) | 2,274,701 | (121,020) | - |
| Transferred to stage 3 | (702,786) | (340,150) | 1,042,936 | - |
| Changes resulting from adjustments | - | - | - | - |
| Written off facilities (written off and transferred off-the statement of financial position) | - | - | - | - |
| **Balance at the end of the year** | **230,611,214** | **6,651,478** | **1,525,816** | **238,788,508** |

- Below is the disclosure of the movement on the provision for expected credit losses for guarantees during the years ended 31 December 2023 and 2022:

| Description | Stage 1 Individually | Stage 2 Individually | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| Balance at the beginning of the year | 3,813,167 | 1,164,271 | 1,251,985 | 6,229,423 |
| Expected credit losses on new facilities during the year | 1,278,913 | 2,447,788 | 590,611 | 4,317,312 |
| Recovered from expected credit losses on facilities paid during the year | (186,814) | (1,129,399) | (386,534) | (1,702,747) |
| Transferred to stage 1 | 2,231 | (1,320) | (912) | - |
| Transferred to stage 2 | (2,845,910) | 2,845,910 | - | - |
| Transferred to stage 3 | (1,875) | (4,739) | 6,614 | - |
| Additions from acquisition | 767,247 | - | - | 767,247 |
| Changes resulting from adjustments | - | - | - | - |
| Provision for written-off facilities | - | - | - | - |
| **Balance at the end of the year** | **2,826,959** | **5,322,511** | **1,461,764** | **9,611,235** |
| **31 December 2022** | | | | |
| Balance at the beginning of the year | 1,655,495 | 135,150 | 527,059 | 2,317,704 |
| Expected credit losses on new facilities during the year | 2,525,262 | 1,099,419 | 859,850 | 4,484,531 |
| Recovered from expected credit losses on facilities paid during the year | (364,665) | (181,287) | (26,860) | (572,812) |
| Transferred to stage 1 | 49,038 | (1,376) | (47,662) | - |
| Transferred to stage 2 | (49,901) | 133,902 | (84,001) | - |
| Transferred to stage 3 | (2,063) | (21,537) | 23,600 | - |
| Changes resulting from adjustments | - | - | - | - |
| Provision for written-off facilities | - | - | - | - |
| **Balance at the end of the year** | **3,813,167** | **1,164,271** | **1,251,985** | **6,229,423** |

- Below is the disclosure of the distribution of the total acceptances according to the Bank's internal rating categories as at 31 December 2023 and 2022:

| Credit rating categories based on the Bank's bylaw | Stage 1 Individually | Stage 2 Individually | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| From (1) to (5) | 29,323,172 | - | - | 29,323,172 |
| From (6) to (7) | 3,558,362 | - | - | 3,558,362 |
| From (8) to (10) | - | - | - | - |
| Unrated | | - | - | - |
| **Total** | **32,881,534** | **-** | **-** | **32,881,534** |
| | | | | |
| **31 December 2022** | | | | |
| From (1) to (5) | 30,977,282 | - | - | 30,977,282 |
| From (6) to (7) | 15,669,252 | 344,076 | - | 16,013,328 |
| From (8) to (10) | - | - | - | - |
| Unrated | - | - | - | - |
| **Total** | **46,646,534** | **344,076** | **-** | **46,990,610** |

- Below is the disclosure of the movement on the balance of acceptances during the years ended 31 December 2023 and 2022:

| Description | Stage 1 Individually | Stage 2 Individually | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| Balance at the beginning of the year | 46,646,534 | 344,076 | - | 46,990,610 |
| New facilities during the year | 21,252,835 | | - | 21,252,835 |
| Facilities paid during the year | (35,017,835) | (344,076) | - | (35,361,911) |
| Transferred to stage 1 | - | - | - | - |
| Transferred to stage 2 | - | - | - | - |
| Transferred to stage 3 | - | - | - | - |
| Changes resulting from adjustments | - | - | - | - |
| Written off facilities (written off and transferred off-the statement of financial position) | - | - | - | - |
| **Balance at the end of the year** | **32,881,534** | **-** | **-** | **32,881,534** |
| | | | | |
| **31 December 2022** | | | | |
| Balance at the beginning of the year | 30,673,674 | 166,511 | - | 30,840,185 |
| New facilities during the year | 28,174,293 | 177,565 | - | 28,351,858 |
| Facilities paid during the year | (12,201,433) | - | - | (12,201,433) |
| Transferred to stage 1 | - | - | - | - |
| Transferred to stage 2 | - | - | - | - |
| Transferred to stage 3 | - | - | - | - |
| Changes resulting from adjustments | - | - | - | - |
| Written off facilities (written off and transferred off-the statement of financial position) | - | - | - | - |
| **Balance at the end of the year** | **46,646,534** | **344,076** | **-** | **46,990,610** |

- Below is the disclosure of the movement on the provision for expected credit losses for acceptances during the years ended 31 December 2023 and 2022:

| Description | Stage 1 Individually JD | Stage 2 Individually JD | Stage 3 JD | Total JD |
|---|---|---|---|---|
| **31 December 2023** | | | | |
| Balance at the beginning of the year | 298,184 | 12,444 | - | 310,628 |
| Expected credit losses on new facilities during the year | 261,688 | - | - | 261,688 |
| Recovered from expected credit losses on facilities paid during the year | (229,075) | (12,444) | - | (241,519) |
| Transferred to stage 1 | - | - | - | - |
| Transferred to stage 2 | - | - | - | - |
| Transferred to stage 3 | - | - | - | - |
| Changes resulting from adjustments | - | - | - | - |
| Provision for written-off facilities | - | - | - | - |
| **Balance at the end of the year** | **330,797** | - | - | **330,797** |
| **31 December 2022** | | | | |
| Balance at the beginning of the year | 323,892 | 168 | - | 324,060 |
| Expected credit losses on new facilities during the year | 260,683 | 12,276 | - | 272,959 |
| Recovered from expected credit losses on facilities paid during the year | (286,391) | - | - | (286,391) |
| Transferred to stage 1 | - | - | - | - |
| Transferred to stage 2 | - | - | - | - |
| Transferred to stage 3 | - | - | - | - |
| Changes resulting from adjustments | - | - | - | - |
| Provision for written-off facilities | - | - | - | - |
| **Balance at the end of the year** | **298,184** | **12,444** | - | **310,628** |

- Below is the disclosure of the distribution of the total non-utilized direct facilities limits according to the Bank's internal rating categories as at 31 December 2023 and 2022:

| Credit rating categories based on the Bank's bylaw | Stage 1 Individually | Stage 2 Individually | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| From (1) to (5) | 221,533,385 | 1,291,897 | - | 222,825,282 |
| From (6) to (7) | 32,103,963 | 1,877,283 | - | 33,981,246 |
| From (8) to (10) | - | - | - | - |
| Unrated | 45,741,335 | 369,614 | 85,210 | 46,196,159 |
| **Total** | **299,378,683** | **3,538,794** | **85,210** | **303,002,687** |
| **31 December 2022** | | | | |
| From (1) to (5) | 172,105,946 | 93,321 | - | 172,199,267 |
| From (6) to (7) | 15,419,050 | 938,373 | - | 16,357,424 |
| From (8) to (10) | - | - | - | - |
| Unrated | 47,867,198 | 341,151 | 194,149 | 48,402,498 |
| **Total** | **235,392,194** | **1,372,845** | **194,149** | **236,959,189** |

- Below is the disclosure of the distribution of the total non-utilized direct facilities limits according to the Bank's internal rating categories as at 31 December 2023 and 2022:

| Description | Stage 1 Individually | Stage 2 Individually | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| Balance at the beginning of the year | 235,392,194 | 1,372,846 | 194,149 | 236,959,189 |
| New facilities during the year | 124,912,655 | 1,977,233 | 10,436 | 126,900,324 |
| Facilities paid during the year | (58,836,502) | (1,898,819) | (121,505) | (60,856,826) |
| Transferred to stage 1 | 350,258 | (326,015) | (24,243) | - |
| Transferred to stage 2 | (2,428,010) | 2,433,873 | (5,862) | - |
| Transferred to stage 3 | (11,912) | (20,323) | 32,235 | - |
| Changes resulting from adjustments | - | - | - | - |
| Written off facilities (written off and transferred off-the statement of financial position) | - | - | - | - |
| **Balance at the end of the year** | **299,378,683** | **3,538,795** | **85,210** | **303,002,687** |
| **31 December 2022** | | | | |
| Balance at the beginning of the year | 264,107,645 | 897,020 | 237,622 | 265,242,287 |
| New facilities during the year | 69,590,237 | 680,195 | 25,411 | 70,295,843 |
| Facilities paid during the year | (97,856,715) | (588,422) | (133,805) | (98,578,941) |
| Transferred to stage 1 | 305,200 | (241,689) | (63,511) | - |
| Transferred to stage 2 | (693,880) | 695,380 | (1,500) | - |
| Transferred to stage 3 | (60,293) | (69,638) | 129,931 | - |
| Changes resulting from adjustments | - | - | - | - |
| Written off facilities (written off and transferred off-the statement of financial position) | - | - | - | - |
| **Balance at the end of the year** | **235,392,194** | **1,372,846** | **194,149** | **236,959,189** |

- Below is the disclosure of the movement on the provision for expected credit losses for non-utilized direct facilities limits during the years ended 31 December 2023 and 2022:

| Description | Stage 1 Individually | Stage 2 Individually | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| Adjusted balance at the beginning of the year | 1,594,807 | 112,402 | 157,714 | 1,864,923 |
| Expected credit losses on new facilities during the year | 1,196,693 | 285,051 | 20,379 | 1,502,123 |
| Recovered from expected credit losses on facilities paid during the year | (561,176) | (246,639) | (101,335) | (909,150) |
| Transferred to stage 1 | 61,616 | (48,304) | (13,312) | - |
| Transferred to stage 2 | (241,357) | 243,011 | (1,654) | - |
| Transferred to stage 3 | (199) | (4,490) | 4,689 | - |
| Changes resulting from adjustments | - | - | - | - |
| Provision for written-off facilities | - | - | - | - |
| **Balance at the end of the year** | **2,050,385** | **341,032** | **66,483** | **2,457,897** |
| **31 December 2022** | | | | |
| Adjusted balance at the beginning of the year | 1,672,287 | 95,235 | 135,583 | 1,903,105 |
| Expected credit losses on new facilities during the year | 654,506 | 79,018 | 79,834 | 813,358 |
| Recovered from expected credit losses on facilities paid during the year | (789,856) | (33,163) | (28,522) | (851,540) |
| Transferred to stage 1 | 64,831 | (34,283) | (30,548) | - |
| Transferred to stage 2 | (6,538) | 7,377 | (840) | - |
| Transferred to stage 3 | (423) | (1,783) | 2,205 | - |
| Changes resulting from adjustments | - | - | - | - |
| Provision for written-off facilities | | - | - | - |
| **Balance at the end of the year** | **1,594,807** | **112,401** | **157,714** | **1,864,924** |

- Below is the disclosure of the distribution of the total non-utilized indirect facilities limits according to the Bank's internal rating categories as at 31 December 2023 and 2022:

| Credit rating categories based on the Bank's bylaw | Stage 1 Individually | Stage 2 Individually | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| From (1) to (5) | 94,942,022 | 601,283 | - | 95,543,305 |
| From (6) to (7) | 10,585,447 | 1,956,911 | - | 12,542,358 |
| From (8) to (10) | - | - | - | - |
| Unrated | - | - | - | - |
| **Total** | **105,527,469** | **2,558,194** | **-** | **108,085,663** |
| **31 December 2022** | | | | |
| From (1) to (5) | 76,236,558 | 1,010,000 | - | 77,246,558 |
| From (6) to (7) | 11,955,103 | 54,700 | - | 12,009,803 |
| From (8) to (10) | - | - | - | - |
| Unrated | - | - | - | - |
| **Total** | **88,191,661** | **1,064,700** | **-** | **89,256,361** |

- Below is the disclosure of the movement on the balance of non-utilized indirect facilities limits during the years ended 31 December 2023 and 2022:

| Description | Stage 1 Individually | Stage 2 Individually | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| Balance at the beginning of the year | 88,191,661 | 1,064,700 | - | 89,256,361 |
| New facilities during the year | 42,331,231 | 198,883 | - | 42,530,114 |
| Facilities paid during the year | (22,587,636) | (1,113,176) | - | (23,700,812) |
| Transferred to stage 1 | 57,000 | (57,000) | - | - |
| Transferred to stage 2 | (2,464,787) | 2,464,787 | - | - |
| Transferred to stage 3 | - | - | - | - |
| Changes resulting from adjustments | - | - | - | - |
| Written off facilities (written off and transferred off-the statement of financial position) | - | - | - | - |
| **Balance at the end of the year** | **105,527,469** | **2,558,194** | **-** | **108,085,663** |
| **31 December 2022** | | | | |
| Balance at the beginning of the year | 94,380,728 | - | - | 94,380,728 |
| New facilities during the year | 17,857,945 | 969,221 | - | 18,827,166 |
| Facilities paid during the year | (23,951,533) | - | - | (23,951,533) |
| Transferred to stage 1 | - | - | - | - |
| Transferred to stage 2 | (95,479) | 95,479 | - | - |
| Transferred to stage 3 | - | - | - | - |
| Changes resulting from adjustments | - | - | - | - |
| Written off facilities (written off and transferred off-the statement of financial position) | - | - | - | - |
| **Balance at the end of the year** | **88,191,661** | **1,064,700** | **-** | **89,256,361** |

- Below is the disclosure of the movement on the provision for expected credit losses for -unutilized indirect facilities limits during the years ended 31 December 2023 and 2022:

| Description | Stage 1 Individually | Stage 2 Individually | Stage 3 | Total |
|---|---|---|---|---|
| | JD | JD | JD | JD |
| **31 December 2023** | | | | |
| Balance at the beginning of the year | 851,579 | 42,231 | - | 893,810 |
| Expected credit losses on new facilities during the year | 382,538 | 238,498 | - | 621,036 |
| Recovered from expected credit losses on facilities paid during the year | (318,103) | (41,445) | - | (359,548) |
| Transferred to stage 1 | 1,164 | (1,164) | - | - |
| Transferred to stage 2 | (170,978) | 170,978 | - | - |
| Transferred to stage 3 | - | - | - | - |
| Changes resulting from adjustments | - | - | - | - |
| Provision for written-off facilities | - | - | - | - |
| **Balance at the end of the year** | **746,200** | **409,098** | **-** | **1,155,298** |
| **31 December 2022** | | | | |
| Balance at the beginning of the year | 721,089 | - | - | 721,089 |
| Expected credit losses on new facilities during the year | 333,059 | 41,748 | - | 374,807 |
| Recovered from expected credit losses on facilities paid during the year | (202,086) | - | - | (202,086) |
| Transferred to stage 1 | - | - | - | - |
| Transferred to stage 2 | (483) | 483 | - | - |
| Transferred to stage 3 | - | - | - | - |
| Changes resulting from adjustments | - | - | - | - |
| Provision for written-off facilities | - | - | - | - |
| **Balance at the end of the year** | **851,579** | **42,231** | **-** | **893,810** |

## (46) Cases filed against the Bank

The value of the cases filed against the bank and its subsidiary amounted to JD 11,172,851 as on 31 December 2023, compared to JD 7,668,679 as on 31 December 2022 as the opinion of the management and the bank's legal advisor, the bank will not have obligations that exceed the allowance taken for it, which amounted to JD 3,578,169 as on 31 December 2023 compared to JD 2,303,637 as on 31 December 2022.

The value of the cases filed against the Ejara's customers to JD 217,334, the company will not have obligations against these legal cases..

## (47) Acquisition of subsidiaries

### A. BANK OF BAGHDAD

During the first quarter of 2023, the bank acquired 51,79% of the outstanding shares of Bank of Baghdad. Bank of Baghdad is one of the largest private commercial banks in Iraq and is classified as a private shareholding company that was established in 1992 and the Bank's head office is in Baghdad and its current capital is IQD 250 billion. The Bank provides all banking and financial activities through its head office and (36) branches inside Iraq and (1) foreign branch in Lebanon.

The table below shows a summary of the net fair value of the acquired assets and liabilities of 31 January 2023:

| | As of 31 January 2023, Thousands of dinars |
|---|---|
| | JD |
| **Assets** | |
| Cash and balances with Banks and Central Banks | 427,379 |
| Direct credit facilities, net | 48,690 |
| Financial assets at fair value through other comprehensive income | 1,908 |
| Financial assets at amortized cost | 378,501 |
| Other assets | 48,417 |
| **Total assets** | **904,895** |
| **Liabilities and shareholders' equity** | |
| Banks and financial institutions deposits | 439 |
| Customers' deposits | 668,417 |
| Cash margins | 8,276 |
| Other liabilities | 39,522 |
| **Total liabilities** | **716,654** |
| **Net fair value of acquisition transaction** | **188,241** |
| **Amount in acquisition percentage 51.79%** | **97,490** |
| **Purchase price** | **88,625** |
| **Total of acquisition** | **8,865** |

| | From the acquisition date until 31 December 2023 |
|---|---|
| | JD |
| Profit for the period | 80,633,665 |

### Study of the purchase price distribution:

The above results are still initial and will be updated upon completion of the distribution of the acquisition purchase price study, as per IFRS 3 "Business Combinations" the bank has 12 months from the acquisition date to finalise the determination of the fair value and completing the study of the purchase price distribution.

## B. BHM CAPITAL

| | As of 31 May 2023, Thousands of dinars |
|---|---|
| | JD |
| **Assets** | |
| Cash and balances with Banks and Central Banks | 115,785 |
| Direct credit facilities, net | 63,208 |
| Financial assets at fair value through other comprehensive income | 2,142 |
| Financial assets at amortized cost | 744 |
| Other assets | 27,359 |
| **Total assets** | **209,238** |
| **Liabilities and shareholders' equity** | |
| Customers' deposits | 113,658 |
| Borrowed funds | 17,942 |
| Other liabilities | 42,347 |
| **Total liabilities** | **173,947** |
| **Net fair value of acquisition transaction** | **35,291** |
| **Amount in acquisition percentage 76.97%** | **27,164** |
| **Purchase price** | **20,537** |
| **Bargain Purchase** | **6,627** |

On 4 October 2023, 116,146,786 shares of the bank's investment in BHM Capital - a subsidiary company (i.e. 66.97% of the company's capital) were sold. After the sale, the investment percentage become 10% of the company's capital. The sale was carried out at a price of 161 million UAE dirhams, equivalent to 31 million Jordanian dinars, as follows :

| | |
|---|---|
| Cost of shares sold | 17,869,611 |
| Net selling price | 30,995,240 |
| **Profit** | **13,125,629** |
| **Distributed as follows:** | |
| The company's profits for the period from the date of control until sold | 1,719,996 |
| Proceeds from acquisition | 6,627,320 |
| Gain from sale of subsidiary | 4,778,312 |
| **Total profit** | **13,125,628** |

## (48) Assets held for sale and discontinued operations

In accordance with the decision of the Investment Committee and the Conditional Sale Agreement (with the financial study and obtaining the approval of the regulatory authorities signed on September 28, 2023, which included approval for the sale of the bank's investment in the United Financial Investment Company), the investment in the company was reclassified in accordance with the requirements of International Financial Reporting Standard No. (5) Assets held for sale. For the purpose of sale and discounted operations.

**Financial assets held for sale :**

| | 31 December 2023 |
|---|---|
| | in Thousands |
| Cash and balances with Banks | 4,189,814 |
| Direct credit facilities, net | 16,308,005 |
| Financial assets at fair value through other comprehensive income | 1,402,903 |
| Fixed assets | 1,914,218 |
| Other assets | 5,431,754 |
| **Total assets** | **29,246,694** |
| Banks share | 22,947,701 |

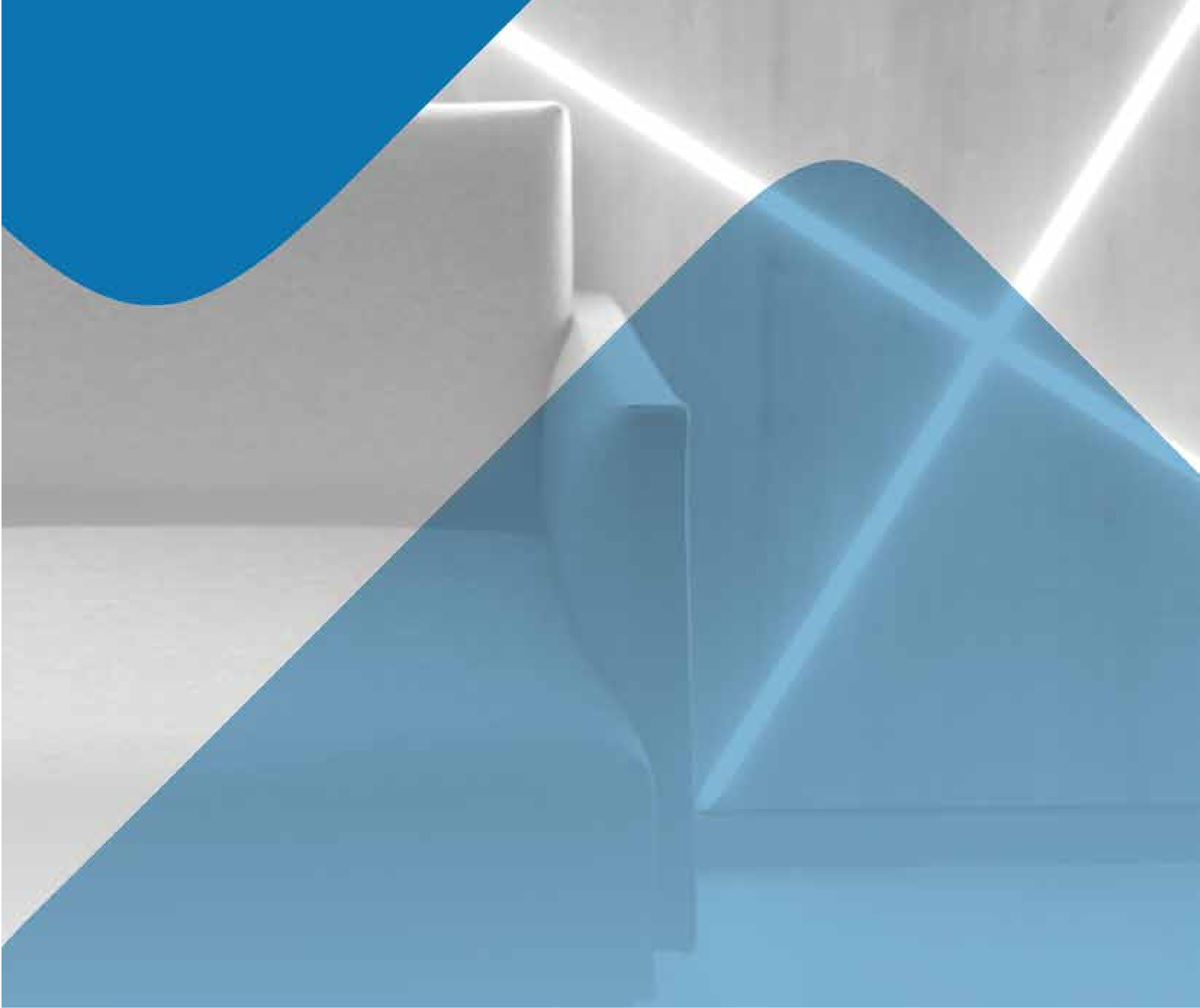
**Liabilities and equity directly attributable to assets held for sale:**

| | |
|---|---|
| Customer deposits | 2,285,888 |
| Borrowed money | 19,218,504 |
| Various allocations | 419,020 |
| Other liabilities | 1,151,354 |
| **Total liabilities** | **23,074,768** |
| **Bank share** | **18,105,050** |
| **Total Equity** | **(1,887,774)** |
| **Bank share** | **(1,481,196)** |

## (49) Subsequent events

According to the bank's disclosure to the Jordan Securities Commission and the Amman Stock Exchange dated 22 February 2024, the Board of Directors of the Jordan Kuwait Bank decided to approve the start of conducting the necessary technical, financial, and legal studies to evaluate the idea of merging with Bank El Etihad – Jordan, and based on the results of the studies, an appropriate decision can be taken. The subject is still in the preliminary studies stage.

# Additional Disclosures



**Statement of Disclosure for the Financial Year ending 31/12/2023, in accordance with article (4) of the disclosure regulations, the accounting and auditing standards issued by the Jordan Securities Commission.**

## Item

4a: Chairman's Statement: Included in the report.

4b/1: Description of main activities: Included in the report.

The Bank operates through its head office in Abdali - Amman and 64 branches in Jordan and one branch in Cyprus.

The number of bank employees reached 1,467. The table below is the geographical distribution of the bank's branches and the number of employees at each:

| Location | No. of Staff | Location | No. of Staff | Location | No. of Staff | Location | No. of Staff |
|---|---|---|---|---|---|---|---|
| Head Office | 858 | Ibn Khaldoun Branch | 8 | Al- Mafraq Branch | 8 | Al-Madina Al-Riyadiyah Branch | 10 |
| Abdali Mall Branch | 10 | Free Zone – Zarqa Branch | 8 | Marj El Hamam Branch | 9 | Sweifiyyah Branch | 12 |
| Abdoun Branch | 9 | Fuhais Branch | 6 | Marka Branch | 10 | Tabarbour Branch | 8 |
| Abu-Hassan Mall Branch | 10 | Galleria Mall Branch | 7 | Mecca Mall Branch | 10 | Taj Mall Branch | 9 |
| Abu-Nsair Branch | 8 | Nazzal Branch | 8 | Mecca Street Branch | 10 | Main Branch | 20 |
| Amman Ahliyyah University Branch | 8 | Al Huson Branch | 8 | Al-Mougabalain Branch | 11 | Tla'a El'Ali Branch | 14 |
| Hashmi Al Shamali Branch | 9 | Irbid Branch | 20 | New Zarqa Branch | 9 | Petra University Branch | 6 |
| Madinah Munawarah Branch | 12 | Jabal Al-Hussein Branch | 10 | Al- Rabiyah Branch | 9 | Wadi El-Seir Branch | 9 |
| Commercial Center Branch | 8 | Jabal Amman Branch | 12 | Al-Rawnaq Branch | 7 | Wadi Saqra Branch | 7 |
| Al-Salt Branch | 7 | Jawal Branch | 3 | Russaifeh Branch | 9 | Wehdat Branch | 10 |
| Amra Branch | 8 | Jerash Branch | 10 | Sahab Industrial City Branch | 6 | Yarmouk Branch | 9 |
| Aqaba Branch | 11 | Jubaiha Branch | 12 | Dome of the Rock Branch | 9 | Yarmouk University Branch | 9 |
| Baq'ah Branch | 11 | Al-Karak Branch | 8 | Samarah Mall Branch | 6 | Zain Branch | 8 |
| City Mall Branch | 12 | Khalda Branch | 9 | Shmeissani Branch | 14 | Zarqa Branch | 10 |
| Cyprus Branch | 14 | King Abdullah II St. Branch | 11 | Vegetable Market Branch | 12 | | |
| Dabouq Branch | 10 | King Hussein Bin Talal St. Branch | 7 | Bab Al Madinah Branch | 9 | | |
| Dair Ghbar Branch | 8 | Madaba Branch | 9 | Southern Sweileh Branch | 9 | | |

**Total capital expenditure:** Total expenditure incurred throughout the year on procuring essential assets to maintain business operations as well as enhancing customer experience and the automation of banks processes.

Total capital expenditure for the year 2023 amounted to JOD 8.8 million.

## 4b/2 JKB Subsidiaries

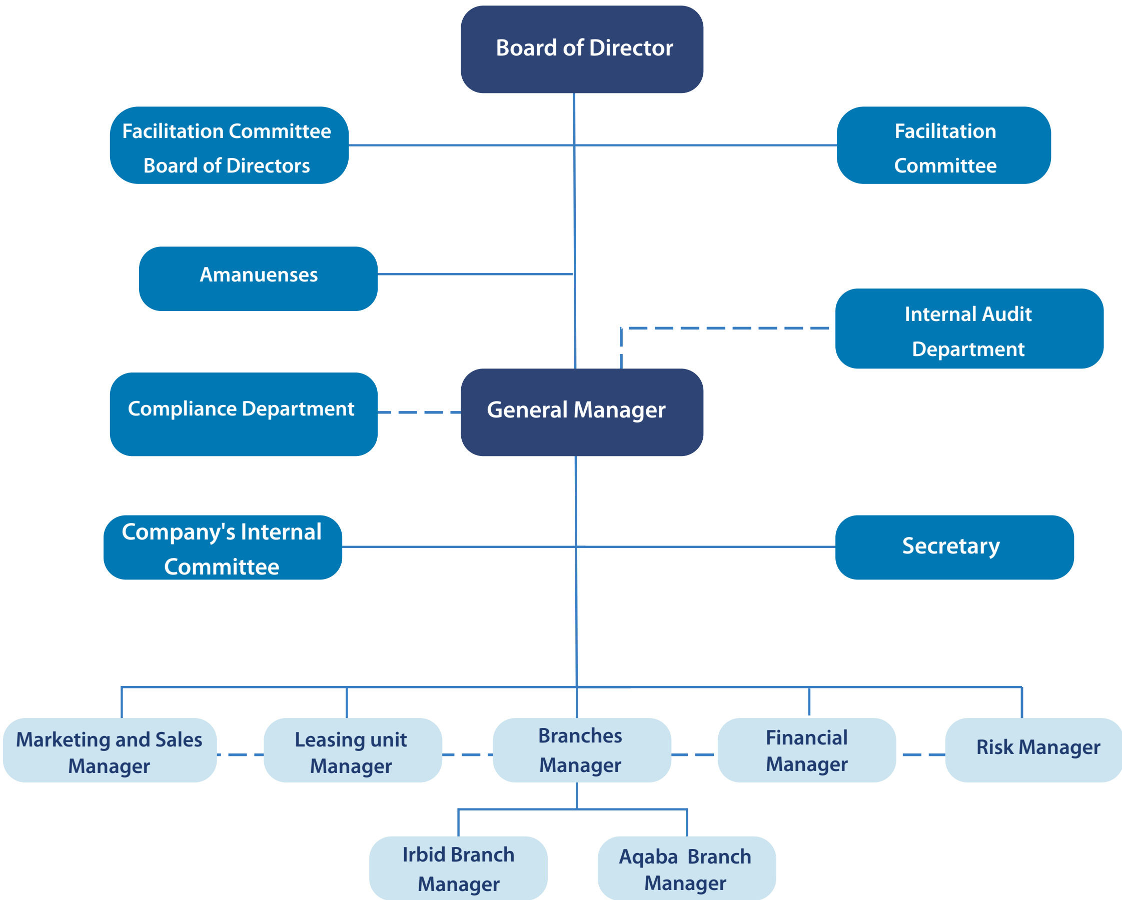
### a- Ejara Leasing Company

| | |
|---|---|
| **Type of Company** | Private Shareholding Company |
| **Date of Association** | 6/1/2011 |
| **Core Business** | Leasing |
| **Paid-up Capital** | JD20 million (USD28.2m) |
| **Bank's Ownership Percentage** | 100% |
| **Address** | Thawabet Complex No. 61, Mecca Street, Amman |
| **Number of Employees** | 30 |
| **Brief Description** | Ejara Leasing Company was established on January 6, 2011, as private shareholding company with paid-up capital JOD10 million (USD14.1m) fully paid by Jordan Kuwait Bank. In September 2012 Ejara's capital was raised to JD20 million (USD28.2m).<br>Ejara Leasing Company aims to provide innovative and high-quality leasing services to supplement the banking and financing services offered at Jordan Kuwait Bank to be in line with the developments in the financial market, meet the needs of the Bank's clients and support the various economic activities, through leasing fixed assets and providing different financing alternatives in light of the changes in the financial and baking markets.<br>The Company's H.Q. is located in Thawabet Complex No. 61, Mecca Street, Amman, in addition to a branch in Aqaba and a branch in Irbid with 30 working employees. |

## Branch Locations and Number of Employees

| Branch | Address | Number of Employees |
|---|---|---|
| Headquarter | Amman – Makka Street – Al-Thawabit complex no.61 | 20 |
| Aqaba branch | Aqaba – Al Nahdah street | 5 |
| Irbid Branch | Irbid – Abdel al Qader al Tal Street | 5 |

## Organizational Structure / Ejara Leasing Company

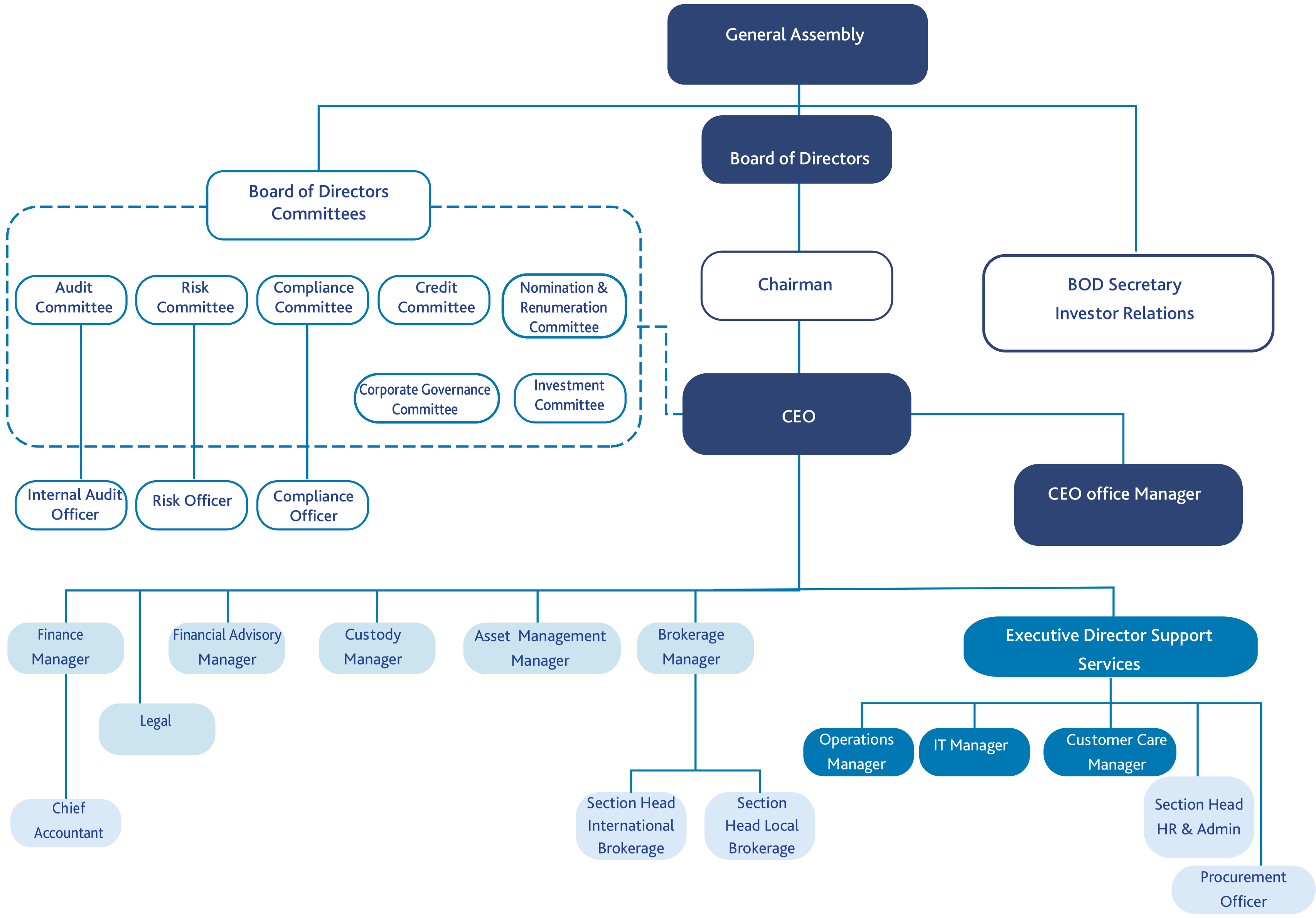


## B- United Financial Investment Company

| | |
|---|---|
| **Type of Company** | Public Shareholding Company |
| **Date of Association** | 1980 |
| **Core Business** | Brokerage & Financial Services |
| **Paid-up Capital** | JD10 million |
| **Bank's Ownership Percentage** | 78.3% |
| **Address** | 13 Abelaziz Al Thalibi Street, Shmeisani, Amman, Jordan |
| **Number of Employees** | 41 |
| **Brief Description** | Established in 1980, United Financial Investments Company ("UFICO") offers a wide spectrum of brokerage, investment banking, asset management and financial advisory services. During 1996, UFICO was listed on the Amman Stock Exchange (Ticker: UCFI), and is considered one of the leading brokerage firms and financial services companies operating in Jordan as it depends on the latest technology and direct electronic link with global financial markets.<br>In October 2021, UFICO acquired Sanad Capital, a fully-owned subsidiary of JKB established in 2016 to offer a wide range of services including lead management of stocks, bonds and Islamic sukuk issuances, financial advisory services to companies and family groups, in addition to offering financial investment opportunities.<br>It is worth noting that UFICO received the Jordan Securities Commission's Investment Manager and Margin Trading licenses. Moreover, as part of UFICO's strategic approach, the company aims to expand its client base and enhance brokerage services in local, regional, and global financial markets through the acquisition and ownership of local and/or regional brokerage firms. In line with this strategy, UFICO successfully acquired Al Mawared Brokerage Company (a fully owned subsidiary of Invest Bank) and The Arab Financial Investment Company in 2022, with JKB now owning a 78.3% stake in UFICO's capital. During 2023, UFICO acquired EFG-Hermes Jordan, another leading brokerage firm in the local Jordanian market, resulting in a market share of 7.0%, with UFICO ranking 2nd amongst brokerage companies in Jordan at the end of 2023. |

**Branch Location and Number of Employees:** There are no branches

## Organizational Structure / United Financial Investment Company



## C- Bank of Baghdad

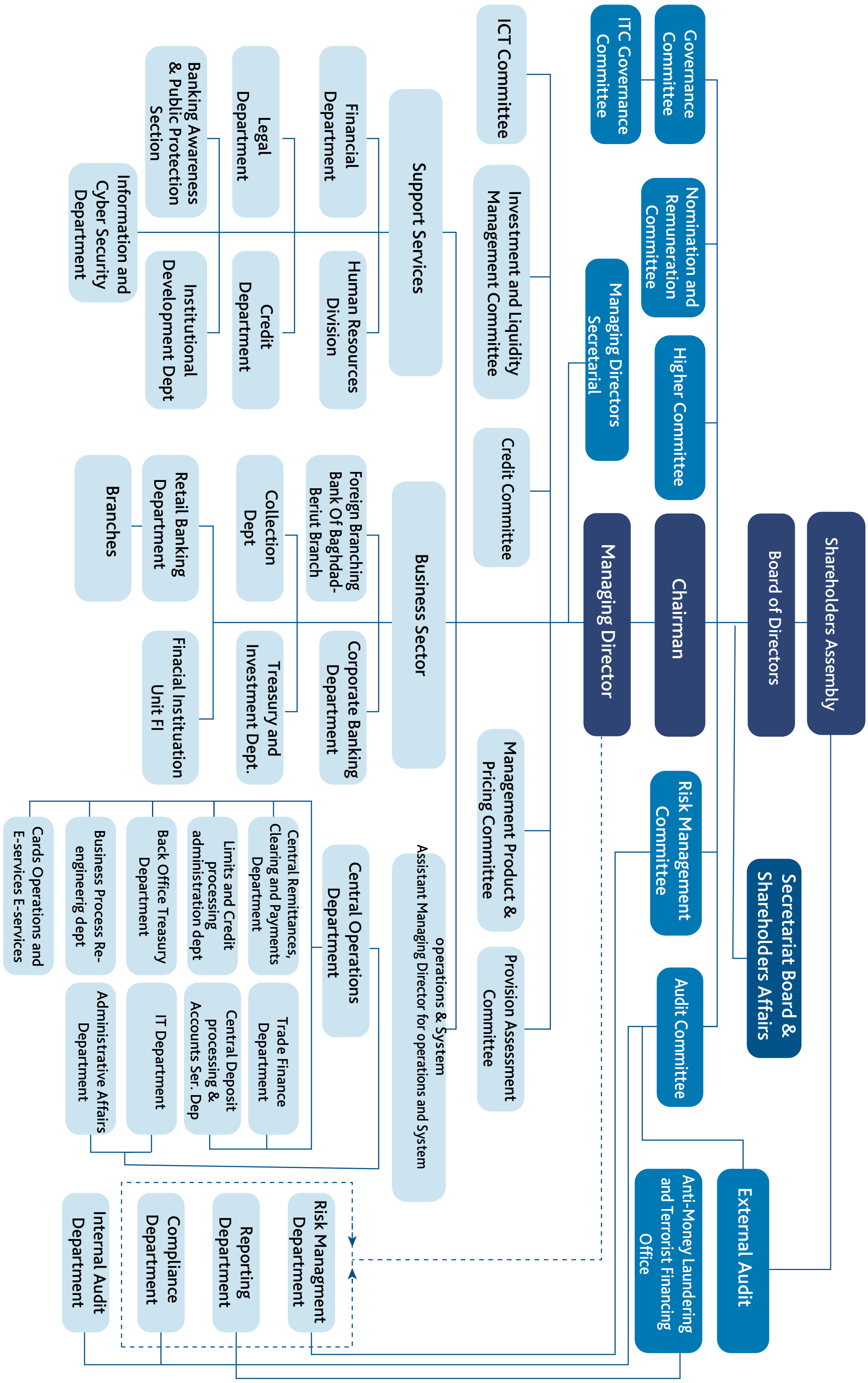
| | |
|---|---|
| **Type of Company** | Public Shareholding Company |
| **Date of Association** | 1992 |
| **Core Business** | Bank |
| **Paid-up Capital** | IQD 300 Billion |
| **Bank's Ownership Percentage** | 53.44% |
| **Address** | Baghdad - Iraq |
| **Number of Employees** | 852 |
| **Brief Description** | Bank of Baghdad (the "Bank") is a Private Shareholding Company incorporated in the State of Iraq under a license that is issued on 18 September 1992 by number (4512), listed on the Market of Iraq and is registered as a bank with the Central Bank of Iraq ("the CBI"). The Bank's registered address is Baghdad - Iraq. The paid-up capital is 300 billion Iraqi Dinars. As part of its activities, the Bank provides all financial and banking services. There are 35 branches in Iraq and one in Lebanon that provide those services. |

## Branch Location and Number of Employees

| Branch | Address | Number of Employees |
|---|---|---|
| **Head Office** | Baghdad Governorate – Karrada Kharej – ALNaidal st- Bul.25&27 | 320 |
| **Main** | Baghdad Governorate – Karrada Kharej – ALNaidal st- Bul.25&27 | 63 |
| **Hilla** | Babil Governorate / Hella – 40 Str. – Near Electricity Co | 31 |
| **Al-Mansour** | Baghdad Governorate – Al-Mansour 14 Ramadan Str. | 27 |
| **Al-Zahraa** | Baghdad Governorate – Kathimyya – Al-Zahraa Str. – Bab Al-Morad Entrance /Al-Qattana Sub-district | 13 |
| **AL-Rabia** | Mosul / Algeria District / Erbil Street / near Al-Hamam Square | 12 |
| **Karbala** | Karbala Governorate – Al-Baladiyyah District – Al-Trabiya Str. – Opposite Abtal Al-Taff Square | 22 |
| **Kirkuk** | Kirkuk Governorate – Al-Mohafatha Str. – Opposite the Children Hospital | 16 |
| **Al-Hamra** | Baghdad Governorate – Al-Shorta Tunnel – Al-Kaneesa Str. – Opposite Mar Yousef Church | 15 |
| **Basra** | Basra Governorate – Kuwait Str. – Opposite the Central Market | 46 |

| Branch | Address | Number of Employees |
|---|---|---|
| **Baqouba** | Diyala Governorate – Baqouba - Takiyya – Near Al-Farouq Mosque | 13 |
| **Fallouja** | Al-Anbar Governorate – Fallouja – Main str. – Near Fallouja Municipality | 10 |
| **Palestine** | Baghdad Governorate – Beirut Square – Opposite the street leading to Rusafa Education Office | 14 |
| **Mahmoudiyya** | Baghdad Governorate – Mahmoudiyya – Qaem Maqamiyya (provincial district) Str. - Opposite the Municipal Council | 12 |
| **Najaf** | Najaf Governorate – Kufa – Jumhouriyya District - Opposite Imam Muslim Bin Aqil Gas Station | 14 |
| **Al-Bayyaa** | Baghdad Governorate – Al-Bayyaa – 20 Str. - Near Al-Bayyaa Intersection – Al- Amel District | 13 |
| **Sulaimaniyya** | Sulaimaniyya Governorate – Al-Aqariyya District – Khan Zad Str. – Opposite the Central Bank | 25 |
| **Dahuk** | Dahuk Governorate – Al-Khoyoul Square – Next to AsiaCell | 12 |
| **Erbil Shorash** | Erbil Governorate – 60 Str. – Near Jalil Al-Khayyat Mosque | 28 |
| **Diwaniyya** | Al-Qadisiyya Governorate – Diwaniyya – Um Al-Khail – Near Al-Diwaniyya Municipality | 16 |
| **Kut** | Wasit Governorate – Kut – Dor Al-Mualimeen – Opposite Kut Hotel | 17 |
| **Tikrit** | Salahuddin Governorate – Tikrit– 40 Str. – Near Al-Azaem Restaurant | 8 |
| **Al- Harithiyya** | Baghdad Governorate – Al-Harithiyya – Baghdad Mall | 9 |
| **Um Qasir** | Basra Governorate – Um Qasir Area – 24 Str. Near the Water Project | 11 |
| **Amara** | Maysan Governorate – Al-Amara – District 28 – Opposite Amara Notary Public | 20 |
| **Nasiriyya** | Dhi Qar Governorate – Al-Nasiriyya - Al-Shibani Str. – Near Al-Shibani Statue | 14 |
| **Beirut** | Lebanese Republic – Beirut – El Hesen Seaport Area – Daouk Str. Beirut Tower Building | 6 |
| **Down Town** | Erbil Governorate – Down Town Complex – Opposite Shara Wani Ministry | 6 |
| **Samawa** | Muthanna Governorate – Samawa – Officers District – Opposite Al- | 18 |
| **Al –Nasr Office** | Baghdad Governorate - Green Zone – Al-Kindi Str. | 2 |
| **Al-Qurna** | Basra Governorate – South Rumaila Field – BP Co. | 3 |
| **Al-Shaab / Mansour Mall** | Baghdad Governorate – Al-Mansour – Mansour Mall | 7 |
| **Dahuk Office** | Dahuk Governorate – Near Dahuk Private Hospital | 3 |
| **Al-Rashid** | Baghdad Governorate – Green Zone - Royal Tulip Hotel | 2 |
| **Itelaf Office** | Erbil | 2 |
| **National Theater** | Baghdad- Karadih | 1 |

## Organizational Structure / Bank of Baghdad



## 4b/3-a: Members of the Board of Directors' Biographies:

### Mr. Nasser A. Lozi

### Chairman / Non-independent Member

**Date of Membership: 4/5/2021**
**Date of Birth: 26/2/1957**

| | |
|---|---|
| **Education:** | Bachelor degree in Civil Engineering, from University of Texas at Arlington-USA, 1979 |
| **Current Positions:** | • Member of the Jordanian Senate (2016 – Present)<br>• Chairman, Gulf Insurance Group/Jordan Co. (2013 – Present)<br>• Chairman of the Board of Trustees of the King Abdullah Fund for Development (2013 – Present)<br>• Member of the Board of Trustees of the King Hussein Foundation (1999 - Present) |
| **Previous Positions:** | • Chief of the Royal Court (2008 – 2011)<br>• Minister of Transport (19992000-)<br>• Minister of Information and Culture (1999)<br>• Minister of Public Works, Housing and Transport (1998 – 1999)<br>• Minister of Public Works and Housing (1997 – 1998)<br>• Minister of Transport (1996 – 1997)<br>• The Private Sector / Contracting and Consulting Engineering (1984 - 1996)<br>• Director of the Maintenance and Traffic Department at the Ministry of Public Works and Housing (19831984-)<br>• Resident Engineer in the Queen Alia International Airport Road Project / Ministry of Public Works and Housing (19801983-) |
| **Memberships in Other Companies' Board of Directors:** | • Vice Chairman and Chairman of the Board of Trustees of the King Abdullah Fund for Development (2009-2013).<br>• Chairman of the Board of Directors of Royal Jordanian Airlines (2006-2014).<br>• Chairman of the Jordanian Royal Executive Committee for Privatization (2006-2009).<br>• Chairman of the Board of Directors of the Royal Jordanian Investment Company (2006-2009).<br>• Chairman, Arab Orient Insurance Co. (GIG –Jordan) (2000 – 2008)<br>• Member of the Board of Directors - Jordan Steel Company (2002-2008).<br>• New Jordan Cable Company (2002-2008).<br>• Member of the Board of Directors - Jordan Kuwait Bank (2001-2008) |

**Al Rawabi United Holding Company** is a Kuwaiti shareholding closed company operating in the real estate, and services sectors.)

## Sheikha Dana Naser Sabah Al Ahmad Al Sabah
## Vice Chairman, Representative of Al Rawabi United Holding Co.

**Date of Membership: 24/7/2023**
**Date of Birth: 19/1/1971**

| | |
|---|---|
| **Education:** | Bachelor's degree in English Literature, College of Arts, Kuwait University, 1996<br>Doctorate of Humane letters, Dartmouth College USA, 2017. |
| **Current Positions:** | • Board Member/Group CEO, Kuwait Projects Company (Holding)<br>• Board Member, KAMCO Invest Co.<br>• Founder and Chair of the Board of Trustees, the American University – Kuwait<br>• Chairperson, Panther Media Group (OSN)<br>• Board Member, Gulf Insurance Group |
| **Previous Positions:** | • Chief Executive Office, Al Futtooh Holding Co., Kuwait (2015-2020) |

## Mr. Moustapha S. Chami
## Board Member, Representative of Al Rawabi United Holding Co.

**Date of Membership: 22/6/2022**
**Date of Birth: 30/6/1981**

| | |
|---|---|
| **Education:** | Bachelor's degree in finance, University of Saint Joseph – Lebanon, 2002.<br>MBA, University of Saint Joseph – Lebanon, 2003.<br>Certified Financial Analyst (CFA), Certified Public Accountant (CPA) and a Certified Management Accountant (CMA) |
| **Current Positions:** | • Deputy Group Chief Financial Officer, Kuwait Projects Co. (Holding) - Kuwait<br>• Certified Trainer (CFA, CPA, CMA, IFRS)<br>• Chairman of the Board of Directors, United Industrial Gas and Energy Company, Kuwait.<br>• Vice Chairman of the Board of Directors, Makan United Real Estate Company, Kuwait<br>• Board Member, Burgan Bank, Turkey.<br>• Board Member, Bank of Baghdad, Iraq. |
| **Previous Positions:** | • Chief Accountant, Investment Dar Company, Kuwait (20082009-).<br>• Financial Advisor, Al-Kharafi Company, Kuwait (20062008-).<br>• Tax auditor, Income Tax Revenue Department, Lebanon (20032006-) |

**Kuwait Projects Company (Holding) – KIPCO –** is a holding company that focuses on investments in the Middle East and North Africa. Its strategy of acquiring, building, scaling and selling companies in the MENA region has worked successfully for over 30 years.

KIPCO's main business sectors are financial services, media, real estate, industry and education. KIPCO's financial service interests include holdings in commercial banks, insurance companies, asset management and investment banking.

## Mr. Masaud M. Jawhar Hayat
## Board Member, Representative of Kuwait Projects Co. (Holding) – Kuwait

**Date of Membership: 20/2/2001**
**Date of Birth: 11/9/1953**

| | |
|---|---|
| **Education:** | Bachelor degree in Economics, Kuwait University, 1973 and a High Diploma in Banking Studies, 1975. |
| **Current Positions:** | • Chairman, United Gulf Bank – Bahrain<br>• Chairman, Tunis International Bank – Tunis<br>• Chairman, Algeria Gulf Bank - Algeria<br>• Vice Chairman, FIMBank - Malta<br>• Board Member, Bank of Baghdad - Iraq<br>• Board Member, KIPCO Asset Management Co. (KAMCO) - Kuwait<br>• Board Member, North African Co. - Kuwait<br>• Board Member, Mashare'a Al-Khair Est. – Kuwait<br>• Chairman, United Gulf Co. (Holding) – Bahrain<br>• Board of Directors Advisor, Burgan Bank - Kuwait |

**The Social Security Corporation** was established under Law No. 30 of 1978 and its subsequent amendments, with the purpose of implementing a symbiotic system that achieves social security by partnering up with relevant authorities.

## Mr. Marwan M. Awad
## Board Member, Representative of Social Security Corporation

**Date of Membership: 23/5/2018**
**Date of Birth: 11/3/1951**

| | |
|---|---|
| **Education:** | Master degree in Economics from Vanderbilt University-USA, 1980, A Diploma of Higher Education in Economic Development from Vanderbilt University –USA, 1980 and Bachelor degree in Accounting, Jordan University, 1973. |
| **Current Positions:** | • General Manager, First International for Consultation and Arbitration<br>• Chairman, Jordanian Elaf Co. for Integrated Solutions<br>• Chairman, Business Risk Experts Forum<br>• Vice Chairman, World Union of Arab Bankers – Beirut<br>• Member of Board of Trustees, Arab Academy for Banking and Financial Sciences |
| **Previous Positions:** | • Minister of Finance (19961997-)<br>• Secretary General, Ministry of Industry and Trade (1991 – 1993)<br>• Chairman, Social Security Investment Board<br>• Vice Chairman, Royal Jordanian<br>• General Manager and CEO, Jordan Ahli Bank<br>• Manager, Investment and International Relations, Central Bank of Jordan<br>• General Manager and CEO, Middle East Investment Bank<br>• Executive Director, Qatar Islamic Bank<br>• General Manager, Industrial Development Bank<br>• Director and founder, Arab Institute of Banking StudiesExecutive Director, Qatar Islamic Bank<br>• General Manager, Industrial Development Bank<br>• Director and founder, Arab Institute of Banking Studies |

## Mr. Nidal F. Qubbaj
## Board Member, Representative of Social Security Corporation

**Date of Membership: 17/6/2020**
**Date of Birth: 2/7/1980**

| | |
|---|---|
| **Education:** | Bachelor degree in Accounting, Jordan University, 2001, Master Business Administration / Accounting, Jordan University, 2006 |
| **Current Position:** | • Risk Management & Strategic Planning Manager, Social Security Investment Fund |
| **Previous Positions:** | • Head of Investment Risk Division, Social Security Investment Fund (2009-2012)<br>• Acting Head of Operation Risk Function, Social Security Investment Fund (2011-2012)<br>• Senior Risk Analyst, Social Security Investment Fund (2006-2009)<br>• Financial Accountant, Social Security Investment Fund (2004-2006)<br>• Accountant, Arab Bank (2001-2003) |

**Odyssey Reinsurance Company** is a US-based company that is specialized in insurance and reinsurance.

## Mr. Bijan Khosrowshahi
## Board Member, Representative of Odyssey Reinsurance Co. - U.S.A

| | |
|---|---|
| **Date of membership: 23/3/2011**<br>**Date of Birth: 23/7/1961** | |
| **Education:** | MBA, 1986 and Bachelor degree in Mechanical Engineering, Drexel University, USA, 1983. |
| **Current Positions:** | • President and CEO of Fairfax International, London<br>• Board member, Representative of Fairfax Financial Holdings Limited for the following companies:<br>- Gulf Insurance Group – Kuwait<br>- Gulf Insurance & Reinsurance Company (GIRI) – Kuwait<br>- Bahrain Kuwait Insurance – Bahrain<br>- Arab Misr Insurance Group – Egypt<br>- Gulf Insurance Group Company – Jordan<br>- Gulf Insurance Group Company – Bahrain<br>- Gulf Insurance Group Company – Turkey<br>- Gulf Insurance Group Company - Saudi Arabia<br>- Colonnade insurance – Luxembourg<br>- Southbridge compaina de seguros – Chile<br>- La Meridional compania – Argentina<br>- SBS seguros - Colombi |
| **Previous Positions:** | • President & CEO, Fuji Fire and Marine Insurance Company, Japan<br>• President, AIG's General Insurance operations, Seoul, Korea (20012004-)<br>• Vice Chairman and Managing Director, AIG Sigorta, Istanbul, Turkey (19972001-)<br>• Regional Vice President, AIG's domestic property and casualty operations for the Mid-Atlantic region, USA<br>• Held various underwriting and management positions with increasing responsibilities, AIG, USA since 1986 |

## H.E. Dr. Marwan J. Muasher
## Independent Board Member

**Date of membership: 25/4/2016**
**Date of Birth: 14/6/1956**

| | |
|---|---|
| **Education:** | PhD in Computer Engineering, Purdue University-USA, 1981, Masters of Science in Computer Engineering, Purdue University-USA, 1978, Bachelor of Science in Computer Engineering, Purdue University-USA, 1977. |
| **Current Position:** | • Board Member, Masafat For Specialized Transport Co. (4/2015 – Present)<br>• Board Member, Ready Mix Concrete & Construction Supplies Co. (2/2016 – Present)<br>• Board Member, Premier Business & Projects Co. (26/4/2018- Present)<br>• Vice President for Studies, The Middle East Program, The Carnegie Endowment for International Peace (2010- Present)<br>• Member of the Board of Trustees, American University of Beirut (2007-Present)<br>• Member of the Aspen Ministers Forum (2009- Present)<br>• Advisory Board Member, IMF Middle East Department (2010 – Present)<br>• Advisory Board Member, Purdue University Global Policy Research Institute (2010 – Present)<br>• Advisory Board Member, The Hague Institute for Global Justice (2011- Present)<br>• Board Member, Partners for Demographic Change (2013- Present)<br>• Board Member, The Asfari Foundation (2013 –Present)<br>• Board Member, The Global Centre on Pluralism (2014- Present) |
| **Previous Positions:** | • Senior Fellow, Yale University (2010-2011)<br>• Senior Vice President – External Affairs, The World Bank (2007-2010)<br>• Member of the Jordanian Senate (2005-2007)<br>• Deputy Prime Minister and Government Spokesperson (7/2005-11/2005)<br>• Minister of the Royal Court (Chief of Staff) for King Abdullah II of Jordan (4/2005-7/2005)<br>• Deputy Prime Minister in charge of reform and government performance (2004-2005)<br>• Minister of Foreign Affairs (2002-2004)<br>• Jordan's Ambassador to the United States (1997-2002)<br>• Minister of Media Affairs and Government Spokesperson (1996-1997) |

### Mr. Hani K. Hunaidi
### Independent Board Member

| | |
|---|---|
| **Date of membership: 25/4/2016**<br>**Date of Birth: 15/8/1949** | |
| **Education:** | Master degree in Business Administration (MBA), Portland State University –USA, 1980, Bachelor degree in Business Administration, American University of Beirut. 1973, Certified Public Accountant (CPA). |
| **Previous Positions:** | • Chairman, Mediterranean Industries Company (1998 – 2022)<br>• Chairman, National Ammonia & Chemical Ind. Co. (19912009-)<br>• Managing Director, Jordan Kuwait Company for Agriculture and Food Products (19861992-)<br>• Project General Manager, Jordan Management and Consultancy Corp. (19841986-)<br>• Financial and Administrative Manager, Jordan Securities Corp. (19821984-)<br>• Auditor, Ross & Co. (19801982-)<br>• Project Senior Accountant, Consolidated Contractor Company (19761978-)<br>• Accountant, Safwan Trading & Contracting Co. Kuwait (19731974-) |

**Safari Development and Real Estate Investment Company** is a limited liability company that focuses on investing in high-quality commercial properties and aims to generate value for all its stakeholders through selective property investments that drive sustainable growth and earnings.

### Mr. Majed F. Burjak
### Board Member, Representative of Safari Development & Real Estate Investment Co.

| | |
|---|---|
| **Date of membership: 25/4/2016**<br>**Date of Birth: 4/2/1947** | |
| **Education:** | Bachelor degree in Public Administration and Political Science, Jordan University, 1969. |
| **Previous Positions:** | • Deputy General Manager/Support Services Group, Jordan Kuwait Bank (2007-2011)<br>• Assistance General Manager/Operations, Jordan Kuwait Bank (1998-2007)<br>• Assistant General Manager for Technology and Operations, Export and Finance Bank (1996- 1998)<br>• Senior Business Manager, ANZ Banking Corporation - Australia ( 1993-1996)<br>• Country Operations Manager, Grindlays Bank (1969-1993) |

## Dr. Safwan S. Toqan
## Independent Member

| | |
|---|---|
| **Date of membership: 7/12/2016**<br>**Date of Birth: 23/10/1942** | |
| **Education:** | Bachelor degree in Business Administration, American University of Beirut, 1966, Masters Degree in Economics, University of South California – USA, 1976, PhD in Economics, University of South California – USA, 1980 |
| **Previous Positions:** | • Member of the 26th Jordanian Senate<br>• Chairman, Amman Stock Exchange (2012 – 2013)<br>• Chairman, Jordan Phosphate Mines Company (2000 – 2004)<br>• General Manager, Social Security Corporation (1994 – 1999)<br>• Secretary General, Ministry of Planning (1989 – 1994)<br>• Assistant Professor, Yarmouk University (1981 – 1989)<br>• Lecturer, University of South California – USA (1975 – 1980)<br>• Central Bank of Jordan (1966 – 1975) |

## Dr. Omar M. Al Jazy
## Independent Board Member

| | |
|---|---|
| **Date of membership: 4/5/2021**<br>**Date of Birth: 1/10/1969** | |
| **Education:** | PhD in International Commercial Arbitration, University of Kent Canterbury - United Kingdom) (2000), Master degree in International and Comparative Business Law, London Guildhall University (1994), Bachelor degree in Law, University of Jordan (1992), Diploma, International Nuclear Law, Universite De Montpellier, 2017 |
| **Current Positions:** | • Board Member, Government Investments Management Company<br>• Board Member, Education and Scientific Research Management and Development Company<br>• Board Member, Arab Foundation for Education, Scientific, Research Management Company<br>• Board Member, Abdul Hameed Shoman Foundation<br>• Chairman of the Board of Trustees, Amman Arab University<br>• Managing Partner, Al Jazy & Co. – Advocates & Legal Consultants<br>• International Arbitration |
| **Previous Positions:** | • Former President of the Jordanian Arbitrators Association<br>• Board Member, Safwa Bank until 12017/<br>• Board Member, Military Credit Fund<br>• Member of the Board of Trustees Committees, King Abdullah II Fund For Development<br>• Former Vice Chairman, Jordanian Corporate Governance Association<br>• Board Member, Aqaba Development Company<br>• Board Member, Aqaba Airports Company<br>• Board Member, Specialized Management Co. For Investment & Financial Advisory (12/2016 – 3/2021) |

## Board members who resigned during the year:

### Mr. Faisal H. Al -Ayyar

### Vice Chairman

**Date of membership: 15/7/1997**
**Date of Resignation: 18/6/2023**
**Date of Birth: 20/12/1954**

| | |
|---|---|
| **Education:** | Graduated as a fighter pilot – USA, 1976 and Jordanian Aviation Academy, 1981 |
| **Current and Previous Positions:** | • Chairman, Panther Media Group (OSN) - Dubai, UAE<br>• Vice Chairman (Executive), Kuwait Projects Co. (Holding) – Kuwait<br>• Vice Chairman, Gulf Insurance Group - Kuwait<br>• Vice Chairman, United Gulf Holding – Bahrain<br>• Vice Chairman, United Gulf Bank - Bahrain<br>• Vice Chairman, Mashare'a Al-Khair Est. - Kuwait<br>• Vice Chairman, Saudi Dairy & Foodstuff Co. (SADAFCO) – Kingdom Saudi Arabia<br>• Board Member, Gulf Egypt for Hotels & Tourism Co. - Egypt<br>• Trustee, American University of Kuwait - Kuwait<br>• Honorary Chairman, Kuwait Association for Learning Differences – Kuwait |
| **Honors & Awards:** | • Kuwait Financial Forum 2009, for contributions to the Kuwait investment sector and success in global financial markets<br>• Tunis Arab Economic Forum 2007<br>• Lifetime Achievement Award, Beirut Arab Economic Forum 2007<br>• Arab Bankers Association of North America (ABANA) Achievement Award in 2005 |

## Mrs. Nadia A. Rawabdeh
## Independent Board Member

**Date of membership: 4/5/2021**
**Date of Resignation: 28/9/2023**
**Date of Birth: 12/4/1963**

| | |
|---|---|
| **Education:** | Bachelor degree in Political Science and Sociology, University of Jordan, 1984 |
| **Current Position:** | • Chairman, Kingdom Electricity<br>• Chairman, Wadia Araba Development Company<br>• Member of Board of Trustees, Jordanian Expatriate Award<br>• Member, Economic Policy Development Forum |
| **Previous Positions:** | • General Manager, Social Security Corporation (9/2012 – 4/2018)<br>• Vice Chairman, Board of Directors of Social Security Corporation (2012 – 2018)<br>• Board Member, Social Security Investment Fund<br>• Board Member, Kingdom Electricity Company<br>• Board Member, Al Asr Company<br>• Board Member, Jordan Ceramic Company<br>• Board Member, National Tourism Co. For Tourism Development<br>• Board Member, Daman for Investment Company<br>• Board Member, Al Daman for Development Zones Company<br>• Board Member, The Jordan Worsted Mills Company<br>• Chairman, Yarmouk Water Company (2019 – 2020)<br>• Member, Economic & Social Council of Jordan<br>• Member, National Committee for Poverty and Unemployment Strategy<br>• Member, National Committee for Special Needs Strategy<br>• Member, National Committee to Follow-up on the Implementation of the Executive Plan for the National Family Strategy |

## 4b/3/b: Members of the Executive Managements' Biographies:

### Mr. Haethum S. Buttikhi
### Chief Executive Officer

**Date of Birth: 1977**
**Date of joining: 1/6/2003**

| | |
|---|---|
| **Education:** | Royal Military Academy, Sandhurst - U.K., 1996.<br>Bachelor degree in Political Science & International Relations, Kent University U.K.,2000 |
| **Previous Positions:** | • Extensive banking experience spanning over 20 years, during which he has held a number of managerial positions at Jordan Kuwait Bank (JKB), including Head of Retail and Private Banking. |
| **Current Board Memberships:** | • Chairman, Ejara Leasing Co.<br>• Chairman, United Financial Investments Co.<br>• Chairman, Al Ihtirafiya Real Estate Company (Thabat)<br>• Vice Chairman, Bank of Baghdad - Iraq<br>• Board member, Quds Bank - Palestine<br>• Board Member, JoPACC<br>• Board member, Jordan Capital & Investment Fund Management Company<br>• Board Member, Jordan Institute of Banking Studies<br>• Board Member, Jordanian Businessmen Association |
| **Current Board Memberships of non-profit organizations and professional institutions:** | • Board Member, Queen Rania Foundation<br>• Chairman, INJAZ<br>• Vice chairman, Royal Jordan Shooting Federation<br>• Board Member, Jordan Institute of Directors<br>• Board Member, Al-Dhia' Association For Education and Training of Visually mpaired Children<br>• Board of Trustees, The Jordan Museum |

### Mr. Daoud A. Issa
### Chief Operating & Support Officer

**Date of Birth: 1973**
**Date of joining: 18/11/2012**

| | |
|---|---|
| **Education:** | Bachelor degree in Economics, Yarmouk University, 1998 |
| **Previous Positions:** | • Head of Human Resources Department, Jordan Kuwait Bank (11/2012 – 5/5/2021)<br>• Head of Human Resources Planning and Budget and Head of Personnel, Qatar Petroleum and its affiliated companies - Qatar (2004 – 2012)<br>• Several positions in construction sector in Jordan and Qatar (1995 – 2004) |
| **Memberships:** | • Board Member, Ejara Leasing Co. (fully owned subsidiary) – until 6/2021 |

## Mr. Zuhdi B. Al-Jayousi
## Chief Banking Officer

**Date of Birth: 1970**
**Date of Joining: 6/9/1997**

| | |
|---|---|
| **Education:** | Bachelor degree in Accounting, Al Ahliyyah Amman University, 1994 |
| **Previous Positions:** | • Head of Corporate Business, Jordan Kuwait Bank – until 11/6/2023<br>• Head of Corporate Credit, Jordan Kuwait Bank – until 8/7/2020<br>• General Banking Experience, Jordan & Gulf Bank, (1994 – 1997) |

## Dr. Makram A. Al-Qutob
## Chief Credit Officer

**Date of Birth: 1965**
**Date of Joining: 16/5/2004**

| | |
|---|---|
| **Education:** | PhD in Accounting, Arab Academy for Banking and Financial Sciences, 2009. Master's degree in accounting, Amman Arab University, 2005. Bachelor's degree in accounting, Cario University, 1987. |
| **Previous Positions:** | • Head of Credit, Jordan Kuwait Bank– until 11/6/2023<br>• Co-Head, Corporate Credit, Jordan Kuwait Bank – until 16/8/2020<br>• Retail Department, Arab Bank – Jordan and Palestine (1998 – 2004)<br>• Deputy Secretary General of Finance and Administration, Arab Thought Forum (1990 – 1998) |
| **Memberships:** | • Board Member, Al Isra for Education and Invest Co. PSC/ Representative of Jordan Kuwait Bank (23/4/2018 - present)<br>• Board Member, Jordan Commercial Banks Investment Group Company/ Representative of Jordan Kuwait Bank (27/6/2021 – present)<br>• Vice Chairman, Al Arabi Investment Group – SME Investment Fund/ Representative of Jordan Kuwait Bank (19/5/2021 – present)<br>• Board Member, Consortium Banks Investments Group/ Representative of Jordan Kuwait Bank (10/5/2017 – present) |

## Mr. Ibrahim F. Bisha
## Head of Treasury & International Relations

**Date of Birth: 1971**
**Date of Joining: 19/6/2001**

| | |
|---|---|
| **Education:** | Master's degree in business administration, Maastricht School of Management - Cyprus, 2005. Bachelor's degree in accounting, University of Jordan, 1992 |
| **Previous Positions:** | • Co-Head, Treasury, Investment & Intl. Relations, Jordan Kuwait Bank – until 31/8/2020<br>• Banking, Jordan Kuwait Bank (Cyprus Branch), (2001 – 2006)<br>• Banking, Al-Jazeerah Bank – Saudi Arabia, (1999 – 2001)<br>• Banking, Dar Ithemar Financial Services, (1997 – 1999)<br>• Banking, Amman Investment Bank, (1992- 1997) |

## Mr. Suhail A. Salman
## Head of Retail Business

**Date of Birth: 1977**
**Date of Joining: 31/3/2013**

| | |
|---|---|
| **Education:** | Bachelor degree in Computer Science, Jordan University, 1999 |
| **Previous Positions:** | • Acting Head of Branches, Jordan Kuwait Bank (2/2021 – 5/2021)<br>• Head of Alternative Delivery Channels, Jordan Kuwait Bank (2013 – 5/2021)<br>• Card Products and Services Manager, Housing Bank for Trade and Finance (6/2012 – 3/2013)<br>• Director of Information and Technology, Middle East Payment Services "MEPs" (3/2011 -6/2012)<br>• Business Development Manager, Middle East Payment Services "MEPs" (12/2009 – 3/2011)<br>• Development Manager and Head of Software Development Division, Access to Arabia – A2A (12/1999 – 12/2009) |
| **Memberships:** | • Vice Chairman, Middle East Payments Services "MEPs" (82019/ – present) |

## Mr. Zeid W. Sharaiha
## Head of Investment Business

**Date of Birth: 1972**
**Date of Joining: 2/7/2006**

| | |
|---|---|
| **Education:** | Master degree in Accounting and Finance, University of Leeds, 1998<br>Bachelor degree in Public Administration and Political Science, American University of Beirut, 1996 |
| **Previous Positions:** | • Asset Management Manager, Jordan Kuwait Bank (5/2006 – 2021)<br>• Senior Program Coordinator, Ministry of Planning and International Cooperation (2005 – 2006)<br>• Division Manager, Cairo Amman Bank (1999 – 2005)<br>• Economic Researcher, United Group for Consulting and Management (1998 – 1999)<br>• Assistant Division Manager, Jordan International Insurance Company (1996 -1997) |

## Mr. Fadi N. Khalil
## Head of Corporate Business

**Date of Birth: 1985**
**Date of Joining:19/10/2010**

| | |
|---|---|
| **Education:** | Master degree in Finance, University of Jordan, 2018<br>Bachelor degree in Accounting and Commercial Law, The Hashemite University, 2007 |
| **Previous Positions:** | • Corporate Business and Project Finance Director, Jordan Kuwait Bank – until 11/6/2023<br>• Project Finance and Syndication Manger, Jordan Kuwait Bank (10/2010 – 5/2021)<br>• Project Finance Officer, Arab Bank (10/2007 – 10/2010)<br>• ASG Officer/Finance Department, the Housing Bank (2/2007 – 10/2007) |
| **Memberships:** | • Board Member, Ejara Leasing Co. (fully owned subsidiary) – from 6/2021 |

## Mr. Ibrahim E. Kashet
## Head of Legal Affairs

**Date of Birth: 1962**
**Date of Joining: 1/4/1989**

| | |
|---|---|
| **Education:** | Bachelor degree in Law, University of Jordan, 1986 |
| **Previous Positions:** | • Legal Department (2000 – Present)<br>• Credit Department (1994 – 2000)<br>• Credit Follow Up Department (1989 – 1994) |
| **Memberships:** | • Vice Chairman, Amad Investment and Real Estate Development<br>• Member of the Jordanian Writers Association |

## Mr. Maher M. Abu Sa'adeh
## Head of Information Technology

**Date of Birth: 1971**
**Date of Joining: 28/4/2019**

| | |
|---|---|
| **Education:** | Computer and Automatic Control Engineering, Yarmouk University |
| **Previous Positions:** | • Chief Information Officer, Jordan Microfinance Company (Tamweelcom) (9– 2017/ 2019/4)<br>• Partner, Technology Consulting – Dimension Management Consulting (2011 – 2017)<br>• Senior Program Director & Head of IT Operations, Bank Al Jazira (2006 – 2011)<br>• Chief Information Technology Officer, Al Jazira Takful – Member of Bank AlJazira Group (2009 -2011)<br>• Consulting Manager, DevoTeam (2005 – 2006)<br>• Consultant & Project Manager, IBM International (1999 – 2002) |
| **Memberships:** | • Co-founder in PMI Jordan Chapter |

## Mr. Tareq J. Alkhitan
## Head of Operations

**Date of Birth: 1975**
**Date of Joining: 1/2/1998**

| | |
|---|---|
| **Education:** | High diploma degree in Banking and Finance, Arab Academy for Banking and Financial Sciences, 2003. Bachelor degree in Economics, University of Jordan, 1997 |
| **Previous Positions:** | • Retail Credit Manager, Jordan Kuwait Bank (2014 – 5/2021)<br>• Private Banking Manager, Jordan Kuwait Bank (2006 – 2014)<br>• Retail Credit Officer, Jordan Kuwait Bank (2003 – 2006)<br>• Main Branch Supervisor, Jordan Kuwait Bank (1998 – 2003) |
| **Memberships:** | • Board Member, Ejara Leasing Company<br>• Vice Chairman, First International Logistics Services Company - FILS |

## Mrs. Manal A. Tubaishat
## Head of Administrative Affairs

**Date of Birth: 1972**
**Date of Joining: 17/7/1995**

| | |
|---|---|
| **Education:** | Bachelor Degree in Public Management, Yarmouk University, 1995 |
| **Previous Positions:** | • District Manager, Jordan Kuwait Bank (5/2021 – 2/2023)<br>• Branch Manager, Jordan Kuwait Bank (1/2006 – 5/2021)<br>• Banking, Jordan Kuwait Bank, (1995- 2006) |

## Mr. Ala' Y. Hijazin
## Head of Finance

**Date of Birth: 1985**
**Date of Joining: 18/4/2011**

| | |
|---|---|
| **Education:** | Certified Financial Consultant (CFC), Institute of Financial Consultant – USA, 2020, Certified Management Accountant (CMA), Institute of Management Accountants– USA, 2014.Bachelor degree in Accounting, University of Jordan, 2007 |
| **Previous Positions:** | • CEO Financial Advisor, Jordan Kuwait Bank – Up until 112023/6/<br>• Co-head of Finance, Jordan Kuwait Bank<br>• Financial Analysis and Reporting Manager, Jordan Kuwait Bank<br>• Senior Auditor, Auditor, Deloitte and Touche – Jordan (2007 – 2011) |
| **Memberships** | • Board member, Arab Life and Accidents Insurance Co. – until 10/2021<br>• Technical Committee of Expertise Affairs, Ministry of Justice, Representative of the Banking Sector |

## Mr. Fadi M. Ayyad
## Head of Compliance

**Date of Birth: 1971**
**Date of joining: 29/4/2018**

| | |
|---|---|
| **Education:** | Bachelor degree in Accounting from Beirut Arab University, 1995 |
| **Previous Positions:** | • Vice President group Compliance, First Abu Dhabi Bank – UAE (2010 – 2018)<br>• Senior Compliance Manager, Head of Financial Crime Unit, Barclays – UAE (2008-2010)<br>• Regional Compliance Officer, MoneyGram – UAE (2007 – 2008)<br>• Regulatory Compliance Acting Manager, Doha Bank – Qatar (2006 – 2007)<br>• Regulate Compliance Area Officer, Arab Bank – Jordan (2005 – 2006)<br>• Team Leader Operation & Sales Services Officer, Arbift – Arab Bank for Investment and Foreign Trade (Al Masraf) (2004 – 2005)<br>• Operation & Administration Officer, NBAD – National Bank of Abu Dhabi (2000 – 2004)<br>• Assistant Head of Foreign Trade Department, AFC – Arab Finance Corporation (1991-200) |

## Mr. Mahmoud I. Al Ahmar
## Head of Risk

| | |
|---|---|
| **Date of Birth: 1979**<br>**Date of Joining: 23/6/2002** | |
| **Education:** | Master degree in Banking and Financial Sciences – major in Accounting, The Arab Academy for Banking and Financial Studies, 2005, Bachelor degree in Accounting, Philadelphia University, 2001 |
| **Previous Positions:** | • Assigned to oversee Risk Management functions, Jordan Kuwait Bank<br>• Market Risk and Basel implementation Manager, Jordan Kuwait Bank<br>• Financial Controller Manager, Jordan Kuwait Bank |
| **Memberships** | • Board Member, Afaq for Energy Co. P.L.C (MANE)/ Representative of Jordan Kuwait Bank (25/1/2021 – present) |

## Mr. Yousef W. Hassan
## Head of Internal Audit

| | |
|---|---|
| **Date of Birth: 1971**<br>**Date of Joining: 5/6/2006** | |
| **Education:** | Bachelor degree in Accounting, Jordan University, 1994 |
| **Previous Positions:** | • Combating Financial Crime Manager, Jordan Kuwait Bank<br>• AML/CFT Manager, Jordan Kuwait Bank<br>• Regulatory Compliance Manager, Jordan Kuwait Bank<br>• Main Internal Auditor, Jordan Kuwait Bank<br>• Audit Team Leader, Cairo Amman Bank |

## Members of Executive Management whose services ended during 2023:

### Mr. Ibrahim F. Taani
### Head of Finance

**Date of Birth: 1964**
**Date of Joining: 4/11/2013**
**Date of Resignation: 30/4/2023**

| | |
|---|---|
| **Education:** | Master degree in Finance and Banking, Arab Academy of Banking and Financial Sciences, 1994. Bachelor degree in Accounting, Al Yarmouk University, 1986, |
| **Previous Positions:** | • Head of Internal Audit Department, Jordan Kuwait Bank (112020/8 – 2013/)<br>• Head of Internal Audit, Standard Chartered Bank – Jordan (2011 – 2013)<br>• Executive Vice President, ABC Investment - Jordan (2009 – 2011)<br>• Chief Financial Officer, Aloula Geojit – KSA (2007 – 2009)<br>• Head of Examiners/ Inspectors – Central Bank of Jordan (1989 – 2007)<br>• Financial Analyst – Jordan Securities Commission (1988 – 1989) |

### Mrs. Dana A. Jaradat
### Head of Strategy and Marketing

**Date of Birth: 1974**
**Date of Joining: 7/8/2012**
**Date of Resignation: 22/12/2023 (Deceased)**

| | |
|---|---|
| **Education:** | Bachelor degree in Accounting, University of Jordan, 1996 |
| **Previous Positions:** | • Marketing and Corporate Communications Manager, Jordan Kuwait Bank (2012 – 5/2021)<br>• Marketing and Corporate Communications Manager, Societe Generale De Banque Jordanie (2007 – 2012)<br>• Marketing, Credit Cards, Products & Quality Manager, Societe Generale De Banque Jordanie (2004 – 2007)<br>• Marketing and Commercial Animation Manager, Societe Generale De Banque Jordanie (2004 – 2005)<br>• Assistant Marketing Manager, Cairo Amman Bank (2001 – 2004)<br>• Product Development Unit Head Assistant, Cairo Amman Bank (1998 – 2001)<br>• Accounting Officer, Cairo Amman Bank (1996 – 1998) |

## 4b/4: Shareholders who own 1% or more of the Bank's shares (2023 & 2022)

| Shareholder | Nationality | No. of Shares 31/12/2023 | % | No. of Shares 31/12/2022 | % | Ultimate Beneficiary | Mortgaged Shares | % Mortgaged Shares to total Shares held | Mortgagor |
|---|---|---|---|---|---|---|---|---|---|
| Al Rawabi United Holding Co. | Kuwaiti | 76,390,240 | 50.9327 | 76,390,240 | 50.927 | - Al Futtooh Holding Co.<br>- United American Holding Company, and group (Al Janah Holding Company)<br>- United Industries Corporation and group (Kuwait National Industrial Projects Co.) | 76,387,240 | 99.99 | Burgan Bank - Kuwait |
| Social Security Corporation | Jordanian | 31,562,466 | 21.042 | 31,562,466 | 21.042 | Itself<br>(A national institution to implement a symbiotic system based on partnership with the relevant authorities that contributes to achieving social security, established by Law No. 30 of 1978 and subsequent legislation and amendments thereto) | - | - | - |
| Odyssey Reinsurance Company | American | 8,775,000 | 5.850 | 8,775,000 | 5.850 | FAIRFAX FINANCIAL HOLDING Ltd. Canada<br>Chairman and CEO Mr. V. Prem Watsa | - | - | - |
| Fatina Ahmad Jameel Malas | Jordanian | 1,891,565 | 1.261 | 1,891,565 | 1.261 | Herself | - | - | - |
| Abdel Karim Allawi Saleh Kabariti | Jordanian | 1,549,219 | 1.033 | 1,719 | 1.033 | Himself | - | - | - |

### 4b/5: Competitive position:

Jordan Kuwait Bank (JKB), a Jordanian public shareholding company, was founded in 1976 and has successfully evolved into a major player in the Jordanian banking system. The Bank operates within the Jordanian banking sector, which includes 20 banks, 5 of which are foreign banks. The bank operates a domestic network of 64 branches distributed throughout Jordan in addition a branch in Cyprus. In 2023, the bank secured a 53.44% stake in the Bank of Baghdad, expanding its influence into the Iraqi market. Notably, Al Rawabi United Holding Company holds a majority ownership of 50.927% in Jordan Kuwait Bank, a subsidiary of Kuwait Projects Company, a strategic investment-focused holding company, directs its interests towards the Middle East and North Africa region.

The Bank's main activities include the acceptance of deposits, granting credit, and offering banking and investment services to various economic sectors, institutions, and individuals. The Bank's share of the total banking facilities in Jordan was 4.0 % and 5.2 % of total deposits as at 31/12/2023.

Capital Intelligence Ratings (CI Ratings or CI) upgrades the Long-Term Foreign Currency Rating (LT FCR) and Short-Term Foreign Currency Rating (ST FCR) of Jordan Kuwait Bank (JKB) at 'B+' and 'B' with a positive outlook.

The ratings are underpinned by the Bank's ample and improved funding and liquidity, which is in turn supported by a diversified customer deposit franchise, an established presence in Jordan, and satisfactory and strengthened operating profitability. The ratings are also supported by the still good and above sector average Capital Adequacy Ratio (CAR) which is considered an important credit strength, particularly given the heightened credit risks in Jordan, and the sustained improvement in asset quality, as indicated by a lower NPL ratio and more than full loss reserve (LLR) cover of NPLs.

### 4b/6: Major Suppliers and Clients:

The Bank does not rely on major suppliers and clients (locally or internationally) that accounts for 10% or more of its total sales or earnings.

### 4b/7:

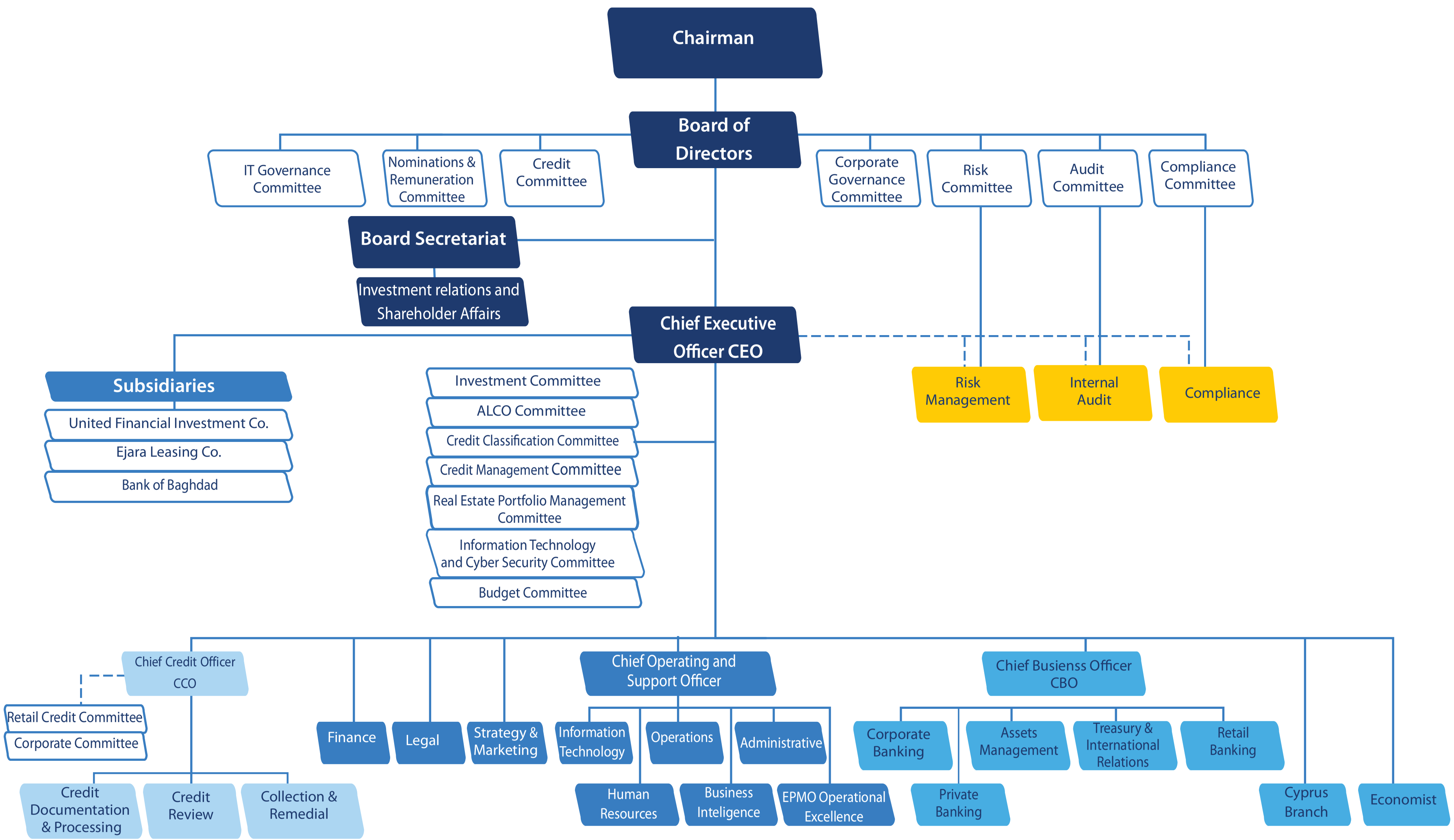
- The Bank does not enjoy any governmental concessions or protection in accordance with the prevailing rules and regulations.
- The Bank does not have any patents or franchise rights acquired by the Bank.

### 4b/8:

- There has been no material effect on the Bank's operations, products or competitiveness as a result of any government or international organizations' decisions.
- International quality standards do not apply to the bank, or the bank does not apply international quality standards.

## 4b/9-a: Organization Structures for Subsidiaries : Included in the Report

### Organization Structure for Jordan Kuwait Bank



### 4b/9-b: Human Resources, Training and Organizational Structure:

Total number of employees as at 31/12/2023 was (1467) of whom (14) were employed at the Cyprus branch. In addition, there were (923) employees at the Subsidiary companies.

### Staff educational qualifications:

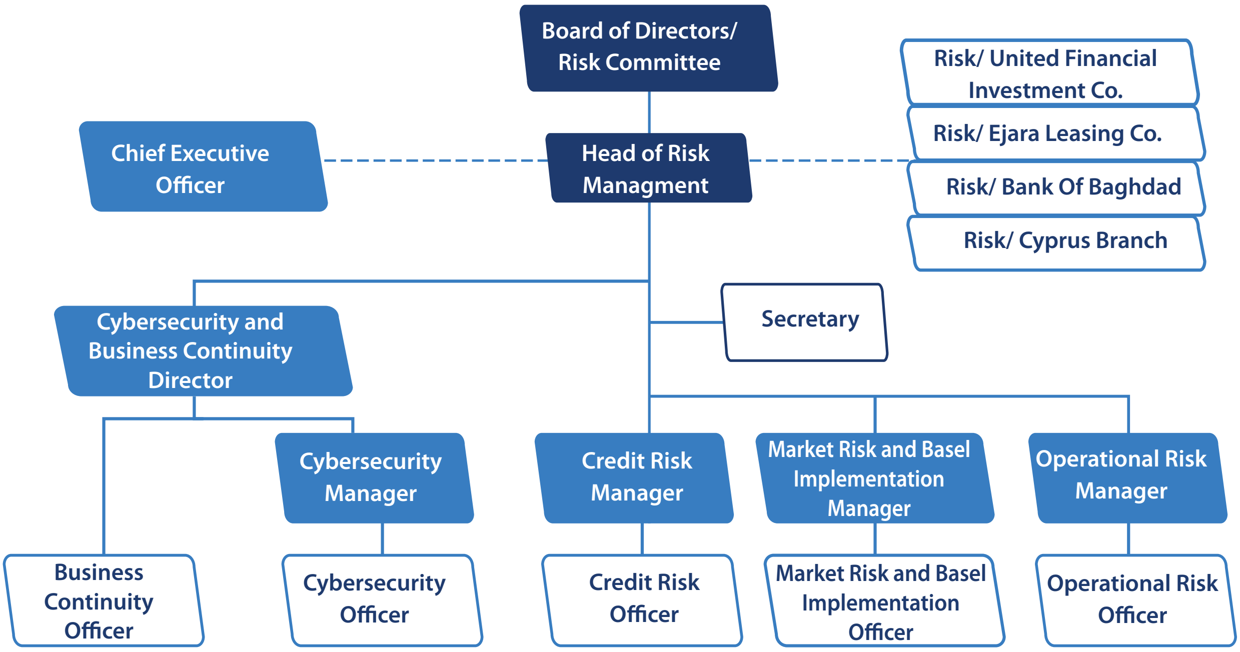
| | Jordan Kuwait Bank | Ejara Leasing Co. | United Financial Investment Co. | Bank of Baghdad |
|---|---|---|---|---|
| **Qualification** | **No. of Staff** | **No. of Staff** | **No. of Staff** | **No. of Staff** |
| PhD | 2 | 0 | 0 | 0 |
| Masters | 115 | 2 | 5 | 5 |
| Higher Diploma | 4 | 0 | 0 | 1 |
| Bachelor | 1179 | 23 | 26 | 512 |
| Diploma | 83 | 2 | 2 | 85 |
| Secondary School Certificate | 27 | 3 | 8 | 52 |
| Pre- Secondary School Certificate | 57 | 0 | 0 | 197 |
| **Total** | **1467** | **30** | **41** | **852** |

### 4b/9-c: Staff Training during 2023:

| | External Training | | Internal Training | | E-Training | | Total | |
|---|---|---|---|---|---|---|---|---|
| **Training Subject** | **No. of Courses** | **No. of Participants** | **No. of Courses** | **No. of Participants** | **No. of Courses** | **No. of Participants** | **No. of Courses** | **No. of Participants** |
| Specialized Banking | 54 | 236 | 78 | 1444 | 42 | 968 | 174 | 2648 |
| Compliance, AML, Fraud & Audit | 39 | 125 | 15 | 366 | 49 | 9509 | 103 | 10000 |
| Personal and Behavioral Skills | 8 | 59 | 12 | 161 | 40 | 3127 | 60 | 3347 |
| IT, Banking Systems, Delivery Channels | 27 | 121 | 13 | 174 | 26 | 1695 | 66 | 1990 |
| Administrative programs and non-banking specialization | 20 | 54 | 33 | 1233 | 85 | 4449 | 138 | 5736 |
| English Language | 10 | 75 | 0 | 0 | 0 | 0 | 10 | 75 |
| **Total** | **158** | **670** | **151** | **3378** | **242** | **19748** | **551** | **23796** |

## 4b/10: Description of  Risks:

### Risk Management Organization Structure




### Liquidity risk:

Liquidity risk is defined as the losses that the Bank may suffer due to the lack of funding to finance the increase in its investments or to pay its obligations when due at the appropriate time and cost.

Jordan Kuwait Bank manages liquidity risk through appropriate liquidity governance, within the policies for efficient liquidity management. To achieve these targets, Jordan Kuwait Bank is working on determining the "Liquidity risk appetite" by the strategy and ability to obtain sources of financing, The Bank also applies "Liquidity Contingency Plan" to ensure appropriate liquidity in cases of low emergency liquidity".

### Market risks:

Market risk is defined as losses that the Bank may experience as a result of fluctuations in the market prices of any financial positions both (on and off the balance sheet). Market risks include (interest rates, exchange rates, equities, and commodities). Jordan Kuwait Bank manages the market risk within the risk management framework (Identification, measurement, management, control), and by an approved and independent policy to ensure that the market risk is within the "Market Risk Appetite".

The Bank adopts an investment policy that aims to maximize the return while maintaining the acceptable degree of risk, in line with the level and size of the complexity of the Bank's operations, and the recommendations of the Basel Committee and the instructions of the Central Bank of Jordan and the supervisory authorities within which the branches of the Bank operate. The implementation of the investment policy is also monitored through the (Middle Office Unit) within the market risk.

**The Bank faces three major market risks:**

- Interest rate risk:

Volatility in interest rates is one of the most important challenges facing banks as a source of risks that affect the profitability and activities of the bank, and to ensure control of interest rate risks, Jordan Kuwait Bank manages interest rate risks by determining the degree of "risk appetite" for the bank portfolio.

The bank also measures risks in several ways, including re-pricing gap analysis. And measuring the impact of these risks on Gross Income, Net Interest Income, and Regulatory Capital.

- Exchange rate risk:

Exchange rate risk arises as a result of mismatching foreign currency positions within the (assets and liabilities) of the bank.

As a result of exchange rate fluctuations, the possibility of affecting the bank's profitability increases. Where the bank manages currency and exchange rate risks in several ways, including various hedging tools (spot and forward), and the bank also conducts stress testing scenarios within the exchange rate risks and according to the scenarios determined by the Central Bank of Jordan, or additional scenarios according to market conditions.

- Equity Price Risk:

These are risks arising as a result of fluctuations in stock prices (within the Bank's investment portfolio) as a result of responding to many influential factors such as a change in interest rates, lowering of credit rating, and factors related to operating results.

The Bank actively monitors these risks to ensure that they remain within acceptable limits.

**Compatibility with Basel Instructions:**

The Risk Management Department oversees the implementation of the requirements of the Basel committee. Through the following:

- Capital adequacy ratio/ leverage ratio:

The Bank calculates the capital adequacy ratio and the leverage ratio in line with the regulatory capital instructions issued by the Central Bank of Jordan and according to Basel (III) requirements.

- Stress Testing:

Stress Testing is one of the risk management tools complemented by other tools used by the Bank to reach comprehensive risk management.

The results of the implementation of stress testing are an essential and complementary part of the Capital Planning system. These tests aim to assess the bank's financial situation in severe but possible scenarios, which are conducted based on instructions of the Central Bank of Jordan.

- Internal Capital Adequacy Assessment Process (ICAAP) :

ICAAP is part of the capital management process system of Jordan Kuwait Bank, which contributes to achieving the Bank's strategic objectives, where the internal assessment of capital adequacy comprehensively identifies and measures all important risks to the Bank on a consolidated level, and demonstrates the impact of these risks on capital. The Bank takes into account the compatibility of the size of the capital with the size, nature, and complexity of the risks to which the Bank is exposed in line with the requirements of the regulators.

**Information Security:**

The vulnerabilities and threats associated with the use of information technology in all financial operations in the bank, and the impact and probability that they can be exploited by hackers to carry out some illegal activities such as unauthorized access to data or denial of service, and other activities that would harm the bank on financially or affect the bank's reputation, and its customers where their private data may be accessed and exploited. In light of these risks, the bank has adopted many preventive measures, such as implementing information security standards and publications issued by government agencies such as the Central Bank of Jordan and non-governmental agencies, such as the application of card security standards (PCI DSS), and conducting a risk assessment of the systems and services used in the bank. And setting security

controls to reduce these risks, in addition to applying the internal policies and procedures in the bank related to information security and working to raise awareness about information security risks through holding training courses for bank employees by conducting Information Security Awareness Sessions. As well as implementing cybersecurity incident response procedures that will reduce the impact and contain any potential threats. These risks are monitored through daily reports that are followed up by the information security team and work continuity in the risk management department.

### Business Continuity:

Business continuity and disaster recovery mean maintaining the availability of critical services and functions in the Bank, whether for the internal functions that are used by employees or services used by the Bank's customers. The Bank pays great attention to business continuity because of its significant impact on the Bank's reputation and the customers' satisfaction with the services provided to them. The Information Security and Business Continuity team in the Bank's Risk Management Department updates the business continuity plan quarterly, tests it annually, and documents the results of the tests to reflect them on the business continuity plan in line with the instructions issued by the Central Bank and best practices related to business continuity.

### Credit Risk:

Credit risk refers to the expected loss resulting from the borrower's inability or unwillingness to meet their obligations to the bank within an agreed period, the principal of the loan and/or the interest and commissions associated with them, or both, also, the Concentration risk refers to the risks arising from the lack of diversification of the credit portfolio in terms of economic sectors, customers, geographical, therefore, credit risk will increase. These types of risks define as the most significant risks that the bank can be faced.

Jordan Kuwait Bank adapts a group of main pillars to control the financial implications of these risks:

1. Identifying the current and future risks associated with the business environment by periodically applying stress testing in light of conservative economic scenarios and expectations in a manner that avoids or mitigates them.
2. Implementation and continuous updating of the policies and work procedures that define and address all aspects of credit granting and maintenance, which are determined according to the basis of defining, measuring, and controlling this type of risk.
3. The existence of committees and departments to manage the credit granting process in a manner that ensures segregation of duties between the various business development departments and the credit review and control management.
4. Adopting a specified authority matrix to ensure the delegation of authorities, monitoring, and review.
5. Dynamic monitoring of the credit portfolio, in terms of diversity, quality, concentrations.
6. Determining the acceptable guarantees and their conditions as a method of mitigating risks.

**Operational Risk:**

Operational risk is defined as "the risk of losses resulting from the failure or inadequacy of internal procedures, the human element, systems, or any external events. This definition includes legal risks, but does not include strategic risks and reputational risks for the bank."

The Operational Risk management works continuously and coordinates closely with all the managers of the organizational centers to ensure that the concept of the general framework for operational risk management is continuously implemented effectively through the implementation of the principle of the three lines of defense, which defines the tasks and responsibilities of all the bank's departments, especially about the implement, follow-up, and monitor of the execution of The daily tasks related to the first line of defense. As well as operational risk management collect the data of operational events and losses continuously in addition to the main risk indicators by the Operational Risk Management System, in addition, to monitoring, updating, and ensuring that any corrective plans are developed wherever necessary. The system aims to be used by business Departments, Risks, internal audits, thus enabling the executive management to be aware of all financial and non-financial risks in real-time.

Operational risk management follows The methodology of the self-assessment system for operational risks and that the controls are set against them continuously, in terms of conducting the review at the departmental level, by analyzing the gaps between what is applied and what is required to be applied, to set the implementation plans and the necessary solutions to reach the specific goal of this assessment and to ensure the availability of (control and oversight systems) that govern the execution of operations in the bank.

**4b/11: Achievements during 2023**: Included in the Report

**4b/12: Financial impact of non-recurring transactions as well as operations outside the bank's core business:**

- During the year 2023, 53.44% of the capital of the Bank of Baghdad - Iraq was acquired, resulting in profits from the acquisition amounting to JOD 8.87 million.
- During the year 2023, 76.976% of the capital of BHM Capital - United Arab Emirates was acquired and 66.976% was sold, with the bank realizing profits from the sale of subsidiaries of approximately JOD 8.3 million.

### 4b/13: Changes in Net Profit, Dividend, Shareholders' equity and Share price (2019-2023)

| Year | Profit (loss) from Continuous Operations before tax | Dividend According to the year of distribution | | Bank Shareholders' Equity | Share / JOD |
|---|---|---|---|---|---|
| | | Bonus Shares | Cash | | |
| 2019 | 46,934 | - | 20% | 459,532 | 2.510 |
| 2020 | (5.579) | 50% | - | 456,432 | 1.440 |
| 2021 | 12,072 | - | 7% | 467,674 | 1.360 |
| 2022 | 27,345 | - | 8% | 475,833 | 1.650 |
| 2023 | 121,651 | - | 8% | 614,743 | 2.57 |

**4b/14: Financial Position**: Included in the report

**4b/15: Future Plan**: Included in the report

**4b/16: Auditors' Fees**: Auditors' fees for the Bank and its subsidiaries in 2023 amounted to JOD 289,235 as follows:

**Auditors' Fees**

| Entity | Amount JOD |
|---|---|
| Jordan Kuwait Bank | 145,000 |
| Ejara Leasing Co. | 15,453 |
| Bank of Baghdad | 84,155 |
| Cyprus Branch | 44,627 |
| **Total** | **289,235** |

## 4b/17-a: Shares owned by the Board Members during 2023 & 2022

| # | Name | Nationality | Position | Shares | |
|---|---|---|---|---|---|
| | | | | 31/12/2023 | 31/12/2022 |
| 1 | Mr. Nasser A. Lozi | Jordanian | Chairman | 33,595 | 33,595 |
| | Al Rawabi United Holding Co. | Kuwaiti | Board Member | 76,390,240 | 76,390,240 |
| 2 | Sheikha Dana Naser Sabah Al Ahmad Al Sabah | Kuwaiti | Vice Chairman, Rep.: Al Rawabi United Holding Co. | 0 | 0 |
| 3 | Mr. Moustapha S. Chami | Lebanese | Rep.: Al Rawabi United Holding Co. | 0 | 0 |
| | Kuwait Projects Co. (Holding) | Kuwaiti | Board Member | 76,494 | 76,494 |
| 4 | Mr. Masaud M. Jawhar Hayat | Kuwaiti | Rep.: Kuwait Projects Co. (Holding) | 48 | 48 |
| | Social Security Corporation | Jordanian | Board Member | 31,562,466 | 31,562,466 |
| 5 | Mr. Marwan M. Awad | Jordanian | Rep.: Social Security Corporation | 1,500 | 1,500 |
| 6 | Mr. Nidal F. Qubbaj | Jordanian | Rep.: Social Security Corporation | 0 | 0 |
| | Odyssey Reinsurance Co. | American | Board Member | 8,775,000 | 8,775,000 |
| 7 | Mr. Bijan Khosrowshahi | American | Rep.: Odyssey Reinsurance Co. | 0 | 0 |
| 8 | Dr. Marwan J. Muasher | Jordanian | Board Member | 205,500 | 205,500 |
| 9 | Mr. Hani K. Hunaidi | Jordanian | Board Member | 1,573 | 1,573 |
| | Safari Development & Real Estate Investment Co. | Jordanian | Board Member | 1,000 | 1,000 |
| 10 | Mr. Majed F. Burjaq | Jordanian | Rep.: Safari Development & Real Estate Investment Co. | 1,500 | 1,500 |
| 11 | Dr. Safwan S. Toqan | Jordanian | Board Member | 1,500 | 1,500 |
| 12 | Dr. Omar M. Al Jazy | Jordanian | Board Member | 1,500 | 1,500 |
| * | Mr. Faisal H. Al -Ayyar | Kuwaiti | Vice Chairman-until 18/6/2023 | 15,000 | 15,000 |
| * | Mrs. Nadia A. Rawabdeh | Jordanian | Independent Bord Member-until 29/9/2023 | 1,000 | 1,000 |

## 4b/17-b: Shares owned by the Bank Executives during 2023 & 2022

| # | Name | Position | Nationality | Shares | |
|---|---|---|---|---|---|
| | | | | 31/12/2023 | 31/12/2022 |
| 1 | Mr. Haethum S. Buttikhi | Chief Executive Officer | Jordanian | 0 | 0 |
| 2 | Mr. Daoud A. Issa | Chief Operating & Support Officer | Jordanian | 0 | 0 |
| 3 | Mr. Zuhdi B. Al-Jayousi | Chief Banking Officer | Jordanian | 0 | 0 |
| 4 | Dr. Makram A. Al- Qutob | Chief Credit Officer | Jordanian | 0 | 0 |
| 5 | Mr. Ibrahim F. Bisha | Head of Treasury & International Relations | Jordanian | 0 | 0 |
| 6 | Mr. Suhail A. Salman | Head of Retail Business | Jordanian | 0 | 0 |
| 7 | Mr. Zeid W. Sharaiha | Head of Investment Business | Jordanian | 0 | 0 |
| 8 | Mr. Fadi N. Khalil | Head of Corporate Business | Jordanian | 0 | 0 |
| 9 | Mr. Ibrahim E. Kashet | Head of Legal Affairs | Jordanian | 0 | 0 |
| 10 | Mr. Maher M. Abu Sa'adeh | Head of Information Technology | Jordanian | 0 | 0 |
| 11 | Mr. Tareq J. Alkhitan | Head of Operations | Jordanian | 0 | 0 |
| 12 | Mrs. Manal A. Tubaishat | Head of Administrative Affairs | Jordanian | 0 | 0 |
| 13 | Mr. Ala' Y. Hijazin | Head of Finance | Jordanian | 0 | 0 |
| 14 | Mr. Fadi M. Ayyad | Head of Compliance | Jordanian | 0 | 0 |
| 15 | Mr. Mahmoud I. Al Ahmar | Head of Risk | Jordanian | 0 | 0 |
| 16 | Mr. Yousef W. Hassan | Head of Internal Audit | Jordanian | 0 | 0 |
| * | Mr. Ibrahim F. Taani | Head of Finance – until 30/4/2023 | Jordanian | 0 | 0 |
| * | Mrs. Dana A. Jaradat | Head of Strategy and Marking – until 22/12/2023 | Jordanian | 0 | 0 |

## Shares held by companies controlled by Board Members during 2023 & 2022

| Board Member | Position | Name of controlled Company | Ownership % | Shares of controlled Company in JKB | |
|---|---|---|---|---|---|
| | | | | 31/12/2023 | 31/12/2022 |
| Kuwait Projects Co. (Holding)- and its subsidiaries - Kuwait | Board Member | Al Rawabi United Holding Co | 99.99% | 76,390,240 | 76,390,240 |
| Kuwait Projects Co. (Holding)- and its subsidiaries - Kuwait | Board Member | Burgan Bank-Kuwait | 64.3% | 1,500 | 1,500 |
| Kuwait Projects Co. (Holding)- and its subsidiaries - Kuwait | Board Member | United Gulf Bank – Bahrain | 97.91% | 473,503 | 473,503 |

## Shares owned by the relatives of Board Members and Bank Executives during 2023 & 2022

| Name | Nationality | Relation | Shares | |
|---|---|---|---|---|
| | | | 31/12/2023 | 31/12/2022 |
| Mrs. Nour Abdel Karim Allawi Kabariti | Jordanian | Wife of Mr. Haethum S. Buttikhi/ Chief Executive Officer | 344,265 | 344,265 |

## Shares owned by companies controlled by relatives of Bank Board Members:

There are no contributions from companies controlled by relatives of Bank Board Members

## Shares owned by companies controlled by Bank Executives and their relatives:

There are no contributions from companies controlled by Bank Executives and their relatives

## 4b/18-a: Members of the Board of Directors' Remuneration (JOD):

| # | Name | Position | Board Membership Allowance | Transportation and Meetings Allowance | Total |
|---|---|---|---|---|---|
| 1 | Mr. Nasser A. Lozi | Chairman | 5,000 | 346,280 | 351,280 |
| 2 | Sheikha Dana Naser - Sabah Al Ahmad Al Sabah – As of 24/7/2023 | Vice Chairman | 0 | 3,519 | 3,519 |
| 3 | Faisal Hamad Al-Ayyar – until 18/6/2023 | Vice Chairman | 5,000 | 1,500 | 6,500 |
| 4 | Masaud M. Jawhar Hayat | Board Member | 5,000 | 20,197 | 25,197 |
| 5 | Mr. Moustapha S. Chami | Board Member | 2,950 | 22,683 | 25,633 |
| 6 | Rep.: Social Security Corporation Mr. Marwan M. Awad | Board Member | 5,000 | 27,000 | 32,000 |
| 7 | Rep.: Social Security Corporation Mr. Nidal F. Qubbaj | Board Member | 5,000 | 36,600 | 41,600 |
| 8 | Mr. Bijan Khosrowshahi | Board Member | 5,000 | 15,970 | 20,970 |
| 9 | Dr. Marwan J. Muasher | Board Member | 5,000 | 21,300 | 26,300 |
| 10 | Mr. Hani K. Hunaidi | Board Member | 5,000 | 34,800 | 39,800 |
| 11 | Mr. Majed F. Burjaq | Board Member | 5,000 | 32,700 | 37,700 |
| 12 | Dr. Safwan S. Toqan | Board Member | 5,000 | 38,400 | 43,400 |
| 13 | Dr. Omar M. Al Jazy | Board Member | 5,000 | 34,200 | 39,200 |
| 14 | Mrs. Nadia A. Rawabdeh - Until 28/9/2023 | Board Member | 5,000 | 21,000 | 26,000 |
| 15 | Mr. Ibrahim E. Kashet | Secretary of the Board | 0 | 21,000 | 21,000 |

## 4b/18-b: Executive Management's Remuneration (JOD):

| # | Name | Position | Annual Salary | Travel & Per Diems | Total |
|---|---|---|---|---|---|
| 1 | Mr. Haethum S. Buttikhi | Chief Executive Officer | 906,340 | 24,744 | 931,084 |
| 2 | Mr. Daoud A. Issa | Chief Operating & Support Officer | 359,384 | 5,795 | 365,179 |
| 3 | Mr. Zuhdi B. Al-Jayousi | Chief Banking Officer | 283,969 | 0 | 283,969 |
| 4 | Dr. Makram A. Al- Qutob | Chief Credit Officer | 201,437 | 0 | 201,437 |
| 5 | Mr. Ibrahim F. Bisha | Head of Treasury & International Relations | 225,916 | 10,241 | 236,157 |
| 6 | Mr. Suhail A. Salman | Head of Retail Business | 153,766 | 13,243 | 167,009 |
| 7 | Mr. Zeid W. Sharaiha | Head of Investment Business | 136,116 | 5,630 | 141,746 |
| 8 | Mr. Fadi N. Khalil | Head of Corporate Business-As of 12/6/2023 | 78,070 | 9,761 | 87,831 |
| 9 | Mr. Ibrahim E. Kashet | Head of Legal Affairs | 231,884 | 0 | 231,884 |
| 10 | Mr. Maher M. Abu Sa'adeh | Head of Information Technology | 169,900 | 12,005 | 181,905 |
| 11 | Mr. Tareq J. Alkhitan | Head of Operations | 130,775 | 0 | 130,775 |
| 12 | Mrs. Manal A. Tubaishat | Head of Administrative Affairs-As of 1/3/2023 | 102,648 | 0 | 102,648 |
| 13 | Mr. Ala' Y. Hijazin | Head of Finance- As of 12/6/2023 | 57,079 | 10,323 | 67,402 |
| 14 | Mr. Fadi M. Ayyad | Head of Compliance | 213,708 | 14,568 | 228,276 |
| 15 | Mr. Mahmoud I. Al Ahmar | Head of Risk | 174,236 | 11,150 | 185,386 |
| 16 | Mr. Yousef W. Hassan | Head of Internal Audit | 142,359 | 709 | 143,068 |
| 17 | Mr. Ibrahim F. Taani | Head of finance-until 30/4/2023 | 130,111 | 780 | 130,891 |
| 18 | Mrs. Dana A. Jaradat | Head of Strategy and Marketing-until 22/12/2023 | 127,020 | 0 | 127,020 |

### Remuneration and Rewards Policy

JKB has a comprehensive remuneration and rewards policy that closely integrates with the approved performance evaluation policies. Staff annual raises and rewards are based on achievement that meets the Bank's interests and its sustainable progress in all areas. The policy also assures the independence of control units in such a way that staff salaries and rewards are not determined by the Bank's profit levels.

The remuneration and rewards policy sets the basis for annual salary raises, effect of promotion on salary, types and conditions of allowances paid to employees, and the structure of the salary scale and its review process, for the purposes of maintaining a competitive and fair work environment.

The salaries, transportation allowance and other expenses paid to the Bank’s executives during the year 2022 were declared in the disclosure statement as required by article (4) of the disclosure regulations issued by the Jordan Securities Commission, and in the notes to the consolidated financial statements included in this report.

### Customer Complaints Processing Unit

In compliance with the Central Bank of Jordan's instructions to deal with customers fairly and transparently No.(1/2017), the Customer Complaints Processing Unit within the Compliance Department receives and deals directly with customer complaints submitted through all available channels, including telephone calls, email messages, traditional mail, and complaints boxes at the branches. All complaints received are addressed and responded to in writing or verbally, noting that the Unit dealt with 611 complaints during the year 2023, 168 of which were rightful complaints. Corrective measures to reduce these complaints including staff training and modifying work procedures if required were taken. The Customer Complaints Processing Unit submits periodical reports to the Bank's top management, including a description of complaints received and how they were handled and solved. The unit also submits periodical reports to CBJ. Qualitative analysis on the nature of the complaints and action plans taken to correct and minimize the recurrence of these complaints are carried our by the unit.

## 19. Donations, Grants, and Contributions to the Local Community:

The Bank's donations and support of activities related to the protection of the environment and the local community stood at JD 2,190,700 million, as detailed below:

| Recipient | Amount / JOD |
|---|---|
| Charities and Social Activities | 1,622,488 |
| Support Education | 94,687 |
| Banking and Financial Culture | 4,540 |
| Training Students from Institutes and Universities | 35,924 |
| Health Initiatives | 25,480 |
| Commercials and Advertisement | 54,676 |
| Support of Outstanding Students | 3,000 |
| Support Authors and Writers | 27,790 |
| Others | 49,825 |
| **Total** | **2,190,700** |

## 4b/20: Contracts, projects and commitments held by the Bank with subsidiaries or sister or affiliate companies or the Chairman or members of the Board of Directors or General Manager or any staff member of the Bank or their relatives:

During 2023, the Bank entered into transactions with subsidiaries, sister and affiliate companies, major shareholders, members of the Board of Directors, and executive management within the normal Bank activities and applying commercial interest rates and commissions. All facilities granted to stakeholders are considered performing loans and no provisions were allocated for them. Details of such transactions are disclosed in Note 38 to the 2023 consolidated financial statements published in this report.

## 4b/21: Serving the Local Community

The Bank contributes towards the welfare of the local community and the environment; this was explained in the Activities and Achievements Chapter of this report.

## 4e: Declarations by the Board of Directors:

**4e/1**: The Board of Directors hereby declares that there are no material issues that could hinder the business continuity of the Bank during the financial year 2024.

**4e/2**: The Board of Directors also declares its responsibility for the Financial Statements and that the Bank has an effective control system.

**4e/3**: Each of the undersigned Board of Directors declares that he did not gain any benefits, either cash or in-kind, as a result of his position at the Bank and was not declared whether be it for himself or any of his related parties during the year 2023.

| | Chairman and Board of Directors | Signature |
|---|---|---|
| 1 | Mr. Nasser A. Lozi | |
| 2 | Sheikha Dana Naser Sabah Al Ahmad Al Sabah | |
| 3 | Mr. Masaud M. Jawhar Hayat | |
| 4 | Mr. Moustapha S. Chami | |
| 5 | Mr. Marwan M. Awad | |
| 6 | Mr. Nidal F. Qubbaj | |
| 7 | Mr. Bijan Khosrowshahi | |
| 8 | Dr. Marwan J. Muasher | |
| 9 | Mr. Hani K. Hunaidi | |
| 10 | Mr. Majed F. Burjaq | |
| 11 | Dr. Safwan S. Toqan | |
| 12 | Dr. Omar M. Al Jazy | |

**4e/4**: The Chairman of the Board, the Chief Executive Officer, and the Financial Manager hereby declare that all information and data provided in this report are accurate and comprehensive.

| Chairman of the Board | Chief Executive Officer | Financial Manager |
|---|---|---|
| Nasser A. Lozi | Haethum S. Buttikhi | Mr. Ala' Y. Hijazin |

# Corporate Governance

## Control Environment

### Internal Controls

JKB's Board of Directors and executive management are responsible for developing and maintaining the existence of internal control systems and procedures that are capable of ensuring the achievement of the following:

- Accuracy and integrity of financial and operational statements issued by the Bank.
- Effectiveness and efficiency of the Bank's operational activities.
- Effectiveness of measures and procedures set to safeguard the Bank's assets and properties.
- Compatibility with policies pertinent to internal operational procedures as well as laws, legislations and regulations in force.

The Bank believes in the importance of an effective internal monitoring and control system given that it is one of the key elements of sound management and the basis for safeguarding the safety and quality of the Bank's transactions. Hence the Bank has adopted a number of internal monitoring and control systems which their development, implementation, follow-up and update are the responsibility of the executive management. JKB's management continuously monitors and assesses the efficiency and effectiveness of these systems and their ability to achieve desired objectives. It also oversees their continuous development and enhancement.

In this context, the Board of Directors adopts internal monitoring and control policies that cover all aspects pertinent to internal control systems in terms of definition, components, implementation and the responsibility of the Board of Directors and the Executive Management towards them.

## Internal Audit

The philosophy of Internal Audit (IA) was based on its task to provide independent and objective assurance and consulting services to the Bank. IA objectives were designed to add value and improve the Bank's operations and help the management to accomplish its objectives by applying a systematic and disciplined approach to assess and improve the effectiveness of risk management, internal controls, and governance.

The Internal Audit Department is administratively subordinated to the Board Audit Committee (BAC). It reports to the BAC on the results of audit engagements.

The Internal Audit Charter was established according to best international standards for the professional practice of internal auditing and it defined the following:

- IA activity is independent and has no executive tasks.
- IA activity has direct authorized / unrestricted access to the Bank's and subsidiaries' records, personnel and physical properties relevant to the performance of engagements assigned to it.

- IA activity shall be provided with appropriate and sufficient number of competent resources (academically & professionally qualified staff) in addition to training courses both locally and abroad.
- IA activity provides reasonable assurance regarding the efficiency and effectiveness of the Bank's Internal Control Systems (ICS) and its ability to achieve the following objectives:
  - Reliability and integrity of financial and operational information.
  - Efficiency of operations.
  - Compliance with laws and regulations in force.
  - Safeguarding of the Bank's assets and properties.
  - Business continuity under all circumstances.
  - Improve and develop ICS, risk management, and governance processes.
  - Improve and develop operations (processes) and products to achieve the Bank's objectives.

A code of business conduct for Internal Audit staff members was prepared according to best international practice. The code emphasizes the principles of integrity, objectivity, confidentiality and efficiency that an auditor must have.

The scope of IA activity covers all the Bank's auditable business centers, activities and operations, including branches abroad and subsidiaries, and any outsourced activities if necessary, in a way that enables the management to assess the adequacy and effectiveness of ICS, risk management and governance processes, and achieve all engagements and responsibilities assigned to it. The IA also performs many other tasks the most significant of which are:

- Conduct accepted periodical engagements (assurance reviews) as per approved risk based audit plan prioritization on the approved internal audit strategic plan by BAC.
- Conduct any special review or consulting engagements based on the directives of the Chairman, BAC, the executive management, the Head of Internal Audit, or the monitoring bodies, according to best international standards for the professional practice of internal auditing.

The quality assurance concept was introduced to provide all stakeholders with reasonable assurance about audit function in term of conformance with the common international standards at both local and international levels.

## Risk Management

Various risks to which the Bank may be exposed to, are managed by an independent risk management department that reports directly to the Board Risk Committee.

The Risk Management Function at the Bank is based on three main pillars as follows:

- Full understanding and awareness by the Board of Directors, top executive management, and the Bank’s employees of the types of potential risks in the Bank's operations.
- Availability of appropriate strategy, policies, and procedures to manage risk, which reveal the magnitude of risk that the Bank can address, in a manner that ensures financial strength.
- Availability of systems that help in managing various forms of risks that the Bank may face.

The Risk Management Department's objectives are as follows:

- Achieve financial strength, which reflects positively on the Bank's credit rating.
- Transparently highlight risks and ensure their clarity and understanding.
- Set recommendations required to identify the size and type of the main acceptable risks by the Board of Directors, assuring that current risks are compatible with those that have been planned for.
- The Bank's compatibility with the Basel accords and all legislations that govern and regulate risk management in banks.

The process of identifying, evaluating, and managing risks is considered a joint responsibility, starting with each of the Bank's units, which are considered the first line of defense. Risk Management considered the second line of defense, which evaluates, and monitors risks and recommends ways of controlling and mitigating them, submitting the necessary reports to the Board Risk Committee, followed by the role of internal audit, which is considered the third line of defense.

In turn, the Risk Management Department is responsible for its above-mentioned role within a documented organizational structure approved by the Board Risk Committee regarding credit, market, operational risk, information security, business continuity and liquidity (within the assets and liabilities framework) and conformity to the Basel accords. Furthermore, the Risk Management is represented in different committees that manage the Bank's operations for issues related to the risk management.

The functions of the Risk Management Department are summarized as follows:

- Review of the risk management framework at the Bank prior to presenting it to the Board Risk Committee to recommend its approval by the Board of Directors.
- Implement the risk management strategy in addition to developing policies and procedures for managing all types of risks.
- Develop methodologies to identify, measure, and control all types of risks.

- Submit reports to the Board through the Risk Committee, with a copy to the top management, including information about the actual risk profile for all the Bank's activities, compared to the risk appetite document, and follow up on addressing deviations.
- Verify the integration of risk measurement mechanisms with management information systems in use.
- Study and analyze all types of risks that may face the Bank.
- Submit recommendations to the Board Risk Committee about the Bank's exposure to risks, recording exceptional cases against the risk management policy.
- Provide the necessary information regarding the Bank's risks for disclosure purposes.
- The Risk Management Department conducts awareness programs to the Bank’s employees about risk management concept.
- Assess the Bank’s capital adequacy, along with the Bank's risks and stress testing, as part of the internal capital adequacy assessment process, and submitting it to the Board Risk Committee, to be approved by the Board of Directors.

## Compliance Control

The Compliance Department aims to protect the Bank from the risks of legal or regulatory penalties, financial losses, or reputational risks that it may be exposed to as a result of non-compliance with all applicable laws, regulations and instructions issued by the competent local and international regulatory authorities. In that context the Compliance department undertakes the following:

- Manages Compliance functions independently, by submitting periodical reports to the Board Compliance Committee. The Compliance Department’s scope of work covers all of the Bank's departments and branches in Jordan and abroad as well as its subsidiaries.
- Issues the compliance and other related policies that is approved by the BoD to monitor the Bank’s overall compliance with the laws, regulations, and instructions issued by the regulatory authorities, best practices, and industry standards, and that is reviewed and updated periodically.
- Monitors non-compliance risks through a database containing all the laws and regulations issued by domestic and international regulatory authorities that is constantly updated with the latest regulatory and legislative enactments that are binding to the Bank.
- Provides advice and consultation to al business centers and subsidiary companies regarding the legislations and regulations issued by the regulatory authorities.
- Monitors non-compliance risks through conducting periodic tests and assessments at all business centers to ensure their compliance with legislations and regulations issued by the regulatory authorities.
- Fulfills regulatory authorities’ requirements through timely provision of periodic information and reports, respond to inquiries, continuous update of international sanctions lists, report suspicious financial activities, in addition to meeting the requirements of correspondent banks.

- Ensures that no banking relationships are entered into with persons or entities listed on international sanctions lists, or that any financials transactions are passed on to them.
- Ensures Compliance to the requirements of the Foreign Accounts Tax Compliance Act.
- Using automated systems to combat money laundering and terrorism financing and adopts the risk-based approach in classifying the clients.
- Establishes principles to prevent bribery and corruption and maintains the highest level of ethical standards.
- Receives process and analyzes complaints from customers and takes the necessary measures that prevent their reoccurrence.
- Enhance the compliance culture among the Bank's staff through workshops and training sessions in addition to periodic educational materials and bulletins.

## Whistle Blowing Policy

JKB maintains a policy and procedures pertinent to whistle blowing. The policy aims to promote a culture of openness and to demonstrate the shared responsibility of preserving work ethics. Procedures that deal with this policy were distributed among all Bank employees to follow. The procedures clarify accountability lines for reporting issues related to unusual and/or suspected behavior that must be reported. Monitoring of Whistle Blowing Policy Implementation is carried out by the Board Audit Committee.

## Governance Report for 2023

### Corporate Governance Framework

Jordan Kuwait Bank believes that the existence of good corporate governance leads to good management of the Bank and helps to achieve the Bank's strategic objectives and safely manage its operations in a manner that safeguards the depositors' interests, and ensures the responsibility towards shareholders and other stakeholders. The Bank bases the management and development of its internal corporate governance according to the legislations of the Companies Law in force, the Corporate Governance instructions issued by the Jordan Securities Commission, and the Corporate Governance instructions for banks issued by the Central Bank of Jordan (CBJ), in addition to the provisions and instructions issued by international regulatory authorities pertaining to banking operations and that are in line with the Bank's nature of business and its internal systems.

Jordan Kuwait Bank's Board of Directors affirms its commitment and that of the Bank's executive management and all the employees in implementing the governance instructions. The Bank's adoption of this manual aims to realize the corporate governance principles of fair treatment for all stakeholders; transparency and disclosure of JKB's actual financial and administrative standing; and the relational accountability between the Board of Directors and the executive management, between the Board and shareholders as well as between the Board and various stakeholders. To achieve greater level of disclosure and transparency, the Corporate Governance Manual is annexed to this report and is published on the Bank's website www.jkb.com.

In accordance with the instructions of the Central Bank of Jordan, work has begun on the application of the requirements for the Governance and Management of Information and Technology according to COBIT framework.

The Bank's organization and administrative procedures are based on the following principles:

- A board of directors is in place that is effective and responsible.
- A clear strategic direction for business development within clear framework for risk management.
- Sound accounting and information disclosure principles.
- Sound decision making mechanisms.
- Performance evaluation linked to the strategy.
- Human resources development.

## Board of Directors (BoD)

The formation of the Board of Directors is governed by the Jordanian Companies Law, the CBJ’s Banks Law and Corporate Governance instructions for Banks, and the Governance instructions for listed companies issued by the Jordan Securities Commission.

The main role of the Board of Directors lies in its responsibility of ensuring the soundness of the Bank's operations, including its financial standing, and fulfilling its obligations towards all stakeholders. The Board sets the Bank’s strategic objectives that meet the interests of the Bank, shareholders, and customers, and has oversight responsibility over the executive management. It is also accountable for ensuring the effectiveness of internal monitoring and control systems and the extent to which the Bank is abiding by the strategic plans and that written policies covering all of the Bank’s activities are endorsed and in place.

The Board of Directors is also responsible for the credibility and accuracy of the Bank’s financial reports and the information contained in the Annual Report and ensuring the application of appropriate risks policies as well as compliance with all laws in force.

The current Board of Directors was elected by the General Assembly on May 4, 2021 for tenure of four years. The Board of Directors elected H.E. Mr. Nasser A. Lozi as Chairman and H.E Sheikha Dana Naser Sabah Al Ahmad Al Sabah as Vice Chairman

## Board Members for the Current Tenure

### A- Members:

| Name | Executive / non-executive | Independent/ non-independent | Member status |
|---|---|---|---|
| Mr. Nasser A. Lozi / Chairman | Non – Executive | Non – Independent | Existing member |
| Mr. Faisal H. Al Ayyar / Vice Chairman | Non – Executive | Non – Independent | Resigned on 18/6/2023 |
| Dr. Marwan Jamil Muasher | Non – Executive | Independent | Existing member |
| Mr. Hani Khalil Hunaidi | Non – Executive | Independent | Existing member |
| Dr. Safwan S. Toqan | Non – Executive | Independent | Existing member |
| Dr. Omar M. Al Jazy | Non – Executive | Independent | Existing member |
| Mrs. Nadia A. Rawabdeh | Non – Executive | Independent | Resigned on 28/9/2023 |

### B- Representative Members

| Name | Executive / non-executive | Independent/ non-independent | Member status |
|---|---|---|---|
| H.E Sheikha Dana Naser Sabah Al Ahmad Al Sabah<br>Vice Chairman<br>Rep Al Rawabi United Holding Co. | Non – Executive | Non – Independent | Existing member |
| Mr. Moustapha S. Chami<br>Rep Al Rawabi United Holding Co. | Non – Executive | Non – Independent | Existing member |
| Mr. Masaud Mahmoud Jawhar Hayat<br>Rep Kuwait Projects Co. (Holding) | Non – Executive | Non – Independent | Existing member |
| Mr. Marwan M. Awad<br>Rep Social Security Corporation | Non – Executive | Non – Independent | Existing member |
| Mr. Nidal F. Qubbaj<br>Rep Social Security Corporation | Non – Executive | Non – Independent | Existing member |
| Mr. Majed F. Burjak<br>Rep Safari Development & Real Estate Investment Co. | Non – Executive | Non – Independent | Existing member |
| Mr. Bijan Khosrowshahi<br>Rep Odyssey Reinsurance Co. | Non – Executive | Non – Independent | Existing member |

## Membership of Board of Directors in Public Shareholding Companies

| Name | Board Membership in Public Shareholding Companies |
|---|---|
| H.E Mr. Nasser A. Lozi | Gulf Insurance Group/Jordan |
| Mr. Bijan Khosrowshahi | Gulf Insurance Group/Jordan |
| Dr. Marwan J. Muasher | Masafat For Specialized Transport Co., Ready Mix Concrete & Constructions Supplies Co. , Premier Business & Projects Co. |

## Executive Management

| | |
|---|---|
| Mr. Haethum S. Buttikhi | Chief Executive Officer |
| Mr. Daoud A. Issa | Chief Operating & Support Officer |
| Mr. Zuhdi B. Al-Jayousi | Chief Banking Officer |
| Dr. Makram A. Al- Qutob | Chief Credit Officer |
| Mr. Ibrahim F. Bisha | Head of Treasury & International Relations |
| Mr. Suhail A. Salman | Head of Retail Business |
| Mr. Zeid W. Sharaiha | Head of Investment Business |
| Mr. Fadi N. Khalil | Head of Corporate Business |
| Mr. Ibrahim E. Kashet | Head of Legal Affairs |
| Mr. Maher M. Abu Sa'adeh | Head of Information Technology |
| Mr. Tareq J. Alkhitan | Head of Operations |
| Mrs. Manal A. Tubishat | Head of Administrative Affairs |
| Mr. Ala' Y. Hijazin | Head of Finance |
| Mr. Fadi M. Ayyad | Head of Compliance |
| Mr. Mahmoud I. Al Ahmar | Head of Risk |
| Mr. Yousef W. Hassan | Head of Internal Audit |

## JSC Governance Officer

Mr. Fadi M. Ayyad / Head of Compliance

## Board Committees

In the aim of organizing the Board of Directors' work and to increase its efficiency and effectiveness, the Board of Directors forms different committees from its members that are delegated with authorities and responsibilities to be in line with the Bank's strategies and goals. The committees' composition, duties and responsibilities have been detailed in the Corporate Governance Manual which is published on the Bank's website and annexed to the Annual Report.

### 1. Corporate Governance Committee (Governance Committee)

The committee oversees the development of the Corporate Governance Manual, updating it, and monitors its implementation. It ensures that the Bank's organizational structure meets the corporate governance requirements. It also adopts general policies, and raises them to the Board of Directors for approval and supervises their implementation and ensures ccommitment to the adopted JKB Code of Ethics at the level of BoD and all administrative levels in the Bank. In addition to any other duties included in the Governance instructions for listed companies, through the Corporate Governance Department.

### 2.Risk Committee

The committee's role is to review the Risk Management's framework and strategy of Risk Management; create suitable work environment that helps in identifying and managing risks with significant impact; and stay abreast with the developments that affect the Bank's operations. The committee reviews reports submitted by the Risk Management Department and submits relevant recommendations to the Board of Directors, illustrating the Bank's commitment to the acceptable risk appetite level. In addition to any other duties included in the Governance instructions for listed companies.

### 3.Compliance Committee

The committee's role is to ensure the existence of policies and procedures for the bank's compliance with the applicable laws and regulations, recommending to the Board of Directors to adopt the organizational structure of the Compliance Control management and ensuring its independence, ensure that an annual non-compliance risk management plan is in place, assess the degree of effectiveness with which the Bank manages the risk of non-compliance at least once a year and review it should amendments have been made. In addition to any other duties included in the Governance instructions for listed companies.

### 4.Audit Committee

The committee shall review and ratify the internal audit plan which includes audit scope and frequency. Review internal audit reports and the reports and observations of regulatory bodies and the external auditor and ensure that the executive management takes the corrective measures. The committee also reviews the Bank's financial statements prior to submission to the Board of Directors and ensures that the Bank has properly observed and complied with international accounting and audit standards. In addition to any other duties included in the Governance instructions for listed companies.

### 5.Nominations & Remuneration Committee

The Committee shall identify eligible persons for board membership and determine members' "independency", provide recommendations to the Board for the appointment of qualified executive management members, evaluate annually the work of the Board as a whole and it's committees and members separately, supervise the implementation of performance assessment policy for the executive management and establish a policy for performance appraisal and grant remuneration to the members of the Executive management. In addition to any other duties included in the Governance instructions for listed companies.

### 6.Board Credit Committee

The Committee's Role includes:

1. Grant, modify, renew and restructure of credit facilities that exceed the authorities of the Management Credit Committee, headed by the General Manager, within the limits set by the Board of Directors. The Board of Directors shall take the decisions in matters exceeding the Committee's authorities.
2. The Committee's authority is limited to taking the right decision regarding the facilities that have been recommended for approval by the Management Credit Committee.

### 7.Information Technology Governance Committee

The Committee is responsible for approving the Information Technology strategic objectives and appropriate organizational structures, including Steering Committees at Executive Management Level, to ensure the achievement of the Bank's strategic objectives, and realizing the best value-added of IT projects and investments resources while utilizing the tools and standards to monitor and ascertain the extent of achievement. The Committee shall oversee and be apprised of the progress of IT operations, resources and projects to ensure its adequacy and its effective contribution in achieving the Bank's business requirements.

## Audit Committee Members

### Mr. Hani K. Hunaidi, Committee Chair (Independent)

| | |
|---|---|
| Education: | Master of Business Administration (MBA), Portland State University –USA, 1980 and Bachelor of Business Administration, American University of Beirut. 1973, Certified Public Accountant (CPA). |
| Current Position: | • Chairman of the Board of Trustees, Mediterranean Industries<br>• Chairman of the Board of Trustees, Mediterranean Energy Co. |
| Previous Positions: | • Chairman, National Ammonia and Chemical Industries (1991- 2009)<br>• Managing Director, Jordan Kuwait Company for Agriculture and Food Products (1986-1992)<br>• Project General Manager, Jordan Management and Consultancy Corp. (1984-1986)<br>• Financial and Administrative Manager, Jordan Securities Corp. (1982-1984)<br>• Auditor, Touch Ross & Co. (1980-1982)<br>• Project Senior Accountant, Consolidated Contractor Company (1976-1978)<br>• Accountant, Safwan Trading & Contracting Co. (1973-1974) |

### H.E. Mr. Marwan M. Awad (Non- Independent)

| | |
|---|---|
| Education: | Master's degree in economics from Vanderbilt University-USA, 1980,<br>A Diploma of Higher Education in economic development from Vanderbilt University–USA, 1980 and Bachelor degree in Accounting, Jordan University, 1973. |
| Current Position: | • General Manager, First International for Consultation and Arbitration<br>• Chairman, Jordanian Elaf Co. for Integrated Solutions<br>• Chairman, Business Risk Experts Forum<br>• Vice Chairman, World Union of Arab Bankers – Beirut<br>• Member of Board of Trustees, Arab Academy for Banking and Financial Sciences |
| Previous Positions: | • Minister of Finance (1996-1997)<br>• Secretary General, Ministry of Industry and Trade (1991 – 1993)<br>• Chairman, Social Security Investment Board<br>• Vice Chairman, Royal Jordanian<br>• General Manager and CEO, Jordan Ahli Bank<br>• Manager, Investment and International Relations, Central Bank of Jordan<br>• General Manager and CEO, Middle East Investment Bank<br>• Executive Director, Qatar Islamic Bank<br>• General Manager, Industrial Development Bank<br>• Director and founder, Arab Institute of Banking Studies |

## Dr. Safwan S. Toqan (Independent)

| | |
|---|---|
| Education: | PhD in Economics, University of South California –USA, 1980, Master degree in Economics, University of South California – USA, 1976. Bachelor degree in Business Administration, American University - Beirut, 1966 |
| Previous Positions: | • Member of the 26th Jordanian Senate<br>• Chairman, Amman Stock Exchange (2012-2013)<br>• Chairman, Jordan Phosphate Mines Company (2000 – 2004)<br>• General Manager, Social Security Corporation (1994 – 1999)<br>• Secretary General, Ministry of Planning (1989 – 1994)<br>• Assistant Professor, Yarmouk University (1981 – 1989)<br>• Lecturer, University of South California – USA (1975 – 1980)<br>• Central Bank of Jordan (1966 – 1975) |

## Dr. Omar M. Al Jazy (Independent)

| | |
|---|---|
| Education: | PhD in International Arbitration Act, University of Kent- Canterbury, 2000, Master degree in Law of International Trade, London Metropolitan University, 1994, Bachelor degree in Law, University of Jordan, 1992, Diploma in Nuclear International Law, University De Montpelier, 2017 |
| Current Position: | • Board Member, Government Investments Management Company<br>• Board Member, Education and Scientific Research Management and Development Company<br>• Board Member, Arab Foundation for Education, Scientific, Research Management Company<br>• Board Member, Abdul Hameed Shoman Foundation<br>• Chairman of the Board of Trustees, Amman Arab University<br>• Managing Partner, Al Jazy & Co. – Advocates & Legal Consultants<br>• International Arbitration |
| Previous Positions: | • Former President of the Jordanian Arbitrators Association<br>• Board Member, Safwa Islamic Bank – until 01/2017<br>• Board Member, Military Credit Fund<br>• Member of the Board of Trustees Committees, King Abdullah II Fund for Development<br>• Former Vice-Chairman, Jordanian Corporate Governance Association<br>• Board Member, Aqaba Development Company<br>• Board Member, Aqaba Airports Company<br>• Board Member, Social Security Corporation<br>• Board Member, Specialized Management Co. for Investment & Financial Advisory (12/2016 – 03/2021) |

## Board Committee Member:

### Corporate Governance Committee Members

Dr. Marwan J. Muasher, Committee Chair (Independent)

H.E Mr. Nasser A. Lozi (Non- Independent)

Dr. Safwan S. Touqan (Independent)

Mr. Moustapha S. Chami (Non- Independent)

### Risk Committee Members

Dr. Safwan S. Toqan, Committee Chair (Independent)

Mr. Nidal F. Qubbaj (Non- Independent)

Mr. Moustapha S. Chami (Non- Independent)

### Compliance Committee Members

Dr. Omar M. Al Jazy, Committee Chair (Independent)

Mr. Hani K. Hunaidi (Independent)*

Mr. Marwan M. Awad (Non- Independent)

*Mr. Hani Khalil Hunaidi is the responsible Board Member for the AML/CFT compliance with the Central Bank of Cyprus.

### Nominations & Remuneration Committee Members

Dr. Omar M. Al Jazy, Committee Chair (Independent)

Dr. Safwan S. Touqan (Independent)

Mr. Masaud M. Hayat (Non - Independent)

### Board Credit Committee Members

H.E Mr. Nasser A. Lozi, Committee Chair (Non- Independent)

Mr. Masaud M. Hayat (Non – Independent)

Mr. Moustapha S. Chami (Non- Independent)

Mr. Majed F. Burjak (Non – Independent)

Mr. Nidal F. Qubbaj (Non- Independent)

### Information Technology Governance Committee Members

Mr. Majed F. Burjak, Committee Chair (Non - Independent)

Dr. Marwan J. Muasher (Independent)

Mr. Hani K. Hunaidi (Independent)

Mr. Nidal F. Qubbaj (Non- Independent)

## Board Committee Meetings during 2023:

### Audit Committee

The number of Audit Committee meetings during the year was (9), as follows:

| Member | Audit Committee meetings | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1st | 2nd | 3rd | 4th | 5th | 6th | 7th | 8th | 9th |
| | 9/2 | 21/3 | 25/4 | 20/6 | 20/7 | 19/9 | 22/10 | 8/11 | 7/12 |
| **Mr. Hani K. Hunaidi** | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Dr. Safwan S. Toqan** | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Mr. Marwan M. Awad** | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Dr. Omar M. Al Jazy** | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

### Nominations & Remuneration Committee

The number of Nominations & Remuneration Committee meetings during the year was (6), as follows:

| Member | Nominations & Remuneration Committee meetings | | | | | |
|---|---|---|---|---|---|---|
| | 1st | 2nd | 3rd | 4th | 5th | 6th |
| | 19/1 | 22/2 | 18/4 | 22/6 | 18/7 | 4/12 |
| **Mr. Hani K. Hunaidi** | ✓ | ✓ | ✓ | ✓ | ✓ | |
| **Dr. Safwan S. Toqan** | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Mr. Marwan M. Awad** | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Dr. Omar M. Al Jazy** | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

## Corporate Governance Committee

The number of Corporate Governance Committee meetings during the year was (2), as follows:

| Member | Corporate Governance Committee meetings | |
|---|---|---|
| | 1st<br>3/5 | 2nd<br>30/7 |
| Dr. Marwan J. Muasher | ✓ | ✓ |
| H.E Mr. Nasser A. Lozi | ✓ | ✓ |
| Mr. Moustapha S. Chami | ✓ | ✓ |
| Mrs. Nadia A. Rawabdeh | ✓ | ✓ |
| Dr. Safwan S. Toqan | ✓ | ✓ |

## Risk Committee

The number of Risk Committee meetings during the year was (6), as follows:

| Member | Risk Committee meetings | | | | | |
|---|---|---|---|---|---|---|
| | 1st<br>14/2 | 2nd<br>4/4 | 3rd<br>7/6 | 4th<br>15/8 | 5th<br>10/10 | 6th<br>5/12 |
| Dr. Safwan S. Toqan | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Nidal F. Qubbaj | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Moustapha S. Chami | ✓ | ✓ | ✓ | | ✓ | ✓ |
| Mrs. Nadia A. Rawabdeh | ✓ | ✓ | ✓ | ✓ | | |

## Compliance Committee

The number of Compliance Committee meetings during the year was (6), as follows:

| Member | Compliance Committee meetings | | | | | |
|---|---|---|---|---|---|---|
| | 1st<br>15/2 | 2nd<br>5/4 | 3rd<br>12/6 | 4th<br>16/8 | 5th<br>11/10 | 6th<br>6/12 |
| Dr. Omar M. Al Jazy | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Hani K. Hunaidi | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Marwan M. Awad | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

## Information Technology Governance Committee

The number of Information Technology Governance Committee meetings during the year was (4), as follows:

| Member | formation Technology Governance Committee meetings | | | |
|---|---|---|---|---|
| | 1st<br>23/3 | 2nd<br>10/7 | 3rd<br>15/10 | 4th<br>20/12 |
| Mr. Majed F. Burjak | ✓ | ✓ | ✓ | ✓ |
| Dr. Marwan J. Muasher | ✓ | ✓ | ✓ | ✓ |
| Mr. Hani K. Hunaidi | ✓ | ✓ | ✓ | ✓ |
| Mr. Nidal F. Qubbaj | ✓ | ✓ | ✓ | ✓ |

## Board Credit Committee

The number of Board Credit Committee meetings during the year was (27), as follows:

| Member | Board Credit Committee meetings | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1st | 2nd | 3rd | 4th | 5th | 6th | 7th | 8th | 9th | 10th | 11th | 12th | 13th |
| H.E Mr. Nasser A. Lozi | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Dr. Masaud M. Jawhar Hayat | ✓ | ✓ | ✓ | ✓ | ✓ | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Majed F. Burjak | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Moustapha S. Chami | | | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | | ✓ |
| Mr. Nidal F. Qubbaj | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

| Member | Board Credit Committee meetings | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 14th | 15th | 16th | 17th | 18th | 19th | 20th | 21st | 22nd | 23rd | 24th | 25th | 26th | 27th |
| H.E Mr. Nasser A. Lozi | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Dr. Masaud M. Jawhar Hayat | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Mr. Majed F. Burjak | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Moustapha S. Chami | ✓ | ✓ | ✓ | ✓ | | ✓ | | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ |
| Mr. Nidal F. Qubbaj | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

## Audit Committee meetings with the External Auditor and Head of Compliance:

The Audit Committee met with the External Auditor four times during the year, and meeting with Head of Compliance once.

## Board Meetings during 2023:

The Board met (10) times during the year, as follows:

| Member | Board Credit Committee meetings | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1st | 2nd | 3rd | 4th | 5th | 6th | 7th | 8th | 9th | 10th |
| | 12/2 | 26/2 | 26/3 | 27/4 | 18/6 | 25/6 | 25/7 | 24/9 | 25/10 | 17/12 |
| **H.E Mr. Nasser A. Lozi** – *Chairman* | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Mr. Faisal H. Al Ayyar** – *Vice Chairman* | | | ✓ | | | | | | | |
| **H.E Sheikha Dana Naser Sabah Al Ahmad Al Sabah** | | | | | | | | ✓ | | |
| **Mr. Masaud M. Jawhar Hayat** | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| **Mr. Moustapha S. Chami** | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Mr. Marwan M. Awad** | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Mr. Nidal F. Qubbaj** | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Mr. Bijan Khosrowshahi** | ✓ | | ✓ | | ✓ | | ✓ | | ✓ | ✓ |
| **Dr. Marwan J. Muasher** | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| **Mr. Hani K. Hunaidi** | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Mr. Majed F. Burjak** | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Dr. Safwan S. Toqan** | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Dr. Omar M. Al Jazy** | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Mrs. Nadia A. Rawabdeh** | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | | |

## Board Members' Remuneration

Every Board member receives the sum of JD5,000 (USD7,052) per year as Board membership allowance according to the Companies Law, in addition to allowances in lieu of travel, transportation and Board committees' membership.

**Nasser A. Lozi**
**Chairman**

# CORPORATE GOVERNANCE GUIDE 2023

## Table of Content

# Corporate Governance Guide

## Introduction

The Central Bank of Jordan defines Corporate Governance as a system through which the Bank is managed and run. This system aims at identifying and achieving the corporate objectives of the Bank, managing the Bank's business safely, protecting the depositors' interests, being committed by due diligence responsibility towards shareholders and other stakeholders and abiding by laws and the Bank's internal policies.

Jordan Kuwait Bank perceives corporate governance as the key to win the confidence of the customers and other parties interested in JKB. Corporate Governance is the methodology through which JKB manages its interrelations and relations with the other involved parties.

JKB believes that the existence of good corporate governance will result in good management of the Bank and help to achieve the Bank strategic objectives. Moreover, JKB has an absolute belief that the presence of good governance at all Jordanian institutions will lead to have efficient institutions and provide the appropriate competitive environment, and so support the national economy in general. As banks play an important role in the financial system, and their businesses depend on their customers' deposits, it is therefore of high importance that they should have good corporate governance.

In view of that, the Board of Directors (BoD) of JKB decided to adopt the Corporate Governance Guide ("the Guide") which has been prepared according to the best international standards in this regard and based on the instructions of the Central Bank of Jordan (CBJ) and other regulatory authorities. By adopting this guide, JKB aims at implementing the principles of corporate governance represented in fair treatment of all relevant stakeholders, transparency and disclose JKB's actual financial and administrative position, in addition to accountability in terms of the relations between the BoD and executive management, BoD and shareholders, and BoD and other entities. JKB provides the approved version of the Guide on its website www.jkb.com

This guide reflects JKB requirements and policies approved by BoD. The Guide provisions shall be applicable to BoD, senior executive management, and staff. JKB adopts strategies, policies, and administrative structures of its subsidiaries within the framework of sound governance.

## Definitions:

| | |
|---|---|
| **Corporate Governance:** | The system by which the Bank is directed and managed, and which aims at identifying and achieving the Bank's Corporate goals, managing the Bank's operations safely, protecting the interests of depositors, committing to the responsibility due towards shareholders and other stakeholders, and the Bank's commitment to legislations and the Bank's internal policies. |
| **Adequacy:** | The availability of specific requirements related to honesty, integrity, reputation, competence, and qualifications in persons nominated for membership of the Bank's Board of Directors, and its senior executive management. |
| **Stakeholders:** | Anyone with interest in the bank, such as depositors, shareholders, employees, creditors, clients, or relevant control bodies. |
| **Main Shareholders:** | The person controlling at least (5%) of the bank's capital. |
| **Independent Director:** | A member of the Board of Directors who is not a main shareholder, and who is not under the control of any of them, and who has financial or banking qualifications or experience, and who meet the conditions set out in Banks Corporate Governance Instructions. |
| **Senior Executive Management:** | Includes the Bank's top positions specified in the Banking Law and the Corporate Governance Instructions issued by the Central Bank of Jordan, other instructions, and legislations to which the Bank is subject. |
| **Advisory Site:** | A site where the occupant and the Bank have a contract or agreement for the provision of temporary advisory services or under an annual contract. |

## JKB Corporate Governance Objectives

JKB aims at achieving the best standards of business ethics covering all the Bank's business aspects through disclosing JKB results accurately and transparently, and complete abidance by the various laws and regulations that govern JKB work.

## Legal framework and sources of corporate governance

In preparing the Corporate Governance Guide, the Bank relied on the following:

- Banking Law In force.
- Companies' Law in force.
- Securities Law in force and the instructions of the Securities Commission.
- Deposit Insurance Law in force.
- Regulations and instructions issued under the above mentioned laws and any subsequent amendments thereof.
- Instructions for Corporate Governance for Banks issued by the Central Bank of Jordan
- Basel Committee relevant publications.
- OECD countries and the World Bank publications on corporate governance.

- Accounting Standards and International Financial Reporting Standards employed by investors to hold the management accountable.
- Laws in force in countries where JKB has branches and within the limits of JKB business.

In addition to the laws protecting the rights of shareholders, depositors and stakeholders.

## Corporate Governance Related Parties

### 1. Shareholders

JKB framework of governance is dedicated to protecting shareholders' rights along with serving and fairly treating them, particularly in the light of the laws, regulations and instructions issued by the regulatory authorities. The same also applies to JKB policies and procedures.

### 2. BoD Members

BoD members, on behalf of the shareholders, manage JKB under the various laws which define their duties and responsibilities (such as, Companies Law, Banks Law … etc).

### 3. Employees

All JKB employees, respectively, are held responsible for the implementation of the internal control procedures as part of their responsibilities in achieving the objectives of the Bank.

JKB employees should have the necessary information, skills, knowledge and authority to carry out JKB businesses. Indeed, this requires full understanding of the Bank, the industry, the market and the risks associated therein.

Through the employees' pursuit to achieve these requirements, they will positively contribute to JKB performance and achievements, and this will lead to job security and satisfaction.

### 4. Creditors

The different parties that are related to JKB, through contractual relations such as customers, suppliers and creditors.

## Organizational Structure

Part of BoD duties is to approve an organizational structure consistent with the nature of JKB activities, to ensure that there are sufficient regulations to implement the adopted strategy, to facilitate effective decision-making process and to implement good corporate governance through:

- Clear and transparent organizational structure.
- Specific targets for each administrative unit.
- Job's specific duties and responsibilities for each administrative unit.
- Authorities, reporting lines and direct supervision channels designated for different managerial positions, as well as proper tasking/ tasks segregation.

- Manuals, policies and work procedures appropriate to execute and supervise operations, particularly defining a job description for all levels of jobs within the organizational structure, including qualifications and experience of staff holding each position.
- Ownership structure which does not hinder corporate governance.
- Independent departments to perform the functions of risk management, audit and compliance.
- Units and employees that are not involved in the daily operations of JKB activities (such as the employees of Credit Review and Middle Office).

## BoD Members

A. The Bank's Board of Directors shall consist of, at least, thirteen members and four of them should be independent Directors as defined by the governance instructions issued by the Central Bank of Jordan on independent member.

B. BoD develops a clear and appropriate policy for its members which is consistent with the laws and regulatory requirements.

C. Neither the Chairman nor the member of the Board shall hold any executive or any other position which he is involved in the management of the day-to-day running of the Bank, or any advisory position in the Bank.

D. The chairman of the board, board members, or main shareholders may not be connected to the general manager with a familial relationship below the fourth degree.

E. The Chairman of the board, board members, or main shareholders must not be connected to any of the members of the senior executive management with a familial relationship below the second degree.

F. Consideration should be given to the diversity and complementarity of skills and experience among the members of the Board, to provide a Broad range of visions and perspectives, consistent with the size of the Bank, the nature of its activity and its strategy.

G. Consideration should be given to the representation of women in the membership of the Board.

## BoD Responsibilities

BoD is responsible for the implementation of the Central Bank, and the requirements besides other supervisory and regulatory requirements relating to JKB businesses, care for stakeholders, and the Bank is managed within the framework of its internal rules and policies, and the effective control over JKB activities is always in place, including JKB activities delegated to third-parties. And the BoD shall take due diligence measures when deciding on any issues related to the Bank business and shall take into consideration sound bases to reach the decision taken in this regard in a manner that ensures the performance of its duties at the highest standards of professionalism. To achieve all of that, members of BoD and their committees are allowed to have a direct contact with the executive management and BoD Secretary, while ensuring that none of the board members influences the decisions of the executive management, except through deliberations which take place during the board meetings or those of the committees emanating from it.

## BoD Tasks and Duties

Given the terms of reference and powers of JKB General Assembly, the elected BoD by the General Assembly shall carry out the duties and responsibilities of managing JKB activities for a period of four years effective the date of election. BoD tasks and duties include, but are not limited to:

### I.In the area of general supervision, control and draw JKB strategies:

1. Overseeing executive management and adopting a policy to monitor and review its performance to achieve the corporate objectives and ensure soundness of all Bank operations.
2. Identifying JKB strategic objectives, directing the executive management to develop a strategy to achieve these objectives, and approving this strategy. BoD shall adopt action plans which are consistent with this strategy.
3. Approving the Bank general organizational structure.
4. Approving the organizational structures of the supervisory departments (Internal Audit, Risk management, Compliance Department).
5. Ensuring the existence of policies, plans and procedures covering all JKB activities which are consistent with the relevant laws, and that they are communicated to all administrative levels, and are regularly reviewed.
6. Identifying JKB corporate values , drawing clear lines of responsibility and accountability for all JKB activities and promoting a high-level culture of ethical standards, integrity, and professional conduct of JKB managers.

### II.In the area of policies, instructions, strategies and controls to be endorsed by BoD:

1. Approving appropriate policies and procedures to supervise and control JKB performance.
2. Approving a set of clear boundaries of responsibility and accountability to be committed to, and abided by, all levels of JKB management.
3. Approving an effective policy to ensure the adequacy of BoD members “fit and proper”. The policy should include minimum criteria, and conditions that the BoD candidate and appointed member should have. The policy should be reviewed from time to time and when necessary. BoD should develop adequate procedures and systems to ensure that all BoD members meet relevance standards and that they continue to enjoy them.

4. Approving a policy to ensure the adequacy of the members of senior executive management so that this policy includes minimum criteria, and conditions of laws in force on senior executive management. BoD reviews this policy from time to time, establishes sufficient procedures and systems to ensure that all members of the senior executive management meet the relevance standards and that they continue to enjoy them.

5. Approving a policy control conflict of interest in all its forms, including those arising as a result of JKB partnerships with companies of the group, and approving the necessary procedures to ensure the adequacy of internal controls and oversight to monitor compliance with the policy and prevent violations of it.

6. Approving policies and procedures for dealings with stakeholders, so they include identifying these parties, taking into consideration the laws, transactions terms, approval procedures and a mechanism to monitor these transactions, so as not to go beyond these policies and procedures.

7. Set a policy that includes the Bank's responsibility towards protecting the environment and protecting society, provided that the Bank's disclosures in its annual report and/or within the sustainability report include the initiatives that the Bank is pursuing in this regard.

8. Approving the controls for information transfer among various departments to prevent exploiting them for personal advantages.

### III .What BoD should verify:

1. Ensure the existence of adequate and reliable management information systems which cover all JKB activities.
2. Verify that the credit policy includes assessing the quality of corporate governance of its public shareholding companies' clients, so that clients' risks are assessed by identifying their strengths and weaknesses according to their governance practices .
3. Ensure that the organizational structure clearly reflects borders of responsibility and authority.
4. Ensure that senior executive management performs its responsibilities related to the management of JKB daily operations, contributes to the implementation of corporate governance at the Bank, delegates powers to the staff, establishes an effective management structure that boosts accountability and that they carry out tasks in various areas and activities of JKB businesses in a manner that is consistent with the policies and procedures approved by BoD.
5. Ensure that the executive management enjoys a high level of integrity in exercising its business and avoid conflicts of interest, and objectively implements the approved policies and procedures.

### IV. BoD duties in the area of recruitment, appraisal and rewards:

1. Appointing a general manager enjoys qualities of integrity, technical competency and banking expertise, after obtaining the Central Bank of Jordan's "No Objection" prior to his appointment.
2. Approve, based on the recommendations of the special committee, the appointment/transfer/promotion/assignment of any executive management member, to be obtained the Central Bank of Jordan's "No Objection".
3. Approve, based on the recommendations of the special committee, the resignation or service termination, of any executive management member. As for the resignation or service termination of the General Manager, the internal Audit manager, the Risk Management manager, and the Compliance manager. CBJ's "No Objection" should be obtained,
4. Forming committees from BoD members, defining their objectives and delegating powers according to a charter identifying such powers. Committees should submit periodic reports to BoD.
5. Endorsing a succession plan for senior members of the executive management of the bank. BoD should review this plan once a year at least.
6. Appoint a Secretary to the Board of Directors, terminate his services, and determine his remuneration.
7. annually evaluate the performance of the General manager in accordance with an appraisal system prepared by the Nomination and Remuneration Committee and approved by the Board including setting key performance indicators The criteria for evaluating the performance of the General manager shall include as a minimum the financial and administrative performance of the Bank in relation to the risk profile, the extent to which it achieves the medium and long term plans and strategies of JKB, Weights shall be assigned to each of the assessment items and the Committee shall inform the Central Bank of the outcome of this assessment.
8. Establishing procedures to determine BoD members' remunerations in accordance with the approved appraisal system.
9. Ensuring the relevance of BoD members and members of the senior executive management in accordance with the JKB adopted policies and laws and regulations in force.
10. Adopt a system to evaluate its work and that of its members, providing this system includes, as a minimum, the following:
    - Establish key performance indicators that derived from the plans and strategic objectives, for used to measure the board's and committees' performance.
    - Communication between the board of directors and the shareholders and maintaining this communication periodically.
    - Periodical meetings between the board of directors and the senior executive management.

- The member's role in the board of directors' meeting, and comparing his performance with that of others. Feedback must be obtained from the relevant member for the purpose of improving the evaluation process.
- The extent to which the member has developed his knowledge of banking operations through his participation in training programs.

11. Adopt a system to measure the performance bank's administrative staff other than members in the board of directors, and the general manager, taking into account the performance indicators that differ according to the nature of the work of the Department sand the extent to which they achieve their objectives, provided this system includes the following as a minimum:
    - An adequate weighted value is given to measure compliance performance in the work frame of risk management, and the Compliance Department implementing internal control and organizational requirements.
    - That the total income or profit is not the only element to measure performance, the need to taking into consideration also other elements to measure the performance of administrators, such as risks resulting from basic operations, and achievement of each Department' s objectives and annual plans in addition to measuring customer satisfaction, wherever this is applicable.
12. In case the Board deems this necessary and for clear and specific justifications the Board may appoint an advisor provided that this is within the scope of tasks consistent with the nature of the work of the Consultant provided that this does not include supervisory or executive duties in any way and that this is within a specific time frame and without prejudice to the Board's supervision mission the activities of the Bank in line with its functions stipulated in the legislation Provided that a no objection from the Central Bank is obtained for this appointment.

### V. BoD Duties in the Area of Disclosure and Publication:

1. Ensure that the Corporate Governance Guide is published on JKB website and in any other manner appropriate for the public.
2. Ensuring the allocation of a part of JKB website to give details on the shareholders' rights and encourage them to attend and vote at the General Assembly meetings, as well as publishing documents related to meetings, including the full text of the invitation and minutes of meetings.
3. Ensuring that the financial and non-financial information of interest to stakeholders is published in a timely manner.
4. Ensuring that JKB abides by disclosures set by the International Financial Reporting Standards (IFRS), International Accounting Standards(IAS), instructions of the Central Bank of Jordan, other relevant laws and international accounting standards. BoD should also ensure that the executive management is aware of changes taking place to the international financial reporting standards.
5. Ensuring to include disclosures in JKB annual and quarterly reports which give the current or potential shareholders an access to JKB operations results and financial position.

6. Ensuring that the annual report includes the following as a minimum:
   - A summary of the bank's organizational structure.
   - A summary of the functions and responsibilities of the board's committees, and any authorities the board delegated to these committees.
   - The Banks' Corporate Governance guide and Information important to stakeholders as shown in, and the extent to which it is committed to implementing what was mentioned in the guide.
   - A text stating the responsibility and approval of the Board for the accuracy and adequacy of the financial statements of the Bank and the information contained in the report and the adequacy of internal control and systems.
   - Information about each member of the board of directors, his qualifications and experience, and the amount of his contribution in the bank's capital, and whether he is independent or not, his membership in the board's committees, the date of his appointment, any membership he enjoys in the boards of directors of other companies, all forms of bonuses he received from the bank for the previous year, loans extended to him by the bank, and any other operations concluded between the bank and the member or the parties related to him.
   - Information about the risk management department, including its organization, the nature of its operations, and the developments taking place in it.
   - Number of times the board of directors met, its committees, and the number of times each member attended these meetings.
   - Names of each member of the board of directors and the senior executive management who resigned over the year.
   - A summary of the bank's bonus-granting policy, disclosing all types of bonuses and awards to the board of directors' members separately, as well as bonuses granted to members of the senior executive management separately, for the past year.
   - The main shareholders of the Bank and in the companies that contribute mainly in the Bank
   - Names of shareholders who own (1%) or more of the bank's capital, specifying the ultimate beneficial owners of these contributions or any part thereof, clarifying if any of these contributions is totally or partially mortgaged.
   - Affirmations from all board members that the member did not receive any undisclosed benefits through his work at the bank, whether these benefits are material or tangible, and whether they were for him personally or for anyone related to him, for the previous year.
7. Providing a specific mechanism to ensure communication with stakeholders through disclosures and providing significant information on JKB activities to those stakeholders through the following:
   - General assembly meetings.
   - Annual report.
   - Quarterly reports that contain financial information, in addition to the board's report on the bank shares dealings and its financial position during the year.

- The bank's website.
- Shareholders' relations section.

8. Develop a mechanism for receiving complaints and proposals submitted by the shareholders, including their proposals to include specific topics on the agenda of the meeting of the General Assembly and take appropriate decision thereon.
9. Establish a mechanism to allow shareholders holding at least 5% of the shares to add items on the agenda of the Ordinary General Assembly before sending it to the shareholders.

### VI. BoD duties in the Area of Internal and External Audit:

1. Adopting the necessary procedures to enhance internal audit effectiveness through: displaying the due importance of the audit process, consolidating it in the Bank.
2. Ensuring that the Internal Audit Department is able to carry out its tasks, it has the qualified staff and be certain to provide the Department constantly with appropriate and trained employees.
3. Ensuring and enhancing the principle of internal auditors' independence, placing them at adequate level in JKB's organization structure, ensuring they have access to all records and information and the ability to contact any JKB administrator, so that they are able to fulfill the tasks entrusted to them and prepare their reports without any external interference.
4. Adopting an internal audit code which includes duties, authorities, and working methodology of the Audit department.
5. Verifying that the Internal Audit Department is subject to the direct supervision of the Board Audit Committee, and it reports directly to the Chairman of the Audit Committee.
6. always Ensuring the external auditor's independence, to ensure that there is no conflict of interest between the Bank and the external auditor.
7. Ensuring a regular rotation of the external auditor each seven years at maximum, provided that the external auditor shall not be changed during the contracting period except after obtaining the approval of the Central Bank and based on substantial reasons, and it is not permissible to re-elect the old office again before at least three years have elapsed from the date of its last election at the Bank.
8. Approving External Auditing Policy.

### VII.BoD Duties in the Area of Compliance:

1. Approving a policy to ensure JKB compliance by all relevant laws.
2. Approving the duties and responsibilities of Compliance Control Department.
3. Ensuring Compliance Control Department independence by submitting its reports to the Compliance Committee.

### VIII.BoD Duties in the Area of Risks:

1. Approving a strategy for risk management and monitoring its implementation. Such a strategy should include an acceptable level of risk, and ensure not exposing the Bank to high risks. BOD shall has an appropriate knowledge of JKB operational environment and risks associated with it. BoD should ensure that JKB has the tools and infrastructure designated for risk management that are able to identify, measure, analyze, evaluate and monitor all types of risk faced by the Bank.
2. Approving an Internal Capital Adequacy Assessment document. Such a process should be comprehensive, effective and able to identify all risks that JKB may encounter, and that it takes into consideration JKB strategic plan and capital plan. BoD should review this process regularly, verify its implementation, and validate that JKB maintains adequate capital to encounter all risks it may face.
3. Approving JKB acceptable risk document.
4. Approving the risk management policies covering all Bank operations, and setting clear limits for each type of risk.
5. Approving Business Continuity Plan.
6. Approving The risk management framework of JKB.
7. Verifying that violations on acceptable levels of risk are addressed, including holding the senior executive management accountable for such violations.
8. Ensuring that the Risk Management Department conducts stress testing periodically to measure JKB ability to withstand the shocks and cope with high risks. BoD should play a key role in approving assumptions and scenarios used and discuss the tests results, as well as approving actions to be taken based on these results.
9. Ensuring Risk Management Department independence through submitting its reports to the Risk Management Committee, and granting the Department the necessary powers to be able to obtain information from other JKB departments and to cooperate with other committees to carry out their duties.

## Duties of the Chairman of the Board:

1. To establish a constructive relationship between BoD and JKB senior executive management.
2. Encourage the express an opinion on issues discussed in general and issues were members have various views regarding them, and to encourage debate and vote on those issues.
3. Ensure that all BoD members receive and sign the minutes of previous meetings, and that they receive the agenda of any meeting in advance providing that the agenda includes sufficient written information about topics that will be discussed at the meeting. The Secretary of the Board shall deliver the meeting agenda.

4. Ensure the existence of the code that regulates and sets out BoD scope of work.

5. Discuss the strategic and significant issues in BoD meetings extensively.

6. Ensure provide each BoD member upon being elected with the provisions of laws related to banks activities and the Central Bank instructions related to the work of BoD, including corporate governance instructions, the booklet which explains the member's rights, and duties, and duties of the BoD Secretary.

7. Ensure provide each member with a sufficient summary of JKB businesses upon appointment or upon request.

8. To discuss with any new member, with the assistance of JKB legal adviser/Director of the Legal Department and the Board secretary, on the BoD duties and responsibilities, particularly the legal and regulatory requirements. This is to be done to clarify the duties, powers and other issues related to BoD membership, including the membership term, dates of meetings, committees' duties, rewards, and the possibility to seek an independent specialized technical advice, if required.

9. To meet the BoD members' needs regarding the development of their experience and their continuous learning. Chairman may allow the new member to attend orientation program taking in consideration the member's banking background. The program must cover the following topics as a minimum:

   a. The Bank's organizational structure, corporate governance and the Code of Professional Conduct.

   b. Institutional objectives and the Bank's strategic plan and its approved policies.

   c. Financial conditions of the Bank

   d. The Bank's risk structure and risk management framework.

10. To address an invitation to the Central Bank to nominate a representative to attend the General Assembly meetings prior enough time.

11. To provide the Central Bank with the minutes of meetings of the General Assembly no later than five days as of the date of the Companies' Controller or his/her representative endorsement of the minutes of meeting.

    Ensure informing the Central Bank of any material information that could adversely affect the relevance of any members of BoD, and the suitability of the representative of a legal person, or executive management.

## Duties of BoD Member:

1. To have adequate knowledge of laws and principles of JKB banking and operational environment, cope with developments taking place, besides the external developments related to its business.
2. To attend BoD and its committee's meetings, and the General Assembly meetings, as needed.
3. Not to disclose any JKB confidential information or using them for their or others interest, and the representative of the legal person shall not disclose any confidential information circulated during the meetings of the Board and its committees to any person including any administrator of the legal person.
4. To give the priority for JKB interests in all transactions with any other company in which he has a personal interest, not to take JKB business opportunities to his own advantage, and to avoid conflict of interest.
5. Disclose to the board in detail of any conflict in interests in case they existed, committing not to attend or participate in the decision taken in the meeting in which this issue is deliberated, and to record this disclosure in the minutes of any meeting of the Board or its committees.
6. Allocate sufficient time to carry out his duties as a member of the Board of Directors

## The Board Secretary

1. To attend all BoD meetings, record all the deliberations, suggestions, objections, reservations and vote processes on BoD draft decisions accurately.
2. To determine dates of BoD meetings in coordination with the Chairman.
3. To ensure that BoD members sign the minutes of meetings and decisions.
4. To follow up the implementation of BoD decisions and to follow-up any pending issues from the previous meeting.
5. To keep records and documents of BoD meetings.
6. To take the necessary measures to ensure that draft decisions planned to be issued by BoD comply with relevant laws, including those issued by the Central Bank.
7. To prepare for the General Assembly meetings and to cooperate with the BoD committees.
8. To provide the Central Bank with the relevance declarations for BoD members.

## BoD Meetings

1. BoD shall convene at a written notice of the Chairman, or Vice-Chairman if he/she is absent, or upon a written notice submitted by a quarter of its members to the Chairman justifying the grounds for such a meeting. If the Chairman or Vice- Chairman do not call for a meeting within seven days effective as of the date of receipt of notice, members who submitted the notice shall have the right to call BoD to convene.

2. BoD shall convene with the presence of an absolute majority of members at JKB head office or in any other place within the territories of the Kingdom if it is impossible to hold it at JKB head office. BoD decisions shall be issued with absolute majority of members who attend the meeting. If votes are equal, the chairman of the meeting shall be deemed a casting vote.
3. Board members shall attend Board meetings in person or through electronic means.
4. Voting on BoD decisions shall be in person or through electronic means and carried out by the persons themselves and it could not be by proxy. The minutes may be signed electronically.
5. In the event that the meeting is held through electronic means, the Chairman of the Board and/or Vice Chairman in his absence and the board secretary shall approve the minutes of the meeting and hold it legally.
6. BoD meetings shall be held six times at least per fiscal year. There should be a meeting for the BoD every two months.

## Responsibility and Accountability Limits

- Take the necessary steps to create a clear separation between the authorities of the main shareholders on one side, and the executive management on the other, create adequate mechanisms to reduce the effect of main shareholders . And the top executive management derives its authority from the board only, and work within the mandate granted to it by the board.
- JKB organizational structure shall specify the administrative hierarchy and reflect the lines of responsibility and authority in a clear and detailed manner.
- In addition to what is stated in laws, the General Manager shall act as follows:
  1) Develop JKB strategic direction.
  2. Implement JKB strategies and policies.
  3. Execute BoD decisions.
  4. Provide guidance to implement short and long term action plans.
  5. Establish the mechanisms for delivering JKB vision, mission and strategy to the staff.
  6. Inform BoD of all the significant aspects of JKB operations.
  7. Manage JKB day-to-day operations.
  8. Approving a detailed description of the functions of each Regulatory Unit except for the Supervisory Departments (Internal Audit, Risk Management, Compliance Department) which must be approved by the Competent Committee, it shall be reviewed by all JKB employees each according to his specializations.

## The Board Committees:

- To further organize the work of BoD and increase its efficiency and effectiveness, BoD forms various committees from its members, and adopting a charter for each committee including as a minimum the composition of the committee its tasks and powers and the periodicity and quorum of its meetings.
- BoD nominate a secretary for each committee and specify his duties, including the recording of all deliberations motions objections and reservations and the precise manner of voting on the committee's draft resolutions
- The committees must submit periodical reports to the Board as stipulated in their charters. The existence of these committees does not absolve BoD to assume direct responsibility for all matters relating to JKB.
- No member of the Board shall not serve as chairperson of more than one of the following committees (Audit, Risk, Compliance, Nomination & Remuneration, and Corporate Governance). Also prohibited from serving as chairperson of more than two committees of all Board committees. The Chairperson of the Board Audit Committee shall not be the Chairperson of any other committee emanating from the Board.
- Board committees have the following authorities:
  - Request any data or information from bank staff who must cooperate to provide this data in a complete and accurate manner.
  - Request legal, financial, administrative, or technical advice from any external consultant.
  - Request the presence of any bank employee to provide any necessary clarifications.
- It's prohibited to delegate any of the powers of any of the committees emanating from the Board to any other authority.
- It's prohibited to form any committee that has any executive powers except for the Credit Committee.
- The members of the Boards committees may attend the committee meetings by any means of video telephony provided that the Committee Chairperson and the Secretary approve the minutes and quorum of the Committee meeting.
- With the expectation of the Credit Committee, the quorum of any committee shall not be less than three members including the Chairperson of the committee, its also not permissible to use the nomination of an alternate member in the meeting of any committee in the event of the principal's absence.

## A. Board Audit Committee:

### Committee's Role:

The Board Audit Committee is tasked to carry out the following, in addition to other relevant functions stated in its Charter. The Charter stipulates the right of the committee to get any information from the executive management or through the Director of Internal Audit, and its right to. The Audit committee's tasks may not be merged with the tasks of any other committee.

1. The Committee shall review:
    a. The scope, results and the adequacy of JKB internal and external audit
    b. Accounting issues that have a significant impact on JKB financial statements
    c. JKB internal control and monitoring systems.
2. Provide recommendations to BoD regarding the external auditor's appointment, termination, fees and any other related contracting terms, including any other tasks that the Committee intends to assign to the External Auditor, in addition to assessing its independence.
3. Verify the independence of the external auditor during the initial and continuing contracting period to ensure that there is no conflict of interest between the Bank and the External Auditor.
4. Meet with the External Auditor, the Head of Internal Audit, and the Compliance Manger (separately) once at least annually without the attendance of any of the other senior executive management members.
5. Review and monitor procedures that enable the employee to report confidentially any mistake in financial reports or any other matters. The Board Audit Committee shall ensure implementing the necessary arrangements for carrying out an independent investigation and follow the results of the investigation and treat them objectively.
6. Review the internal audit report which ensure that all related party transactions with JKB have been carried out in accordance with the applicable legislations and the Bank's internal policies and approved procedures, and immediately notify the Central Bank of any violation of the applicable legislation and internal policies in this regard.
7. Ensure that the internal audit staff rotate in auditing the activities of JKB every three years at the latest. In case of inability to achieve this in certain areas the approval of the Committee will be taken on the justifications for non-compliance especially in specialized cases such as information technology and cyber security audits.
8. Verify not to task internal audit staff with any executive duties.
9. Verify that all JKB activities – in accordance with the risk based approach - including outsourced activities assigned to third parties, are subject to audit.

10. Verify that the Internal Audit Department complies with the international standards for the professional practice of internal auditing issued by the association of internal auditors, including conducting an independent external evaluation of the internal audit activity at least once every five years.

11. Approve a detailed description of the responsibilities and functions of the internal audit department.

12. Approve comprehensive operating procedures for all internal audit activities.

13. Recommend to the BoD to approve the internal audit organizational structure.

14. Ensure the availability of sufficient resources and enough qualified human employees for the Internal Audit Department and subject them to specialized training programs including in the field of corporate governance.

15. The Board Audit Committee shall exercise the role entrusted to it under the Banks Law and other relevant laws. This should include particularly the following:
    - Review and approval of the internal audit plan which includes audit scope and frequency.
    - Ensure that the executive management takes the corrective actions on a timely manner regarding weaknesses in the internal control, and cases of non-compliance with policies, laws and regulations, and other remarks identified by the internal audit.
    - Review observations stated in the regulatory authorities and external auditor reports and follow-up the correction procedures.
    - Review JKB financial statements prior submitting them to BoD, particularly to verify regulatory authorities' orders on capital adequacy, adequacy of provisions taken against the bad debts and all other provisions and to express their opinion in JKB non-performing debts or debts proposed to be deemed as bad debts.
    - Ensure that the laws and regulations governing JKB work.

16. Evaluate the performance of the Director of the Internal Audit Department and determine his remuneration in line with the performance appraisal policy approved by the Board.

17. Verify the qualifications and effectiveness of the External Auditor and shall ensure that the engagement letter clearly states the scope of the audit remuneration contract term and any other conditions in a manner that is commensurate with the nature of JKB the size of its business and the complexity and risks of its operations.

The Head of Internal Audit Department may attend the Committee meetings, and the Committee may invite any person to seek their opinion on a particular issue.

**Formation of the Committee and the periodicity and quorum of its meetings:**

- The Committee shall be formed and its chairperson appointed by a decision of the Board of Directors. It shall consist, at least, of three members, the majority of them including the Committee chairperson, provided that the chairperson is not chairperson of any other committee emanating from the Board, also not include the Chairman of the Board.
- The majority of the members of the Committee should hold academic qualifications in accounting, finance or hold a professional certificate in both fields, and have relevant work experience in accounting, finance, external audit, internal audit or banking.
- The Audit Committee shall meet at the invitation of its Chairperson at least once every three months, or whenever the need arises, or based on the decision of the Board of Directors, or on the request of two of its members, and submits its reports to the Board of Directors. Its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.

## B. Board Risk Committee:

**Committee's Role:**

The Board Risk is tasked to carry out the following below stated duties at least, in addition to other relevant duties stated in its Charter:

1. Recommend to the BOD to approve JKB risk management framework.
2. Verify the availability of policies and tools for identifying measuring analyzing assessing and controlling risks and reviewed at a minimum annually to ensure its effectiveness and amended if necessary.
3. Ensure that JKB has a comprehensive risk management strategy that includes the type and level of risk acceptable to all the Bank's activities.
4. Cope with the developments affecting JKB risk management, and submit periodic reports to BoD.
5. Provide the Board with periodic reports on the risks to which JKB is exposed, including abuses of acceptable risk levels and the procedures for dealing with them.
6. Verify the effectiveness of the work procedures of the Risk Management Department and assess the compliance of the executive management with the approved policies and procedures.
7. Verify the availability of a risk management system that ensures the accuracy and adequacy of the data used to identify, measure, analyze, assess, and monitor the risks and losses that may result from it and maintain the capital required to face them.
8. Verify the existence of means to assist in risk management.
9. Approve a detailed description of the responsibilities and functions of risk management department.

10. Approve comprehensive operating procedures for all risk management activities.

11. Recommend to the BoD to approve the risk management organizational structure.

12. Ensure the availability of sufficient resources and enough qualified human cadres for the Risk Management Department and subject them to specialized training programs.

13. Evaluate the performance of the Director of the Risk Management Department and determine his remuneration in line with the performance appraisal policy approved by the Board, and that after consulting the opinion of the Chief Executive Officer.

**Formation of the Committee and the periodicity and quorum of its meetings:**

- The Committee shall be formed and its chairperson appointed by a decision of the Board of Directors. It shall comprise of three members at least, where the majority of the members of the Committee including the chairperson shall be independent members. The committee may invite management representatives or other experts and specialists to attend its meetings.
- The Committee shall meet at the invitation of its Chairperson at least once every three months, or whenever the need arises, or based on the decision of the Board of Directors, or on the request of two of its members, and submits its reports to the Board of Directors. Its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.

## C. Board Nominations and Remuneration Committee:

**Committee's Role:**

Board Nominations and Remuneration Committee is tasked to carry out the following below stated duties at least, in addition to other relevant duties stated in its Charter:

1. Examine the suitability of the persons nominated for membership in the board within the members' relevance policy approved by BoD taking into consideration the capabilities and qualifications of the nominated persons and make the appropriate recommendation to the Board. In case of re-nominations, member’s attendance and extent of participation in Board meetings should be taken into account.

2. Notify in writing any person (including the representative of a legal person) who applies for membership of the Board of the Board's decision that the provisions of board membership do not apply to him.

3. Nominate to BoD qualified persons to join the executive management, in accordance with the requirements of the Executives employment policy.

4. Ensure BoD members joining workshops or seminars on banking topics, particularly risk management and corporate governance, and the latest developments in the banking business.

5. Determine whether the member meets the independent member criteria taking into account the minimum requirements stated in the laws and regulations in force, and verify the status

annually and provide the Central Bank with any updates on the independence of any of the Independent Members.

6. Supervise the implementation of policies adopted by BoD regarding BoD and senior executive management performance appraisal, including the General Manager.
7. Provide information and summaries on some of the important topics of JKB to BoD members upon request, and ensure updating them constantly about the latest topics related to the banking business.
8. Set a policy of performance appraisal and granting remunerations to JKB administrative staff is in place, review it regularly and implement this policy, include the mechanism for determining the salaries remunerations and privileges of the General Manager and other members of the senior executive management. The Committee may not delegate this task to the executive management, and the policy shall be approved by the Board.
9. The Internal Audit Department Manager and staff performance appraisal and remunerations are to be determined by the Board Audit Committee.
10. Evaluate the work of the board, its committees, and its members as a whole annually, and it shall inform the Central Bank and the Securities Commission with the result of this evaluation.
11. Set clear methodology to verify that board members allocate sufficient time to carry out their duties, including (for example) the multi commitment of the member to other boards/bodies memberships/forums…etc.

**Formation of the Committee and the periodicity and quorum of its meetings:**

- The Committee shall be formed and its Chairperson appointed by a decision of the Board of Directors. It shall comprise of three members at the least, the majority of whom are independent including the Chairperson. The Committee may invite members of the executive management or other specialized persons to attend its meetings.
- The Committee shall meet at the invitation of its Chairperson at least twice a year, or whenever the need arises, or based on the decision of the Board of Directors, or on the request of two of its members, and submits its reports to the Board of Directors. Its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.

## D. Board Corporate Governance Committee:

### Committee's Role:

Corporate Governance Committee shall have at least the following duties, in addition to the other related tasks includes in the committee’s charter:

1. Supervising the processes of preparing the Corporate Governance Guide, its update and implementation monitoring, and its approval by the Board.

2. Ensure that JKB organizational structure serves the requirements of corporate governance.
3. Ensure commitment to the adopted JKB Code of Ethics at the level of BoD and all administrative levels in the Bank.
4. Provide the Central Bank with a letter signed by all members of the Committee within two months of the date of any amendment of the corporate governance guide.
5. Formulate written procedures for the implementation of the Corporate Governance Guidelines of the listed companies issued by the Securities Commission and to ensure the Bank's compliance with these instructions and to study the comments of the Commission on its application and follow up on what has been done.
6. Prepare the Governance Report and submit it to the Board of Directors.
7. Verify that the observations contained in the report of the Internal Audit Department - or any other relevant entity - regarding the Bank's compliance with the Corporate Governance Guide are corrected.
8. Notify the Central Bank immediately upon verification of any violations of the provisions and requirements of Banks Corporate Governance instructions.

**Formation of the Committee and the periodicity and quorum of its meetings:**

- The Committee shall be formed and its Chairperson appointed by a decision of the Board of Directors. It shall comprise of three BOD members at least, the majority of whom are independent and should include the Chairman of the Board. The Committee may invite members or representatives of the management or other experts and specialists to attend its meetings.
- The Committee shall meet at the invitation of its Chairperson at least twice a year, or whenever the need arises, or based on the decision of the Board of Directors, or on the request of two of its members, and submits its reports to the Board of Directors. Its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.

## E. Board Compliance Committee

## Committee's Role:

The Board Compliance Committee is tasked to carry out the following below stated duties at least, in addition to other relevant duties stated in its Charter:

1. Recommend to the BoD to adopt governing compliance management policies, including compliance policy, anti-money laundering policy, international sanctions policy, bribery policy, combatting fraud and any other policy related to compliance management, and periodically reviewing these policies and commitment to their application.
2. Assess the degree of effectiveness with which the Bank manages the risk of non-compliance at

least once a year and review it should amendments have been made.

3. Ensure the independence of the Compliance Department, in order to ensure the compliance control function is separate from the Bank's other departments.
4. Approve the annual plan and review the periodic reports prepared by the Compliance Department including the assessment of non-compliance risks, infractions, and deficiencies, and of non-compliance violations and deficiencies and the corrective actions taken.
5. Supervise the implementation of the compliance policy of the Bank and ensure that the Executive Management of the Bank resolves all compliance related matters promptly and effectively.
6. Supervise the work of the Compliance Department and ensure the existence of the appropriate mechanisms to monitor the compliance of all management levels in the Bank with all regulatory requirements in force legislations and international standards including the recommendations of the Financial Action Task Force.
7. Verify the availability of sufficient resources and enough qualified human cadres for the Compliance Department and subject them to specialized training programs.
8. Evaluate the performance of the Director of the Compliance Department and determine his/her remuneration in line with the Performance Appraisal Policy approved by the Board and that after consulting the opinion of the General Manager.
9. Approve a detailed description of the responsibilities and functions of compliance department.
10. Approve comprehensive operating procedures for all compliance department activities..

**Formation of the Committee and the periodicity and quorum of its meetings:**

- The Committee shall be formed and its Chairperson appointed by a decision of the Board of Directors. It shall comprise of three Board members at least, the majority of whom are independent. The Committee may invite members or representatives of the management or other experts and specialists to attend its meetings.
- The Committee shall meet at the invitation of its Chairperson at least once every 3 months a year, or whenever the need arises, or based on the decision of the Board of Directors, or on the request of two of its members, and submits its reports to the Board of Directors. Its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.

## F. Board Credit Committee:

### Committee's Role:

1. 1.Granting, amendment, renewing, structuring, scheduling, or settling of credit facilities that exceed the authorities of the Management Credit Committee, headed by the General Manager, within the limits set by the Board of Directors. The Board of Directors shall take the decisions in matters exceeding the Committee's authorities.
2. The Committee's authority is limited to taking the right decision regarding the facilities that have been recommended for approval by the Management Credit Committee.
3. The Committee's authority shall not include the following:
   a. Granting credit facilities to members of the Board of Directors.
   b. Writing-off debts.
4. Submit to the Board periodically details of the credit facilities that have been approved by the committee.
5. The Committee's decisions are considered valid by the presence and personal voting of its members, if a member is unable to attend, he may express his opinion through telephone or video, and has the right to vote and sign the minutes of the meeting that must be duly documented.

**Formation of the Committee and the periodicity and quorum of its meetings:**

- The Committee shall be formed and its Chairperson appointed by a decision of the Board of Directors. It shall have at least five members one of its members may be independent provided that none of its members is on the Audit Committee. The meeting shall be considered valid if attended by at least four members, and decisions are taken by majority of its members regardless of the number of attendees. If the votes are equal, the side to which the Committee Chairperson votes will outweigh.
- The Committee may invite members or representatives of the management or other experts and specialists to attend its meetings.
- The Committee meets once every week if needed and maintains documented minutes of meetings.
- The General Manager is the Secretary of the Committee.

## G. Information Technology Governance Committee

### Committee's Role

The Committee shall undertake the following tasks guided by the Governance and Management of Information Technology and its accompanying Instructions No. 65/2016 dated 25/10/2016 issued by CBJ:

1. Approve the Information Technology strategic objectives and appropriate organizational structures, including Steering Committees at Executive Management Level, particularly (The Information Technology Steering Committee), ensuring the achievement of the Bank's strategic objectives, and realizing the best value-added of projects and investments in Information Technology while utilizing the tools and standards to monitor and ascertain the extent of achievement, such as using the IT Balanced Scorecard system, and calculating the rate of return on investment (ROI) and measuring the investment impact on financial and operational efficiency.

2. Approve the general framework for the control and monitoring of resources and projects, that corresponds to best accepted international practices in this regard, particularly (COBIT) (Control Objectives for Information and related Technology), complying with and facilitating the achievement of objectives and regulations, through the sustainable achievement of corporate objectives, and achieve the information objectives' chart and its associated technology and cover IT governance operations.

3. Approve the corporate objectives chart, and its associated Information Technology objectives, considering its legibility as minimum, and define the sub-objectives needed for its achievement.

4. Approve the responsibility chart (RACI Chart) towards the major operations of IT governance and its emanating sub-operations i.e.: The party or parties or the person primarily responsible (Responsible), and those finally responsible (Accountable), and those consulted (Consulted), and those to be informed (informed) towards all operations guided by the standard (COBIT 5 Enabling processes) in this regard.

5. Ensure the existence of a general IT Risk Management Framework that complies and integrates with the Bank's general comprehensive Risk Management Framework and considers all IT governance operations.

6. Approve an information technology resources and projects budget in line with the Bank's strategic objectives.

7. Oversee and be acquainted of the progress of information technology operations, resources, and projects to ensure its adequacy and its effective contribution in achieving the Bank's business and its requirements.

8. Be acquainted of the audit reports on information technology and taking the necessary action to correct deviations.

9. Recommend to the Board of Directors to take the necessary measurements to correct any deviations.

**Formation of the Committee and the periodicity and quorum of its meetings:**

- The Committee shall be formed and its Chairperson appointed by a decision of the Board of Directors, and the Board determines its objectives and powers, to be demonstrated in its Charter.

- The Committee shall comprise of, at least, three Board members and preferably comprising persons with expertise or strategic knowledge in information technology. The committee, in coordination with the Chairman of the Board, may seek the assistance of external experts, when necessary, at the expense of the Bank to make up the shortfall in this area and enhance substantive opinion. The Committee may invite any of the Bank's administrators to attend its meetings to express their opinion, including those involved in internal audit and senior executive management members (such as Information Technology Manager) or those involved in External auditing.
- The Board shall elect one of its members to be an observer member in the Information Technology Steering Committee.
- The Committee shall submit periodic reports to the Board, the Board's mandate to the Committee does not relieve it from its responsibilities in this regard.
- The Committee shall meet at the invitation of its Chairperson at least once every three months, or whenever necessary, or in accordance with the decision of the Board of Directors, or the request of two of its members, and shall submit its reports to the Board of Directors. Its recommendations will be taken by majority vote. The Committee shall maintain documented minutes of meetings.

## Senior Executive Management

BoD approves the appointment of JKB Executive Management. BoD makes sure that members of the Executive Management possess the necessary expertise, competencies and integrity to manage JKB businesses and affairs in a manner consistent with the standards of professional conduct, particularly supervising the JKB management, enjoying the appropriate competences to oversee key individuals associated with the Bank operations. JKB develops a policy to manage and fill top executive jobs to meet laws and regulations requirements in force and the aspirations of JKB.

**The duties of the senior executive management are as follows:**

- Implement and manage the activities of JKB in accordance with the strategies/policies approved by the Board, the systems, risk management processes and controls required to manage all types of risks to which the Bank is exposed, to ensure that the acceptable levels of risk approved by the Board are not exceeded, and comply with all applicable legislation and the Bank's internal policies.
- Ensure the existence of comprehensive operating procedures for all activities of JKB in line with the legislation in force and the strategies/policies approved by the Board. Such procedures shall be approved by the General Manager (except for the Supervisory Departments where they must be approved by the competent committee) and ensure the implementation of such procedures.
- Preparing the financial statements.
- Prepare the general organizational chart of the Bank and approve it by the Board of Directors as well as prepare the subsidiary organizational structures of all operating units of the Bank and approve them by the General Manager, except for the subsidiary organizational structures of the supervisory departments.

- Prepare an annual budget and approve it by the Board and submit periodic performance reports to the Board, stating the deviation in actual performance from what is estimated and the reasons thereof.
- Not engage in any practices that would affect the independence and objectivity of the Supervisory Departments. The cooperation of these departments with the various units of the Bank and the Executive Management is considered essential to the fulfillment of their duties. It shall inform the Senior Executive Management of any important issues that require immediate action to be taken upon becoming aware of such matters by any of these departments. This shall not prevent such departments from informing the competent committee on such matters.
- Provide the supervisory authority, the external audit, internal audit and any other competent entities at the time determined by these entities they shall provide the required information and statements required for the optimal performance of their duties.
- Prepare JKB Code of Conduct, and approve it by the Board, and circulate it to all the Bank's administrators.
- Develop the skills and professional conduct JKB's employees to comply with the latest standards of ethics and the Code of Business Conduct.
- Verify that appropriate controls are in place for each activity or operation Administrative and operational separation of procedures between approval and implementation tasks.

## Administrators' Performance Appraisal:

JKB develops policies of performance appraisal which ensure the participation of all those involved in managing JKB businesses to achieve the Bank objectives through carrying out tasks, objectives and obligations assigned to each one of them within a framework of fair competition based on the culture of excellence in performance.

- Performance Appraisal Policy for BoD and its members
- Performance Appraisal Policy for holders of senior positions and accountability
- Performance Appraisal Policy for other JKB staff members.

All the aforementioned policies are based on the latest international practices which are meant to objectively measure performance, take into account risk aversion and the provisions of laws and regulations in force.

## Internal Control and Audit Systems:

The Board and the Executive Management of JKB are in charge of implementing and maintaining internal control and audit systems that are able to ensure and achieve the following:

- Accurate and integral financial and operational data issued by JKB.
- Efficient and effective performance of JKB operational processes.

- Effective protection procedures of JKB assets and property.
- Compliance with work policies and internal procedures, laws and regulations in force.

This is based on BoD belief in the importance of effective internal control and audit system as it is one of the most important elements of good management and the basis for the soundness and quality of JKB operations. JKB adopted a number of internal control and audit systems which the senior executive management is responsible to set up, follow-up its development and update them. JKB management is constantly monitoring and assessing the efficiency and effectiveness of these systems, their ability to achieve the desired goals and strive to enhance them. Internal Audit make sure that transactions with stakeholders are conducted in accordance with the adopted policies and procedures.

BoD adopts control and audit policy addressing all aspects of the internal control systems in terms of their definition, components and BoD and senior executive management responsibilities.

To ensure JKB supervisory departments independence and that they fulfil their supervisory roles they tasked to carry out, their reports are to be submitted to BoD committees. BoD committees appraise the performance of the holders of senior positions at supervisory departments under the Performance Appraisal Policy for holders of senior positions adopted by BoD.

## JKB Supervisory Departments

**Internal Audit Department**: The Internal Audit Department shall undertake the following duties as a minimum:

1. Verify the adequacy of and adherence to the adequacy of the internal control systems for the activities of JKB and its subsidiaries, review and document any modifications made to the structure of these systems.
2. Prepare the internal audit charter and approve it by the Board based on the recommendation of the Audit Committee, which includes the functions, powers, and work methodology of the Internal Audit Department.
3. Prepare an audit plan covering the activities of JKB including those of other oversight departments and outsourced activities in accordance with the degree of risk of such activities to be approved by the Audit Committee.
4. Review annually the compliance with the Corporate Governance Guide and the related policies and charters, and prepare a detailed report thereof and submit it to the Audit Committee and a copy thereof to the Corporate Governance Committee.
5. Review the validity and comprehensiveness of stress testing consistent with the methodology approved by the Board.

6. Ensure the accuracy of the procedures followed for the Internal Capital Adequacy Assessment (ICAAP) process.
7. To audit financial and administrative matters.
8. Follow up on the violations and observations contained in the reports of the supervisory authority and the external auditor, and ensure that they are addressed and that the Executive Management has appropriate controls to prevent their recurrence.
9. Ensure that the procedures required for receipt are in place processing, retaining complaints from JKB customers, the notes relating to the accounting system internal control and control audits, and submit periodic reports thereto.
10. Maintain audit reports and working papers for a period consistent with the provisions of the legislation in force in this regard in an orderly and secure manner and be available for review by the supervisory authority and the external auditor.

The Internal Audit Department shall conduct an examination at least once a year to ensure that all related party transactions with JKB have been carried out in accordance with the applicable legislations and the Banks internal policies and approved procedures.

And it submits its reports to the Audit Committee with a copy to the General Manager synchronously.

**Risk Management Department:** This department is tasked to monitor risks in JKB at all levels and market and operational areas, information risks, credit risks and business continuity, and monitor JKB departments compliance with the identified levels of risk in accordance with the best international standards. Risk Management Department submits its reports to the Board Risk Committee. The tasks of the risk management department shall be as follows as a minimum:

1. Implement the risk management strategy in addition developing work policies and measures to manage all types of risks.
2. Develop a risk management policy (s) covering all operations of JKB and setting clear benchmarks and limits for each type of risk ensure that all employees at their level of management are fully aware of the same and review the same on a periodic basis. The risk management policy(s) shall be approved by the Board.
3. Prepare a comprehensive document for all risks acceptable JKB and approve it by the Board.
4. Review the risk management framework of JKB and approve it by the Board of Directors.
5. Prepare JKB internal capital adequacy assessment document, review them periodically and verify their implementation, which are comprehensive, effective, and capable of identifying all the risks that the Bank may face and take into account the Banks strategic and capital plan and to be approved by the Board.

6. Develop methodologies for the identification, measurement, analysis, assessment, and control of each type of risk.
7. Verify the integrity of risk measurement mechanisms with the used management information systems.
8. Prepare a Business Continuity Plan for approval by the Board, and to be checked periodically.
9. Ensure before launching/introducing any new (product/service/process/system) that it is in line with the strategy of JKB that all the associated risks including Operational/Information Security/ and Cyber risks have been identified and that the new controls and procedures or amendments thereto have been made commensurate with the risk limits acceptable to the Bank.
10. Provide the necessary information about the Bank's risks to be used for disclosure purposes.
11. Submit recommendations to the Board Risk Committee on the Bank's exposures to risks and record cases of exceptions to the risk management policy.
12. Monitor the compliance of the Bank's executive departments with the defined levels of acceptable risk.
13. Submit reports to the Board through the Board Risk Committee and a copy to the General Manager containing information on the actual risk profile of all JKB activities in comparison with the risk appetite document, and follow up the treatment of negative deviations, and the Executive Management may request special reports as needed from the Risk Management Department.

**Compliance Control Department**: This department is tasked to verify compliance with local and international laws and regulations governing JKB businesses. It is also tasked to monitor and combat money laundry. Moreover, it is tasked to manage Customers Complaints Unit within a framework approved by BoD as per the supervisory instructions. And it submits its reports to the Board Compliance Committee. The tasks of the compliance department shall be as follows as a minimum:

1. Develop a compliance policy to ensure that JKB complies with all relevant legislation, ensure that all employees at their level of management are fully informed and aware of them, such policy shall be approved by the Board of Directors.
2. Prepare an annual Compliance Plan and to be approved by the Compliance Committee.
3. Monitor the compliance of all management levels in JKB with all regulatory requirements in force legislations and international standards including the recommendations of the Financial Action Task Force.
4. Prepare periodic reports including the assessment of the risks of non-compliance violations and deficiencies and the corrective action taken, the same shall be submitted to the Compliance Committee and copies shall be made to the General Manager.

All the aforementioned departments should develop their own charters to be approved by BoD.

## Business Ethics Code

JKB adopted a code of business ethics which was approved by BoD and pledged to abide by all JKB staff in their respective administrative levels, in addition to the BoD members.

This code identified JKB staff's ethics, values and principles through four main themes, namely:

- Integrity.
- Compliance with the laws.
- Transparency.
- Loyalty to the bank.

As for integrity, the code included that JKB employees are committed to the following:

- Depositors' funds are a trust and responsibility which should be kept safe.
- Personal interest should not conflict with JKB interests.
- Not to use inside information to serve personal interests.
- Maintaining objective and non- bias personal relationships.
- Avoiding business relations with customers and suppliers.
- No-discrimination whatsoever among customers.
- Refrain from accepting gifts, benefits and invitations.

As for compliance with the laws and regulations, employees should abide by bank secrecy and JKB policies and work manuals. Also, they should pay more attention for combating money laundering, not to issue bad cheques and to abide by the management's decisions.

Concerning transparency, JKB employees should be committed to provide authorized accurate figures, data and reports, and that the data is accurate, adequate, timely and in line with the standards. Additionally, employees should disclose their personal interest and soundness of their financial standing and their personal business activities, and to disclose any violations and damages.

Regarding loyalty to JKB, this could be realized through achieving JKB mission, vision, objectives and role, transferring JKB slogan into a tangible reality, besides achieving customer satisfaction and retain them, being positive, excellent, responsible, enjoying qualities and efficiency, then accuracy and continuous learning, keeping up with working hours, adapting to work stress with the spirit of teamwork, paying attention to appearance, conduct and good handling of situations, being keen to maintain JKB reputation and achievements, maintaining JKB assets and its appearance, not to disclose work secrets, taking permission of the administration to make any statement related to JKB via any means of media.

The relevant standards and policies are published through JKB website. The level of adherence to those standards and policies should be identified in the Corporate Governance Report included in JKB annual report.

## Conflict of Interest

JKB shall have written policies on conflict of interest covering its definition, independent execution, and disclosure, whether such conflict is between the Board members and JKB or between the Executive Management and JKB.

Conflict of interest policy shall cover various aspects related to this subject, such as:

- Board member and member of the Senior Executives shall avoid the activities which may lead to conflict of interest.
- BoD approval shall be obtained for any activity a Board member performs that may result in a conflict of interest and verify that the activity does not contain any conflict.
- Board member and member of the Senior Executives shall disclose any subject, which may lead to or has already led to a conflict of interest.
- Board member shall abstain from voting on any item of the agenda which might contain a conflict of interest for the member or has an effect on the objectivity of the vote.
- All transactions with related parties shall be based on equal basis and clear mechanism established for the Board to handle the case in the event of non-compliance with conflict of interest policy.
- The conflict of interest policy shall contain examples of cases where a conflict of interest may arise for a Board member and member of the Senior Executives.

## Transactions with Stakeholders

- JKB shall have written policies on transactions with the related parties. These policies shall include rules and procedures for organizing transactions with such parties whether between JKB and its employees, JKB and its Board members or their companies, or parties related to them, including lending transactions and joint trading transactions with JKB.
- BoD shall ensure that the transactions with stakeholders are reviewed to assess their risks and are subjected to appropriate restrictions in place.

## Whistle Blowing Policy

The Bank shall place policies and procedures to report on illicit acts/ Fraud- “Whistle Blowing Policy”, including procedures enabling employees to contact the Chairman of the Board to communicate any concerns they might have on the possibility of violations or fraud, and in a way that allows independent investigation into these concerns and to follow-up them. These procedures shall ensure that JKB provides the required protection for these employees to assure them they will not be threatened or penalized even when there is nothing to prove their concerns.

## JKB Governing Policies

Jordan Kuwait Bank regards providing written policies covering all the Bank's activities with high importance as these policies are adopted by the Board of Directors and circulated to all management levels as well as reviewing and updating them regularly to reflect any changes and amendments that occur to the laws, regulations, economic circumstances and any other matters related to the Bank.

## Protecting Shareholders Rights and their Relations with the Bank

- BoD ensures the protection of shareholders' fundamental rights concerning the registration and transfer of ownership, participation in the General Assembly meetings, gaining profits and get information regularly on JKB.
- BoD shall encourage shareholders' active participation of in the General Assembly meetings; explaining voting procedures and rules, as well as inform them by the date and venue of the meeting along with the meeting agenda in sufficient time, in addition to inform shareholders by the General Assembly minutes of the meetings.
- JKB develops positive relations based on transparency with all shareholders. In this regard, the Bank saves no effort to encourage all shareholders, especially minority shareholders, to attend the annual meeting of the General Assembly and they are encouraged to vote. In addition, consideration is given to voting on each issue that is raised during the annual meeting of the General Assembly separately.
- The Chairmen of the various Board committees attend the annual General Assembly meeting.
- Following the General Assembly meeting, detailed report is prepared to inform shareholders of the various remarks and questions brought forth by the shareholders and management responses to them as well as the conclusions reached.
- Representatives of the External Auditors attend the annual General Assembly meeting to answer any questions that may be raised regarding audit and the auditors' report.
- Pursuant to the Companies Law, members of the Board of Directors are elected or re-elected during the annual General Assembly meeting. The external auditor is also elected during the same meeting.

## Transparency and Disclosures

- JKB provides full information regarding its activities constantly and periodically to all stakeholders such as regulators, shareholders, depositors and the public in general, focusing on issues with material impact on the Bank.
- JKB is fully committed to the requirements of full disclosure according to the International Financial Reporting Standards (IFRS) and the disclosure instructions issued by the Central Bank and regulators.
- JKB follows up the various developments regarding the requirements of disclosure according to

- international standards, such that they are immediately reflected in its financial reports.
- JKB commits to providing permanent and professional communication lines with all relevant stakeholders such as regulators, shareholders, investors, depositors and other banks. To achieve this, JKB shall create a position of Investors Relation officer whose main task is to provide full and objective information regarding the Bank's financial and administrative standing as well as the Bank's various activities.
- JKB annual report shall contain all information related to the Bank in a manner that is transparent and objective.
- Publish periodic reports that contain quarterly financial information, in addition to a report from the BoD regarding the trading of the Bank's stocks and its financial standing during the year as well as periodic briefs by Executive Management for shareholders, financial market analysts and journalists specialized in the financial sector.
- Hold periodic meetings between the Bank's Executive Management and investors and shareholders.
- JKB provides the information available in its annual or periodic reports on the Bank's website in both the Arabic and English languages, where information is updated constantly.
- The reports that JKB presents must contain disclosure from the Executive Management about the results of current and future operations, the financial standing of the Bank and any future results of risk that might affect the general financial standing of the Bank.

# Branch and ATM Directory

## Amman Branches

| | |
|---|---|
| Main Branch | 06-5629400 |
| Jabal Amman Branch | 06-4644868 |
| Wehdat Branch | 06-4777174 |
| Commercial Center Branch | 06-4624312 |
| Tla'a El'Ali Branch | 06-5532168 |
| Jabal Al-Hussein Branch | 06-5658662 |
| Yarmouk Branch | 06-4779102 |
| Wadi El-Seir Branch | 06-5858864 |
| Jubaiha Branch | 06-5346763 |
| Ibn Khaldoun Branch | 06-4613902 |
| Shmeissani Branch | 06-5685403 |
| Vegetable Market Branch | 06-4127588 |
| Marka Branch | 06-4889531 |
| Madinah Munawarah Branch | 06-5533561 |
| Amra Branch | 06-5535292 |
| Sweifiyyah Branch | 06-5851028 |
| Nazzal Branch | 06-4382618 |
| Mecca Mall Branch | 06-5517967 |
| Abu-Nsair Branch | 06-5235223 |
| Abdoun Branch | 06-5924195 |
| Al-Mougabalain | 06-4203679 |
| Marj El Hamam Branch | 06-5731056 |
| City Mall Branch | 06-5824318 |
| Al-Rabiyah Branch | 06-5511428 |
| Wadi Saqra Branch | 06-5679174 |
| Dabouq Branch | 06-5411580 |
| Mecca Street Branch | 06-5532651 |
| Petra University Branch | 06-5714365 |
| Al-Madina Al-Riyadiyah Branch | 06-5161938 |
| Zain Branch | 06-5810734 |
| Dair Ghbar Branch | 06-5853681 |
| Khalda Branch | 06-5370835 |
| Al-Rawnaq Branch | 06-5850392 |
| Southern Sweileh Branch | 06-5356737 |
| Taj Mall Branch | 06-5936901 |
| Galleria Mall Branch | 06-4017870 |
| Hashmi Al Shamali Branch | 06-5051538 |
| Tabarbour Branch | 06-5065336 |
| Abdali Mall Branch | 06-5629415 |
| Abu-Hassan Mall Branch | 06-4164585 |
| Dome of the Rock Branch | 06-4386847 |
| Sahab Industrial City | 06-5204829 |
| Private Banking Branch "The Villa" | 06-5903232 |

## Middle Region Branches

| | |
|---|---|
| Baq'ah Branch | 06-4725090 |
| Madaba Branch | 05-3253568 |
| Amman Ahliyyah University Branch | 05-3500195 |
| Al-Salt Branch | 05-3558995 |
| Samarah Mall Branch | 05-3561243 |
| Fuhais Branch | 06-4710530 |

## North Region Branches

| | |
|---|---|
| Irbid Branch | 02-7243665 |
| Yarmouk University Branch | 02-7256065 |
| King Abdullah II Street Branch | 02-7248496 |
| Al-Mafraq | 02-6235901 |
| Al Huson Branch | 02-7020035 |
| Jerash | 02-6340916 |

## South Region Branches

| | |
|---|---|
| Aqaba Branch | 03-2015188 |
| Al-Karak Branch | 03-2396102 |

## Zarqa Area Branches

| | |
|---|---|
| Zarqa Branch | 05-3983855 |
| Russaifeh Branch | 05-3744151 |
| Free Zone – Zarqa Branch | 05-3826196 |
| New Zarqa Branch | 05-3866005 |
| Hussien Bin Talal St. Branch | 05-3938498 |
| Bab Al Madinah Branch | 05-3851273 |

## Jawal Branch

| | |
|---|---|
| Jawal Branch | +962-791995682 |

## Branches Outside Jordan

| | |
|---|---|
| Cyprus Branch | +35725875555 |

# ATM Locations – Jordan

## Amman

| |
|---|
| JKB Zahran ATM |
| JKB Cozmo ATM |
| JKB Baraka Mall ATM |
| JKB Crowne Plaza Hotel ATM |
| JKB Hilton HOTEL ATM |
| JKB Centro Mall ATM |
| JKB Movenpic ATM |
| JKB Total Gas Station-Gardens / DRIVE THRU |
| JKB Abdali Mall ATM3 |
| JKB Andalucia Villas |
| JKB ST Regis ATM 1 |
| JKB Head Office ATM |
| JKB Dahyet Al Rashid Al Khair Complex |
| JKB Arab Orient Insurance ATM |
| JKB Al Burj ATM / DRIVE THRU |
| JKB Jabal Al-Weibdeh ATM |
| JKB Rawhi Pharmacy - Abdoun ATM |
| JKB Rainbow St. ATM |
| JKB Avenue Mall ATM |
| JKB KHBP ATM |
| JKB Kuwait embassy ATM |
| JKB Clemensou Hospital |
| JKB Al-Tajamoat Industrial City |
| JKB ST Regis ATM 2 |
| JKB Central Mall ATM |
| JKB AlHAYAH HOSPITAL ATM |
| JKB Safeway Shmeissani ATM |
| JKB Mecca Mall ATM |
| JKB Isteklal Hospital ATM |
| JKB Rawhi Pharmacy - Khelda ATM |
| JKB Regency Hotel ATM |
| JKB Abdali Boulevard ATM |
| JKB Fairmont ATM |
| JKB Abdali Mall ATM2 |
| JKB The National Center for Diabetes ATM |
| JKB New Headoffice Building |
| JKB Al Quds ATM |
| JKB Baptist School ATM |
| JKB Al Masrah ATM |

## Middle Region

| |
|---|
| JKB Crowne Plaza Hotel / Dead Sea ATM |
| JKB Hilton / Dead Sea ATM |
| JKB Kempinski / Dead Sea ATM |
| JKB Holiday Inn Resort / Dead Sea ATM |
| JKB Al-Ahliyya Amman University ATM |

## North Region

| |
|---|
| JKB Irbid City Center Mall ATM |

## South Region

| |
|---|
| JKB Kempinski Hotel-Aqaba ATM |
| JKB Tala Bay Aqaba |

## Zarqa Area

| |
|---|
| JKB Al Manaseer Gas Station / Zarqa ATM |

## ITM Locations

| |
|---|
| ITM - Abdali Boulevard |
| ITM - Irbid City Center |
| ITM - Abdali Mall Branch |
| ITM - Abdoun Branch |
| ITM – City Mall Branch |
| ITM - Al Madinah Al Munawwarah Branch |
| JKB Ibn Khaldoun Branch. |
| JKB Khalda Branch. |

## Headquarters

| |
|---|
| Telephone: +962-6-5629400 |
| Fax: +962-6-5695604 |
| Contact Center: +962-6-5200999 / 080022066 |
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| info@jkbank.com.jo |